FORM ECSRC - Q

Quarterly Report
For the quarterly period ended: **JUNE 30, 2009**

Or

TRANSITION REPORT: **Not Applicable**
(Applicable where there is a change in reporting issuer's financial year)

For the transition period from to

Issuer Registration Number: **HMB160990GR**

EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)

(Exact name of reporting issuer as specified in its charter)

GRENADA
(Territory or jurisdiction of incorporation)

Eastern Caribbean Central Bank (ECCB) Complex, Bird Rock Road, Basseterre, St. Kitts

(Address of principal executive Offices)

(Reporting issuer's): **EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)**

Telephone number (including area code): **1-869-466-7869**

Fax number: **1-869-466-7518**

Email address: **info@echmb.com**

(Former name, former address and former financial year, if changed since last report)

1. Financial Statements

a). Statement of Financial Position

EASTERN CARIBBEAN HOME MORTGAGE BANK
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2009

ASSETS	**Notes**	**June 30, 2009**	**June 30, 2008**
		$	**$**
Cash and Cash Equivalents	4	12,551,742	22,451,240
Interest Receivable	5	1,349,302	1,169,460
Accounts Receivable & Prepayments	6	56,074	2,049,819
Mortgage Portfolio	7	208,682,816	128,182,660
Investment Securities	8	13,100,000	26,100,000
Intangible Assets	9	98,380	251,490
Other Assets	10	509,185	522,170
Property and Equipment	2(g)&11	81,581	139,834
		===========	===========
TOTAL ASSETS		**$236,429,080**	**$180,866,673**
		===========	==========
LIABILITIES			
Interest Payable	12	4,395,559	3,521,154
Other Liabilities and Payables	13	1,626,411	291,728
Borrowings	14	209,295,755	157,582,000
		===========	===========
TOTAL LIABILITIES		**215,317,725**	**161,394,882**
		===========	===========
SHAREHOLDERS' EQUITY			
Share Capital	15	10,000,000	10,000,000
Reserve Funds	16	4,875,442	4,323,336
Retained Earnings		6,235,913	5,148,455
		===========	===========
TOTAL SHAREHOLDERS' EQUITY		**$21,111,355**	**19,471,791**
		==========	==========
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$236,429,080**	**$180,866,673**
		==========	==========

The accompanying Notes form an integral part of these Financial Statements.

b) Statement of Income

EASTERN CARIBBEAN HOME MORTGAGE BANK
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30th 2009

	Notes	Three Months Ended June 2009	Three Months Ended June 2008
Interest Income	Notes		
		$	$
Mortgage Loans		4,394,311	2,857,663
Cash and Investments		490,787	802,942
Other Interest Income		1,526	34,904
Total Interest Income		**4,886,624**	3,695,509
Interest Expense			
Borrowings	17	**(2,886,864)**	(2,195,275)
Net Interest Income		1,999,760	1,500,234
Other Borrowing Expenses	18	(19,210)	(16,989)
Mortgage Administration Fees		(490,377)	(341,428)
Foreign Exchange Gain/(Loss)		721	-
Seminar Fees		63,000	63,000
Operating Income		**1,553,894**	1,204,817
Non-interest Expenses			
Operating Expenses		646,006	567,301
Seminar Expenses		62,128	56,055
		708,134	623,356
Net Income		**845,760**	581,461
Other Comprehensive income:			
Available-for-sale financial assets		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		**845,760**	581,461

The accompanying Notes form an integral part of these Financial Statements.

c). Statement of Cash Flow

EASTERN CARIBBEAN HOME MORTGAGE BANK
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30TH 2009

	Three Months Ended June 2009 $	Three Months Ended June 2008 $
Cash flows from Operating Activities		
Net Income for the year	845,760	581,461
Adjustments for:		
Depreciation	14,563	14,563
Amortisation of Intangible assets	38,277	38,277
Amortisation of Debt Issuance Costs	118,416	72,378
Amortisation of Pension Past Service Cost	3,153	3,153
Interest Income	(4,886,624)	(3,695,509)
Interest Expense	2,886,864	2,195,275
Cash flows used in operating profits before changes in operations	(979,591)	(790,402)
Changes in operating assets and liabilities		
Decrease in Accounts Receivable and Prepayments	55,930	13,348
Increase/(Decrease) in Other Liabilities and Payables	457,351	(35,117)
Cash used in operations before interest	(466,310)	(812,171)
Interest Received	4,263,004	4,298,818
Interest Paid	(332,436)	(334,263)
Net cash provided by operating activities	3,464,258	3,152,384
Cash flows from Investing Activities		
Purchases of Mortgages	(25,641,513)	-
Principal Repayment on Mortgages	2,081,320	1,494,889
Net (Increase)/Decrease in Mortgage Repurchased/Replaced	(853,373)	(13,286)
Net cash used in investing activities	(24,413,566)	1,481,603
Cash flows from financing activities		
Proceeds from Borrowings	15,520,000	5,000,000
Bond Issue Costs Incurred	(14,889)	-
Net cash provided by financing activities	15,505,111	5,000,000
Net increase in cash and cash equivalents	(5,444,197)	9,633,987
Cash and cash equivalents at beginning of period	17,995,939	12,817,253
Cash and cash equivalents at end of period	12,551,742	22,451,240

The accompanying notes are an integral part of these financial statements.

d). Notes to Condensed Financial Statements

EASTERN CARIBBEAN HOME MORTGAGE BANK
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2009

1. INCORPORATION

The Governments of Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, St Kitts-Nevis, St Lucia and St Vincent and the Grenadines signed an agreement on 27 May 1994, to establish the Eastern Caribbean Home Mortgage Bank (hereinafter referred to as the "the Bank").

The Eastern Caribbean Home Mortgage Bank was formally established on 19 August 1994, in accordance with Article 40 of the Eastern Caribbean Home Mortgage Bank Agreement, which was incorporated in the Eastern Caribbean Home Mortgage Bank Agreement Act, and subsequently passed in the member territories.

The principal activity of the Bank is to buy and sell mortgage loans on residential properties, in order to develop and maintain a secondary market in mortgages.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention, except for available-for-sale investment securities which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 3.

Changes in International Financial Reporting Standards
Amendments to published standards and interpretations effective in financial year 2009

A number of new standards, amendments and interpretations to existing standards have been published and is mandatory for the Bank's accounting periods beginning on or after January 1, 2009 or later periods.

- IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Preparation (Cont'd)

The revised IAS 1 requires changes to the titles of some of the financial statements – from 'Balance Sheet' to 'Statement of Financial Position', from "Income Statement' to Statement of comprehensive Income' or in two statements (a separate Income Statement and a Statement of Comprehensive Income). Management has assessed the impact of these changes and subsequently adopted these changes.

b) **Cash and Cash Equivalents**
Cash and cash equivalents comprise cash balances on hand, deposits with other banks and short term investments with maturities of less than three months.

c) **Financial Assets**
Financial instruments carried on the balance sheet include cash and cash equivalents, investments securities, mortgage loans and receivables, interest payable and borrowings.

Recognition and Measurement

Financial assets and financial liabilities are recognized on the balance sheet when the Bank assumes related contractual rights or obligations.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Classification

The Bank classifies its financial assets in the following categories: mortgages loans and receivables, available-for-sale and held to maturity securities. Management determines the classification of its investments at the time of purchase.

i) Mortgage Loans and Receivables

Mortgage receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designated as at fair value through profit and loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Financial Assets

ii) Available-for-sale financial assets

Available-for-sale investments are those intended-to-be-held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices? Purchases and sales of financial assets available for sale are recognized on trade-date, the date on which the Bank commits to purchase or sell the assets. Available-for-sale financial assets are subsequently carried at fair value. Mortgages receivable are carried at amortised cost using the effective interest method.

Gains and losses arising in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in profit and loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid price. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques, which include the use of recent arms length transactions.

iii) **Held to Maturity Investments**

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

Financial liabilities

Financial liabilities (Borrowings) are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost using the effective interest rate method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Offsetting financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

e) Impairment of Financial Assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

f) Intangible assets

Computer Software

Intangible assets are acquired computer software programmes. These are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method on the basis of the expected useful life of three years. Costs associated with maintaining computers software programmes are recognized as an expense as incurred.

g) Property and Equipment

Property and equipment are stated at historical cost or revalued amount less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, and other cost directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchasing software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

2 STATEMENT OF ACCOUNTING POLICIES (Cont'd)

g) Property and Equipment (Cont'd)

Depreciation is calculated on the straight-line basis at rates estimated to write-off the cost of each asset over the period of its expected useful life. Land is not depreciated. Annual depreciation rates are as follows:

Furniture and Fixtures	15%
Machinery and Equipment	15%
Motor Vehicles	20%
Computer Equipment	33 1/3%

The cost or valuation of property and equipment replaced, retired or otherwise disposed of and the accumulated depreciated thereon is eliminated from the accounts and the resulting gains or losses reflected in the statement of income.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the income statement.

h) Revenue Recognition

Interest Income and Interest Expense

Interest income and expense are recognized in the statement of income for all interest-bearing instruments on an accrual basis using the effective interest yield method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

i) Foreign Currency Transaction

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates (the "functional currency").

The financial statements are presented in Eastern Caribbean dollars, which is the Bank's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean dollars at the closing rates of exchange prevailing at the balance sheet date. Foreign currency transactions are translated at the rates prevailing on the transaction dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

j) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

k) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

l) Taxation

Under Section 5 sub-sections (1) and (2) of the Eastern Caribbean Home Mortgage Bank Agreement Act, 1994 the Bank is exempted from stamp duty and corporation tax.

m) Bond Issue Costs

Bond Issue costs were incurred floating the various issues of tax free bonds. These costs will be amortised over the duration of the respective bonds effective from their issue date.

n) Pension Plan

The Bank's contributions to the defined contribution pension plan are charged to the statement of income in the period to which the contributions relate.

o) Lease

Lease entered into by the Bank is an operating lease. The monthly rentals are charged to income on a straight-line basis over the lease term.

p) Dividends

Dividends are recognised in the year in which they are paid. Dividends that are proposed and declared after the balance sheet date are not shown as a liability on the balance sheet.

3 Critical Accounting Estimates and Judgements in applying Accounting Policies

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 **Cash and Cash Equivalents**	**Unaudited**	**Unaudited**
	June 30, 2009	**June 30, 2008**
Cash with Banks	12,551,242	22,450,740
Cash on Hand	500	500
	===========	===========
Total	**$12,551,742**	**$22,451,240**
	===========	===========

Cash with Banks earned interest rates ranging from 1.5% and 7% (2008 = 2% and 7%) during the period under review.

5. Interest Receivable	**Unaudited**	**Unaudited**
	June 30, 2009	**June 30, 2008**
Investments Interest Receivable	372,760	604,685
Mortgage Payments Receivable	976,542	564,775
	===========	===========
Total	**$1,349,302**	**$1,169,460**
	===========	===========

6. Accounts Receivable & Prepayments	**Unaudited**	**Unaudited**
	June 30, 2009	**June 30, 2008**
Mortgage Origination Loan	-	2,000,000
Prepaid Expenses	39,594	32,469
Sundry Debtors	16,480	15,693
Other Receivables	-	1,657
	===========	===========
Total	**$56,074**	**$2,049,819**
	===========	===========

7. Mortgage Portfolio

Territory Analysis	Unaudited June 30, 2009	Unaudited June 30, 2008
Antigua and Barbuda	26,835,015	28,540,902
Anguilla	41,562,519	-
Grenada	16,375,574	5,853,953
Montserrat	6,757,995	3,738,957
St. Kitts and Nevis	18,211,866	9,482,673
St. Lucia	43,349,490	42,562,358
St. Vincent and the Grenadines	55,590,357	38,003,817
Total	**$208,682,816**	**$128,182,660**

Represented By:		
Mortgages with recourse	208,682,816	128,182,660
Mortgages without recourse	-	-
Total	**$208,682,816**	**$128,182,660**

8. Investments Securities

	Unaudited June 30, 2009	Unaudited June 30, 2008
Available-for-Sale Securities:		
Eastern Caribbean Securities Exchange (Equity) 10,000 Class C Shares of $10 each	100,000	100,000
Held-to-Maturity:		
Term Deposits – Commercial Banks	13,000,000	26,000,000
Total	**13,100,000**	**26,100,000**

Term Deposits attracted interest rates varying between 7.25% to 8.5% (2008 = 7.25% to 8.5%) during the period under review.

9. INTANGIBLE ASSETS	Mortgage Interfacing System	Computer Software	Total
Cost			
At 31 March 2008	421,334	28,082	449,416
Additions	-	-	-
At 30 June 2008	421,334	28,082	449,416
At 31 March 2009	421,334	28,082	421,334
Additions	-	-	-
At 30 June 2009	421,334	28,082	449,416
Amortisation and Impairment			
At 31 March, 2008	157,794	1,855	159,649
Amortisation	35,937	2,340	38,277
At 30 June 2008	193,731	4,195	197,926
At 31 March, 2009	301,543	11,216	312,759
Amortisation	35,937	2,340	38,277
At 30 June 2009	337,480	13,556	351,036
Net Book Value:			
At 31 June 2008	$227,603	$23,887	$251,490
At 31 June 2009	$83,854	$14,526	$98,380

Intangible assets are amortised over three years.

10. Other Assets	**Unaudited June 30, 2009**	**Unaudited June 30, 2008**
a. Capitalised Bond Issue Costs		
Balance at the beginning of the year	571,319	547,251
Additions	14,889	-
Less: Amortisation for year	(111,707)	(72,378)
	474,501	**474,873**
b. Deferred Pension Costs		
Balance at the beginning of the year	37,837	50,450
Less: Amortisation for year	(3,153)	(3,153)
	34,684	**47,297**
Total Other Assets	**509,185**	**522,170**
	=======	=======

11 Property and Equipment

	Motor Vehicle $	Computer Equipment $	Furniture & Fixtures $	Machinery &Equipment $	Total Jun. 2009 $	Jun. 2008 $
Cost						
At beginning of year	108,000	282,282	41,982	36,943	**469,209**	469,207
Additions	-	-	-	-	**-**	**-**
Disposals	-	-	-	-	**-**	-
At end of year	108,000	282,282	41,982	36,943	**469,207**	469,207
Accumulated Depreciation						
At beginning of year	61,200	244,452	40,271	27,140	**373,063**	314,810
Charge for Year	5,400	7,712	193	1,258	**14,563**	14,563
Disposals	-	-	-	-	**-**	-
	66,600	252,164	40,464	28,398	**387,626**	329,373
Net Book Value	41,400	30,118	1,518	8,545	**81,581**	139,834

As explained in Note 14 to the Financial Statements, the Property and Equipment are pledged to secure the Bonds in Issue.

12. Interest Payable

	Unaudited June 30, 2009	Unaudited June 30, 2008
Bond Interest Payable	3,933,770	3,521,154
Long-term Loan Interest Payable	461,789	-
Total	**$4,395,559**	**$3,521,154**

13. Other Liabilities and Payables

	Unaudited June 30, 2009	Unaudited June 30, 2008
Sundry Creditors & Accruals	754,998	291,728
Other Liabilities	871,413	-
Total	**$1,626,411**	**$291,728**

		Unaudited June 30, 2009 $	Unaudited June 30, 2008 $
14	**Borrowings**		
	Bonds in Issue		
	Balance at the beginning of the year	167,062,000	152,582,000
	Add: Issues during the year	15,520,000	5.000,000
	Less: Redemptions during the year	-	-
	Balance at the end of the year	182,582,000	157,582,000
	Loan		
	Caribbean Development Bank	27,000,000	-
		209,582,000	157,582,000
	Unamortised Transaction Fees	(286,245)	-
	Total Borrowings	209,295,755	157,582,000

a) The bonds are secured by debentures over the fixed and floating assets of the Bank. Interest is payable semi-annually in arrears at rates varying between 5.50% to 6% (2008: 5.5% to 6%).

b) The amounts outstanding on bonds issued are redeemable as follows:

Maturity Analysis	June 30, 2009	June 30, 2008
Within 1 year	49,402,000	-
1 to 2 years	68,455,000	49,402,000
2 to 3 years	13,150,000	43,455,000
3 to 4 years	34,975,000	13,150,000
4 to 5 years	5,300,000	40,275,000
Over 5 years	11,300,000	11,300,000
	182,582,000	157,582,000

c) The bonds are tax free.

Caribbean Development Bank (CDB) Loan

Maturity Analysis	June 30, 2009 $	June 30, 2008 $
Within 1 year	-	
Over 1 year	27,000,000	-
	27,000,000	-

Loan for USD$10M (EC$27M) obtained during the year, for a period of 11 years with a two year moratorium on principal. ECHMB will repay the loan in 36 equal or approximately equal and consecutive quarterly installments commencing from the first due date after the expiry of the two (2) years moratorium.

The loan agreement provides that interest shall be payable on the principal at the rate provided for in the agreement; however, the Caribbean Development Bank may from time to time increase or decrease the rate of interest. The interest rate on the loan stood at 6.03% during the financial year. The amount from this loan facility has been fully drawn as of March 31, 2009.

15. SHARE CAPITAL	**Unaudited June 30, 2009**	**Unaudited June 30, 2008**
Authorised:		
400,000 Shares of $100 each	**$40,000,000**	**$40,000,000**
	=========	=========
Issued:		
100,000 Shares of $100 each		
Class A	2,500,000	2,500,000
Class B	1,133,700	1,133,700
Class C	2,853,800	2,853,800
Class D	3,512,500	3,512,500
Class E	-	-
Class F	-	-
	==========	==========
Total	**$10,000,000**	**$10,000,000**
	==========	==========

There has been no change in ownership or reclassification of shares during the year.

16. Reserve Funds	**Unaudited June 30, 2009**	**Unaudited June 30, 2008**
Building Reserve Fund	2,687,721	2,411,668
Portfolio Risk Reserve Fund	2,187,721	1,911,668
	=========	=========
Total	**$4,875,442**	**$4,323,336**
	=========	=========

In March 2004, the Board of Directors approved the creation of two Special Reserve Accounts, a Building Reserve Fund and a Portfolio Risk Reserve Fund. After the initial transfers from Retained Earnings, the Directors also agreed to an annual allocation to each reserve fund of 20% of profits after payment of dividends, effective March 31st 2005.

In light of the emerging trend in refinancing, the Board considered it prudent to create a Portfolio Risk Reserve Fund to provide cover against general risks associated with the Secondary Mortgage Market.

17. Interest Expense

	Unaudited June 2009	Unaudited June 2008
Borrowings		
Bonds In Issue	2,542,660	2,195,275
Long-term Loan	344,204	-
	==========	==========
Total	**$2,886,864**	**$2,195,275**
	==========	==========

18. Other Borrowing Expenses

	Unaudited June 2009	Unaudited June 2008
Sundry Bond Expenses	14,210	15,470
Trustee Fees	5,000	1,519
	==========	==========
Total	**$19,210**	**$16,989**
	==========	==========

19. Reclassification

Certain amounts in financial statements have been reclassified during the period to improve the financial statements presentation. The previous year's figures have been reclassified to be consistent with this year's presentation. This reclassification has no effect on the results as reported for the current and previous periods.

3. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

(a) Liquidity

Identify any known trends or commitments, demands, events that will result in or that are reasonably likely to result in the reporting issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

There are no major trends, commitment, demands or events that will materially affect the liquidity situation of ECHMB.

(b) Capital Resources

Describe the reporting issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements.

Section III (point C) of ECHMB's Policy Statements governs the Bank's investment in capital expenditure. The Bank is mandated to comply with the following: "the Company will limit its investments to residential mortgages. The Company will invest in real estate for its account only in the case of premises for its business operations and property acquired as a default and foreclosure on the mortgage loans. In accordance with prescribed legal procedures, property acquired through default will be sold, as soon as practicable after acquisition".

An assumption is made, that the term "materiality commitment" refers to capital expenditure in excess of 1% of the Bank's Total Assets.

The Board of Directors did not approve capital expenditure in excess of $2.4 million during the period of this review.

(c) **Results of Operation.**

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

No events which meet the criteria stated above occurred during the period of this review.

4. Disclosure of Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

No events which meet the criteria stated above occurred during the period of this review.

5. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There are no pending legal matters.

6. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
- Offer closing date (provide explanation if different from date disclosed in the registration statement)
- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer
- Net proceeds of the issue and a schedule of its use
- Payments to associated persons and the purpose for such payments

The Bank was not affected by the aforementioned during this period of the review.

(b) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no working capital restrictions or limitations on payments on dividends.

7. Defaults Upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the

(b) indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

(c) If any material arrears in the payment of dividends has occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

ECHMB has not defaulted on its payment obligations on its debts.

8. Submission of Matters to a Vote of Security Holders.

If any matter was submitted during the period covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

(c) A brief description of each other matter voted upon at the meeting and state the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

(d) A description of the terms of any settlement between the registrant and any other participant.

(e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders.

ECHMB has not submitted any matters with regard to a Vote of Security Holders.

9. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - Q report.

No additional information to report on.

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. ____

The number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report are as follows.

CLASS	**NUMBER**
Class A	25,000
Class B	11,337
Class C	28,538
Class D	35,125
Class E	-
Class F	-
TOTAL	**100,000**

SIGNATURES

Name of Chief Executive Officer:	Name of Director:
Duleep Cheddie	**K Dwight Venner**
Signature	Signature
Date	Date