



ECHMB CAPITAL

Responding to the Uncertainty with
Renewed Purpose

ANNUAL REPORT

FY2022

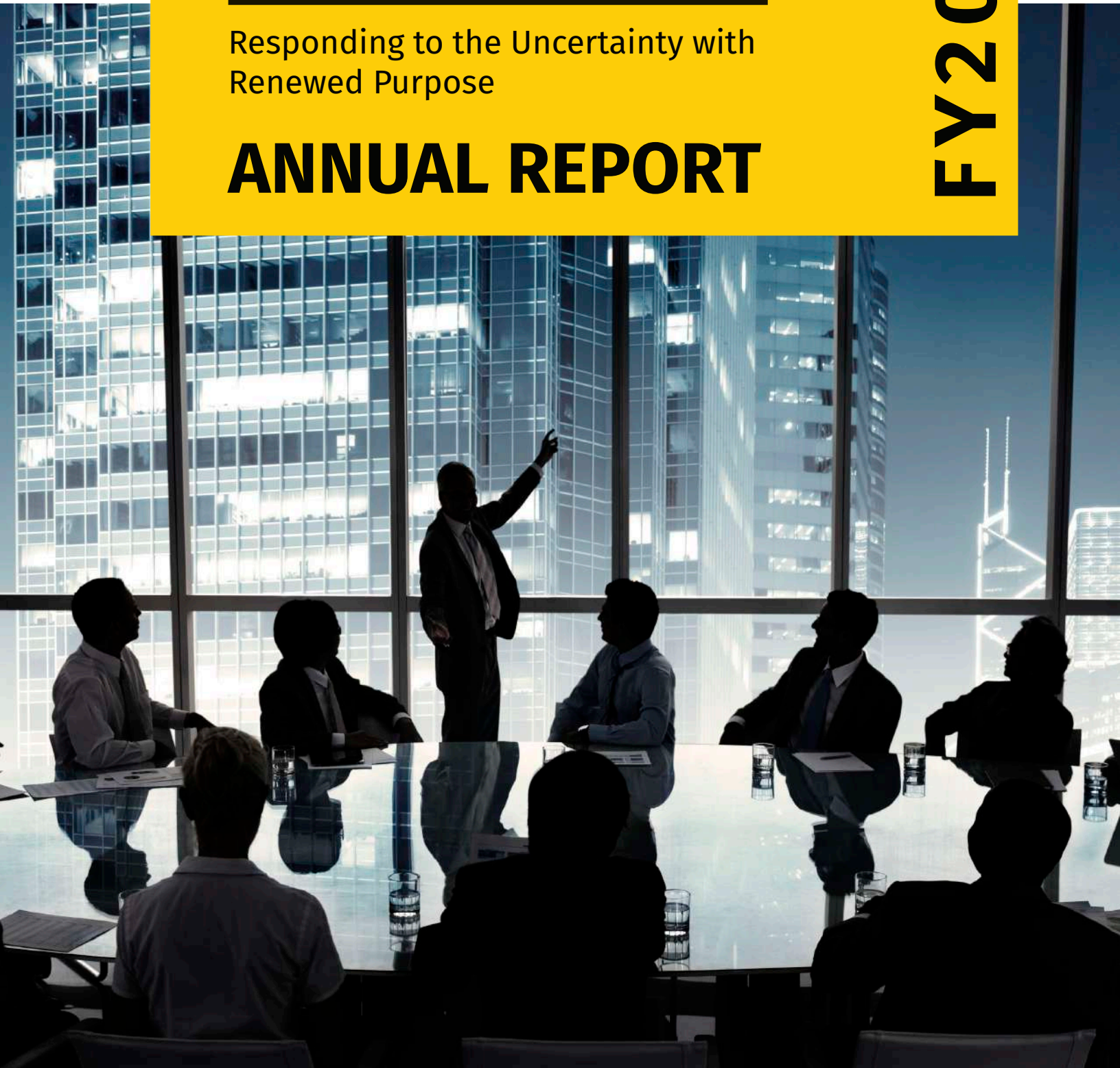




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Our Annual Report FY 2022

“Responding to the uncertainty with renewed purpose”

One of the perceived missteps of companies during periods of elevated economic uncertainty is the suspension of critical long-term projects in an effort to bolster short-term results. This often has the downside impact of stymieing growth.

As proffered by Stephen Covey, “if there’s one thing that’s certain in business, it’s uncertainty.”

It is for the aforesaid reason, ECHMB Capital has given a commitment to its stakeholders that the Bank will proactively implement its four (4) Strategic Pillars of: - (a) organic growth; (b) innovations; (c) HR Capital development; and (d) enhanced risk management.

We are confident that through our proactive stance, the Bank will be better positioned to navigate current economic headwinds, with the upside of maximizing growth opportunities when conditions become conducive.





Who are we?

Since incorporation in 1995 to opening its doors on 22nd April 1996, ECHMB Capital has made indelible contributions to the development of the money and capital market in the Eastern Caribbean Currency Union (“ECCU”). After Twenty-Six (26) years of operations, ECHMB Capital remains steadfast in fulfilling its commitment to improving the standard of living of citizens in the Member States of the ECCU. The Bank’s principal remits are as follows:

- To promote and maintain the availability of affordable home financing and to assist primary lenders to promote and maintain the availability of affordable home financing in the territories of the participating Governments.
- To promote the growth and development of money and capital Markets and to enhance the monetary integration of the territories of the participating – Governments.

Although ECHMB Capital’s main office is located in Saint Kitts and Nevis, the Bank’s shareholders are domiciled in each of the eight (8) islands of the ECCU.



11 Employees



Bespoke Banking
Platforms



Recognized
Brand

Our Business at A Glance



ECHMB Capital’s History Timelines

1996



- 22nd April officially launched its operations and was accommodated within the offices of the ECCB Financial Complex in Basseterre, St. Kitts.
- The Honourable Sir K. Dwight Venner was appointed Chairman of the Board of Directors. Ms. Lydia V. Elliott was appointed Corporate Secretary.
- 22nd April, Mr. St. Bernard J. Sebastian was appointed as the General Manager/Chief Executive Officer of the Bank .
- The public Accounting firm, PKF was appointed auditors.



2008

- 14th February, the Caribbean Information & Credit Rating Services assigned the ratings of CariAA (Foraeign Currency Rating) CariAA (Local Currency Rating) in its regional rating scale to the notional debt issue of US\$30.00M.
- The Mortgage Loans Facilities exceeded the \$100.00M threshold.

2013



- Reported a net profit of \$5.76M.
- Assets Under Management (“AUM”) reached \$329.70M.
- Mr. Duleep Cheddie demitted office of General Manager/Chief Executive Officer and Mr. Randy Lewis was appointed acting General Manager.



2020

- The Monetary Council approved amendments to the ECHMB Agreement.
- Borrowings threshold increased to \$1.0B.
- Paid the first interim dividend of \$3.75 per share.
- Reported a profit of \$9.13M.
- AUM reached \$350.14M.

2022



- ECHMB Exceeded the \$500.0M threshold with assets under management reported at \$517.74M.
- (CariCRIS) upgraded the Corporate Credit ratings of the Bank’s to Cari A- (from Cari BBB+) on the regional rating scale (Foreign and Local Curraency Ratings).
- Reported the highest Borrowings at \$441.66M.
- Successfully issued the Bank’s inaugural 5.0% preference shares totaling \$13.76M
- Paid a special dividend of \$15.0 per share.
- Unveiled our new Mission and Vision statements.
- Appointed an Investment Committee.

Corporate Information

Chairman

Timothy N.J Antoine

Chief Executive Officer

Randy R Lewis

Corporate Secretary

Gillian Skerritt

Assistant Corporate Secretary

Heidi Hypolite

Directors

Timothy N.J Antoine
Stewart Haynes
Peter Blanchard
Baldwin Taylor
Aylmer Irish

Investment Committee

Stewart Haynes
Aylmer Irish
Baldwin Taylor
Randy Lewis

Register Office

ECCB Agency Office
Mockton Street
St. George’s
Grenada

Audit and Risk Committee

Aylmer Irish
Stewart Haynes
Peter Blanchard

Human Resource Committee

Peter Blanchard
Baldwin Taylor
Aylmer Irish

External Auditors

PricewaterhouseCoopers
East Caribbean
Unit 111 Johnson Centre
Gros Islet
St. Lucia

Internal Auditors

Clifton Parry
Colquhouns Estate
St. Thomas Parish
Nevis

Bankers

Eastern Caribbean Central Bank
St. Kitts-Nevis-Anguilla National Bank.
JMMB Jamaica
Sterling Assets Managers
Raymond James (USA)

Register and Transfer Paying Agent

Eastern Caribbean Central Securities Registry

Our Key Business

Secondary Mortgage Market



Our Business Activities

Provide liquidity to the primary market:

- Commercial Banks
- Building Societies
- Credit Unions
- Development Banks
- Social Security Schemes

Our Product

Existing Products

- Mortgage backed securities
- Mortgage pledged loans
- Mortgage credit facility
- Corporate bonds
- Commercial papers
- Repurchase agreements
- Mortgage underwriting education

Capital Market



Provide investment options to: -

- Corporates
- Individuals

Active management of investments on the international money and capital market.

New Products FY 2022

- Preference shares

Capacity Building



Provide training in mortgage underwriting: -

- Commercial Banks
- Insurance Companies
- Building Societies
- Credit Unions
- Social Security Schemes

Products Under Research & Development

- Growth & income fund
- Investment Advisory Services
- Investment Conferences

Reasons for our Existence



Since 1996, our stakeholders have benefitted from the generation of tax -free wealth

Our Wealth Creating Units



Secondary Mortgage Market

Provide liquidity to the primary market: -

- Commercial Banks
- Building Societies
- Credit Unions
- Development Banks
- Social Security Schemes



Capital Market

The active management of investments on the international money and capital markets.



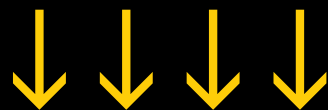
Capacity Building

Provide training in mortgage underwriting: -

- Commercial Banks
- Insurance Companies
- Building Societies
- Credit Unions
- Social Security Schemes

What we Offer

- Mortgage-backed securities
- Mortgage pledged loans
- Mortgage credit facility



Total revenue FY 2022
Mortgage-backed securities

\$1.81M

Our Investments

- Corporate bonds
- Commercial papers
- Equities



Total revenue FY 2022
Interest Income/ Capital gains

\$18.15M

What we Offer

- Mortgage underwriting training

Wealth Created 1996-2022

ECHMB Capital has issued more than \$2.5 billion investment grade corporate debt instruments and has paid \$180.26 million in interest.

63 Shareholders



Interest Paid
\$180.26M



Debt Instruments
\$2,531.36M

Net Profit
\$91.51M

Dividends Paid
\$38.61M

Book Value Per Share
\$222.30

Shareholders' Equity
\$59.71M

The Bank has generated more than \$91.51 million in net profit and has distributed dividends totaling \$38.61 million.

Corporate Governance





Mr. Timothy N.J. Antoine
Chairman of the Board of Directors

Chairman’s Letter

Responding to the Uncertainty with Renewed Purpose

“In FY 2022, ECHMB Capital generated a Net Profit of \$7.59M; a decline of \$9.42M (55.38%) when compared to the \$17.01M generated in FY 2021. In retrospect, these are excellent financial results, given the market volatility experienced during the latter half of the financial year attributed to the combined economic fallouts from geopolitical risks and systemic inflation.”

Challenging Regional and International Capital Markets

FY 2022 will be archived as one of the most challenging in ECHMB Capital’s twenty-six-year history and rivaled only by the economic recession of 2008. A postmortem of the Bank’s financial outturn will highlight significant market volatility in the latter half of the financial year and attributed to the combined economic fallouts from geopolitical risks and systemic inflation. Contributing to the market volatility was the inevitable “hawk” response by the United States Federal Reserve System (“The FED”), which proposed a minimum of six (6) interest rates hikes during the 2022 fiscal year. Capital markets’ response to the FED’s hawkish policy have been less than reassuring since both fixed income and equity instruments continued to report significant mark-to-market diminutions which continued in Q1 and Q2 of FY 2023.

Given ECHMB Capital’s significant exposures to regional and international capital markets, as anticipated, an unrealized loss on Fair Value Reserve of \$38.23M was reported at 31 March 2022. To ensure the Bank maintained adequate capital, the following measures were implemented:

- a) Boosted Total Equity with the issuance of Preference Shares totaling \$13.76M.
- b) Transferred \$10.0M from Retained Earnings to augment the Portfolio Risk Reserve from \$13.56M in FY 2021 to \$23.56M in FY 2022.
- c) Appointed an Investment Committee.
- d) Updated the Investment and Enterprise Risk Management policy statements.
- e) Leveraged the expertise of external investment advisors.
- f) Implemented a conservative investment strategy with the objective of taking a long-term view of managing the investment portfolio.
- g) Expanded the Investment Department with the recruitment of specialist for fixed income and equities.
- h) Appointed a Risk and Compliance Officer.

Notwithstanding the headwinds of FY 2022, I am pleased to report that the Bank’s Assets Under Management increased by \$55.81M (12.08%) from \$461.93M in FY 2021 to \$517.74M in FY 2022, with Total Equity amounted to \$59.71M. The Debt-to-Equity Ratio was computed at 7.40:1 and within the 8.0:1 stipulated by the Board of Directors.

Guarding against short-termism

It is apparent that the capital markets volatility experienced in FY 2022 will persist in FY 2023, propelled by continued geopolitical conflicts with knock-on impacts from ongoing supply chain disruptions of major commodities. Further, since it is apparent that rising inflation is linked predominantly to the disruptions in supply chain, it is debatable whether the FED’s quantitative tightening will have the desired corrective effects in the short to medium term.

Based on the forecasted capital market conditions in FY 2023, the Bank is likely to continue to experience significant headwinds. However, ECHMB Capital is mindful that one of preceived missteps of companies during periods of elevated economic uncertainty is the suspension of critical long-term projects in an effort to bolster short-term results. This often has the downside impact of stymieing growth and hence, wealth creation for stakeholders.

ECHMB Capital has given a commitment to its stakeholders that the Bank will proactively implement its four (4) Strategic Pillars of: (a) organic growth; (b) innovations; (c) HR Capital development; and (d) enhanced risk management. We are confident that through our proactive stance, the Bank will be better positioned to navigate the current economic headwinds, with the upside of maximizing growth opportunities when conditions become conducive.

Proactive Approach to Wealth Creation in FY 2023

Your Bank did critical introspections and concluded that its *raison d’être* was a catalyst for wealth creation in the Eastern Caribbean Currency Union (“ECCU”). It was therefore imperative that the Bank’s mission and vision reflected this philosophy. I am pleased to unveil ECHMB Capital’s new Mission Statement as follows: -

“Our mission is to inspire, motivate and provide opportunities for our stakeholders to develop financial acumen, generate wealth and bring positive change to the ECCU.”

In support of our Mission, the Bank has developed the following Vision Statement: **“To contribute to the transformation of the financial landscape of the ECCU by being innovative, risk centric and socially inclusive.”**

To ensure materialization of our Mission and Vision, the Bank is at the advanced stage of becoming a license investment security broker dealer. This is the missing link for the implementation of initiatives to increase access to the Eastern Caribbean Securities Market (“ECSM”). We believe that this is a critical step in increasing wealth generation and distribution in the ECCU.

Special Thanks

I wish to acknowledge our hardworking management and staff for their commitment to ECHMB Capital’s success. To my colleagues at the Board of Directors, I express my gratitude for your tremendous support during FY 2022. Thank you, our shareholders, for your confidence in the ECHMB Capital team.

Timothy N.J. Antoine
Chairman

Board of Directors



Timothy N.J. Antoine
Chairman Class A



Stewart Haynes
Class B



Baldwin Taylor
Class C



Peter Blanchard
Class C



Mr. Aylmer A. Irish
Class D

Timothy N.J. Antoine

Chairman Class A

Appointed: Mr. Antoine was appointed to the Board of Directors in November 2016.

A national of Grenada, he assumed duties as the third Governor of the Eastern Caribbean Central Bank (ECCB) on 1st February 2016.



He is an economist and development practitioner by training, experience and passion. Before taking up the position of Governor, Mr. Antoine served as Director for Grenada on the ECCB Board of Directors for the periods: 2002 to October 2005 and January 2008 to January 2016.

Mr. Antoine's 22-year tenure with the Government of Grenada was spent in the Ministry of Finance where he began as a Planning Officer in 1993 and rapidly moved up the ranks to Senior Economist before being appointed Permanent Secretary, serving in that position for the periods August 1999 to October 2005 and January 2008 to January 2016. From November 2005 to November 2007, he served as Advisor to the Executive Director for Canada, Ireland and the Caribbean in the World Bank Group and was based in Washington D.C. In that role, he offered analysis and advice on various development policies and projects and was a strong advocate for the interests of the Caribbean and small states.

He was a Part-Time Lecturer in Economics and Development at St. George's University from 1999-2000. Mr. Antoine has also contributed to the development of the OECS and wider Caribbean in various ways such as serving on several local, regional and international boards and committees including:

- Chairman, Grenada's Homegrown Programme Monitoring Committee
- Chairman, Grenada Authority for the Regulation of Financial Institutions
- Chairman, Investment Committee, Grenada National Insurance Board
- Chairman, Governance Reform Committee, Board of Directors, Caribbean Development Bank
- Director, Board of Directors, CARICOM Development Fund
- Director, Caribbean Catastrophe Risk Insurance Facility
- Chairman, ECCU Technical Core Committee on Insurance
- Chairman, Eastern Caribbean Securities Exchange

Mr. Antoine holds a MSc Degree in Social Policy and Planning in Development Countries from the London School of Economics and a BSc Degree in Economics with Management from the University of the West Indies. He has also received training from the Small Countries Financial Management Centre in the Isle of Man and training in Negotiations at the Saïd International School of Business, Oxford University. He also has a Certificate in Project Cycle Management from the Caribbean Development Bank.



Stewart Haynes

Class B

Appointed: Mr Haynes was appointed to the Board of Directors October 2020

Mr. Stewart Haynes holds a BSc in Actuarial Science from the London School of Economics and Political Science and a MSc in Actuarial Management from CASS Business School London, with a specialty in Investment Management. He is also a Fellow of the Institute of Actuaries (FIA), and a Chartered Financial Analyst (CFA).

Having served the St. Vincent and the Grenadines National Insurance Services (NIS) in various capacities since 2005, he was appointed as the Director in 2017. He has also worked with several Social Security Systems in the region as an Actuarial Analyst. In 2018, Mr. Haynes was elected to the Bureau of the International Social Security Association (ISSA) based in Geneva Switzerland. Further, in 2020, he was appointed as ISSA's Vice-Chairperson of the Technical Commission on Investment of Social Security Funds and a member of ISSA's Nominations Committee for the Triennium 2020-2022.

In addition to his capacity as Director of the NIS, Mr. Haynes is currently serving as a Director of the Financial Services Authority (FSA), the East Caribbean Financial Holding Company (ECFH) and Chairman of the St. Vincent and the Grenadine National Student Loan Company.



Baldwin Taylor

Class C

Appointed: Mr. Taylor was appointed to the Board of Directors in October 2020.

Baldwin Taylor currently serves as the General Manager of Bank of Montserrat Limited, a position he has held since January 2020. Baldwin has a 30 year banking history working with both indigenous and international financial institutions. Prior to taking up his appointment with Bank of Montserrat Limited he served with Bank of Saint Lucia Limited for 25 years holding a number of positions including Senior Manager – Customer Insight and Senior Manager – Retail Banking with specific responsibility for overseeing the sales, service and the day-to-day operations of the five branches of Bank of Saint Lucia and the Bureau de Change. He also had responsibility for the operations of the EC Global Insurance Agency which acts as an agent for GK Insurance.

Outside of his core banking functions, Baldwin has served on a number of Boards including the Board of the Saint Lucia National Housing Corporation and more recently the Board of the Caribbean Credit Card Corporation. He also held a number of positions on the Saint Lucia Bankers Association. Baldwin has a Bachelor of Commerce Degree majoring in Marketing and Human Resource Management from Saint Mary's University in Nova Scotia, Canada and a master's degree in Business Administration from the University of Durham in the United Kingdom.



Peter Blanchard

Class C

Appointed: Mr. Blanchard was appointed to the Board of Directors in November 2016.

Mr. Blanchard, who was born in Antigua, is an insurance specialist. Since 1984, he has been the principal shareholder and Chairman of the Board of General Insurance Company Ltd., a locally registered insurance company authorized to conduct business in Antigua and Barbuda. He has also been the Chairman of Design Properties Ltd., a property development management company since 1991.

He has served on various boards in Antigua and abroad, viz. the Board of the ACB Mortgage & Trust Company from its inception in 1987 until 2005. Mr. Blanchard was subsequently elevated to serve on the Board of Antigua Commercial Bank (ACB) on May 05, 2005. In January 2007, he was once again appointed to the ACB Mortgage and Trust Board and was elected Chairman of that Board in October 2008. In February 2016, due to law regulations, Mr. Blanchard retired from the ACB Board where he had been Chairman of the Credit Committee from October 2008 – February 2016. In April 2016, he was re-appointed to the ACB Mortgage & Trust Company Ltd Board as a Non-ACB Director and since October 2016 has been re-appointed as Chairman.

During the period 2005-2006, Mr. Blanchard represented Antigua Commercial Bank and the other indigenous banks operating in the Organization of Eastern Caribbean States (OECS) group on the Board of Directors of the East Caribbean Financial Holding Company Ltd., a company which is based in Saint Lucia, West Indies. In 2006, Mr. Blanchard was appointed a Director of the Board of the Eastern Caribbean Securities Exchange and in 2007, he was elected the Chairman of its Intermediary Development and Market Structure Committee. Mr. Blanchard is an Accredited Director Commercial Bank and the other indigenous banks operating in the Organization of Eastern Caribbean States (OECS) group on the Board of Directors of the East Caribbean Financial Holding Company Ltd., a company which is based in Saint Lucia, West Indies. In 2006, Mr. Blanchard was appointed a Director of the Board of the Eastern Caribbean Securities Exchange and in 2007, he was elected the Chairman of its Intermediary Development and Market Structure Committee. Mr. Blanchard is an Accredited Director 2007, he was once again appointed to the ACB Mortgage and Trust Board and was elected Chairman of that Board in October 2008. In February 2016, due to law regulations, Mr. Blanchard retired from the ACB Board where he had been Chairman of the Credit Committee from October 2008 – February 2016. In April 2016, he was re-appointed to the ACB Mortgage & Trust Company Ltd Board as a Non-ACB Director and since October 2016 has been re-appointed as Chairman.

During the period 2005-2006, Mr. Blanchard represented Antigua Commercial Bank and the other indigenous banks operating in the Organization of Eastern Caribbean States (OECS) group on the Board of Directors of the East Caribbean Financial Holding Company Ltd., a company which is based in Saint Lucia, West Indies.

In 2006, Mr. Blanchard was appointed a Director of the Board of the Eastern Caribbean Securities Exchange and in 2007, he was elected the Chairman of its Intermediary Development and Market Structure Committee. Mr. Blanchard is an Accredited Director.



Mr. Aylmer A. Irish

Director Class D

Appointed: Mr. Irish was appointed to the Board of Directors in September 2018.

Mr. Irish has more than twenty-eight (28) years progressive senior executive experience in the field of banking, accounting and finance and presently holds the position of Chief Executive Officer of the National Co-Operative Credit Union Limited in the Commonwealth of Dominica.

Mr. Irish holds a BA (Hons) in accounting from the University of the Virgin Islands – St Thomas and an MBA from the University of the West Indies – Cave Hill.

Board Experience

In order for the Board of Directors to function effectively a balance of skill set and expertise among its members are imperative. This is required so that members can bring diversity to the Board’s deliberations and decision-making process.

The Bank tries to select Directors based on proven skill, proficiency, their honesty and integrity, and the time commitment to devote to the Board and work of the Committees.

The Board believes that the breadth of skill, knowledge and experience of the Directors are well balanced to provide the critical thinking required to support the decision-making process.

Board Experience	Strategy	Corporate Governance	Audit & Risk Management	Financial Service	Financial Literacy	Legal Expertise	Investment Management	International Capital Markets Expertise	HR Expertise
Timothy N.J Antoine	■	■	■	■	■		■	■	■
Stewart Haynes	■	■	■	■	■		■	■	■
Baldwin Taylor	■	■	■	■	■		■	■	■
Peter Blanchard	■	■	■	■	■		■	■	■
Aylmer A Irish	■	■	■	■	■		■	■	■

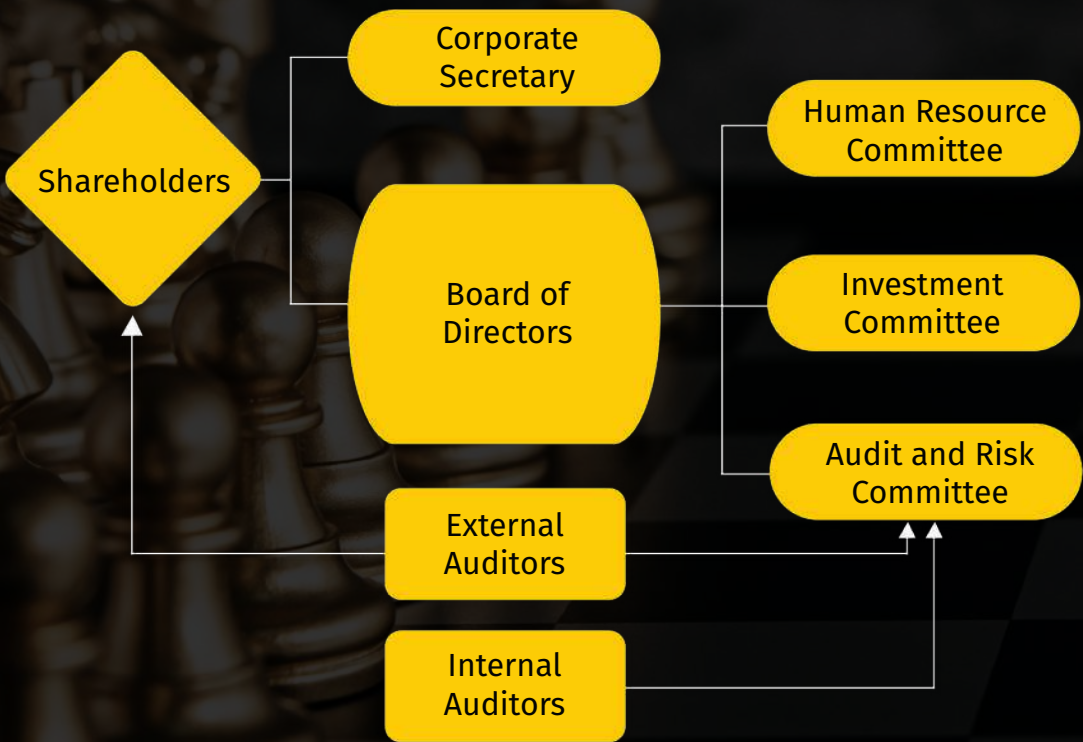
Our Governance Framework

Board of Directors

The Board of Directors (“the Board”) has ultimate responsibility for ECHMB Capital’s corporate governance and risk management. In keeping with its principal responsibilities, the Board of Directors of ECHMB Capital continues to ensure that the highest standards in corporate governance are maintained, with the objectives of reinforcing the confidence and trust of the investing public, increasing primary lenders’ satisfaction and building a strong and ethical regional institution. On an annual basis, the ECHMB Capital adopts the latest developments in corporate governance to ensure that its procedures align with international best practices. The fundamental approach adopted is to ensure that the right executive leadership, corporate strategy, internal controls, and risk management procedures are in place. In addition, the Board continuously reviews its governance model to ensure relevance and effectiveness as the Bank faces future challenges exacerbated by uncertain economic conditions.

Board Charter

The Board is guided by its Charter and the Eastern Caribbean Home Mortgage Bank Agreement, which provides references for directors regarding their roles, powers, duties, and functions. Apart from reflecting current best practices and applicable rules and regulations, the Charter and the Eastern Caribbean Home Mortgage Bank Agreement outline processes and procedures to ensure the effectiveness and efficiency of the Bank’s Board and its Committees. The Charter is updated at regular intervals to reflect changes to the Bank’s policies, procedures, processes and to incorporate amended relevant rules and regulations.



ECHMB Capital Corporate Governance Structure

Roles and Responsibilities of the Board

It is the responsibility of the Board to periodically review and approve the overall strategies, business, organisation, and significant policies of the Bank. The Board also sets the Bank’s core values and adopts proper standards to ensure that the Bank operates with integrity.

The responsibilities of the Board include the following:

- Reviewing and approving the strategic business plans for the Bank;
- Identifying and managing principal risks affecting the Bank;
- Reviewing the adequacy and integrity of the Bank’s internal controls systems;
- Approving the appointment and compensation of the Chief Executive Officer and Senior Management Staff;
- Approving new policies pertaining to staff salaries and benefits; and
- Approving changes to the corporate organization structure.



Director Independence

The Board consists entirely of Non-Executive Directors who help to provide solid and effective oversight of Senior Management. The Directors do not participate in the day-to-day administration of the Bank. They do not engage in any business dealings or other relationships with the Bank (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Bank and its shareholders.

Further, the Board is satisfied and assured that no individual or group of Directors have unfettered powers of decision that could create a potential conflict of interest. Additionally, the Board ensures that all Independent NonExecutive Directors possess the following qualities: -

- Ability to challenge the assumptions, beliefs, or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision making in the interest of the Bank;
- Willingness to stand up and defend his own views, beliefs, and opinions for the ultimate good of the Bank; and
- A good understanding of the Bank's business activities to appropriately provide responses on the Board's various strategic and technical issues.

Quality and Supply of Information to the Board

To effectively discharge its duties, the Board has full and unrestricted access to all information pertaining to the Bank's business and affairs and the advice and services of the Senior Management. In addition to formal Board meetings, the Chairman maintains regular contact with the Chief Executive Officer to discuss specific matters. The latter, assisted by the Corporate Secretary, ensures that frequent and timely communication between the Senior Management and the Board is maintained as appropriate.

Corporate Secretary

The Corporate Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures, and regulations affecting the Board and the Bank and best practices of governance. He/She is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosing any conflict of interest in a transaction involving the Bank, prohibition on dealing in securities, and restrictions on disclosure of price-sensitive information. All Directors have access to the advice and services of the corporate secretary

Conflict of Interest

In accordance with Article 27 of the Eastern Caribbean Home Mortgage Bank Agreement, a Director who is in any way interested, whether directly or indirectly, in a contract or proposed contract with the Bank or whose material interest in a company, partnership, undertaking or other business is likely to be affected by a decision of the Board shall disclose the nature of his interest at the first meeting of the Board at which he is present after the relevant facts come to his knowledge. Article 27 further provides that after making the disclosure, the Director shall not vote on the matter and, unless the Board otherwise directs, and shall not be present or take part in the proceedings of any meeting at which the matter is being discussed or decided

Structured Training Program for Directors

Directors are expected to participate in the Directors Education & Accreditation Programme (“DEAP”). This is an advanced director training course aimed at preparing directors for the important role they play in the Bank’s governance. The DEAP was developed by the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC), in partnership with the law firm of Borden Ladner Gervais, and with contributions from AON Canada.

Audit and Risk Committee

The Audit Committee provides guidance on the Bank’s systems of accounting and internal controls, thus ensuring the integrity of financial reporting. This Committee also serves as an effective liaison between Senior Management and the External and Internal Auditors. The 2022 activities of the Committee included:

- the review of the Bank’s compliance with financial covenants.
- The approval of the 2022 audit engagement letter;
- The review and approval of the external audit plan and timetable;
- The evaluation of the performance of the External Auditors and approval of their remuneration;
- The review of the External Auditors’ 2022 management letter and report on the 2022 audit;
- The examination of the implications of changes to International Financial Reporting Standards; and
- The approval of the 2022 Internal Audit Plan, Internal Audit report, and monitoring.

Composition of the Audit and Risk Committee 2020-2022

- Mr. Aylmer A. Irish – Chairman
- Mr. Stewart Haynes – member
- Mr. Peter Blanchard - membe

Investment Committee

The Investment Committee (“IC”) has been established to assist the Board of Directors by assessing the adequacy and oversight of the implementation of the Bank Investment Policy. In FY 2022 the activities of the Committee included:

- Advise the Board of Directors on investment strategies and policy
- Evaluation of the performance of the investment management function.
- Oversee the implementation of the Investment Policy.
- Monitor management’s strategic investment activities such as asset allocation targets, rebalancing policy, and other significant investment functions.
- Monitor compliance with external regulations.
- Review the status of the securities portfolio, including performance, appreciation or depreciation, quality, maturity profile and any actions taken by management with respect thereto.
- Review and determine whether to approve the holdings of investment securities (including prudent investments) that are subject to the IC’s authority to approve
- Review significant financial risk exposures facing the Bank in its investment portfolio, and the steps management is taking to monitor and control such exposures.

- Monitor compliance with the provisions of the Enterprise Risk Management Policy and applicable standards relating to the management of counterparty credit risk, including, but not limited to, reviewing limits on counterparty exposure and reviewing limits on individual transactions based on risk.
- Review and approve procedures and systems the management has established to implement the Board’s objectives and limits for each portfolio, taking into account applicable laws, regulations, and current accounting standards for each part of the portfolio.

Composition of the Investment Committee 2020-2022

- Mr. Stewart Haynes – Chairman
- Mr. Baldwin Taylor – member
- Mr. Aylmer A Irish – member
- Randy Lewis – member

Human Resource Committee

The Human Resource Committee of ECHMB Capital has been established to guide the strategic human resource development of the Bank and to provide oversight of the framework governing the ECHMB Capital’s human resource policies

The 2022 activities of the Committee included:

- Review of the compensation package of executive management
- Annual performance appraisals
- Recruitment and redundancy of staff
- Staff promotion

Composition of the Human Resource Committee 2020-2022

- Mr. Peter Blanchard – Chairman
- Mr. Aylmer A Irish - member
- Mr. Baldwin Taylor - member

Board Attendance

Article 21 (section-1) -Meeting of the Board states, the Board shall meet not less than once every three (3) months, and meetings shall be held at such time and place and on such days as the Board may determine. Notwithstanding the provisions of Section-1 of this article, decisions may also be made by the Board or in a meeting convened upon circulation of the relevant papers among members of the Board.

Directors Attendance FY 2022						
	Share Class	AGM	Board of Directors	Audit & Risk Committee	Investment Committee	Human Resource Committee
Number of Meetings		1	3	2	7	2
Timothy N. J Antoine	A	1	3	-	-	-
Stewart Haynes	B	1	3	2	7	-
Peter Blanchard	C	1	3	2	-	2
Baldwin Taylor		1	3	-	7	2
Aylmer A. Irish	D	1	3	2	7	2

Report of the Directors FY 2022

The Directors submit herewith the Statement of Income, Expenses, Unappropriated Profits, Assets and Liabilities of the Eastern Caribbean Home Mortgage Bank trading as (ECHMB Capital)



Financial Results and Dividends

Financial Results and Dividends	\$000
Net income attributed to shareholders	\$7,592
Dividends at \$15.00 per share for FY 2021	\$(4,031)
Transfer to reserves	\$(10,000)
Net loss for the year after distributions	\$(6,439)
Retained earnings at the beginning of the year	\$30,061
Retained earnings at the end of the year	\$23,622

Dividends

- **Interim dividend payment**
- **An Interim Dividend of \$7.50 per share was declared on the 1st April 2021**
- **The dividend paid was 1st April 2021**
- **Final dividend payment**
- **A final Dividend of \$7.50 per share for was declared on 8th October 2021**
- **The dividend was paid on 8th October 2021**

Substantial Interests in ECHMB Capital's Share Capital as at 31st March 2022

Shareholders	Fully paid up Ordinary Shares	% of Issued Share Capital
Eastern Caribbean Central Bank	66,812	24.86%
National Cooperative Credit Union, Dominica	20,500	7.63%
CLICO International Life Insurance Limited, Barbados	20,000	7.44%
Dominica Social Security	15,008	5.58%

There have been no changes in these interests between the end of ECHMB Capital's financial year and the date of the Notice convening the Annual General Meeting.

Statement of Affairs

In the opinion of the Directors, there were no changes in the state of the affairs of the Bank during the financial year.

Re-election of Directors

Article 15 (1) of the Eastern Caribbean Home Mortgage Bank Agreement provides that:- (a) A director holds office for two (2) years and shall be eligible for re-appointment; (b) A vacancy in the Board shall be filled by the Class of shareholders which appointed the director to be replaced; and (c) A director appointed to fill a vacancy holds office for the un-expired term of his predecessor.

The two (2) year term of the current Board of Directors expires at the 27th Annual General Meeting in 2022, and all Members are eligible for re-appointment. None of the Directors hold shares in the Bank. No Director had, during the year or at the end of the year, any interest in any contract pertaining to the Bank's business.

Events Subsequent to Statement of Financial Position Date

The Directors are not aware of any transaction which has arisen since 31st March 2022 that has a material effect on the operations of the Bank and for which adequate disclosures have not been made in the financial statements.

Appointment of Auditors

Article 23 of the Eastern Caribbean Home Mortgage Agreement provides that shareholders shall at each Annual General Meeting appoint an auditor to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting. The Auditors, PwC East Caribbean, retired at the financial year ended 31st March 2022. The Auditors are eligible for re-appointment and have offered themselves as External Auditors for the year ending 31st March 2023.

The Board of Directors recommends their re-appointment.

Our Strategies

OUR MISSION STATEMENT

“Our mission is to inspire, motivate and provide opportunities for our stakeholders to develop financial acumen, generate wealth and bring positive change to the ECCU.”

OUR VISION STATEMENT

“To contribute to the transformation of the financial landscape of the ECCU by being innovative, risk centric and socially inclusive.”

Our Corporate Values

Our Corporate Values are designed to shape the Bank’s culture and impact both our longterm strategy and core operations. We use our Corporate Values as a catalyst to improve team cohesion, enhance our operations and instill devotion to the Bank.



STAKEHOLDERS FIRST

Exceeding expectations, connect and care



INNOVATION

Constantly improving



ACCOUNTABILITY & TRANSPARENCY

Operating beyond reproach



BUILDING STRATEGIC RELATIONSHIPS

Achieving more through symbiotic Relationships

ECHMB CAPITAL’S

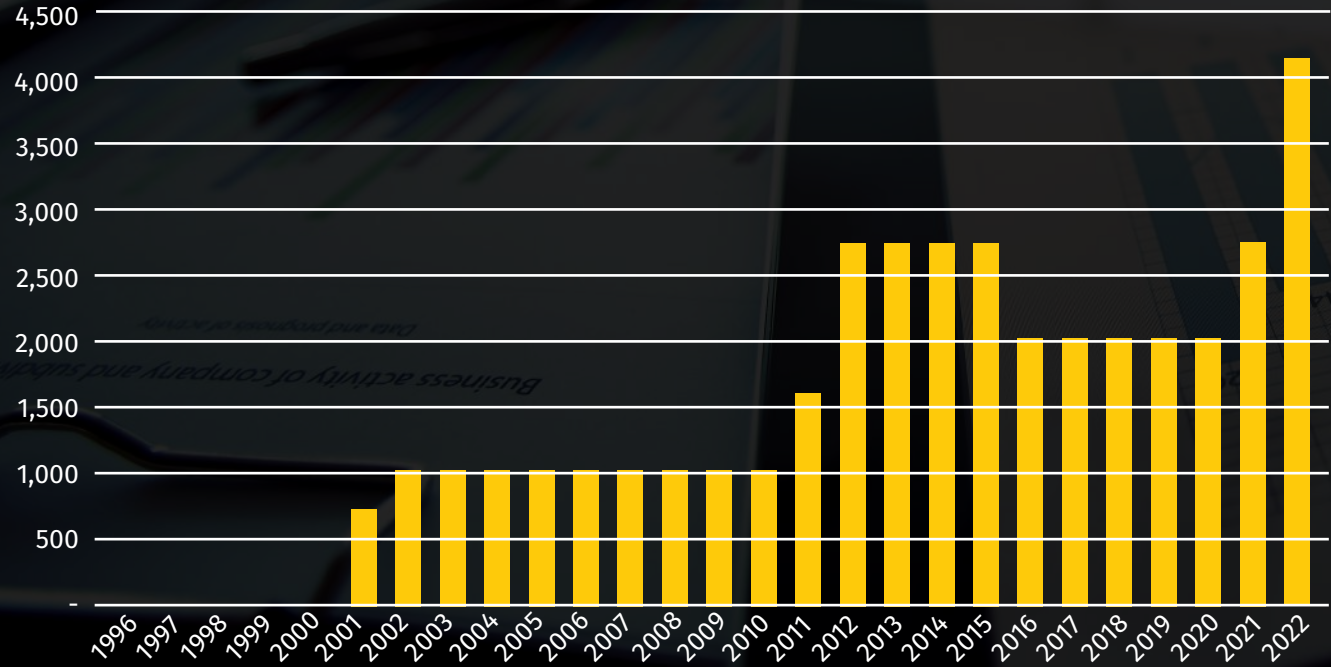
Value-Added Statement FY 2022

“ECHMB Capital’s Value-Added Statement depicts the value that has been created by the Bank through the effective deployment and management of its capital – financial, human, manufactured, Intellectual and natural - and the resultant distribution of value to our stakeholders.

This statement showcases the Bank’s commitment to creating stakeholder value through our business model and sound business practices”

	2022	2021	2020
Income	19.96	31.23	18.65
Interest paid and other service services	(9.94)	(11.31)	(7.45)
Wealth Created	10.02	19.92	11.20
Distribution of Wealth			
Employee-Salary & other benefits	2.15	2.66	1.88
Dividends	4.03	2.69	2.02
Retained to support future business growth	3.56	14.32	7.11
Depreciation and amortization	0.28	0.25	0.19
Wealth Distributed	10.02	19.92	11.20

ECHMB Capital Dividend Payments 1996-2022



Key Market Trends FY 2022



Digital Disruption

The advent of new technologies have changed the delivery of the Bank's products and methods of communications with its target market.

ECHMB Capital continues to innovate in order to keep pace with the latest technological advances in the industry.



ESG Investment

Given the Bank's corporate social responsibility, social investing is an integral part of our investment philosophy and strategy.

ECHMB Capital is constantly seeking projects which are designed to bring about positive changes.

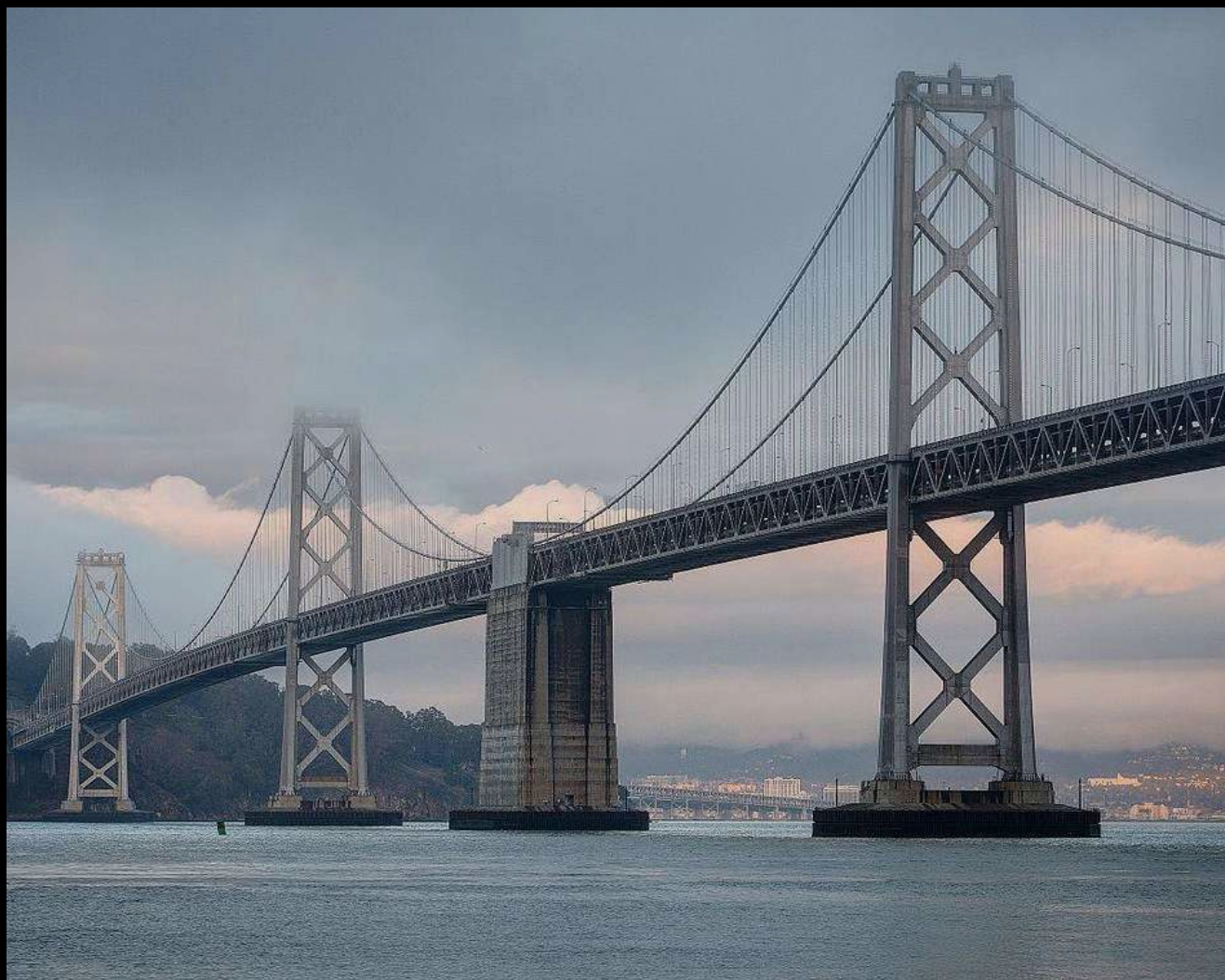


Increasing Inflation

Rising inflation which has triggered an inevitable "hawk" response by the United States Federal Reserve System ("The FED"), which proposed a minimum of six (6) interest rates hikes during the 2022 fiscal year.

Given the hawkish policy of the FED, both fixed income and equity instruments reported significant mark-to-market diminutions.

Our Key Pillars 2022



The Four (4) Key areas ECHMB Capital needs to Excel

Innovation

We create the environment for thinking out of the box

High Performance Culture

Implementation of desired behaviors and norms that will enable the Bank to achieve superior results

Sustainable Growth

Expansion of existing target market and penetration of new segments.

Enhanced Risk Management

Minimise future impact of current actions

Strategies Implemented in FY 2022



1. Innovation

1. Applied for a Broker/Dealer License
2. Developed Videos on the following:-
 - ECHMB Capital's products.
 - Investing in ECHMB Capital.
 - Illustration of the money and capital market
3. Advanced customization of the Bank's bespoke investment software

2. High Performance Culture

1. Improved the physical plant of the Bank with the roll-out of a new state of the art office
2. Implemented a new performance appraisal system
3. Restructured the organisation chart
4. Executive staff certified as chartered directors
5. Staff visited International Brokers/Dealers.

3. Sustainable Growth

1. Increase the attractiveness of the ECHMB Capital brand through advertisement and public relations.
2. Issuance of 5.0% preference shares
3. Introduction of a dividend policy
4. Appointed an Investment Committee
5. Developed strategic relationship with external assets managers
6. Increased diversification of the Investment Portfolio

4. Enhanced Risk Management

1. Appointed a Risk and Compliance Officer
2. Improved the Bank's credit ratings to A-
3. Updated the consolidated policies
4. Subcontracted the internal audit functions
5. Increased segregation of duties in the Investment Department

Our Next Steps



***Building on our
Momentum in FY 2023***

Strategies for Growth and Transformation FY 2023



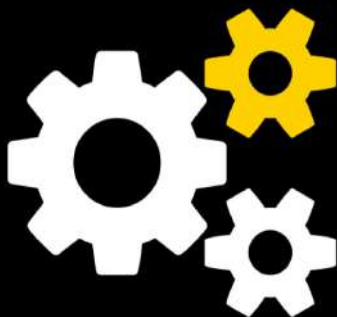
Launch of brokerage services



Development of social media platforms



Fostering Strategic Relationships



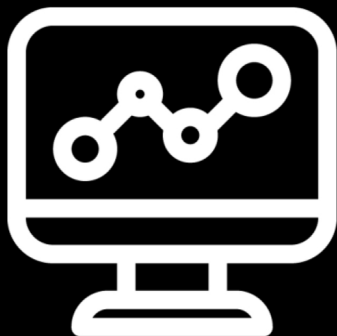
Business Process Reengineering



Penetration of new markets



HR Capital Development



Launch of wealth management department



Launch of growth and income fund

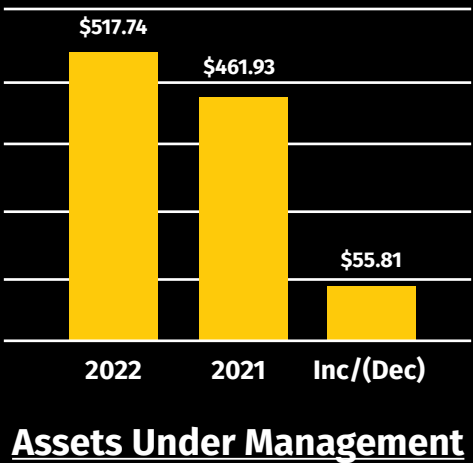
Q & A with the Bank's CEO



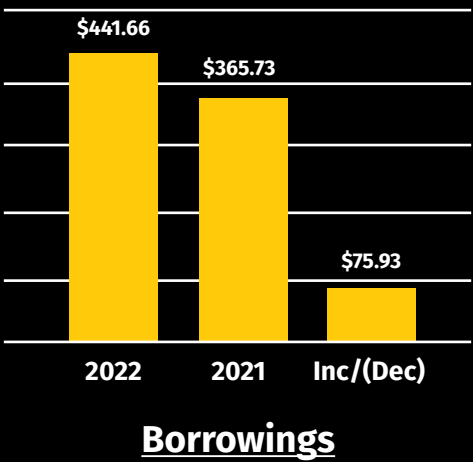
Q What were ECHMB Capital’s highlights in FY 2022?

Notwithstanding the significant headwinds experienced during the second half of FY 2022, the Bank had excellent financial outturns. A perusal of the Bank’s audited financial statements will highlight the following: -

- We achieved a major milestone by exceeding \$500.0M in Assets Under Management (“AUM”).
- AUM were reported at \$517.74M, representing an increase of \$55.81M (12.08%) from the \$461.93M reported in FY 2021. If mark-to-market adjustments were eliminated, the actual increase in AUM for FY 2022 was \$71.22M (15.05%) from \$473.34M in FY 2021 to \$544.56M in FY 2022.



- The Caribbean Information and Credit Rating Services Limited (CariCRIS) upgraded the Bank’s Corporate Credit ratings to Cari A- (from Cari BBB+) on the regional rating scale (Foreign and Local Currency Ratings).
- Due to the confidence of our stakeholders and underpinned by the Bank’s upgraded credit ratings, Borrowings increased by \$75.93M (20.76%)



- Successfully issued the Bank’s inaugural 5.0% preference shares totaling \$13.76M
- Reported Net Profit for the Year of \$7.59M.
- Paid a special dividend of \$15.0 per share.
- Strengthened our non-distributed reserves with the transfer of \$10.0M from Retained Earnings to the Portfolio Risk Reserve.
- Unveiled our new Mission and Vision statements.

Q How would you describe ECHMB Capital’s results in FY 2022?

- Excellent financial results for ECHMB Capital especially given the significant deterioration in trading conditions during the second half of FY 2022 and attributed to the following: - (a) declining GDP on account of Covid-19; (b) heightened geopolitical risks due to Russia’s invasion of Ukraine; (c) supply chain challenges; and (d) the FED’s hawkish policies which resulted in significant mark-to-market diminution in both fixed income and equity instruments.
- It is to be noted that despite the \$38.23M mark-to-market diminution in our fixed income portfolio, our Debt-to-Equity Ratio remained within the 8.0:1 covenant imposed by the Board of Directors.
- Notwithstanding the headwinds, we continued to grow and are extremely proud to have attained the significant milestone of \$500.0M in AUM.
- We are never completely happy, but nevertheless, excellent results for the Bank

Q In your view, what contributed to the Bank’s financial success in FY 2022?

- It would be remiss of me to not acknowledge first and foremost the decisive actions of the Board of Directors, which were imperative given the significant turbulence and uncertainties of FY 2022.
- Secondly, I must commend our executive management team for their composure and fortitude exhibited in the face of highly volatile trading conditions. The fact that the Bank generated a Net Profit of \$7.59M is testimony of their skillsets and commitment to the attainment of the Bank’s strategic goals.
- Due credit must be given to the agility of our business model and the strength of our “fortress” statement of financial position. This allowed the Bank to easily adsorbed the volatility of FY 2022.
- Heightened attention to probable risks and in particular: - (a) Credit Risk; (b) Market Risk; and Balance Sheet Risk. Our surveillance has been paramount in the Bank’s adjustments to the significant headwinds faced in FY 2022.
- Most importantly, we have implemented mechanisms to increase or interface with stakeholders which have provided opportunities to better understand their objectives and demands and hence, enabled the Bank to respond accordingly.

Q What kept you awake at night in FY 2022?

- The persistent rise in inflation and the inevitable hawkish response by the (“FED”) to mitigate same. It is to be noted that the “causes” which prompted the FED’s actions and resulting “remedies” to mitigate same, have combined to trigger significant volatility in regional and international capital markets. Since approximately 91.0% of the Bank’s AUM are traded thereon, there were increased uncertainty and volatility in the Bank’s operations in FY 2022.
- Excabating the uncertainty and market volatility in FY 2022 was the pronouncement by the FED that the current hawkish policy will be maintained once inflation remains at an unacceptable level.

- Geopolitical Risk and especially Russia’s invasion of Ukraine and the potential knock-on impacts on commodity supply chain which contributes to supply or cost- push inflation.
- Of course! The Covid-19 pandemic and the resulting shocks to regional and international money and capital markets.
- Cyber security threats have been elevated, largely in part due to COVID-19 and the necessity for staff to telecommute.
- Difficulties in recruiting appropriately skilled and experienced HR from the Currency Union.
- Increased competition in the Currency Union’s money and capital market due to penetration by sizeable financial institutions indigenous to Trinidad and Tobago and Jamaica.

Q The Bank has experienced significant growth since FY 2020. What were the changes implemented in FY 2022 to ensure the Bank benefits from economies of scale?

- We have amended the ECHMB Act of 1995 and currently awaits ratification in the respective Parliaments of member states. Some of the important amendments include changes to the Bank’s authorized capital, corporate governance structure and branding.
- Implemented the following committees and policies in FY 2022 to strengthen our corporate governance and the system of accounting and internal controls: -
 - o Assets and Liabilities Committee
 - o Investment Committee
 - o Directors Declaration and Related Party and Insider Policy
 - o Telecommuting Policy
- Training of directors and the executive management team. As at 31st March 2022 directors and the executive management team have completed the corporate governance accredited course.

- Expanded the Investment Department to include specialist functions for fixed income and equity traders.
- Appointed a Risk and Compliance Officer.
- Upgraded the Bank's consolidated policies, including increased emphasis on cyber security threats.
- We are in the process of appointing additional external asset managers.

Q What are the major plans for FY 2023 onwards?

- Strengthening our "fortress" statement of financial position by adopting a more conservative approach to assets allocation and shortening of the duration of the fixed income portfolio. We also intend to boost our non-distributable reserves with additional transfers from Retained Earnings.
- Development of greater strategic and working relationships with international brokers (assets managers). The intention is to leverage the brokers' skillset in the selection of both fixed income and equity instruments in addition to the establishment of managed accounts. This is a critical element in facilitating knowledge transfer to ECHMB Capital's investment team.
- Strengthening of the Bank's HR Capital through postgraduate studies and professional designation. We also intend to ensure the full implementation of one revised Performance Appraisal System in FY 2023.
- Introduction of new products and services including the establishment of a broker/dealer department.
- Strengthening of ECHMB Capital's brand.

- Increased penetration of the retail segment of the money and capital market in the Eastern Caribbean Currency Union (ECCU).
- Leverage the Bank's resources to develop and promote financial literacy in the ECCU.
- Further, our intent is to facilitate increased access to the Eastern Caribbean Securities Market ("ECSM").

Q What would you like stakeholders to take away from FY 2022?

- Their investments in ECHMB Capital are safe and viable, a fact confirmed by the Bank's credit ratings. (ECHMB Capital is rated a Foreign Currency and A- Local Currency).
- Debt-to-Equity Ratio was reported at 7.40:1 and lower than the 8.1:1 stipulated by the Board of Directors.
- The Bank's Efficiency Ratio was 21.36% in FY 2022, a ratio lower than 50.0% is considered excellent.
- ECHMB Capital paid total dividends of \$15.00 per share in FY 2022. Shareholders also benefited from notional capital appreciation of \$62.17 (38.86%) since book-value-pershare increased from the last issue price of \$160.0.

Executive Team





Randy R Lewis
FCA, BFP, FCCA, MBA, ACC.Dir
Chief Executive Officer

Mr. Lewis was appointed Chief Executive Officer on the 1st May 2015. A citizen of Grenada, Mr. Lewis is a Fellow of the Institute of Chartered Accountants in England and Wales; Fellow of the Association of Chartered Certified Accountants (FCCA); Associate of the Chartered Institute of Management Accountants (retired); and obtained his MBA from the University of Derby.

He attended the Oxford University Strategic Leadership Program and, in 2011, he received the Accredited Director designation from the Institute of Chartered Secretaries and Administrators (ICSA). He has more than 27 years' experience in the banking, retailing, manufacturing and financial services industries.

Prior to his appointment as Chief Executive Officer, he held the positions of Manager, Corporate Finance and Chief Financial Officer. Mr. Lewis joined the ECHMB Family in 2006.



Heidi Hypolite
FCCA, MBA, C.Dir
Chief Financial Officer

Ms. Hypolite joined the ECHMB family in May 2019 and assumed the position of Chief Financial Officer. Ms. Hypolite is a Fellow of the Association of Chartered Certified Accountants and the holder of an MBA from the University of Leicester, UK.

With over 18 years' experience in the audit and accounting field, she oversees and executes the financial operations of the ECHMB Capital. Ms. Hypolite has an unwavering commitment to being an effective team leader while working for the benefit of all stakeholders, particularly our regional investors.



Justin Skeete
MCITP, CBCP, C.Dir
Chief Operations Officer

Mr. Skeete has served the ECHMB Capital in excess of 10 years in the capacity of Systems Officer. He has 15 years of IT experience in application implementation and has essentially contributed to the Bank’s operational performance and customer satisfaction.

Mr. Skeete is the primary point of culpability for the effectiveness and efficiency of the institution’s specific business applications, along with the entire IT platform. Mr. Skeete continues to lead the Bank’s path forward in digital transformation initiatives by developing Information Systems strategies to support the Bank’s mission and core



Temelia O. Providence
BSc, MSc, C.Dir
Investment Manager (Ag)

Ms. Temelia Providence joined the ECHMB Capital family in August 2021 and assumed the position of Investment Analyst. A Vincentian national, Ms Providence holds a Bachelor of Science (BSc), Mathematics and Computer Science from Royal Holloway, University of London, a Master of Science (MSc), Mathematical Finance from Boston University and is presently a level III candidate of the Chartered Financial Analyst Program.

Ms Providence has in excess of nine (9) years in the field of investment management, brokerage and treasury management and is an ardent advocate for the growth and development of the financial section in the ECCU.



Shaka St. Ange
BSc, C.Dir
Treasury Manager

Mr. Shaka St. Ange joined the ECHMB Capital in February 2020 and assumed the role of Treasury Officer. He holds a bachelor’s degree in Business Administration and has successfully operated in the ECCU’s Capital Market, Banking and Investment Industries over the past 10 years.

As we strive to solidify our position as the premier non-bank financial institution in the ECCU, Mr. St Ange’s role is focused on expanding our regional footprint through the development of strategic relationships. He continues to use his expertise to contribute to a vibrant, competitive and attractive ECCU Capital Market.



Kasy Volney
BSc, MBA, MSc, C.Dir
Risk & Compliance

Kasy Volney joined the ECHMB Capital in July 2021 and assumed the position of Risk and Compliance Officer.

Kasy is a risk management professional with over 7 years of risk management experience in the financial sector. Before joining ECHMB, Ms. Volney was the Financial Risk Analyst in the Risk and Compliance unit at the Bank of St. Lucia where she gained a wealth of knowledge in the risk and compliance function. Her experience also includes external auditing as she perviously worked as an auditor at PriceWaterhouseCoopers.

Ms. Volney is a graduate of the University of Wales, where she earned a Master of Finance in Risk Management and holds a Master of Business Administration (MBA) in Financial Management from the London Metropolitan University, and she is also an ACCA affiliate. She also holds a Bachelor of Science in Accounting and Human Resource Management from the University of the West Indies.

Financial Highlights FY 2022

Assets Under Management

12.08%

\$517.74M



Interest
Income

10.99%

\$17.88M

Other
Income



86.24%

\$2.08M

Net Profit
For the
Year



55.38%

\$7.59M

EPS

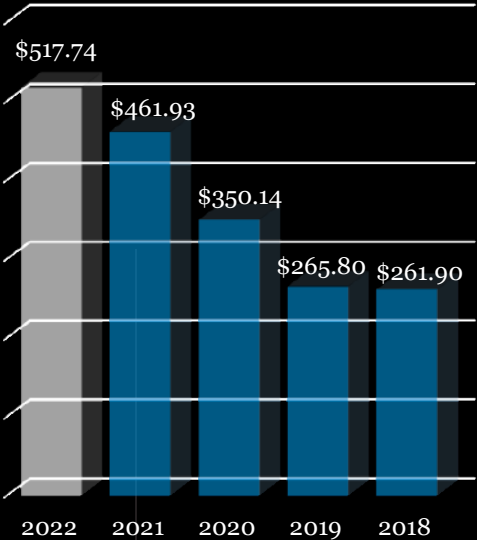
55.38%

\$28.25

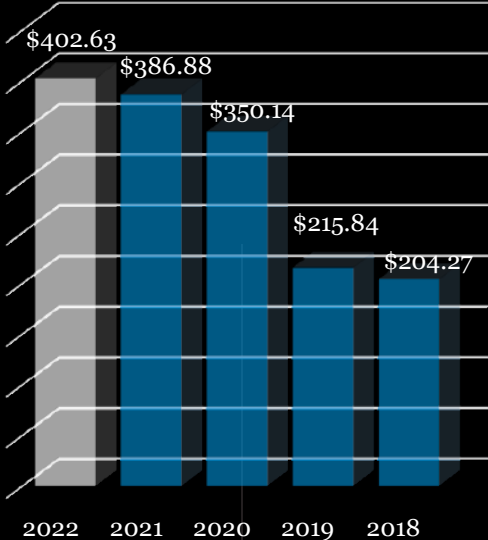


5-Year Statistical Review

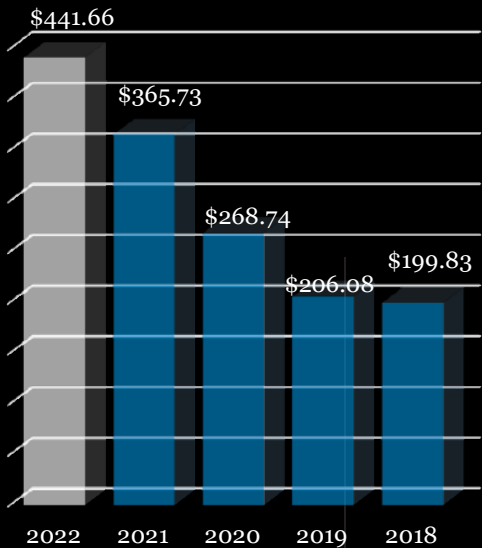
	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Interest Income	17,876,613	16,106,192	13,525,456	12,313,216	11,480,370
Interest Expense	9,890,467	7,468,564	5,477,981	4,637,522	3,962,620
Net Interest Income	7,986,146	8,637,628	8,047,475	7,675,694	7,517,750
Other Income	2,077,324	\$15,123,043	5,117,790	949,693	228,173
Other Expenses	2,471,777	6,745,775	4,032,713	3,315,459	3,530,088
Net Profit for the Year	7,591,693	17,014,896	9,132,552	5,309,928	4,215,835
Total Assets	517,742,565	461,927,985	350,137,718	265,802,954	261,901,801
Total Liabilities	458,033,996	392,727,223	287,674,736	206,630,675	200,543,931
Shareholders' Equity	59,708,569	69,200,762	62,462,982	59,172,279	61,357,870
Earnings per share	28.25	63.31	33.98	19.76	15.69
Book Value per share	222.17	257.49	232.42	220.18	228.31
Net Interest Income	44.67%	53.63%	59.50%	62.39%	65.48%
Efficiency Ratio	12.39%	21.60%	21.63%	25.00%	30.15%
Return on Assets	1.47%	3.68%	2.61%	2.00%	1.61%
Interest Cover	1.77	3.28	2.67	2.14	2.06
Debt-to-Equity Ratio	7.40:1	5.29:1	4.30:1	3.48:1	3.27:1



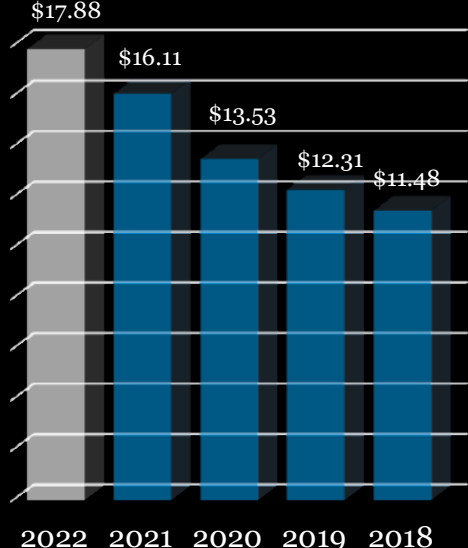
Assets Under Management



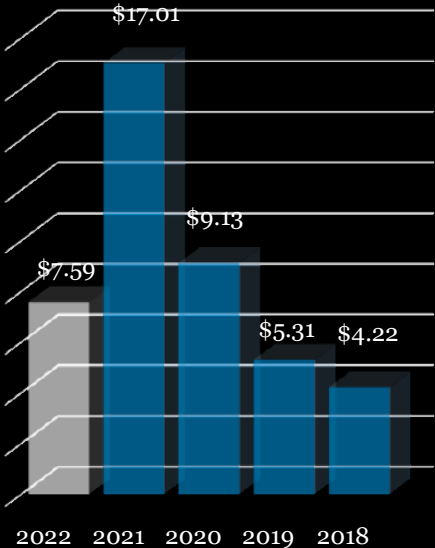
Investment Securities



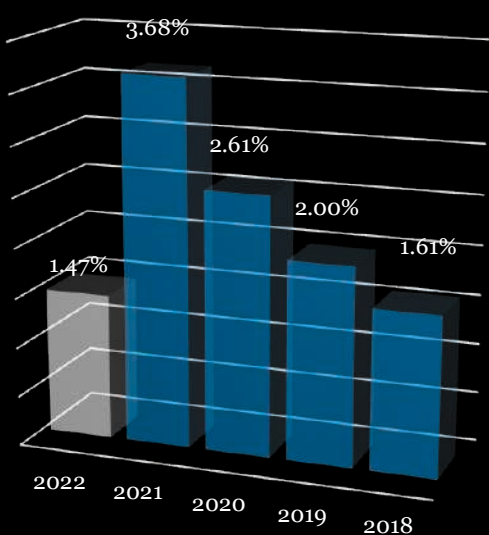
Borrowings



Interest Income

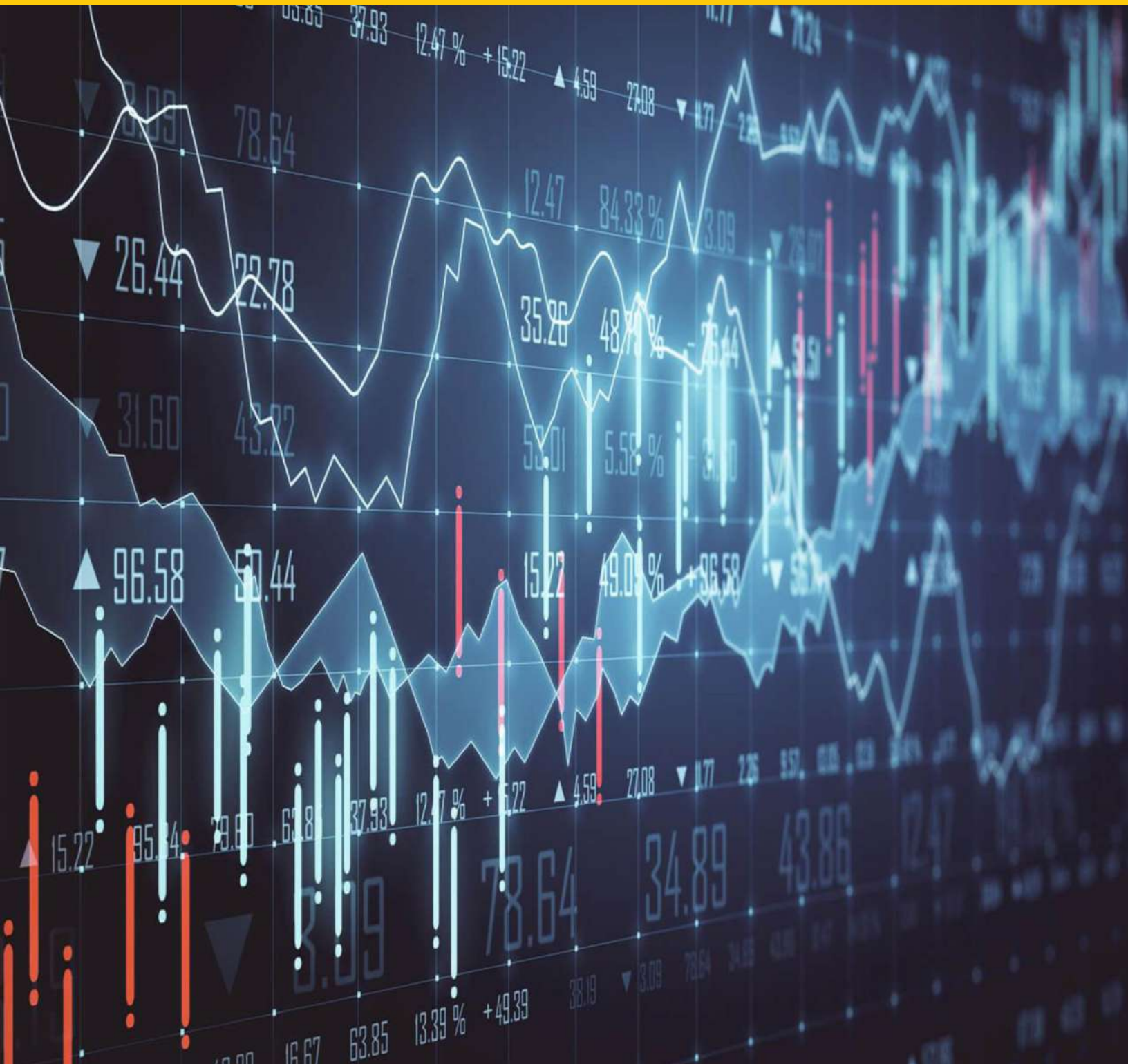


Net Profit



Return on Assets

Management Discussion & Analysis



This Management Discussion and Analysis (MD&A) is presented to enable the shareholders to assess material changes in the financial condition and operating results of ECHMB Capital for the year ended 31st March 2022, compared with the corresponding period in previous years. This MD&A should be read in conjunction with our audited Financial Statements and related Notes for the year ended 31st March 2022.

Unless otherwise indicated, all amounts are expressed in Eastern Caribbean Dollars and have been primarily derived from the Bank's Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Economic Environment FY 2022

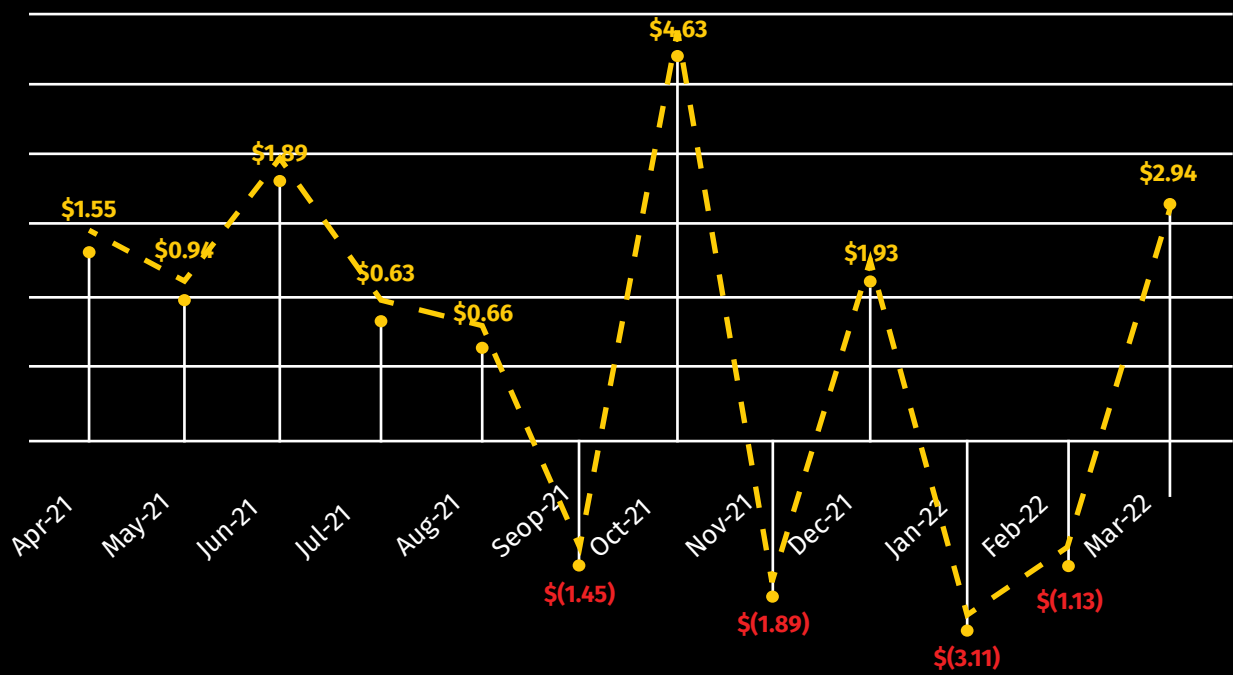
In its delayed World Economic Outlook report, published Tuesday 22 February 2022, the International Monetary Fund (“IMF”) said it expects global gross domestic product (“GDP”) to weaken from 5.9% in 2021 to 4.4% in 2022. The lower GDP was projected due to the lag in returning to normalcy on account of new variants of Covid-19. Further, geopolitical tensions associated with Russia’s invasion of Ukraine have exacerbated supply chain disruptions, spurring persistent increases in commodities price. Also contributing to uncertainty is the “hawkish policy” employed by the Federal Reserve System (“The FED”) to combat the rising inflation; The FED proposes to persist with the aforesaid policy on the proviso inflation remains at unacceptable levels. The tripartite PEST factors of: - (a) lower GDP on account of Covid-19; (b) geopolitical risks with knock on effects on commodity prices; and (c) the FED’s hawkish policies, have resulted in elevated volatility in capital markets.

A perusal of the economic conditions reported in Q2 of FY 2022, would suggest that the capital markets had transitioned from the “bullish market” of FY 2021

Impact of the Economic Environment on ECHMB Capital Investment Strategy FY 2022

Based on ECHMB Capital’s business model, approximately 91.0% of the Bank’s Assets Under Management (“AUM”) are traded on international capital markets. Given ECHMB Capital’s adoption of International Financial Reporting Standards (“IFRS”), it is probable that the Bank’s financial outturn will reflect the ebbs and flows of capital markets. The chart below illustrates how ECHMB Capital’s financial outturn in FY 2022 mirrored the volatility of the aforementioned

Q1 of FY 2022 reflected the stability and buoyance experience in Q3 and Q4 of FY 2021. However, significant volatility was reported during the latter part of Q2 of FY 2022 and attributed to the convergence of the aforementioned PEST factors. Given the prevailing market conditions, there were three (3) strategic changes to the Bank’s assets allocation in FY 2022. In the first instance, the Bank held increased sums in Cash and Cash Equivalents (“CCE”) which grew from \$35.53M in FY 2021 to \$55.14M in FY 2022



Fluctuations in ECHMB Capital’s Net profit -Twelve (12) Months FY 2022

This strategy had the following purposes: - (a) to hedge against probable mark-to-market diminution on the fixed income portfolio on account of interest rate hikes; and (b) to reduce impairment losses on the fixed income portfolio in Q4 as there is no expected credit loss on CCE. Secondly, the Bank increased its allocation to equity from 5.0% in FY 2021 to 14.0% in FY 2022. This was part of the Bank’s diversification strategy and hence, ensured compliance with the Investment Policy Statement. Thirdly, a significant risk mitigant in FY 2022 was the reduction in the duration of the fixed income portfolio. This also served to insulate the fixed income portfolio from mark-to-market diminution ex post interest rate hikes.

Assets Under Management (“AUM”)

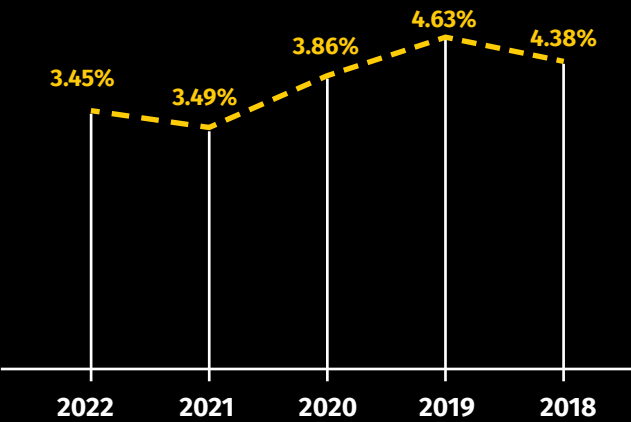
AUM increased by \$55.81M (12.08%) from \$461.93M in FY 2021 to \$517.74M in FY 2022. It is to be noted that on account of the FED’s policy of hiking interest rates, the Bank recorded a Fair Value Reserve (“FVR”) diminution of \$26.82M on fixed income securities in FY 2022; increasing the total FVR losses to \$38.23M at 31st March 2022. It is to be noted that the FVR is an unrealized mark-to-market adjustment and crystallization of losses in the Statement of Comprehensive Income is contingent on disposal. On the assumption that ECHMB Capital recorded its fixed income portfolio at “Amortized Costs” as opposed to “Fair Value Through Other Comprehensive Income,” the actual growth in AUM would translate to \$75.05M (15.98%).

The Bank’s net Investment Securities increased by \$15.75M (4.07%) from \$386.88M in FY 2021 to \$402.63M in FY 2022 and accounted for 77.77% of AUM. As it relates to other income earnings assets, Mortgage Loans Facilities (“MLF”) declined by \$4.26M (12.46%) from \$34.19M in FY 2021 to \$29.93M in FY 2022 and principally attributed to the \$2.36M repurchased by Primary Lenders. The Bank’s principal earnings assets (Investments Securities and Mortgage Loans Facilities) increased by \$11.49M (2.73%) from \$421.07M in FY 2021 to \$432.56M in FY 2022.

Given the FED’s hawkish policy of increasing interest rates, the amount of \$55.13M or 10.65% of AUM was held in CCE pending acquisition of investment grade fixed income instruments. The coupon rate on the asset class varied from 0.0% to 4.5%.

Interest Income

Interest Income increased by \$1.77M (10.99%) from \$16.11M in FY 2021 to \$17.88M in FY 2022. However, due to the change in the asset allocation in FY 2022 to mitigate operating risks and the decline in the more profitable MLF, the yield on AUM declined from 3.49% in FY 2021 to 3.45% in FY 2022. The growth in Interest Income is therefore attributed exclusively to the 12.08% increase in AUM.



Return on Assets Under Management

Other Income declined by \$13.04M (86.24%) from \$15.12M in FY 2021 to \$2.08M in FY 2022. This was attributed to the \$6.62M (64.46%) decline on Gain on Disposal of Financial Assets at FVOCI and \$5.50M reported on Unrealised Loss on FVTPL Financial Assets.

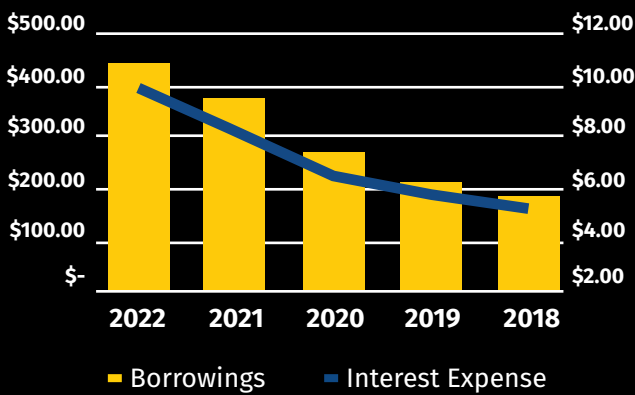


Trends in Total Income 2018-2022

Interest Expense

ECHMB Capital continued to roll-out its growth strategy in FY 2022. The Bank’s growth strategy is financed by Borrowings and Shareholders’ Equity. To increase the attractiveness of the Bank’s Borrowings, the pricing of the instruments remained fixed. Borrowings increased by \$75.93M (20.76%) from \$365.73M in FY 2021 to \$441.66M in FY 2022.

Other funding initiative included the issuance of Preference Shares totaling \$13.76M. Due to the strategy of offering fixed coupon instruments, the Bank’s weighted average costs of debt was maintained at 2.51%. Interest Expense increased by \$2.42M (32.40%) from \$7.47M in FY 2021 to \$9.89M in FY 2022. The increase in Interest Expense was therefore attributed to the 20.76% growth in Borrowings.



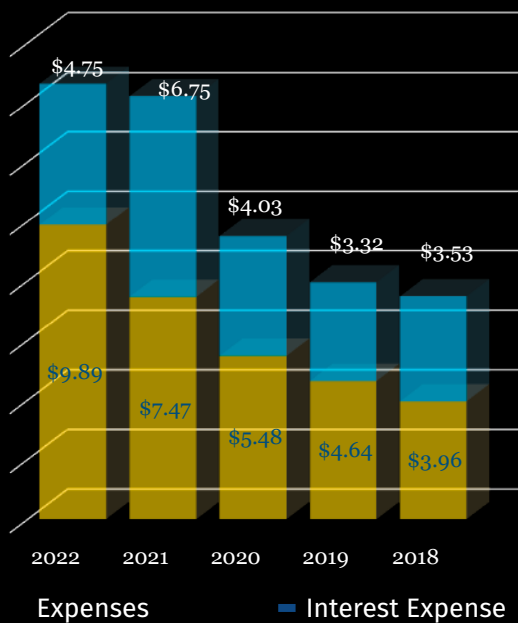
Trends in Borrowing and Interest Expense

Net Interest Income

The Bank’s investment strategy for FY 2022 had the following downsides. In the first instance, the placement of increased amounts in CCE and growth in the equity portfolio resulted in higher non-interest earning assts and hence, increased “cash drag”. Secondly, in a bid to reduce the duration of the fixed income portfolio, the Bank acquired instruments with shorter tenor at lower coupons. Further, the change in the composition of AUM on account of the declining MLF and increases in investment have contributed to declining yields. As a result, Net Interest Income (“NII”) or the difference between Interest Income (\$17.88M) and Interest Expenses (\$9.89M) was reported at \$7.99M (44.67%) compared to 53.63% in FY 2021.

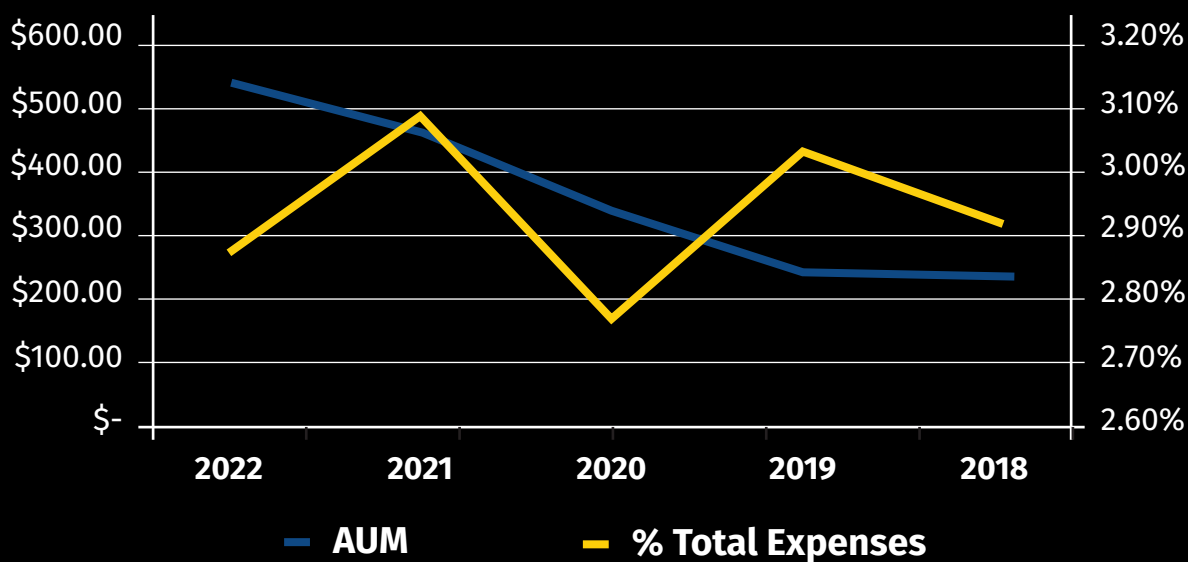
Expenses

Total Expenses (interest and operating expenses) in FY 2022 declined by \$1.86M (13.08%) from \$14.22M in FY 2021 to \$12.36M. This was mainly attributed to the \$2.28M reduction in Net Impairment Losses on Financial Assets and reduction in General and Administrative Expenses from \$3.94M in FY 2021 to \$3.57M in FY 2022.



Trend in Total Expenses 2018-2022

Notwithstanding growth in the Bank’s operations over the period FY 2018 to FY 2022, Total Expenses as a percentage of AUM have declined.



Total Expenses as a Percentage of AUM

The Bank’s Efficiency Ratio was reported at 12.39% in FY 2022, the lowest in the last five years of operations. An Efficiency Ratio of less than 50.0% is considered excellent in the financial industry.

Net Profit

Net profit for the year was reported at \$7.59M representing a decline of \$9.42M (55.38%), a creditable outturn given the volatile financial conditions of FY 2022. Return on Assets was reported at 1.47% and represents the upper tier of financial institutions domiciled in the Eastern Caribbean Currency Union. The Bank continued to report a satisfactory Interest Cover in FY 2022 at 1.77%. Earnings-Per-Share was reported at \$28.25 and lower than the \$63.31 reported in FY 2021.

Statement of Financial Position

In FY 2022, ECHMB Capital continued its quest of building a “fortress” Statement of Financial Position, the objective of which is to ensure the Bank has sufficient capital to successfully navigate headwinds. The Bank’s resilience was tested in FY 2022 as the FED continued to implement hawkish policies to curb inflation. Notwithstanding the \$38.23M loss on Fair Value Reserve, Shareholders’ Equity was reported at \$59.71M with the Debt-to-Equity Ratio reported at 7.40:1 and within the 8.0:1 stipulated by the Board of Directors.

Book Value Per Share, although declining from a high of \$257.49 in FY 2021 was reported at \$222.17 and significantly higher than the \$100.00 and \$160.00 acquisition costs per share.

Most importantly CCE was reported at \$55.14M which will enable the Bank to meet all obligations to Borrowers, plus resume acquisition of investment grade financial instruments when conditions become favorable. Equally important is the fact that the Bank is void of material contingent liabilities and/or offbalance sheet transactions.

Outlook FY 2023

Inflation continues to be the headline concern for much of the world, and the conversations are beginning to shift from whether there will be a recession, to when the recession will occur. The consensus however appears to be that the global economy will manage to avoid a true recession in fiscal 2022.

Whilst the current inflation also reflects tight labour markets and commodity price shocks, we are beginning to see normalisation of the heavily discussed supply chain issues, suggesting that consumer goods inflation could subside in FY 2023. This is expected to assist with the projected, albeit slow, global economic growth and recovery. Given that this high market volatility is anticipated to continue for the balance of the year, ECHMB Capital intends to remain conservative with its investment portfolio to maintain its pledged stability to the ECCU.

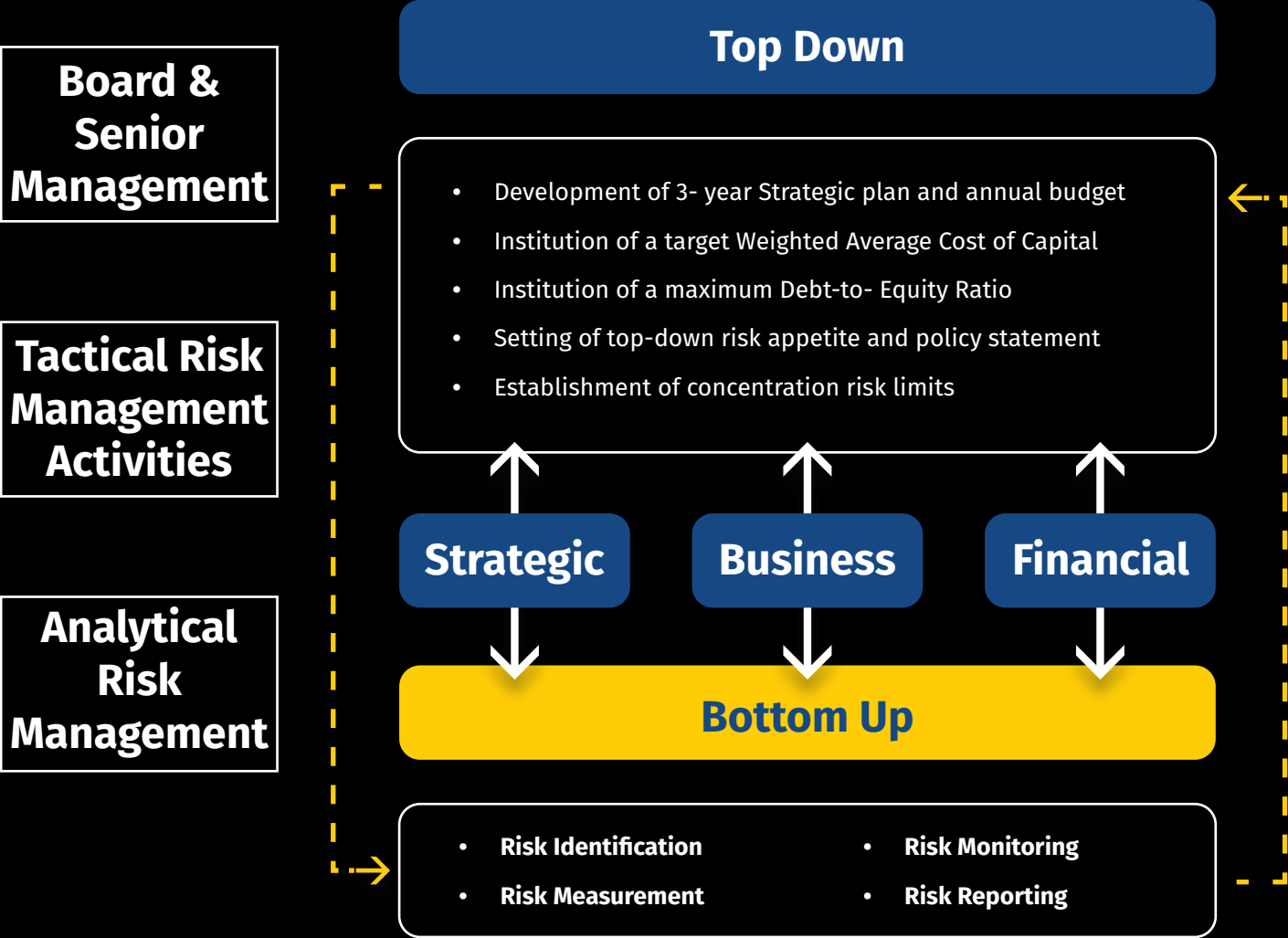
Risk Management



ECHMB Capital's business model encompasses the issuance of financial instruments on the Eastern Caribbean Securities Market ("ECSM") and investment of the proceeds in fixed income instruments, equities and mortgage-backed securities ("MBS"). As a consequence of ECHMB Capital activities, the Bank is exposed to a number of opportunities and risks which may accelerate or hinder the successful implementation of its objective. ECHMB Capital's Enterprise Risk Management Framework ("ERM") provides a comprehensive structure for the proper identification and management of material opportunities and risks faced by the Bank.

To ensure the comprehensive identification and prioritization of all material risks, the Bank assesses its risks from two perspectives, 'top-down' and 'bottom-up'.

ECHMB Capital’s Risk Management Framework

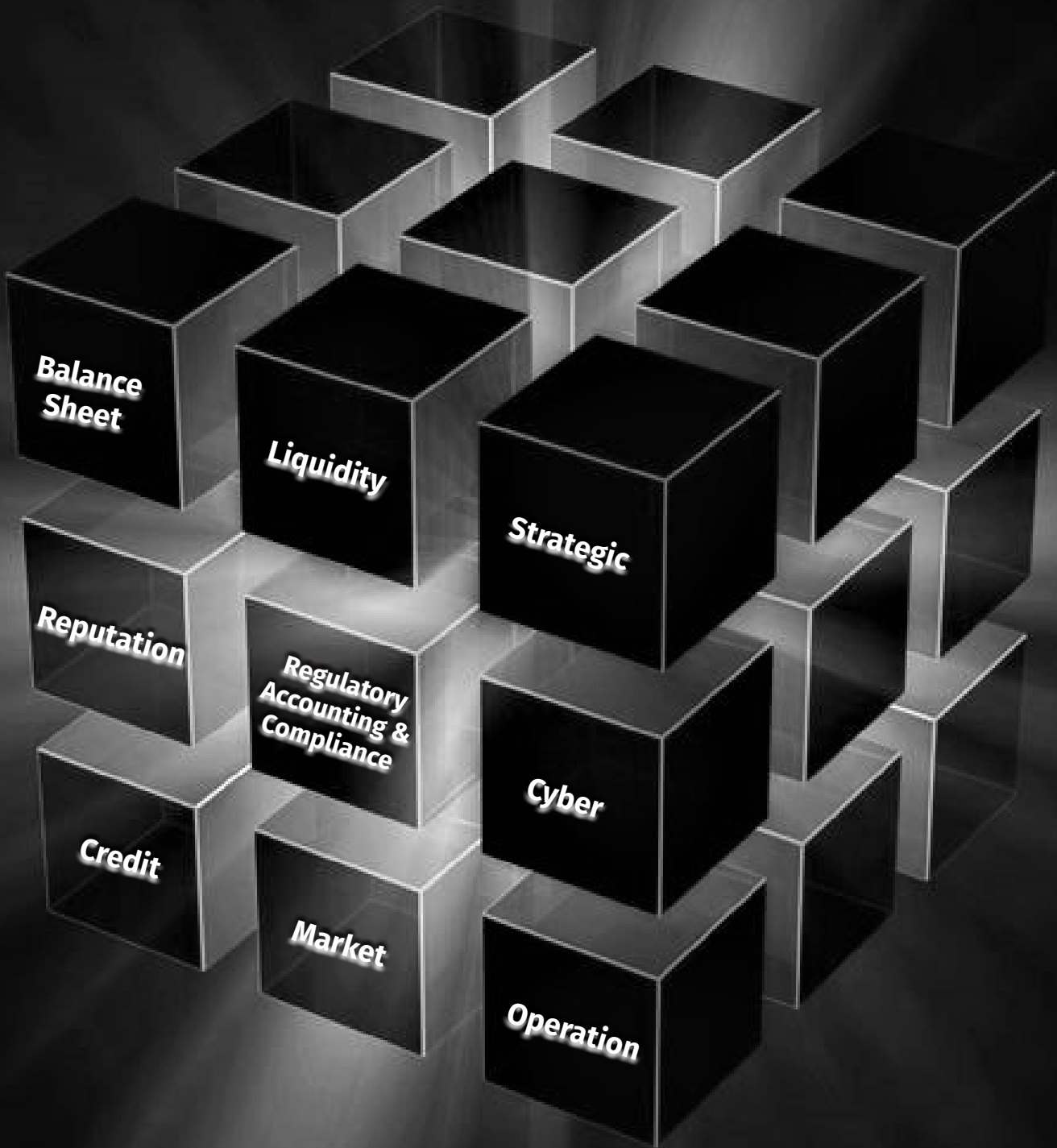


The framework also provides guidelines for effective communication and stipulates a distinction between:

- (i) Those who establish risk policy, processes (i.e., assessment) and methodologies (i.e., monitoring and reporting);
- (ii) Those involved in taking and managing risks; and
- (iii) Those who provide assurance that all significant risks are appropriately identified, assessed, managed, monitored and reported.

ECHMB Capital is committed to ensuring that effective risk management plays a central role in all its activities and is a core management competence. Compliance with this policy is essential in ensuring the continued integration of risk into the culture and values of the Bank.

The Top nine (9) Risks Faced by ECHMB Capital In FY 2022



Managing Risk Strategically

Despite the tough and unprecedented operating environment in FY 2022, ECHMB Capital has successfully managed its major risks.

Overall, ECHMB Capital’s internal control, balance sheet and risk management position continue to be sufficiently robust to enable the Bank to identify and mitigate emerging and current risks.

Credit Risk Credit risk is the most significant measurable risk faced by ECHMB Capital. It is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. COVID-19 resulted in an unprecedented shock in economic activity regionally and internationally, which in turn contributed to elevated credit risk in global markets.	Management's Response <ul style="list-style-type: none">• Strengthen the Bank's corporate governance structure with the appointment of Assets and Liabilities and Investment Committees• Updated the Bank's consolidated policies• Recruited a Risk and Compliance Officer• Expanded the investment Department to enable ongoing risk monitoring at the individual counterparty and portfolio level.• Increased diversification of the investment portfolio• Acquisition of Bloomberg terminals
Strategic Risk Strategic risk is the risk that failed business decisions may pose to the Bank.	Management's Response <ul style="list-style-type: none">• Prepared a 3-year strategic plan as well as an annual (i) business plan; (ii) work plan; (iii) operating budget; and (iv) balance scorecard.• On a monthly basis, submit to the Board of Directors management accounts with explanations of significant variances from the strategic and annual business plans annual .
Operational Risk Operational risk is inherent within the activities of any institution. It results from inadequacy or failure attributable to processes, people, systems or external events. Accordingly, we identified risks that are likely to affect our operations in the short to medium term to empower conscious risk-taking. These risks are intricately linked to the Bank's strategy.	Management's Response <ul style="list-style-type: none">• Renovated the Bank's plant to ensure COVID-19 compliance• Most payments were made via Electronic Fund Transfers• Encouraged staff to be vaccinated

Liquidity Risk Liquidity risk is the combined risks of loss to earnings or capital that arises from ECHMB Capital’s inability, albeit temporarily, to meet its financial obligations as they fall due (funding liquidity risk), and that the liquidity in financial markets, such as the market for debt securities has reduced significantly (market liquidity risk).	Management’s Response <ul style="list-style-type: none">• The Bank maintains cash buffers with indigenous commercial banks• The Bank has negotiated favourable credit lines with international banks• A significant part of the investment portfolio is traded on an active market and hence, can be easily liquidated to meet any liquidity crunch.
Market Risk Market risks are defined as the risk of loss in the market value of financial asset positions due to variations in exchange rates, interest rates, credit spreads, and equity prices. ECHMB Capital is exposed to market risks primarily through the interest rate sensitivity, changes in credit spreads, and equity price movements of its marked-to-market investment assets.	Management’s Response <ul style="list-style-type: none">• The Bank has appointed an Investment Committee.• ECHMB Capital will apply a laddering strategy at all times to help smooth out the effects of interest rate fluctuations.• The Bank continues to diversify its investment portfolio in terms of jurisdiction, instrument types, and currency exposure.• ECHMB Capital minimizes the variations in earnings, capital and cash flow arising from the impact of exchange rate movements by transacting only in ECdenominated or US-denominated instruments.• The Bank has expanded its Investment Department and has recruited a Risk and Compliance Officer.• The Bank has increased the number of external advisors
Balance Sheet Risk The Bank acknowledges that all the above risks can have a material impact on its balance sheet and performance. The Bank regards it as desirable to hold sufficient reserves to absorb potential losses.	Management’s Response The Bank has established the following operating limits:- <ul style="list-style-type: none">• Achieve a target Net Profit for the year of a minimum of 20.0% of interest income.• Operate with a non-interest /total expenses ratio of less than 45.0%• Achieve a rate of return of at least 1.4% on total assets• Ensure debt capital never exceed 8.0:1 times of shareholders’ equity

Cyber Risk Cybersecurity risk is the possibility of exposure of loss resulting from cyber-attacks or data breach on the Bank.	Management’s Response <ul style="list-style-type: none">• Banks ensures its firewalls are up to date and fully functioning• The Bank undertakes an Information technology audit at five (5) year intervals.• Continued staff awareness on potential cyber-attack threats• Monthly changing of passwords
Regulatory, Accounting and Compliance As a regional institution, it is imperative that ECHMB Capital is in compliance with applicable laws, accounting standards and other regulations.	Management’s Response ECHMB Capital will aim to manage its regulatory risk by not breaching the following minimum criteria: - <ul style="list-style-type: none">• The appointment of any person as Chairman, Deputy Chairman, Director or Alternate Director and the termination of any such appointment published in the official Gazette in the member territory where the principal office of the Bank is located or notified to the public in the member territories in such other manner as the Board may determine.• The Board shall meet not less than once every three (3) months and meetings shall be held at such time and place and on such days as the Board may determine.• A general meeting of shareholders (herein called an “annual general meeting”) shall be summoned by the Board each year.• The report of the auditor shall be presented to the Board within four (4) months of the end of the financial year.
Reputational Risk Reputation Risk is the potential loss to financial capital, social capital and /or market share resulting from damage to the Bank’s reputation. It is often measured in loss revenue, increased operating expenses, capital or regulatory costs or destruction of shareholders’ value	Management’s Response <ul style="list-style-type: none">• Monitoring ECHMB Capital’s reputation, proactively addressing matters that may cause reputational damage and using the feedback from external stakeholders to gain insights or receive early warning signals of potential concerns;• Avoiding activities that may cause reputational damage to ECHMB Capital including activities that may have a negative environmental or social impact.

Building Sustainable Value in ECHMB Capital



As the premier indigenous wealth generating institution in the Eastern Caribbean Currency Union (“ECCU”), our sustainability agenda is founded on our aim to enhance financial inclusion and help citizens achieve their ambitions by fulfilling their financial services needs in a responsible and sustainable manner.

The Bank enables our citizens, businesses and society in general to grow in a way that is sustainable in the long-term. Our stakeholders expect the Bank to demonstrate its social and ecological impact. We try to achieve this by ensure that our operations have benign impacts of the ECCU’s ecological integrity.

The Bank’s sustainability strategy is integrated in our business model and consists of the following three (3) dimensions: -

- Economic Growth;
- Social Responsibility; and
- Environmental Stewardship.

Our sustainability approach aims to balance social, economic and environmental risks and opportunities through the deliberate use of our products and services, collaboration and partnership, and by managing our own impact.

- Environmental
- Social
- Corporate Governance

The ECHMB Capital as a Good Corporate Citizen

We have undertaken several initiatives which are designed to increase our accountability and transparency to our stakeholders.

Annual Integrated Reporting

We were among the pioneers in the Eastern Caribbean Currency Union (“ECCU”) to publish an Annual Integrated Report (“AIR”); this has provided our external stakeholders with concise communication about how the Bank’s strategy, governance, performance and prospects led to the creation of value during FY 2022.

Credit Ratings

On the 15th September 2021, the Caribbean Information and Credit Rating Services Limited (CariCRIS) had upgraded the Corporate Credit ratings of the Eastern Caribbean Home Mortgage Bank (ECHMB or the Company) to CariA- on the regional rating scale (Foreign and Local Currency Ratings). These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean, is good.

The one-notch uplift of the ratings of ECHMB is based on notable improvements in the Bank’s overall business and financial risk over the last 5 years through a successful transition and expansion of its mandate away from pure secondary mortgage market activities in the Eastern Caribbean

Listing of Capital Market Products

We have also opted to list our Capital Market Products on the Eastern Caribbean Securities Market. This means that we are required to abide by the regulations of the Eastern Caribbean Securities Regulatory Commission and are obligated to file interim financial statements and make requisite disclosures of material changes in the Bank’s operations.

Interactive Annual General Meetings

We have endeavored to make our Annual General Meetings (“AGM”) more interactive and this forum has availed the opportunity for shareholders to communicate with the executive management team of the Bank. Our AIR has therefore emerged as a complement to our AGM since shareholders have a better opportunity to garner information on the operations of the Bank.

Improving the Quality of Mortgage Underwriting in the ECCU

Since one of the principal mandates of the Bank is the development of the housing stock in the ECCU, the ECHMB holds the view that we must advocate adherence to proper building codes. Our Annual Mortgage Underwriting Programmes have therefore served as a useful platform to remind financial intermediaries of the significant oversight role they must play in insisting that the populace safeguard what is often regarded as the most important investment in their lifetime.



Mentoring the Next Generation

One of the principal remits of ECHMB Capital is the development of the money and capital market in the Eastern Caribbean Currency Union (“ECCU”). This include contributing to the development of the pool of investment professionals in the ECCU.

The Bank will endeavor to mentor trainees and aspiring investment professionals through our internship and school attachment programs



ECHMB Capital Creating Wealth Since 1996

One of the principal remits of ECHMB Capital is the development of the money and capital market in the Eastern Caribbean Currency Union (“ECCU”). In FY 2021, the Bank issued the first corporate paper which was designed specifically to target individuals indigenous to the ECCU.



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