



Reinforcing Our Foundation

ECHMB Capital Annual Report FY 2025



**Build a strong
foundation and you
can reach even the
most unthinkable
heights**

M.J. Moores



Reinforcing our foundation for promoting home ownership in the ECCU

“Reinforcing Our Foundation” embodies our unyielding efforts to position the Bank to leverage synergies, create opportunities and inculcate an environment of trust for stakeholders.

Through this solid foundation, we envisage that the Bank will emerge as the preeminent catalyst for the development of the housing stock and wealth creation in the Eastern Caribbean Currency Union (“ECCU”).



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Corporate Information



Registered Office

Monckton Street St. George's
Grenada



Contact Information

P.O. Box 753 Phase II
ECCB Complex Basseterre St. Kitts



1-869-466-7869



info@echmb.com



www.echmb.com

External Auditors

PKF Grenada
Grand Anse Main Road
St. George's
Grenada

Internal Auditors

Grant Thornton St. Kitts
Corner Bank Street & West
Independence Square
P.O. Box 1038
Basseterre St. Kitts

Attorneys-at-Law

Kelsick, Wilkin & Ferdinand
P.O. Box 174,
Fred Kelsick Building,
South Independence
Square,
Basseterre,
St. Kitts, W.I.

Bankers (Local)

Eastern Caribbean Central
Bank

St. Kitts-Nevis-Anguilla
National Bank.

Bankers (Foreign)

JMMB Jamaica
Sterling Asset Management
Raymond James (USA)

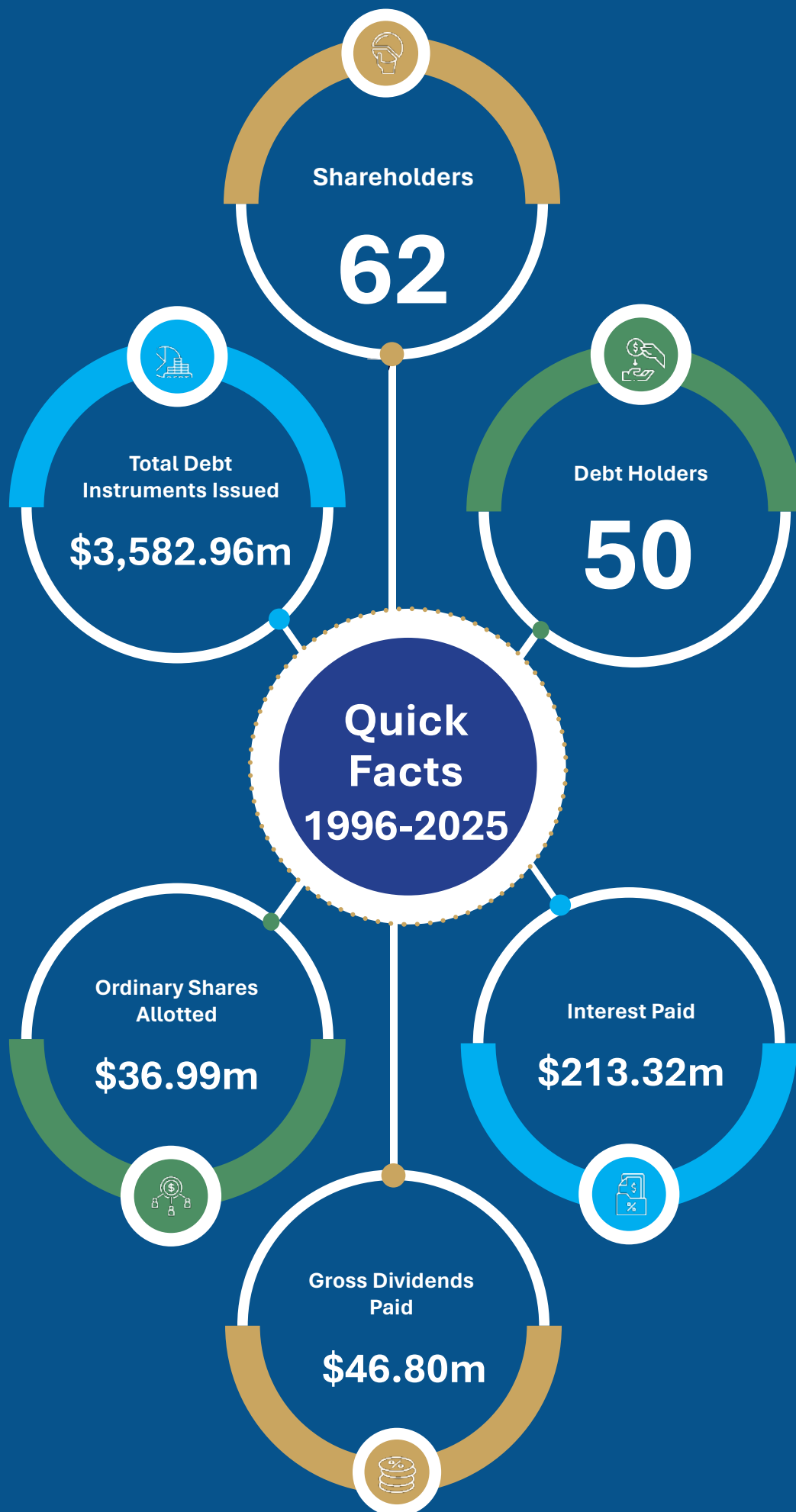
Transfer & Paying Agent

Eastern Caribbean Central
Securities Registry
ECCB Complex
Bird rock Road
Basseterre
St. Kitts

Reasons for our Existence



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



Our Mission Statement

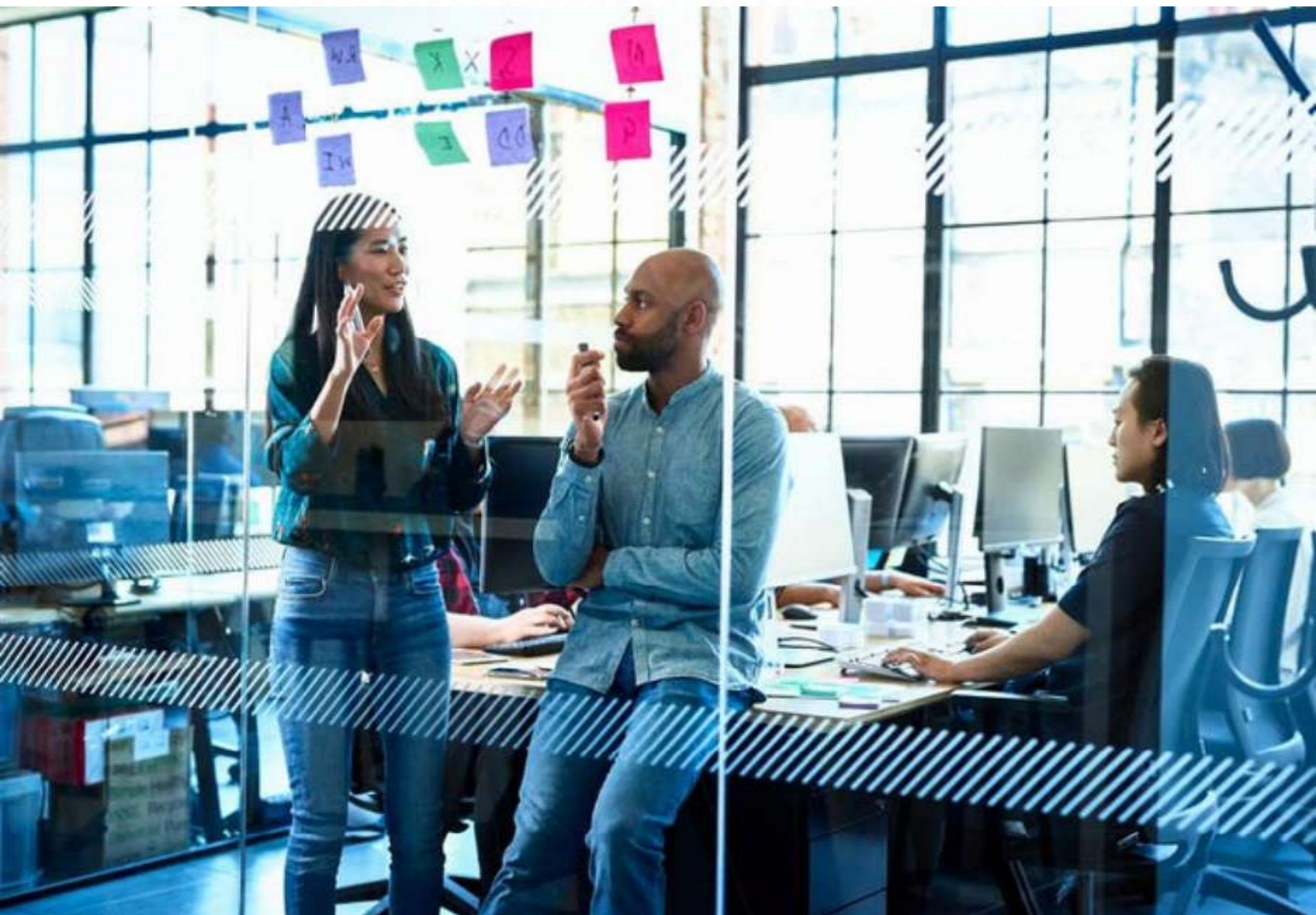


Our mission is to inspire and provide opportunities for home ownership, wealth creation and financial market development.



Reinforcing our foundation for wealth creation in the ECCU

Reinforcing our foundation for Innovation in the ECCU



Our Vision



*To be the leader in transforming the financial landscape
of the ECCU by being innovative and socially inclusive.*

Our Business in Brief

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 ECCU. After twenty-nine (29) 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 the 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.

Our Products and Services Include:

Mortgages



Mortgage
Credit Facility



Mortgage
Pledged Loans



Mortgage-
Backed
Securities

Investments



Corporate
Bonds



Corporate
Papers/Notes



Preference
shares

Our Wealth Creating Units

We continue to explore the capital and liquidity requirement of the ECCU with the intent of developing new products and services to satisfy prevailing demand.



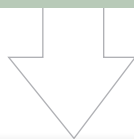
Secondary Market

Provide liquidity to the primary market:

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

What we Offer

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



Total revenue FY 2024
Mortgage-backed securities.

\$1.68m



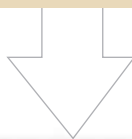
Capital Market

Provide investment options to:

- Corporates
- Individuals
- Asset Managers

What we Offer

- Corporate Bonds
- Commercial papers
- Corporate notes
- Ordinary shares
- Preference shares



Total revenue FY 2024
Capital markets.

\$19.87m



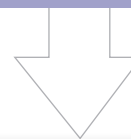
Capacity Building

Provide education in mortgage underwriting:

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

What we Offer

- Mortgage underwriting education
- General business advice



Total revenue FY 2025
Capacity building.

\$0.35m

Core Value



People First

We prioritize employees' well-being, satisfaction, and development.



Integrity

We promote a moral and ethical framework in our business practices.



Innovation

We promote a culture of creating and implementing new ideas that generate value for our stakeholders.



Partnership

We promote mutual benefits for the Bank and its stakeholders.



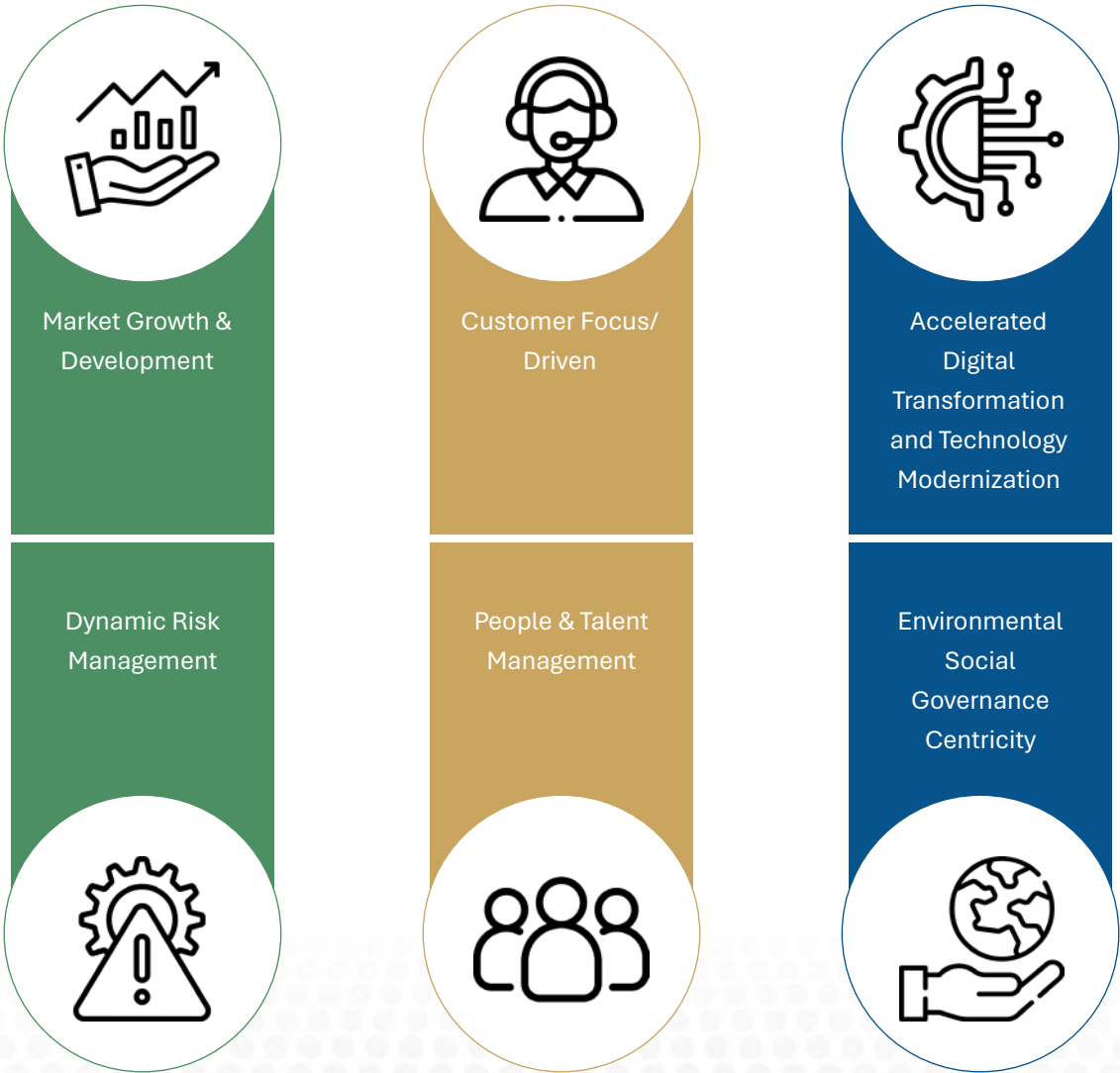
Accountability

The Bank takes pride in its social responsibility and sustainability to stakeholders.

Our Strategic Priorities FY 2025 and Beyond

Our Strategic Priorities are predicated on building a “best-in-class” financial intermediary which adapts to meet the evolving needs of the housing sector and the money and capital market of the ECCU.

We are mindful that our greatest asset is the market’s perception of the Bank as a dynamic going concern. Our strategies are therefore designed to ensure that ECHMB Capital fulfills its remit as a capital centric entity, yet mindful of its wider corporate social responsibility.



Our Brand Pillars

ECHMB Capital brand pillars personify how we want to be represented or perceived by our stakeholders.



Social Responsibility

- Benign impacts on society
- Strong ESG focus
- Inclusiveness



Strength

- Sustained profitability



Innovation

- First to market
- Constant improvements
- Exceeding stakeholders' expectation
- Leveraging technology and digitilization

Reinforcing our foundation for generational wealth in the ECCU



One of the principal remits of ECHMB Capital is the development of the money and capital market in the ECCU.

In FY 2021, the Bank issued the first corporate paper which was designed specifically to target individuals indigenous to the ECCU.



Ten (10) Year Statistical Review

	2025	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$	\$
Interest Income	21,548,591	20,723,150	19,934,726	17,876,613	16,106,192	13,525,456
Interest Expense	11,252,443	10,257,223	11,260,240	10,181,563	7,468,564	5,477,981
Net Interest Income	10,296,148	10,465,927	8,674,486	7,695,050	8,637,628	8,047,475
Other (loss)/ income	2,034,086	820,696	(3,730,309)	2,077,324	15,123,043	5,117,790
Other Expenses	6,118,670	6,050,127	3,208,859	2,180,681	6,745,775	4,032,713
Net Profit for the Year	6,211,564	5,236,496	1,735,318	7,591,693	17,014,896	9,132,552
Total Assets	510,020,299	491,350,562	480,827,247	517,742,565	461,927,985	350,137,718
Total Liabilities	429,059,379	419,023,786	423,221,520	458,033,996	392,727,223	287,674,736
Shareholders' Equity	80,960,920	72,326,776	57,605,727	59,708,569	69,200,762	62,462,982
Earnings per share	23.11	19.48	6.46	28.25	63.31	33.98
Book Value per share	115.58	93.36	59.95	170.96	257.49	232.42
Net Interest Income (%)	47.78%	50.50%	43.51%	43.05%	53.63%	59.50%
Efficiency Ratio	25.95%	28.08%	19.80%	10.93%	21.60%	21.63%
Return on Assets	1.22%	1.07%	0.36%	1.47%	3.68%	2.61%
Interest Cover	1.55	1.51	1.15	1.75	3.28	2.67
Debt-to-Equity Ratio	4.82:1	5.26:1	6.80:1	7.40:1	5.29:1	4.30:1

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Interest Income	12,313,216	11,480,370	11,141,929	12,423,570	15,461,145
Interest Expense	4,637,522	3,962,620	4,790,392	6,523,972	8,570,266
Net Interest Income	7,675,694	7,517,750	6,351,537	5,899,598	6,890,879
Other (loss)/ income	949,693	228,173	168,842	40,439	33,668
Other Expenses	3,315,459	3,530,088	3,460,712	3,435,395	3,465,728
Net Profit for the Year	5,309,928	4,215,835	3,059,667	2,504,642	3,458,819
Total Assets	265,802,954	261,901,801	244,172,894	247,817,342	257,814,842
Total Liabilities	206,630,675	200,543,931	185,015,241	189,703,738	200,190,262
Shareholders' Equity	59,172,279	61,357,870	59,157,653	58,113,604	57,624,580
Earnings per share	19.76	15.69	11.39	9.32	12.87
Book Value per share	220.18	228.31	220.12	216.24	214.42
Net Interest Income (%)	62.39%	65.48%	57.01%	47.50%	44.57%
Efficiency Ratio	25.00%	30.15%	31.06%	27.65%	22.42%
Return on Assets	2.00%	1.61%	1.25%	1.01%	1.34%
Interest Cover	2.14	2.06	1.64	1.38	1.40
Debt-to-Equity Ratio	3.48:1	3.27:1	3.12:1	3.26:1	3.47:1

Reinforcing Our Foundation for Fiscal Responsibility



Credit Ratings

We are the only corporation in the ECCU to undertake and publish annual credit ratings.

Rating History			
Date	Foreign Currency	Local Currency	Instrument/Remarks
June 13, 2025	<i>CariA-</i>	<i>CariA-</i>	USD 30 million Debt Issue
June 23, 2024	<i>CariA-</i>	<i>CariA-</i>	USD 30 million Debt Issue
September 14, 2023	<i>CariA-</i>	<i>CariA-</i>	USD 30 million Debt Issue
August 29, 2022	<i>CariA-</i>	<i>CariA-</i>	USD 30 million Debt Issue
September 15, 2021	<i>CariA-</i>	<i>CariA-</i>	USD 30 million Debt Issue
June 30, 2015***	<i>CariBBB+</i>	<i>CariBBB+</i>	USD 30 million Debt Issue
June 9, 2014	<i>CariA</i>	<i>CariA</i>	USD 30 million Debt Issue
March 31, 2010**	<i>CariAA-</i>	<i>CariAA-</i>	USD 30 million Debt Issue
February 11, 2008*	<i>CariAA</i>	<i>CariAA</i>	USD 30 million Debt Issue

* Initial rating assigned

** Rating reaffirmed on March 28, 2011, March 29, 2012 and May 27, 2013

*** Rating reaffirmed from 2016 to 2020



Chairman's Message

Timothy Antoine

Reinforcing Our Foundation in FY 2025

“Statistics show 4.0% of residents in the ECCU are active investors in the Eastern Caribbean Securities Market (“ECSM”) and/or the Regional Government Securities Market (“RGSM”). This low investor participation rate has reinforced our fervor to offer increased opportunities for wealth creation in the Eastern Caribbean Currency Union (“ECCU”), through capital markets growth and development.

The Board of Directors is cognizant of the need for continuous improvements to the Bank’s operations and governance framework, if ECHMB Capital is to navigate external headwinds, which by most measures are increasing in both velocity and ferocity.

We fully appreciate the need to develop more efficient communication channels with our stakeholders, since we believe that their feedback is imperative to effectively address their evolving needs and to meet and exceed their rising expectations.

We also are mindful of the fact that the Bank’s success is inextricably linked to the growth and development of the money and capital market in the ECCU. Consequently, we are fully committed to ensuring that our current actions ensure the long-term sustainability of the Bank and the realization of our stakeholders’ expectations.

As highlighted in ECHMB Capital’s 2025 to 2027 strategic plan, FY 2025 (the base year) focused on strengthening the Bank’s foundation. We therefore placed emphasis on augmenting the Bank’s systems, fortifying internal structures and reengineering of key operational processes. The Bank’s risk management

function, including our preemptive risk strategic framework, was strengthened. Other critical areas included an overhaul of the Bank’s information technology backup platform, development and execution of a business contingency plan and the commissioning of an information technology audit.

The reinforcement of our foundation will not be complete without significant enhancement to our people and talent management. Major emphasis has been placed on upgrading our policies; developing training programs focused on the Bank’s future skillsets requirement. Furthermore, a compensation review has been conducted to ensure that ECHMB Capital remains positioned to attract and retain talent in an increasing competitive labour market. We are also paying attention to appropriate succession planning.

The effective implementation of the foregoing initiatives in 2025 is critical to the successful outcomes of FY 2026 and beyond.

Improving the Investment Climate and Increasing Investors’ Education in the ECCU.

We therefore have approached FY 2026 with the optimism that ECHMB Capital has a firm foundation on which to pursue the Bank’s mission, which is to provide opportunities for home ownership, wealth creation and financial market development in the ECCU. Notwithstanding our efforts, statistics show only 4.0% of residents in the ECCU are actively investing in the ECSM and/or the RGSM. Our intent is to increase investor participation rate by expanding our products offerings and enhancing investment education in the ECCU.

Solid Financial Performance

We are pleased to have recorded another year of solid profitability in the sum of \$6.2m. Subject to the approval of our shareholders, our Board proposes a dividend of \$5.00 per share for ordinary shareholders and 5.00% on preference shares for shareholders on record at the 31st March 2025.

What's Next for ECHMB Capital

We will continue to develop new products and services to supplement the limited range of corporate offerings traded on the ECSM. I am happy to report that we have commenced this process with an application for a brokerage licence via our wholly owned subsidiary, ECHMB Financial Services Ltd. This entity is necessary if the Bank is to expand its investor outreach and drive increased access to the ECSM and RGSM.

We have concluded the review of the Eastern Caribbean Home Mortgage Bank Agreement of 1995 and have completed the preliminary steps for the replacement of the former with the ECHMB Capital Bill in FY 2026. The Bill effects significant improvements to the Bank's governance, shareholders' protection and capital market development initiatives.

Acknowledgements

I wish to thank our shareholders for your continued support of ECHMB Capital, my colleagues at the Board of Directors, Management and staff, for their tremendous support during FY 2025.

I place on record my heartfelt appreciation to former Director, Mr. Baldwin Taylor, for the sterling contributions over the period 2022 to 2024. We certainly appreciate the commitment and expertise he displayed in the stewardship of the Bank.

I seize this opportunity to welcome Mr. Michael Spencer to the Board of Directors and to thank him for his contributions thus far.

Timothy N.J. Antoine
Chairman



ECHMB Financial Services Ltd.

Our vision for creating wealth In The Eastern Caribbean Currency Union



www.echmbfsl.com



info@echmbfsl.com



Environmental, Social & Governance Report

The Role and Responsibility of the 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 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 stakeholders’ 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 the best international 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.

It is the responsibility of the Board to periodically review and approve the overall strategies, business, organization, and other 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.



Responsibilities of the Board

The responsibilities of the Board include the following:

Governance	• Developing the Bank's approach to corporate governance principles and guidelines. • Establishing committees of the Bank, appoint Chairs for the respective Committees and approve the appropriate Terms of Reference. • Ensuring adherence to corporate governance policies and guidelines and codes of conduct as well as regulatory and statutory requirements.
Strategy	• Overseeing and approving the Bank's strategic direction, devising an appropriate organisational structure and instituting adequate succession planning for senior executives. • Reviewing and approving the Bank's operating budget and forecasts and reviewing actual performance against plans and forecast/budgets.
Internal Controls	• Providing oversight of the Bank's internal controls and management information systems. • Evaluating and reviewing the adequacy of the Bank's compliance with applicable laws, rules and regulations. • Ensuring compliance with relevant policies.
Financial Performance	• Evaluating the actual operating and financial results of the Bank against the strategic plans, operating budgets and key performance indicators. • Ensuring the Bank's financial reports accords with the requirements of the Bank's statutory provisions.
Risk Management	• Approving the Company's risk management framework and policies, and ensuring alignment with the Company's business strategy and goals. • Identifying the key business risks, approve risk mitigation policies and practices and oversee the implementation of appropriate systems to enable compliance with such policies.
Human Resource	• Appointing members of the senior management team. • Establishing KPIs for the Senior Executive Team. • Agreeing on the objectives of the General Manager/ Chief Executive Officer and reviewing his/her performance.
Communication	• Ensuring the Bank remains in compliance with its statutory obligations regarding annual general meetings. • Ensuring the development of infrastructure to facilitate timely and accurate disclosure of information required to be disclosed. • Timely reporting to the Shareholders.

At all times, our directors are expected to exercise sound, independent, business judgment in the best interest of the Bank and to balance the interests of various stakeholders.

Focus Areas FY 2025



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 Non-Executive 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 their 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. 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.

Whistle Blowing Policy

The Bank is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it encourages

employees and others with serious concerns about any aspect of the Bank's work to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis.

Our Whistle blowing Policy makes it clear that employees can do something without fear of reprisals. Our Whistle blowing Policy is intended to encourage and enable employees to raise serious concerns within the Bank rather than overlooking a problem or blowing the whistle outside.

Whistle

- Provide avenues for staff to raise concerns and receive feedback on any action taken;
- Allow staff to take the matter further if they are dissatisfied with the executive managers' response;
- Reassure staff that they will be protected from reprisals or victimisation for whistle blowing in good faith.

Structured Training Program for Directors

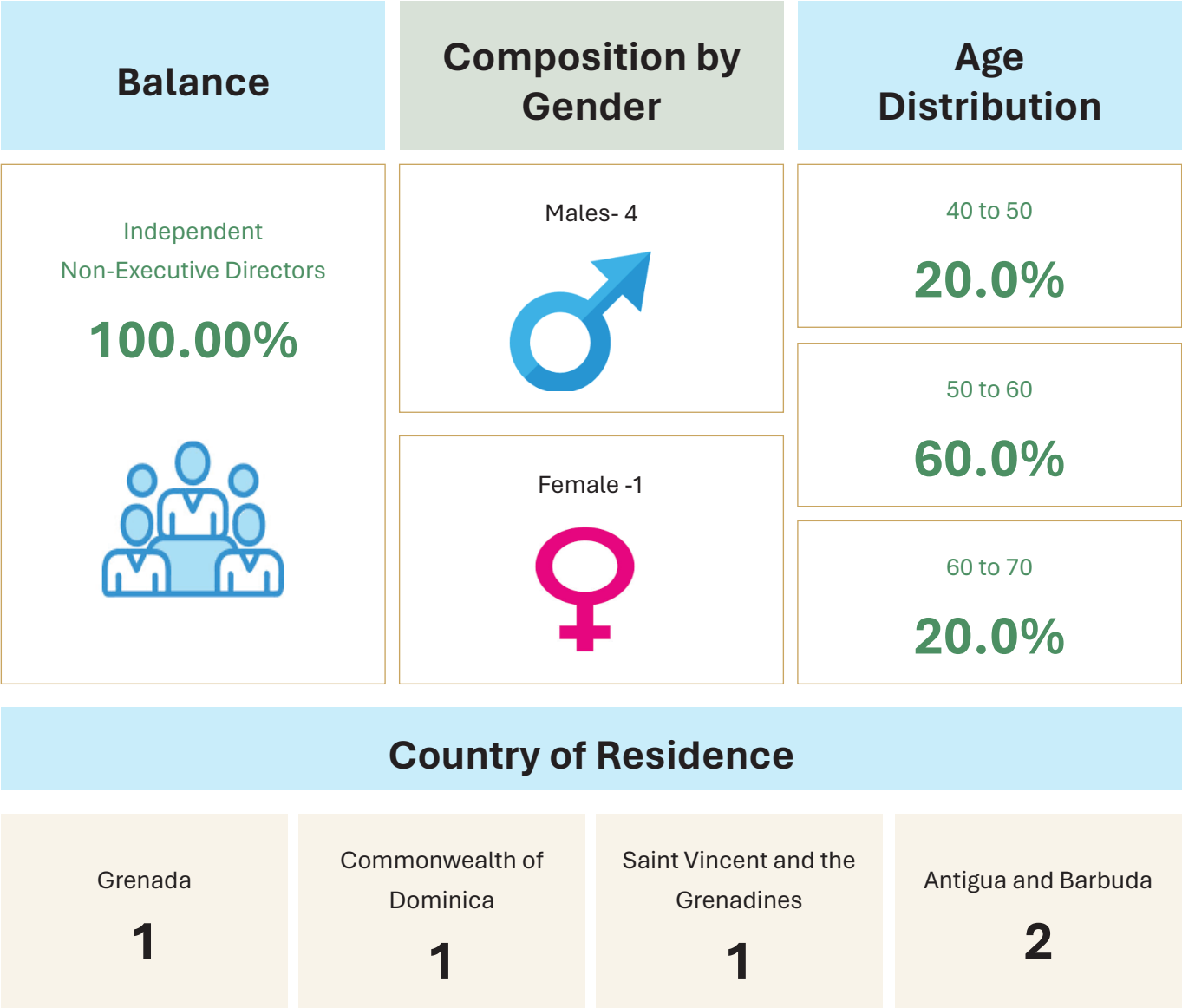
Directors are expected to participate in the Directors' Education and Accreditation Programme ("DEAP"). This is an advanced director training course aimed at preparing directors for the important role they play in the Bank's governance.

In FY 2025, The Board received presentation and training on the following topical issues:

- A. General investment strategies and management
- B. Enterprise Risk Management
- C. Know Your Customer (KYC)

Board Composition

At 31 March 2025, the Board is comprised of five (5) directors representing four (4) classes of shareholders.



Director's Profile





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 in October 2020.

Mr. Stewart Haynes has been the Director of St. Vincent and the Grenadines National Insurance Services since February 2017. He is a Chartered Financial Analyst (CFA) and a Fellow of the Faculty and Institute of Actuaries (FIA).

Mr. Haynes is a prominent figure in the financial sector, holding key leadership positions in various organizations. He serves as a Director of the Financial Services Authority (FSA), the East Caribbean Financial Holding Company (ECFH), and the Eastern Caribbean Home Mortgage Bank (ECHMB).

Mr. Haynes' contributions to the field of actuarial science have earned him international recognition. In 2018, he was elected to the Bureau of the International Social Security Association (ISSA) in Geneva, Switzerland, representing the English-speaking Caribbean's Social Security Systems. His influence further expanded as he was appointed as ISSA's Vice-Chairperson of the Technical Commission on Investment of Social Security Funds and a member of ISSA's Finance Committee for the Triennium 2023-2025. Mr. Haynes holds a B.Sc. in Actuarial Science from the London School of Economics and Political Science and a M.Sc. in Actuarial Management from CASS Business School London, specializing in Investment Management. He also completed the Director's Education and Accreditation Program (DEAP) from the Chartered Governance Institute of Canada (CGIC), and has been awarded the designation Accredited Director.



Michael Spencer

Class C

Appointed: Mr Spencer was appointed to the Board of Directors in October 2024.

Michael Spencer is the General Manager of the Eastern Caribbean Amalgamated Bank (ECAB). He has over 30 years of experience in the banking and financial services sectors having worked in several countries to include the Cayman Islands, London, BVI and Barbados. Under his leadership, ECAB has positioned itself as one of the leading domestic banks in Antigua and Barbuda, offering a wide range of personal and business banking services. He is recognized for driving strategic growth and implementing technological innovations within the banking industry, such as expanding online and telephone banking services.

Mr. Spencer played a pivotal role in ECAB's acquisition of Scotiabank's operations in Antigua, further strengthening the bank's presence by increasing its branches and ATM network across the island. He is also deeply committed to corporate social responsibility, supporting various community initiatives, especially in education, sports, and culture.

He holds an MBA in Banking Management with Distinction from the University of Exeter in the United Kingdom. He is a Fellow of the Chartered Institute of Bankers and holds a Diploma in Financial Services from the same Institute in the United Kingdom.



Sandra Derrick

Class C

Appointed: Ms Derrick was appointed to the Board of Directors in October 2022

Ms. Derrick is a financial consultant with over ten years of experience in finance, investments, and project management. She holds a Bachelor of Science in Industrial Engineering from Stanford University and an MBA in Finance, Decision Sciences, and Marketing from the Kellogg School of Business at Northwestern University. She is also a Chartered Financial Analyst (CFA) and a member of the CFA Institute.

Ms. Derrick's career encompasses a broad spectrum of experiences across private and public enterprises, including international assignments. She began in the technology sector, specializing in database customization, before expanding into project and

financial management. After managing foreign currency reserves at the Eastern Caribbean Central Bank, she served at the Ministry of Finance in Antigua and Barbuda and currently works in a private capacity. Ms. Derrick is the Chairman of the ACB Caribbean Board of Directors and serves as a Director of the ACB Mortgage & Trust Company Limited and the ACB Grenada Bank Ltd. She is actively involved in various Board committees, including Governance and Executive (Chairman), Technology, Human Resources and Compensation, and Audit and Risk Management (Chairman, ACB Grenada Bank Ltd.). Additionally, Ms. Derrick is appointed to the Board of Trustees for the Pension Schemes of the ACB Caribbean Group and is the Chairman of the ACB Grenada Bank Ltd. Pension Fund Plan. She is a member of the Institute of Chartered Secretaries & Administrators (ICSA) and holds the designation Acc. Dir. after completing the Directors Education and Accreditation Programme (DEAP).



Mr. Aylmer A. Irish

Director Class D

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

Mr. Irish has had a distinguished career which spans over twenty-eight (28) years as a progressive senior executive with experience in the field of banking, accounting and finance.

He served as Deputy General Manager and subsequently as General Manager of the Roseau Co-operative Credit Union in the Commonwealth of Dominica between 1996 and 2010. In 2010 following the Amalgamation of five (5) Credit Unions to form the National Co-operative Credit Union (NCCU) Mr. Irish was appointed to lead, the Institution- the largest in the subregion as the Chief Executive Officer, a position he held for thirteen (13) years until May 2023.

In October 2023, Mr. Irish joined the Staff of the Central Co-operative Credit Union in Dominica as the General Manager.

He holds a Bachelor of Accounting from the University of the Virgin Islands, St Thomas; a Master of Business Administration from the University of the West Indies – Cave Hill, a Certificate in Project Implementation and Management from the Caribbean Development Bank, Certificate of Merit in Advance Executive Management - Mona Institute of Development Programme, University of the West Indies- Mona and is an Accredited Director.

Mr. Irish is a Trustee of the Dominica Employers Federation. He served for several years on the executive of the Association of Banks and Financial Institutions of Dominica and the Eastern Caribbean Currency Union.

The Skills and Expertise of the Board

Our directors have diverse skill sets, experience and backgrounds which include local and international experience in banking, business, strategic management, manufacturing, tourism, accounting, education and law, and they are recognized as strong leaders in their respective fields of work and experience.

Areas of Expertise	Timothy Antoine	Stewart Haynes	Michael Spencer	Sandra Derrick	Aylmer Irish
Leadership	X	X	X	X	X
Strategy	X	X	X	X	X
Accounting	-	X	X	-	X
Auditing	-	X	-	-	X
Risk management	X	X	X	X	X
Legal/compliance regulatory	X	-	-	-	-
Human Capital management/compensation	X	X	X	X	X
Finance	X	X	X	X	X
Governance	X	X	X	X	X
Capital markets	X	X	-	X	-
Wealth management	X	X	-	-	-
Retail and consumers	-	-	X		X
Technology	-	-	-	-	-
Marketing	-	-	X	-	X
Environmental social and governance matters	X	X	X	X	X

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, it shall be recorded in the minutes of the meeting and the Director shall not vote on the matter and, unless the Board otherwise directs, shall not be present or take part in the proceedings of any meeting at which the matter is being discussed or decided by the Board.

Directors’ Interest (Ordinary Shares of ECHMB Capital)			
Name	Position	Direct Holding 31 March 2025	Indirect Holding 31 March 2025
Timothy N.J. Antoine	Chairman	Nil	Nil
Stewart Haynes	Deputy Chairman	Nil	Nil
Michael Spencer	Director	Nil	Nil
Sandra Derrick	Director	Nil	Nil
Aylmer Irish	Director	Nil	Nil

Meetings of the Board

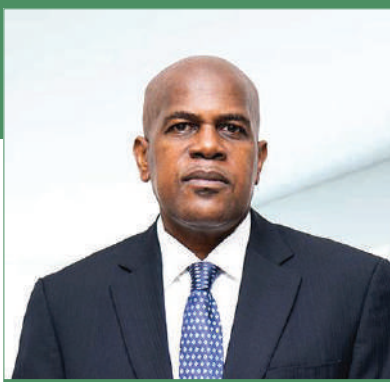
Article 21 (section-1) of the Eastern Caribbean Home Mortgage Bank Agreement-Meeting of the Board states, the Board shall meet not less than once every three (3) months, and meetings shall be held at such time and place and on such days as the Board may determine.

Notwithstanding the provisions of Section 5 of this article, decisions may also be made by the Board otherwise than in meeting convened upon circulation of the relevant papers among members of the Board.

Timothy Antoine -Chairman	4/5
Stewart Haynes	5/5
Michael Spencer	3/3
Sandra Derrick	4/5
Aylmer Irish	4/5

Audit and Risk Committee

Members and attendance at Meetings



Aylmer Irish
Chairman



Stewart Haynes
Director



Michael Spencer
Director

Aylmer Irish - Chairman	5/5
Stewart Haynes	5/5
Michael Spencer	2/2

The Audit & Risk 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 External Auditors. The 2025 activities of the Committee included:

- Provide an open avenue of communication between the Board of Directors and the external and internal auditors.
- Provide oversight to the work of the external auditors and make recommendations on their appointment and compensation.
- Make recommendations on the appointment of the internal auditor.

- Review and approve the audit plan of the external auditor and the effectiveness of the internal audit function.
- Review with the internal and external auditors, the adequacy of the Bank's internal control systems.
- Review with management and the external auditors, the Bank's annual financial statements for publication as well as the auditor's report thereon, the auditor's Management Letter and any differences with management, which may have arisen during the audit.
- Oversee the work of the internal auditor and review internal audit reports and the related actions taken by management.

- Review any legal or regulatory matters of a financial nature affecting the Bank. Meet with the external and internal auditors in executive sessions to discuss any matters, which it determines should be discussed privately.
- Review any frauds committed as well as actions taken by management to control and mitigate such risks.
- Investigate any matter within its scope of responsibilities.

The Audit and Risk Committee will also oversee the implementation of an effective process for managing the Bank's interest rate, liquidity, and similar market risks relating to the Bank's balance sheet and associated activities, including the adoption from time to time of policies, risk limits and capital levels.

The Audit and Risk Committee will review and discuss the Assets and Liabilities Management ("ALM") strategy with Management, and after taking into consideration any matters that the Audit and Risk Committee may deem advisable and appropriate, including Management recommendations.

In fulfilling its responsibilities, the Audit and Risk Committee will review and approve, at least annually, the following policies:

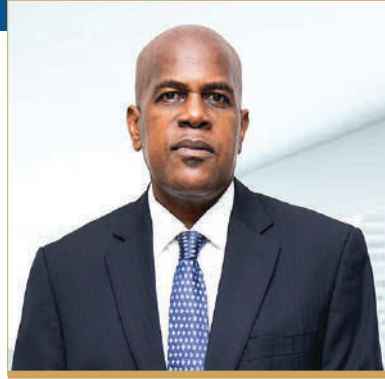
- Liquidity & Funding Policy
- Dividend Policy
- Enterprise Risk Management Policy
- Information Technology ("IT") Policy

Investment Committee

Members and attendance at Meetings



Stewart Haynes
Chairman



Aylmer Irish
Director



Sandra Derrick
Director



Randy Lewis
Chief Executive Officer

Aylmer Irish	8/8
Stewart Haynes- Chairman	8/8
Sandra Derrick	8/8
Randy Lewis	7/8

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’s Investment Policy.

The 2025 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 under the Investment Policy or Board of Directors’ resolutions.
- 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 of Directors’ objectives and limits for each portfolio, taking into account applicable laws, regulations, and current accounting standards for each part of the portfolio.
- Establish the company’s investment policies and guidelines and review them at least every three (3) years.
- Review the Management Letter points relating to the Investment Portfolio.

Human Resource Committee

Members and attendance at Meetings



Sandra Derrick
Chairman



Timothy Antoine
Director



Michael Spencer
Director

Sandra Derrick - Chairman	4/4
Timothy Antoine	3/4
Michael Spencer	2/2

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 2025 activities of the Committee included:

- Review and make recommendations to the Board of Directors on the ECHMB Capital's Human Resource policies, practices and organisational structure to ensure consistency with the ECHMB Capital's Strategic Plan, ensure organisational effectiveness and efficiency, nurture the human resource skills sets towards fostering a harmonious work environment
- Review of the compensation package of executive management
- Review and make recommendations to the Board of Directors on the ECHMB Capital's performance management and development system to ensure a fair and regular measure of individual performance across the institution and that the key performance targets of the ECHMB Capital are aligned with individual performance measures
- Review and make recommendations on the ECHMB Capital's management succession plans to facilitate proper management planning. The succession plans for non-management will be the responsibility of the CEO.
- Review and make recommendations on management/leadership development
- Recruitment and redundancy of staff
- Staff promotion

Report of the Board of Directors



Gillian Skerritt
Corporate Secretary

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

Financial Results and Dividends

Net income attributed to shareholders	6,212
Dividends -\$5.00 per share for FY2025	
5.0% preference shares	(3,706)
Transfer to reserves	(501)
Net profit for the year after distributions	2,005
Retained earnings at the beginning of the year	25,482
Retained earnings at the end of the year	27,487

Dividends

A final dividend of \$5.00 per share was declared on 4th October 2024

The dividend paid on 6th October 2024

Substantial Interests in ECHMB Capital’s Share Capital as at 31 st March 2025		
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 the 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 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 unexpired term of his predecessor.

**At the 29th Annual General Meeting held on the 4th October 2024;
the following Director demitted office:**

Class C

Mr. Baldwin Taylor
He was replaced by:
Mr. Michael Spencer

Events Subsequent to Statement of Financial Position Date

The Directors are not aware of any transaction which has arisen since 31st March 2025 that has a material effect on the operations of the Bank and for which adequate disclosures have not been made in financial statements.

Appointment of Auditors

Article 23 of the Eastern Caribbean Home Mortgage Bank 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, PKF (Grenada), retired at the financial year ended 31st March 2025. The Auditors are eligible for re-appointment and have offered themselves as External Auditors for the year ending 31st March 2026.

The Board of Directors recommends their re-appointment.

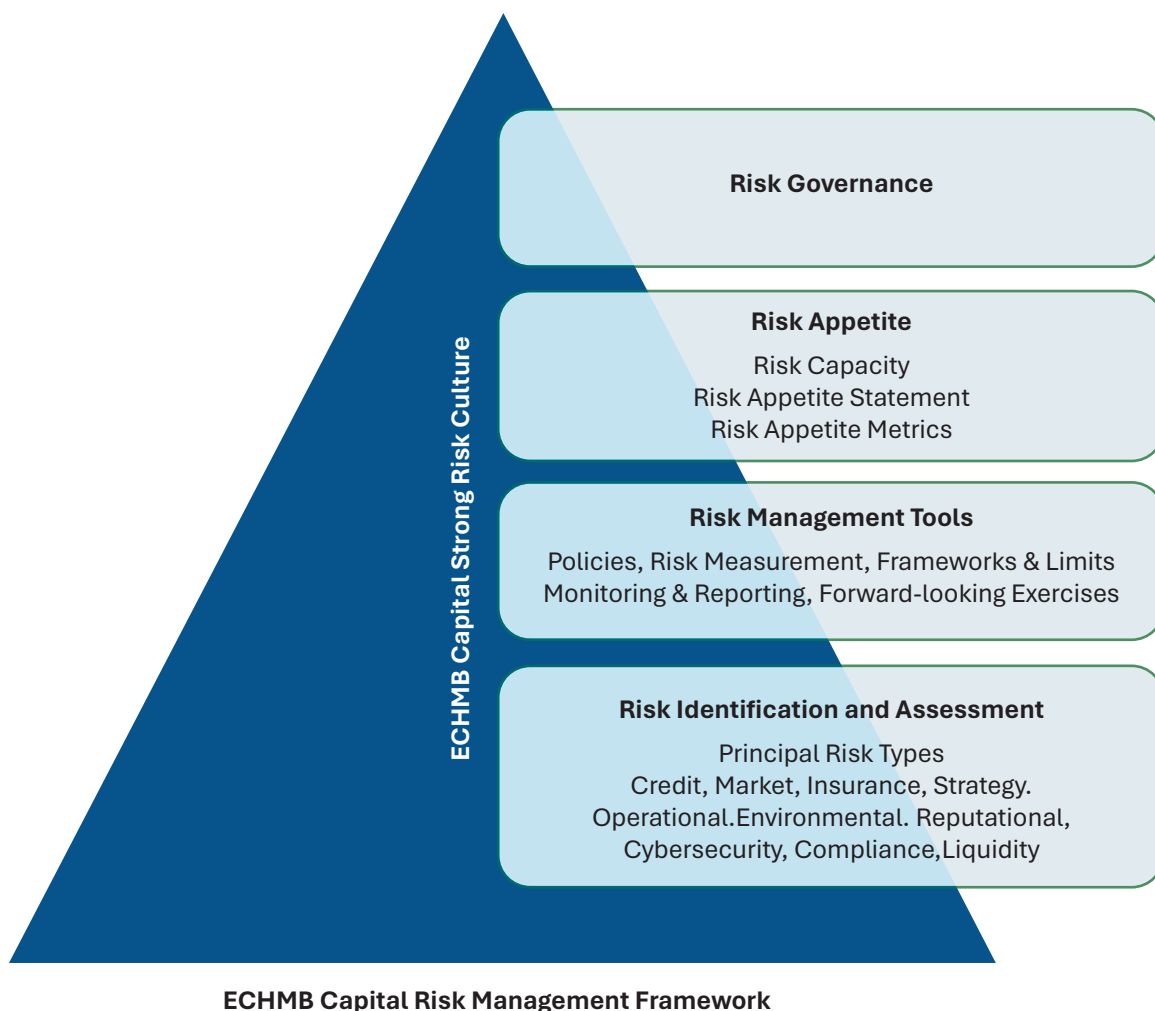


Strong Risk Management Framework

ECHMB Capital Risk Management Framework

ECHMB Capital's principal risk management objective is to ensure that there is an appropriate balance between our risk appetite and return. We have implemented an enterprise risk management ("ERM") framework to identify, monitor and manage risk

throughout our Bank. Our ERM framework is designed to ensure maximum understanding of the various types of risks likely to impact the Bank, comprehensive risk assessment and continuous monitoring.



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

- Those who establish risk policy, processes (i.e., assessment) and methodologies (i.e., monitoring and reporting);
- Those involved in taking and managing risks; and
- 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 competency. Compliance is essential in ensuring the continued integration of risk into the culture and values of the Bank. The Bank's

ERM framework is subject to constant evaluation in order for it to meet the challenges and requirements of the markets in which the Bank operates, including regulatory standards and industry best practices.

ECHMB Capital's Risk Management Vision

The vision for ECHMB Capital's ERM strategy is to ensure that risk management is embedded in the Bank's processes and culture, thus contributing to the achievement of its core objectives.

ECHMB Capital's Risk Management Objectives

The objectives of ERM Policy are to ensure:

- Existing and potential material risks that could impact the achievement of strategic objectives of ECHMB Capital are identified, managed or mitigated;
- Techniques to manage risk (i.e., avoidance, reduction, transforming, sharing, and retention) are applied appropriately;
- Appropriate resources are allocated to controllable, accepted risk areas; and
- Non-controllable risks are identified, monitored, understood and mitigated where possible.

ECHMB Capital's Principles of Risk Management

The ERM process is guided by the following key principles:



Philosophy –ECHMB Capital will take on a level of risk in line with its risk appetite.

Since a proactive and systematic approach to managing risk can result in benefits to the Bank (i.e., enhanced investment performance and investment grade credit ratings), the aim is to manage and control risk appropriately rather than avoid or eliminate it. Strong ERM practices allow for more informed risk-taking and decisionmaking.



Culture –ECHMB Capital fosters a corporate culture which accepts informed risktaking within a pre-determined range as fundamental to its business provided that risk identification, mitigation and monitoring processes are established to ensure the continuing strength of the organization.



Education –ECHMB Capital promotes training and risk awareness among its board members and its employees.



Learning – ECHMB Capital promotes the review of past risk events to capture learning from this experience.



Standards – A common approach to risk management and reporting is in place to promote consistency and best practices in managing, monitoring and reporting of risk including a “common language” used by the Bank in discussing risk.



Risk ownership – Responsibility for the design of the risk management framework (the “Framework”) lies with the Senior Executive Team. To support this responsibility, the Bank will identify functions with roles in the management, monitoring and reporting of risk exposures.

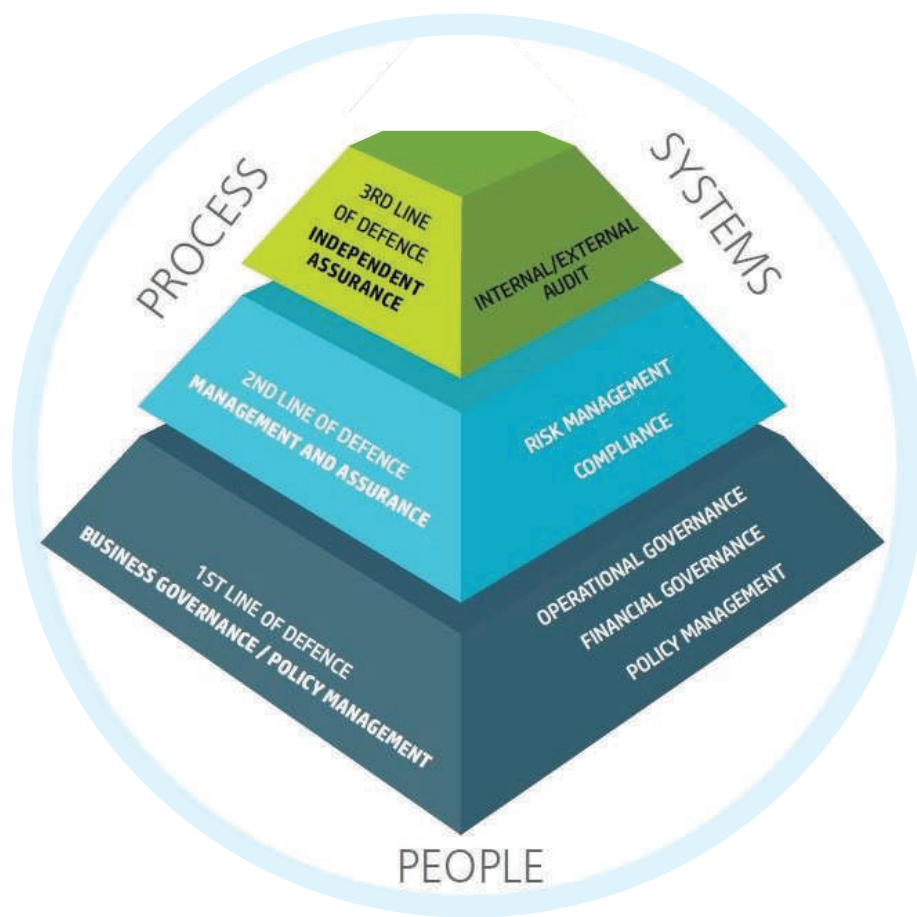


Independent assurance – ECHMB Capital will obtain periodic independent assurance (i.e., Internal Audit and/or External Audit / Risk and Compliance Officer) that systems of risk management and internal controls are operating efficiently and effectively.

Roles and Responsibilities for the Management of Risk

ECHMB Capital has implemented the three (3) Lines of Defense. The three Lines of Defense model distinguishes among three groups (or lines) involved in effective risk management:

- Functions that own and manage risks.
- Functions that oversee risks management function.
- Functions that provide independent assurance.
- Functions that provide oversight



First Line of Defense- Functions that Own and Manage Risks

Staff Members are Responsible for:

- Managing and reporting risks at the source; and
- Adhering to processes and procedures which are designed to manage risks associated with the work they perform.

Senior Management is Responsible for:

- Championing a risk management culture within the organization;

- Maintaining current risk profiles for their areas of responsibility;
- Ensuring appropriate resources are allocated, in alignment with established risk appetite targets, for assessing and managing risks;
- Developing and implementing a risk management plan for the organization;
- Ensuring that the significant risks that may impact upon objectives are being consistently and continuously identified, assessed, managed, monitored and reported on.

Second Line of Defense- Functions that Oversee Risks

The Risk and Compliance Officer is Responsible for:

- Assisting with the development, maintenance and consistent application of the Bank's ERM framework;
- Monitoring the risk exposures and ERM activities of ECHMB Capital;
- Ensuring that a robust reporting framework is developed that ensures day-to-day decisions are made in line with Board of Directors approved risk appetite targets;
- Maintaining a risk register that provides for the recording, monitoring and management of risk; and
- Reporting to the Audit and Risk Committee on the significant risks affecting ECHMB Capital and how such risks are being managed.

Third Line of Defense- Functions that provide Independent Assurance

The Internal Auditor is Responsible for:

- Providing objective assurance to the Committee on design and the effectiveness of ECHMB Capital's risk management policies, procedures and internal controls.
- Establishing the Bank's risk appetite;

The Audit and Risk Committee is Responsible for:

The Committee will oversee the implementation of an effective process for managing the Bank's interest rate, liquidity, and similar market risks relating to the Bank's balance sheet and associated activities, including the adoption from time to time of policies, risk limits and capital levels. The Committee will review and discuss the Assets and Liabilities Management ("ALM") strategy with Management, and after taking into consideration any matters that the Committee may deem advisable and appropriate, including Management recommendations.

In fulfilling its responsibilities, the Committee will review and approve, at least annually, the following policies:

- Liquidity & Funding Policy
- Dividend Policy
- Enterprise Risk Management Policy
- Information Technology ("IT") Policy

ECHMB Capital Statement of Risk Policy and Risk Appetite

- ECHMB Capital recognizes that it is not possible or necessarily desirable to eliminate some of the risk inherent in its activities to satisfactorily fulfil its role in the development of the ECCU's money and capital markets and the creation of the secondary mortgage industry. The Bank will therefore take the necessary measures available to control risks within acceptable levels.

Identification, Measurement and Assessment of Risk

The measurement of risk is completed considering both quantitative and qualitative means using the “Likelihood” and “Impact Criteria” as developed by Management and as reviewed by the Audit and Risk Committee. In assessing the risks required to grow and sustain the business, ECHMB Capital considers the following:

Strategic goals and objectives:

- ECHMB Capital understands and manages risks that support businesses which are central to the Bank’s strategy;
- ECHMB Capital pursues a reasonable level of risk to achieve target risk- adjusted returns;
- ECHMB Capital completes a risk assessment of new products and proposals in a manner consistent with the ERM strategy; and
- Based on the risk assessments, ECHMB Capital will reduce or avoid risks that are not central to the achievement of the ERM strategy.
- Mitigation of exposure to significant loss from businesses, products, processes or other events.

Principal Types of Risks

ECHMB Capital’s business is influenced by many risk factors that are difficult to predict and may materially affect actual results. Our major risks include credit, funding and liquidity risks which we prudently manage

and mitigate. We have identified emerging operational risks that are likely to impact our operations in the near future and altered our business strategy accordingly

Financial 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.

Credit Risk Assessment - FY 2025

- The Bank’s maximum exposure to credit risk or financial instruments subject to impairment was reported at \$516.69m. The Bank’s largest credit risk exposure by jurisdiction is to the USA totaling \$254.00m or 49.87%.
- The investments portfolio accounted for \$408.55m (79.07%) of the Bank’s maximum credit risk exposure.
- The amount of \$392.79m (96.14%) of the investment portfolio was classified as Stage -1 of the Bank’s ECL Staging. Allocations totaling \$9.41m (2.30%) were assigned to Stage-2 with \$6.35m (1.55%) classified as Stage-3.
- The amount of \$351.84m (86.12%) of the investment portfolio was rated Baa1 to Baa3 or higher.
- The total expected credit loss on the investment portfolio as at FY 2025 totaled \$7.13m (1.75%).

Management’s Response

- The Investment Committee held eight (8) meetings and on each occasion, a credit risk assessment report was tabled.
- Instrument proposals are subjected to a comprehensive risk assessment before acquisition.
- Updated the Investment Policy Statement including the tactical assets allocation.
- Adopted a conservative assets allocation strategy with emphasis placed on instruments classified as amortized cost and precluded instruments classified as fair value through the profit and loss account. (“FVTPL”).
- Expanded the investment Department to enable ongoing risk monitoring at the individual counterparty and portfolio level.
- Undertook annual stress testing of the investment portfolio.
- Restricted acquisitions to instruments with credit ratings which exceeded Baa1 to Baa3
- Invested in the acquisition of Bloomberg terminals.
- Ensured perpetual training of the investment and risk management teams.

Liquidity Risk

- Liquidity risk is the combined risk 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).

Liquidity Risk Assessment - FY 2025

- The Bank generated positive net cash flow from operations totaling \$15.38m
- The Bank successfully repaid borrowings and other borrowed funds totaling \$378.28m and \$186.62m respectively.
- The Bank raised borrowings totaling \$387.75m and equity amounting to \$2.66m
- Net cash inflows totaling \$55.84m was generated from sale/maturity of financial assets
- Invested free cash and cash equivalents totaling \$69.80m
- Net cash and cash equivalents increased by \$14.92m
- The Bank reported a liquidity deficit of \$70.11m for instruments scheduled to mature within 3 months and a deficit of \$253.18m on instruments scheduled to mature between 3 to 12 months.
- The Bank reported significant long-term surpluses on instruments scheduled to mature over 5 years.

Management's Response

- The Bank is required to prepare annual operating budget and cash flow forecasts which are subject to sensitivity analysis.
- The Bank maintains cash buffers totaling \$25.00m which are invested in money market financial instruments
- The Bank has negotiated favourable credit lines with international financial intermediaries
- The Bank has restricted the tenure of its fixed income portfolio to a maximum of five (5) years
- The Bank has developed a comprehensive funding and liquidity policy
- Maintains a portfolio of unencumbered, high-liquid, high credit quality assets - money market instruments with maturities 1 month or less and rated A1/P1 by Moody's or A+ by S&P/Fitch.
- In excess of 60.0% of Bank's financial instruments are traded in an active market and hence, available for sale in the event of a liquidity crunch.
- The Bank has undertaken annual liquidity stress tests and has earmarked sources of liquidity in the event of a 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 interest rate sensitivity, changes in credit spreads, and equity price movements of its marked-to-market investment assets.

Management's Response

- The Bank maintains a portfolio risk reserve. The Board of Directors has agreed to an annual allocation to the reserve fund of 20% of profits after the appropriation for dividends. The portfolio risk reserve was reported at 24.98m in FY 2025.
- The coupon rate on the Bank's liabilities are fixed at 3.00%.

Market Risk Assessment - FY 2025

- The Bank was subject to an interest sensitivity gap of \$90.74m from financial instruments scheduled to mature within 3 months.
- The Bank was subject to an interest rate sensitivity gap of \$250.24m from financial instruments scheduled to mature between 3 to 12 months.
- The Bank reported positive interest rate gaps from financial instruments scheduled to mature after 1 year. It therefore follows that short-term liabilities with a maximum durations of 1 year were used to finance assets under management AUM totaling \$510.02m.
- Non-interest bearing assets accounted for \$27.30m or 5.46%.
- The amount of \$433.77m (85.14%) of the Bank's assets under management were held in United States.
- Only \$34.56m of the Bank's liabilities were held in United States Dollars
- The Bank reported a net gap of \$318.82m to Eastern Caribbean Dollars
- The Bank has a positive gap of \$399.21 on United States Dollars
- The Bank has a "cut-off" rate for the acquisition of investments
- The Bank has a target net interest income percentage benchmark of 50.00%
- The Bank is rated annually by CariCRIS and is currently rated CariA- (investment grade)
- The Bank applies 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.
- The Bank has unrestricted access to United States Dollars.
- The Bank minimizes the variations in earnings, capital and cash flow arising from the impact of exchange rate movements by transacting only in EC-denominated or US denominated instruments.
- A market outlook report and recommendations are tabled at each meeting of the investment committee.

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.

Balance sheet Assessment - FY 2025

- The Bank reported a loss on fair value reserve totaling \$58.40m
- The debt-to-equity ratio was reported at 4.82:1

Management's Response

- The Bank has adopted a conservative assets allocation strategy with new acquisitions classified as amortized cost and avoids assets classified as FVTPL or fair value through other comprehensive income.
- Reported equity injections of \$2.66m
- The Bank employs a stable dividend policy
- Management accounts and key performance indicators (KPIs) are compiled monthly. Significant variances are reported to the Audit and Risk Committee
- The Bank has established the following operating limits:
- A target Net Profit for the year of a minimum of 30.0% of interest income.
- Operate with a non-interest /total expenses ratio of less than 45.0%
- Achieving a rate of return of at least 1.4% on total assets
- Ensure debt capital never exceeds 8.0:1 times of shareholders' equity

Non-Financial Risk

Strategic Risk

- Strategic risk is the risk that failed business decisions may pose a loss to the Bank.

Management's Response

- Prepared a 3-year strategic plan as well as an annual (i) business plan; (ii) work plan; (iii) operating budget; and (iv) key performance indicators. The planning and control system is linked to employees' performance appraisal.
- On a monthly basis, submit to the Board of Directors management accounts with explanations of significant variances from the operating budget and KPIs.

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 - Based on the Bank's audit and risk management charter, the committee is required to meet quarterly - The Bank has comprehensive operating policies. - The Bank has outsourced its internal audit function to a reputable firm of chartered accountants. - The Bank has deployed a comprehensive enterprise risk management framework and employs a full-time Risk and Compliance Manager. - The Bank's operations are housed in a secure complex with restricted access to unauthorized personnel. - The equipment of the Bank is insured.
Cyber Risk Cybersecurity risk is the possibility of exposure of loss resulting from cyber-attacks or data breach on the Bank.	Management's Response - The Bank has offshore backup of its information technology platform - Banks ensures its firewalls are up to date and fully functioning - The Bank undertakes an Information technology audit at three (3) year intervals. - Continued staff awareness on potential cyber-attack threats - Monthly changing of passwords - Information Technology Policy is updated annually
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 - Adherence to the Securities Act of 2001, amended in 2004, and other relevant regulations enacted by the Eastern Caribbean Securities Regulatory Commission. - ECHMB Capital will aim to manage its regulatory risk by not breaching the following minimum criteria: - - 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 • 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. • The Bank has implemented a Whistle Blowing Policy. • All members of staff are required to sign and abide by an oath of secrecy



CEO's Message

Randy Lewis
Chief Executive Officer

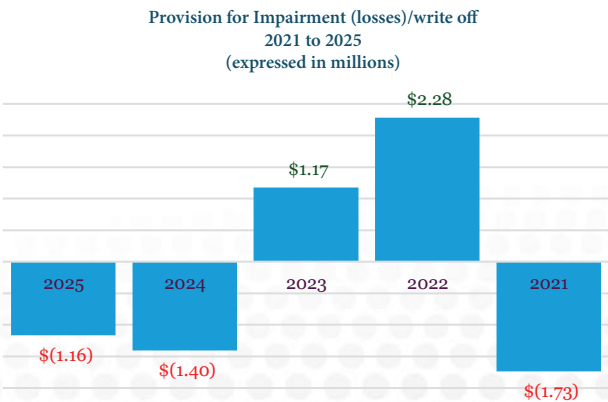
I am delighted to elucidate to our valued stakeholders the tremendous strides we have made in derisking the Bank’s operations and to expound on our initiatives to stimulate wealth creation in the Eastern Caribbean Currency Union (ECCU”).

Reinforcing our Foundation

As highlighted in our annual report for FY 2024, your Bank implemented a strategic plan which covers the triennium FY 2025 to FY 2027. The main emphasis for FY 2025 (base year) was reinforcing the Bank’s foundation. We believe this initiative is a prerequisite for establishing a robust platform to support one of the Bank’s principal strategic initiatives - building a fortress balance sheet.

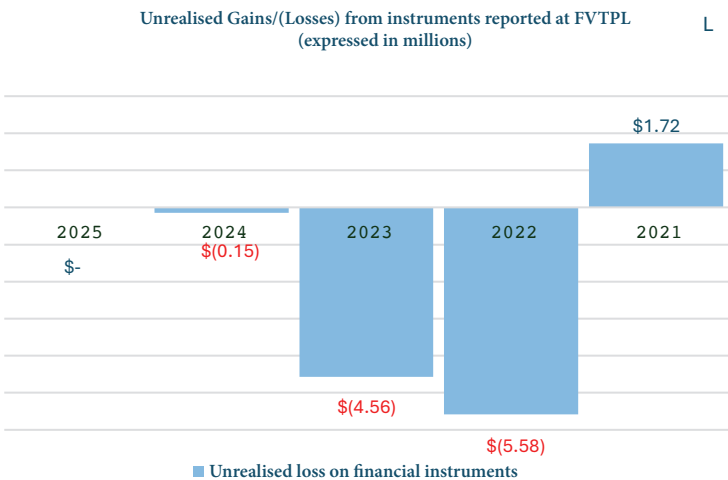
Building a Fortress Balance Sheet

We recognize that the Bank will encounter ubiquitous headwinds which are likely to be exacerbated by geopolitical tensions and exogenous shocks. Given the aforesaid, we remain resolute that it is imperative that the Bank adopts preemptive approaches to risk management. Our initial step was the provisioning for diminution in assets, especially those associated with legacy issues. This culminated in the Bank reporting Net Impairment Losses of \$1.40m and \$1.16m in FY 2024 and FY 2025 respectively.



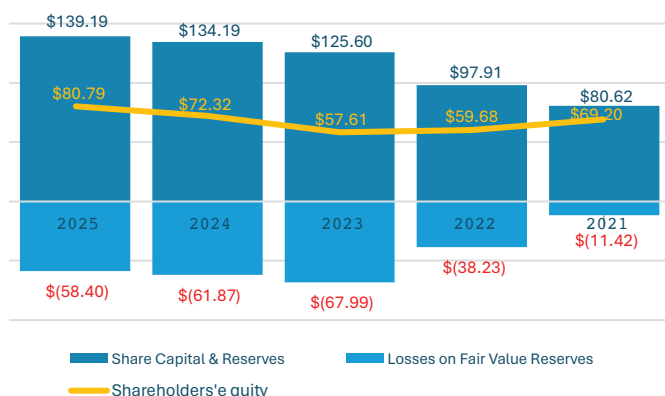
I am pleased to report as of FY 2025, the Bank has fully provided for probable impairment in assets, save and except adverse mark-to-market movements resulting from the vagary of capital markets.

In tandem with our prudent assets impairment policy, we also took the decision to adopt a conservative assets allocation strategy. This included classifying financial instruments at amortized cost (“AC”) as opposed to the prior preference at fair value through other comprehensive income (“FVTOCI”). We have also divested assets which required classification as fair value through profit and loss (“FVTPL”). Our conservative assets allocation strategy continues to insulate the Bank from trading losses akin to the \$5.58m and \$4.56m reported in FY 2022 and FY 2023 respectively.



Most importantly, our decision to increase our exposure to instruments classified at AC reduces the Bank’s exposure to notional mark-to-market losses on Fair Value Reserve. As highlighted in the diagram, the increasing losses reported from FY 2022 significantly reduced shareholders’ equity and by extension, impacted the Bank’s capital adequacy.

Movements on Shareholders' Equity
(expressed in millions)



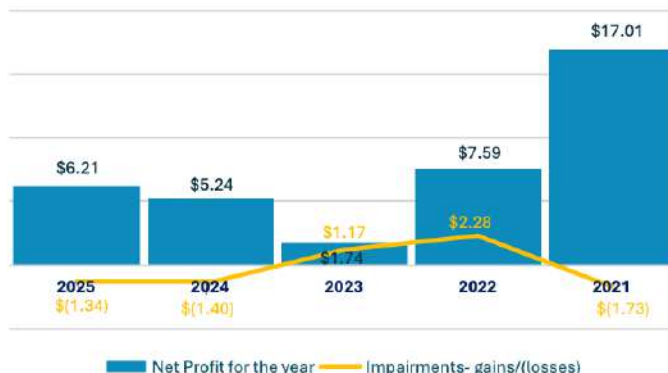
Our conservative assets allocation strategy was complemented by equity capital injections (preference shares) which accumulated to \$49.90m by FY 2025. This was imperative to ensure that the Bank continues to report healthy levels of capital. As at 31st March 2025, our Debt-to-Equity Ratio was reported at 4.82:1 and within the 8.0:1 benchmark imposed by the Board of Directors.

We are also pleased to report on the fact that our solvency is ably supported by an efficient liquidity strategy. Although most of the Bank's investments are held in highly liquid capital markets, we recognized the increasing volatility of our external environment and hence the requirements to bolster our cash buffers. This culminated in the decision to maintain a cash float of \$25.00m which is invested exclusively in money market instruments. The net effect is that the Bank has an available source of Cash and Cash Equivalents to meet any unforeseen obligations. This is attested by our annual stress test which shows that the Bank has adequate liquidity backed by comprehensive capital augmentation strategies.

Notwithstanding the stringent decisions we took in derisking our operations, in FY 2025 your Bank generated a Net Profit for the Year of \$6.21m, representing an increase of \$0.97m (18.51%) when compared to \$5.24m reported for the comparative period of FY 2024. Over the preceding ten

(10) years, the Bank's return on assets exceeded 1.00% and interest cover has exceeded 1.15 times. This speaks volume to the agility and viability of our balance sheet.

Trends in Net Profit for the Year and Impairments
(expressed in millions)



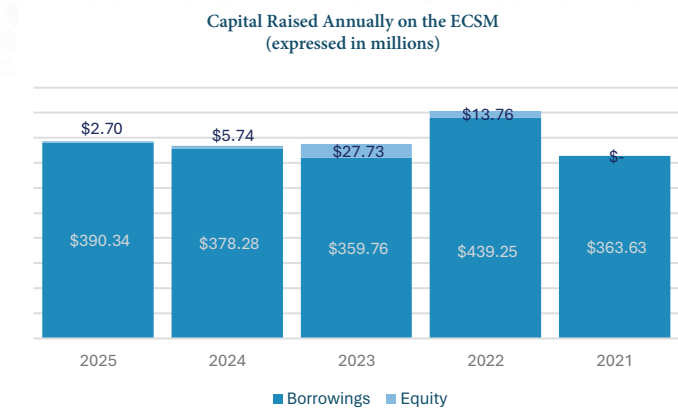
Creating Wealth in the ECCU

In FY 2025, the Caribbean Information and Credit Rating Services Limited (CariCRIS) reaffirmed the Issuer/Corporate Credit Ratings assigned to ECHMB Capital at CariA- (Foreign and Local Currency Ratings) on the regional rating scale. These ratings indicate that the level of creditworthiness of this obligor, adjudged in relation to other obligors in the Caribbean, is good. Your Bank therefore continues to be a viable wealth maximation haven for both corporates and retail markets in the ECCU.

In addition to our creditworthiness, the Bank has taken steps to ensure that its instruments continue to be competitive on the Eastern Caribbean Securities Market ("ECSM"). Notwithstanding intense competition from larger extraregional players and threats from more attractive coupons offered on international capital markets, the Bank continues to be the investee of choice on the ECSM.

We therefore continue to boast of our unblemished record of meeting all obligations to debt holders in a timely manner and our twenty-four (24) consecutive years of dividend payments.

In addition, we continue to report year-on-year rebounds in our book value per share.



In keeping with our strategic mandates, we will roll out new instruments from FY 2026, plus increase access to ECSM for both corporate and retail customers. We believe integral parts of these initiatives are improving investors’ education and reducing transaction costs. We are pleased to report that we have commenced the process of securing the requisite licenses which will enable our direct engagement with the investing public.

Acknowledgements

It would be remiss of me not to acknowledge first and foremost the strategic and timely decisions of the Board of Directors, which were critical given the significant turbulence and uncertainties of FY 2025.

Secondly, I must commend our Executive Team for the composure and fortitude exhibited in the face of highly volatile and unprecedented operating conditions.

Due credit must be given to our stakeholders for their unwavering support and commitment to ensuring the success of the Bank over the prior twenty- nine years.

Randy Lewis
Chief Executive Officer



L-R: Mrs. Kamilah Anderson Rodgers (CRCO), Mr. Chay Grant (CIO) Mr Justin Skeete (COO), Mr Randy Lewis (CEO) & Ms Heidi Hypolite (CFO)

Management Team

ECHMB Capital's Executive Management team performs two critical roles:

1. We provide strategic and operational leadership to the Bank. This include establishing goals and objectives, development of strategic plans, and ensure the strategies are implemented within the governance framework established by the Board of Directors.
2. In conjunction with the Board of Directors, establish the vision and mission of the Bank, craft the Bank's culture and establish efficient lines of communication

Heidi Hypolite

FCCA, MBA, C Director

Chief Financial Officer

Ms. Hypolite joined the Eastern Caribbean Home Mortgage Bank (ECHMB) in May 2019 as Chief Financial Officer. She is a Fellow of the Association of Chartered Certified Accountants and a holder of an MBA in Finance from the University of Leicester, UK. She is also a Chartered Director with the Caribbean Governance Technical Institute.

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

Randy Lewis

FCA, BFP, FCCA, MBA, AccDir

Chief Executive Officer

Mr. Lewis was appointed Chief Executive Officer on the 1st May 2015. 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 holds the prestigious designations of Fellow and BFP with 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 (merit) from the University of Derby.

He is an alumni of Oxford University's Strategic Leadership Program and, attained the Accredited Director designation from the Institute of Chartered Secretaries and Administrators (ICSA).

Mr. Lewis joined the Bank in 2006.

Justin Skeete

**MBA, Chartered Banker, MCIP, CRU, C Director
Chief Operations Officer**

Mr. Justin Skeete joined the Bank in 2012 as Systems Manager and was appointed Chief Operating Officer in 2022. He provides strategic execution across core functions including operations, business continuity, regulatory compliance, stakeholder engagement, and enterprise-wide IT transformation. A champion of innovation, he actively drives the adoption of AI and agile methodologies to enhance performance and resilience.

Mr. Skeete holds an MBA in Banking from Bangor University, UK, and is a Chartered Banker (Chartered Banker Institute, UK), Chartered Director (Caribbean Governance Technical Institute), Microsoft Certified IT Professional, Certified Business Continuity & Resilience Professional, and Certified Residential Underwriter. He is also a registered representative on the Eastern Caribbean Securities Market.

With 20 years of experience in banking, risk management, and information technology, Mr. Skeete has consistently demonstrated visionary leadership—successfully spearheading major digital initiatives, infrastructure modernization, and advancements in cybersecurity.

Chay Grant

**BA, MSc, C Director
Chief Investment Officer**

Mr. Grant joined the ECHMB Capital family in November 2022 and holds the position of Chief Investment Officer (CIO). Mr. Grant has over 14 years of experience in the international capital market space in both front office and middle office, with years of experience leading teams responsible for portfolio management, and portfolio risk and compliance implementation. He brings to the organization perspective on investment policy documentation and execution, supported by his experience in the field.

A native of Saint Lucia, Mr. Grant holds a Bachelor of Arts (BA) in Finance from the University of Western Ontario, and a Master of Science (MSc) in International Securities, Investment and Banking from the Henley Business School, University of Reading. He is also a Chartered Director with the Caribbean Governance Technical Institute.

Kamilah Anderson-Rodgers

BSc, MSc, C Director

Chief Risk and Compliance Officer

Mrs. Kamilah Anderson-Rodgers joined ECHMB Capital in March 2024 and assumed the position of Chief Risk and Compliance Officer. She has over 12 years of experience in risk management, economics, banking regulation and anti-money laundering compliance at leading financial institutions. She has also attained an MSc. Economics from Warwick University, U.K, a BSc. Economics & Accounting from Cave-Hill, Barbados and recently the Charter Director certificate from the Caribbean Governance Training Institute.

Analytical and goal oriented with a specialty in understanding and applying risk techniques, tools and models. She creatively utilizes these tools and processes to foster a disciplined approach to risk management. Originally from St. Vincent and the Grenadines Mrs. Anderson-Rodgers seeks to utilize her background to contribute to the team, produce exceptional results and sustain business growth.



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 2025, 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 2025.

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).

FY 2025

Performance Highlights

Assets under Management



\$510.02m

(2024-\$491.35m)

Investment Portfolio



\$401.52m

(2024-\$386.71m)

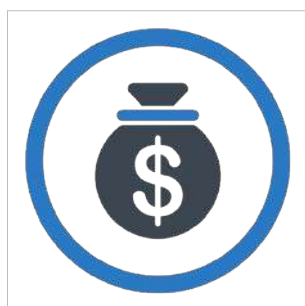
Mortgages



\$25.36m

(2024-\$31.33m)

Capital & Liabilities



\$471.30m

(2024-\$452.77m)

Borrowings



\$390.34m

(2024-\$380.44m)

Shareholders' Equity



\$80.96

(2024-\$72.33m)

Gross Revenue



\$23.58m

(2024-\$21.54m)

Total Expenses



\$17.37m

(2024-\$16.31m)

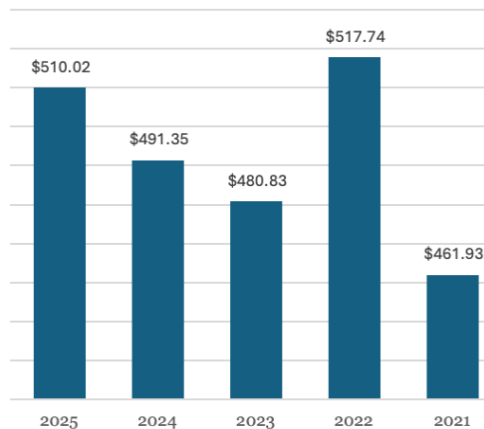
Net Profit for the Year



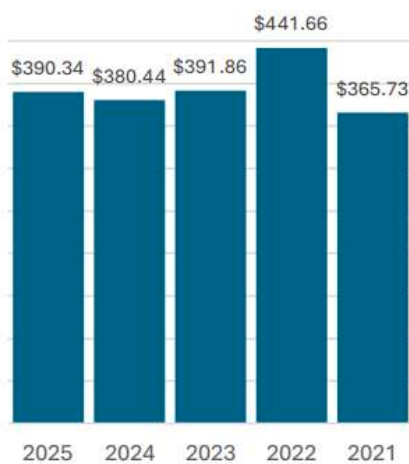
\$6.21m

(2024-\$5.24m)

Assets Under Management



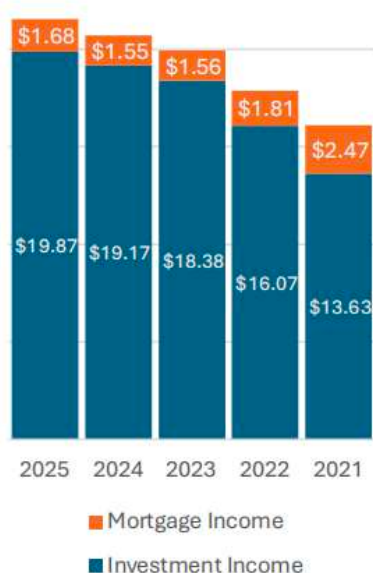
Borrowings



Capital Structure



Trends in Interest Income



Trends in expenses



Net Profit for the Year



Trading Conditions FY 2025

In its World Economic Outlook, 16 April 2024 - The International Monetary Fund (IMF) predicted steady but slow resilience amidst divergence. The baseline forecast was for the world economy to continue growing at 3.2% during 2024 and 2025, at the same pace as in 2023.

As it relates to resilience, global inflation was forecasted to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies predicted to return to their inflation targets sooner than emerging market and developing economies. Core inflation was generally projected to decline more gradually.

As anticipated by the IMF, inflationary pressures subsided by Q4 of FY 2025 amid supply chain normalization and as energy prices stabilized. As inflation fell, policy easing was instituted by central banks through interest rate cuts. The efficacy of the central banks’ interest rate cuts was manifested through the US Personal Consumption Expenditure Core Price Index (CPI) which declined from 3.1% in January 2024 to 2.6% in January 2025.

The divergence relates to, the Bank assumes, policy shocks principally triggered by expectations of a change in agenda by the 2024 US President-elect. As expected, the inauguration of Donald Trump (“President Trump”) as the 47th President of the US ushered a shift in investors’ expectations regarding trade, fiscal and immigration policies. President Trump implemented sizable tariffs on Canada, Mexico, and China, the US’s three largest trading partners, and expressed a desire to broaden the scope to include the European Union (EU). Fears of an outright trade war mounted along

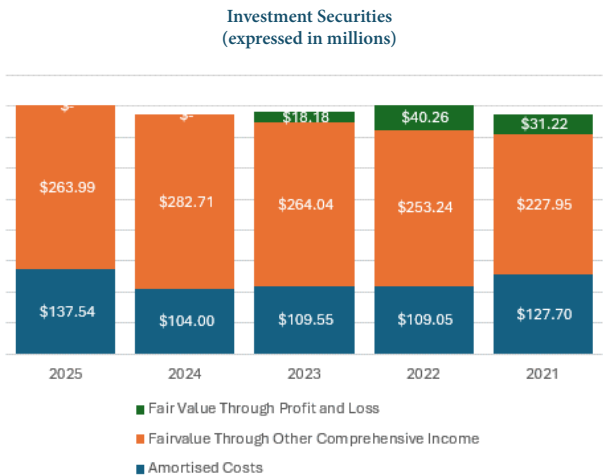
with recession concerns amid retaliatory measures instituted against the US.

Bond Performance FY 2025

Predominantly influenced by the above explicated trading conditions, the performance of U.S. Investment Grade and U.S. Treasury bonds was mixed in FY 2025. Yields on shorter dated securities decreased in response to central banks’ interest rate easing, while longer dated yields increased on future inflation concerns and expectations of increasing debt stock.

Investment Securities

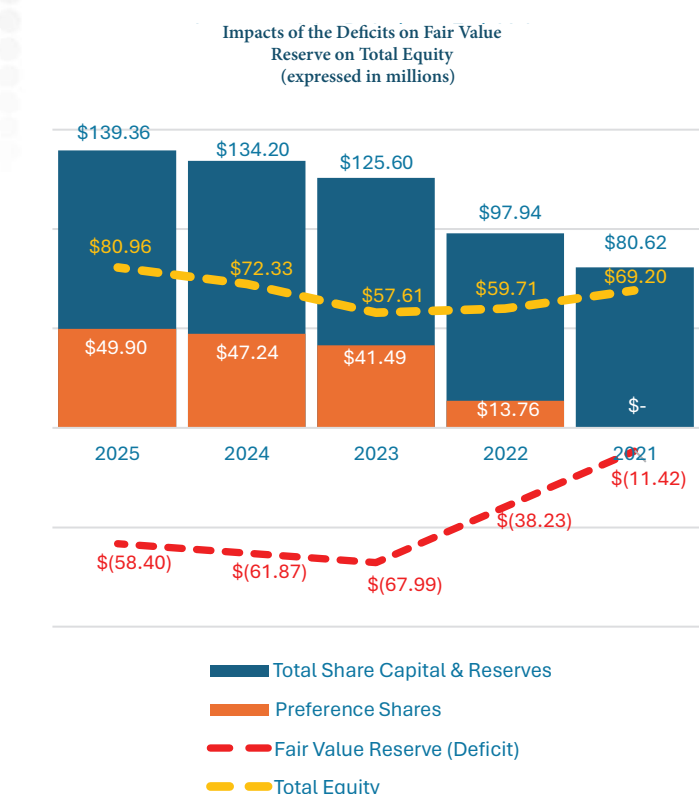
In FY 2025, the Bank generated \$55.84m from the sale and/or maturity of financial assets and purchased investment securities totaling \$69.80m. Investment Securities increased by \$14.81m (3.83%) from \$386.71m in FY 2024 to \$401.52m in FY 2025.



The Bank's Investment Strategy FY 2025

Given the fragile investment climate which represents a corollary of the volatility experienced by capital markets in FY 2025, the Bank continued its conservative investment strategy; this included classification of fixed income instruments acquired at amortized cost ("AC") as opposed to fair value through other comprehensive income ("FVTOCI") and the exclusion of financial instruments which necessitated classification as fair value through profit and loss ("FVTPL"). Securities classified at amortized cost increased by \$33.54m (32.25%) from \$104.00m in FY 2024 to \$137.54m in FY 2025. The percentage of securities classified at AC increased from 26.89% in FY 2024 to 34.25% in FY 2025.

One of the main considerations for the conservative investment strategy was to stymie the impacts of adverse mark-to-market movements of fixed income securities on Total Equity. A perusal of the Bank's statement of financial position for FY 2025 will highlight that Total Equity was adversely impacted by the deficit on Fair Value Reserve of \$61.87m and \$58.40m in FY 2024 and 2025 respectively. It is to be noted that the deficit on Fair Value Reserve is hypothetical and only tantamount to "realized" or a cash capital depletion when the underlying financial instruments are disposed at the prevailing capital loss.



If the notional deficit on Fair Value Reserve is eliminated and/or had the Bank classified financial instruments exclusively at amortized cost, Investment Securities in FY 2024 and FY 2025 would be restated from \$386.71m to \$448.58m and from \$401.53m to \$459.92m respectively. Conversely, Total Equity would be restated from \$72.33m to \$134.19m in FY 2024 and from \$80.96m to \$139.36m in FY 2025. It is therefore evident that the IFRS Accounting Standard (influenced by the investment strategy) applied to the Bank's Investment Securities has major implications on profitability, financial reporting and capital adequacy.

Given our conservative strategy and stringent investment policy guidelines, Provision for Expected Credit Loss on financial instruments classified as AC amounted to \$6.72m or 4.66% of the portfolio totaling \$144.26m. The expected credit loss of FVTOCI amounted to \$0.41m (0.16%) from a portfolio totaling \$264.39m.

Income from Investment Securities and Cash and Cash Equivalents

On account of the growth in Investment Securities of \$14.82m, income from Investment Securities and Cash and Cash Equivalents increased by \$0.70m from \$19.17m in FY 2024 to \$19.87m in FY 2025. The effective yield on Investment Securities declined from 4.96% in FY 2024 to 4.95% in FY 2025.

Other Principal Interest Earning Assets

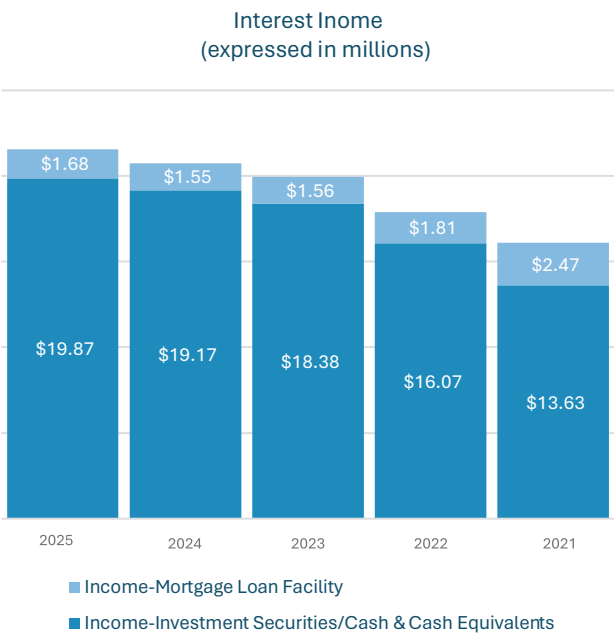
The Bank’s other principal interest income earning assets were Mortgage Loan Facilities. Given the burgeoning liquid balances held by financial intermediaries in the Eastern Caribbean Currency Union, there were sparse opportunities to acquire new pools of mortgages in FY 2025. In addition, Primary lenders used their surplus liquidity to repurchase their pools of mortgages totaling \$2.13m. The repurchasing of mortgages combined with principal repayment totaling \$2.47m, contributed to the decline of the Mortgage Loan Facilities by \$5.97m (19.06%) from \$31.33m in FY 2024 to \$25.36m In FY 2025.

Income from Mortgage Loan Facility

Notwithstanding the \$5.97m (19.06%) decline in the Mortgage Loan Facilities in FY 2025, Income from the Mortgage Loan Facilities increased by \$0.13m (8.39%) from \$1.55m in FY 2024 to \$1.68m in FY 2025 and attributed to the purchases of mortgages totaling \$7.12m at the sojourn of FY 2024.

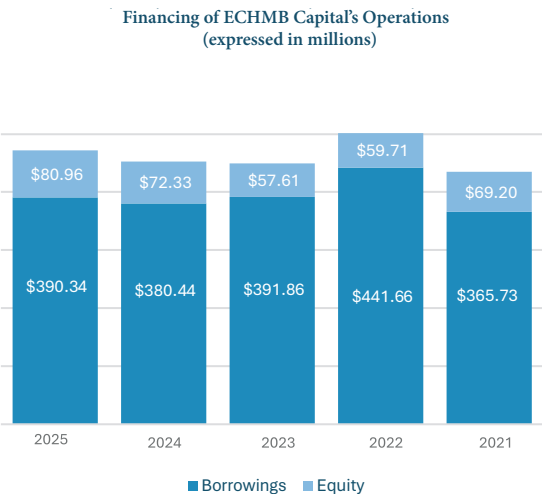
Interest Income

Based on the performance of Investment Securities and the Mortgage Loan Facilities, Interest Income increased by \$0.83m (4.01%) from \$20.72m in FY 2024 to \$21.55m in FY 2025.



Financing The Bank’s Operations FY 2025

ECHMB Capital’s operations are financed from a combination of Borrowings and Total Equity.



Total Equity

In FY 2025, the Bank's Total Equity increased by \$8.63m (11.93%) from \$72.33m in FY 2024 to \$80.96m in FY 2025 and attributed to the combined effects of injections in share capital-preference, positive movements on Fair Value Reserve and Retained Earnings. In FY 2025, the Bank reported proceeds from the issuance of preference shares totaling \$2.66m and retained net profit totaling \$2.50m from the \$6.21m generated. As explained above, the Bank's Total Equity was also impacted by movements on Fair Value Reserve, resulting from mark-to-market movements on fixed income securities classified as FVTOCI. In FY 2025, the Bank recorded positive net change in fair value on investment securities classified at FVOCI of \$3.46m which reduced the deficit to \$58.40m and down from the \$61.87m reported in FY 2024.

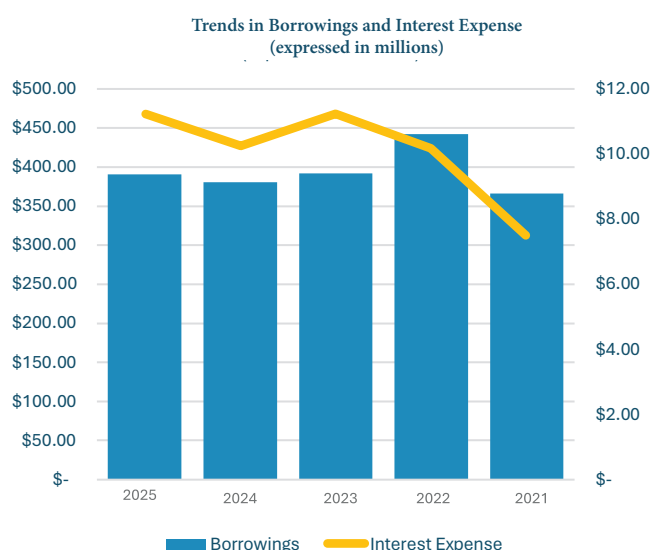
Notwithstanding the \$58.40m deficit on Fair Value Reserve, the Bank continues to report adequate levels of capital. The debt-to-equity ratio was recorded at 4.82:1 in FY 2025 and significantly lower than the benchmark of 8.0:1 imposed by the Board of Directors.

The Bank maintained its 24-year unbroken track record in FY 2025, with payments of dividends totalling \$3.71m.

Borrowings

The Bank's continued to raise its Borrowings on the Eastern Caribbean Securities Market ("ECSM"), in the form of corporate papers for the tenure of one (1) year. In FY 2025, the Bank successfully repaid Borrowings totaling \$378.28m and issued new debt instruments totaling \$387.75m. Borrowings increased by \$9.90m

(2.60%) from \$380.44m in FY 2024 to \$390.34m in FY 2025. The growth in Borrowings is attributed to the improved attractiveness of our instruments, due to the increase in the coupon rate from 2.50% to 3.00% and the Bank's ability to maintain its investment grade credit ratings of CariA-.



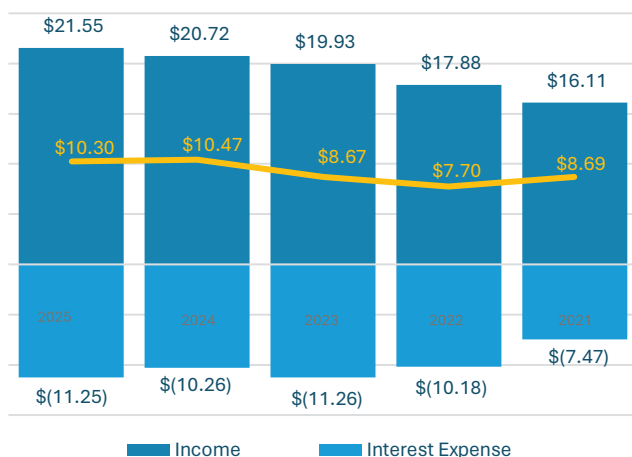
Interest Expense

On account of the higher coupon and the \$9.90m growth in Borrowings, Interest Expense increased by \$0.99m from \$10.26m in FY 2024 to \$11.25m in FY 2025. Notwithstanding the increase in Interest Expense, the Bank's Interest Cover improved from 1.51 times in FY 2024 to 1.55 times in FY 2025.

Net interest income

Net Interest Income or the difference between Interest Income (\$21.55m) and Interest Expense (\$11.25m) amounted to \$10.30m. The net interest income percentage declined from 50.50% in FY 2024 to 47.78% in FY 2025 and largely due to the increase in the coupon rate on Borrowings from 2.50% to 3.00%.

Net Interest Income
(expressed in millions)



Other income

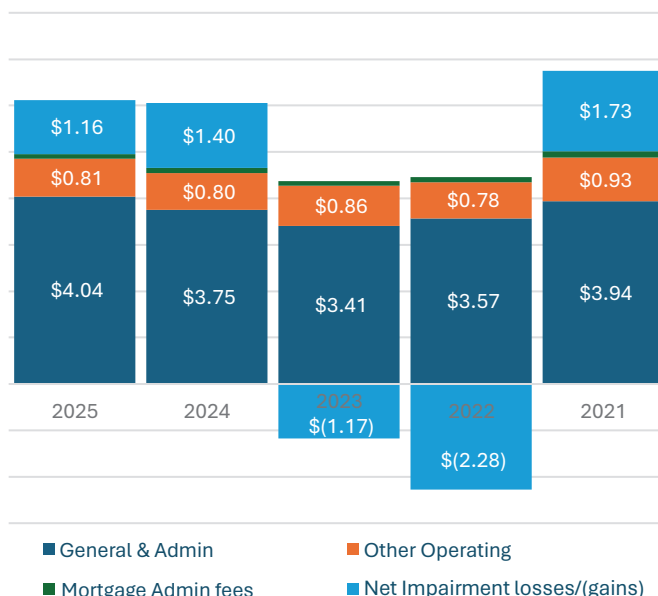
Other Income increased by \$1.21m (147.56%) from \$0.82m in FY 2024 to \$2.03m in FY 2025. The increase resulted from the \$1.41m bonus income on investment securities received from the Government of Grenada. The payment was conferred to debt holders due to the rescheduling of its debt instruments following the passage of Hurricane Beryl.

Expenses

Total Expenses have remained relatively stable over the preceding five (5) years, save and except the impacts from Net Impairment Losses/(Gains) on Financial Assets. As highlighted in the diagram, the highest Impairment Losses on Financial Assets totalling \$1.73m was reported in FY 2021 and attributed to the inaugural provision. Significant declines in Expenses were reported in FY 2022 and FY 2023 respectively and attributed to Net Impairment gains on Financial Assets totalling \$2.28m and \$1.17m. Expenses reverted to the trend in FY 2024 and FY 2025 and credited to relative

constancy in Impairment Losses on Financial Assets totalling \$1.40m and \$1.16m in FY 2024 and 2025 respectively.

Expenses
(expressed in millions)



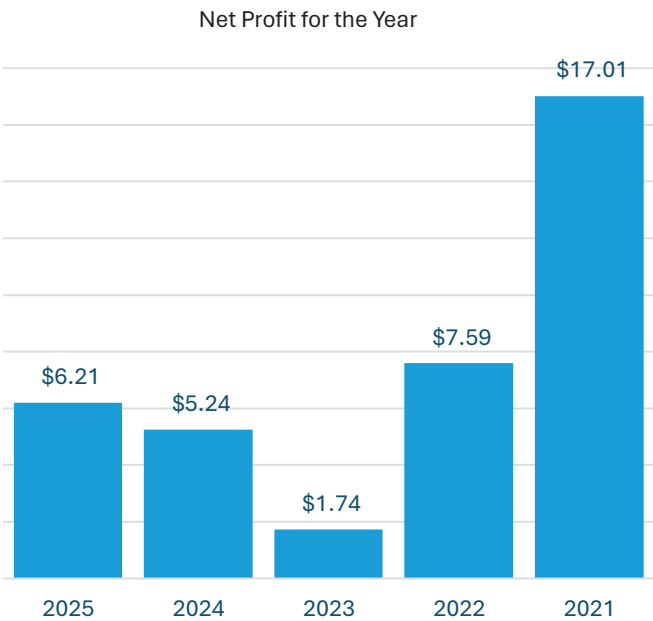
Regarding the period under review, Total Expenses increased by \$0.07m (1.16%) from \$6.05m in FY 2024 to \$6.12m in FY 2025. The increase was principally ascribed to \$0.38m (18.01%) growth in Salaries and Related Costs which increased from \$2.11m in FY 2024 to \$2.49m in FY 2025. It is to be noted that the Bank operated with its full complement of twelve staff (12) in FY 2025 as opposed to ten (10) for most of FY 2024. In addition, the Bank expended \$126k on outsourcing its talent management function as opposed to \$60.0k in FY 2024.

Conversely, the Bank recorded savings of \$0.24m (16.85%) on Net Impairment losses/(gains) on Financial Assets which declined from \$1.40m in FY 2024 to \$1.16m in FY 2025. Given the growth in Interest Income in FY 2025 and coupled with the control of Expenses, the Bank's Efficiency Ratio improved from 28.08% in

FY 2024 to 25.95% in FY 2025. An Efficiency Ratio of less than 50.00% is considered excellent for a financial intermediary.

Net Profit for the Year

Net Profit for the Year was reported at \$6.21m, representing an increase of \$0.97m when compared to \$5.24m generated in FY 2024. FY 2025 represents the second consecutive year of growth following the anomaly of \$1.74m in FY 2023.



Given the \$0.97m increase in Net Profit for the Year and ceteris paribus, Earnings per Share (“EPS”) increased from \$19.48 in FY 2024 to \$23.11 in FY 2025. Return on assets under management improved from 1.07% in FY 2024 to 1.21% in FY 2025. Due to the recovery in Total Equity, the Bank’s Book Value per Share rebounded from \$93.36 in FY 2024 to \$115.58 in FY 2025 and above the initial acquisition price of \$100.00.

Statement of Financial Position

As highlighted, the Bank continued its quest in FY 2025 to build a fortress statement of financial position. Major emphasis was placed on derisking assets under management through the deployment of a conservative investment strategy inclusive of increased asset diversification. In addition, more prominence was placed on holding stockpiles of Cash and Cash Equivalents and highly accessible lines of credit.

As explained above, the investment strategy was crafted with explicit intent to preserve Total Equity, which was also boosted through the issuance of preference shares and retention of at least 40.00% of Net Profit for the Year.

As can be gleaned from the perusal of the statement of financial position, the strategy of funding long-term assets from short-term sources of debt capital could pose challenges; however, the aforesaid had been adequately hedged through the negotiation of affordable lines of credit and significant retention of cash. In addition, most of the Bank’s assets under management are placed in highly liquid financial instruments on active capital markets and hence, easily disposed should the Bank be required to redeem corporate papers.

Given the success at prudent management of our statement of financial position, more than 95.00% of assets under management are income generating with less than 2.00% impaired.

In addition, adequate provisions have been made to cover all liabilities and there are no material contingent liabilities at the sojourn of FY 2025.



Building a High-Performance Team

Why this is important

Implementation of desired behaviour and norms that will enable ECHMB Capital to achieve superior results



The Team

Our team is staffed by a group of dedicated individuals who go above and beyond to ensure that the Bank’s operations are efficiently undertaken. Our staff’s performance truly embodies our ethos of ‘Employee Centric’ in that the financial and other accomplishments of the Bank clearly demonstrate that we have attracted, retained and developed some of the best talent in the Eastern Caribbean Currency Union.

Highlights FY 2025

- Mr. Dilshorn Peters, Mr. Terry Clarke, Mrs. Kamilah Anderson-Rodgers and Mr. Chay Grant completed the Chartered Directors Program

- Mr. Justin Skeete completed his MBA & Chartered Banker Program
- Ms. Debrone Burke registered for level -1 of the Chartered Financial Analyst program
- Jarelle Amade is a student of the MBA – finance program
- Mr. Dilshon Peters is a final year student of the Chartered Association of Certified Accountants
- The Bank engaged a consultant to undertake a manpower assessment and a compensation and benefits survey
- Other training courses attended included anti money laundering, investment, risk management and corporate governance and international Financial Reporting Standards.

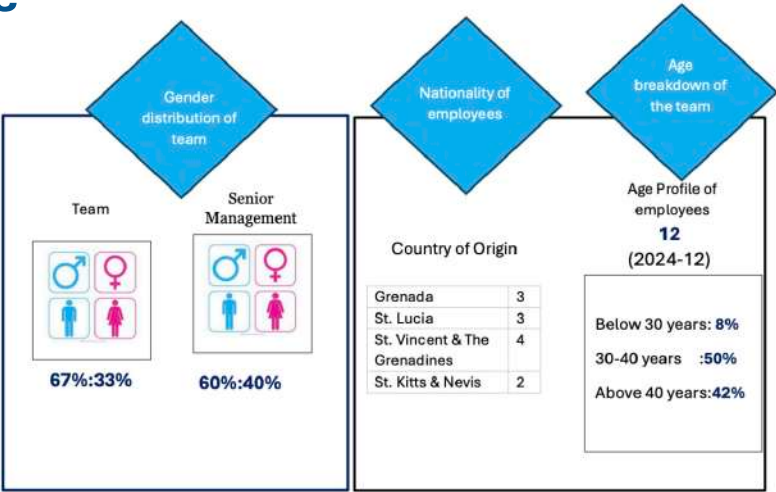
People and Talent Management Strategic Objectives

We recognize that ECHMB Capital as a body corporate is constantly in flux and hence, it is imperative that our human capital remains equally agile. We believe that our human capital strategic

objectives are the right blend which will not only nurture talent but also ensure that our operatives have a thorough grounding in the ethical framework of the Bank.



Employee Profile



Striving for Diversity

We believe that increased diversity in the Team should result in improved productivity, and better decision making. Our recruitment practices are geared to ensure a broad range of experiences, including gender,

socioeconomic background, religion and education. We strive to ensure that each member of the Team has an equal opportunity to access education, resources, and opportunities for promotion.



COMPANY ACTIVITIES



Building Sustainable Value in The Eastern Caribbean Currency Union

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 ensuring that our operations have benign impact on the ECCU’s ecological integrity.

Our new strategic thrust mandates that the Bank cogitates on the development of new avenues for wealth creation in the ECCU. In FY 2025, the Bank generated wealth totaling \$9.01m representing an increase of \$1.35m when compared to the \$7.66m generated in FY 2024. It is to be noted that the Bank only retained \$2.50m of the wealth generated in FY 2025 with \$2.49m paid to employees and \$3.71m distributed to shareholders.

ECHMB Capital

Value Added Statement FY 2023 to 2025

Value Added:	FY 2025	FY 2024	FY 2023
	\$'millions	\$'millions	\$'millions
Income	23.58	21.55	16.20
Interest paid and cost of other services	(14.57)	(13.90)	(12.03)
Wealth created	9.01	7.66	4.17
Distribution of wealth			
Employee-Salary and other benefits	2.49	2.11	2.13
Dividends	3.71	2.38	1.81
Retained to support future business growth	2.50	2.86	(0.08)
Depreciation and amortization	0.31	0.31	0.31
Wealth Distributed	9.01	7.66	4.17

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 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 2025.

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 includes 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.

Financial Statements

for Year Ended 31st March 2025



**Eastern Caribbean Home
Mortgage Bank
(Trading as ECHMB Capital)
and Subsidiary Company**

Consolidated Financial Statements

March 31, 2025

(expressed in Eastern Caribbean dollars)

**Eastern Caribbean Home
Mortgage Bank
(Trading as ECHMB Capital)
and Subsidiary Company
For the year ended March 31, 2025**

(expressed in Eastern Caribbean dollars)

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Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) and Subsidiary Company

**Statement of Management's Responsibility
For the year ended March 31, 2025**

(expressed in Eastern Caribbean dollars)

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Eastern Caribbean Home Mortgage Bank and Subsidiary Company which comprise the consolidated statement of financial position as at March 31, 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of operational efficiencies for the Group;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with the laws and regulations, including the Eastern Caribbean Home Mortgage Bank Agreement; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised IFRS Accounting Standards, as issued by the International Accounting Standard Board and adopted by the Institute of Chartered Accountants of the Eastern Caribbean.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibility as outlined above.



Chief Executive Officer

July 9, 2025

Date



Chief Financial Officer

July 9, 2025

Date

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EASTERN CARIBBEAN HOME MORTGAGE BANK
(TRADING AS ECHMB CAPITAL)
AND SUBSIDIARY COMPANY**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eastern Caribbean Home Mortgage Bank and Subsidiary Company ('the Group') which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2025 Annual Report, if we conclude that it contains a material misstatement, we are required to communicate the matter to those charged with governance.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EASTERN CARIBBEAN HOME MORTGAGE BANK
(TRADING AS ECHMB CAPITAL)
AND SUBSIDIARY COMPANY
(continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed these matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<i>Provision for expected credit losses</i> Refer to Notes 3 d (iii), 8 and 9 in the financial statements As described in the notes to the consolidated financial statements, the expected credit losses have been determined in accordance with IFRS 9 – Financial Instruments. This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the expected credit loss provision for financial instruments. Key areas of judgement included: • The interpretation of the requirement to determine impairment under the application of IFRS 9, which is reflected in the Group's expected credit loss model.	In assessing expected credit loss provisions, we performed the following procedures: • Assessed the modelling techniques and methodology against the requirements of IFRS 9. • Assessed the design and tested the effectiveness of necessary controls and sensitivity of the provision to changes in modelling assumptions. • Documented our understanding of the Group's policies and expected credit loss procedures. Analysed the controls implemented to measure and identify expected credit losses and their functioning during the reporting period.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EASTERN CARIBBEAN HOME MORTGAGE BANK
(TRADING AS ECHMB CAPITAL)
AND SUBSIDIARY COMPANY
(continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
- The identification of exposures to financial instruments considered important to users of the consolidated financial statements given the estimation uncertainty and sensitivity of the valuations. - Assumptions used in the expected credit loss model such as the financial condition of counterparty, expected future cash flows and forward-looking macro-economic factors.	- Assessed the completeness of the input data and the assumptions underlying the determination of the loss identification, probability of default and loss given default - Involved our IT specialists in areas that required specific expertise (i.e. data reliability and the expected credit loss model). - Reviewed the qualitative and quantitative disclosures in the financial statements for their compliance with the requirements of IFRS 9.

<i>Fair values of investment securities</i> Refer to Notes 3 d and 8 in the financial statements - The Group invests in various investment securities within the IFRSs fair value hierarchy. Valuation of these investments can be subjective and involve various assumptions regarding pricing. - Associated risk management is complex and dependent on high quality data. A specific area of audit focus includes the valuation of fair value assets. This includes the use of market data and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve.	- We reviewed the reasonableness and appropriateness of the methods and assumptions used in determining the fair value of investment securities. - We independently assessed the fair values of investments by performing independent valuations on the investment portfolio as well as recalculating the unrealized gain or loss. - We assessed whether the financial statements disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group's exposure to financial instruments valuation risk.
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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EASTERN CARIBBEAN HOME MORTGAGE BANK
(TRADING AS ECHMB CAPITAL)
AND SUBSIDIARY COMPANY
(continued)**

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and The Audit and Risk Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Risk Committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EASTERN CARIBBEAN HOME MORTGAGE BANK
(TRADING AS ECHMB CAPITAL)
AND SUBSIDIARY COMPANY
(continued)**

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibility for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is Henry Joseph.

GRENADA

July 28th, 2025



Accountants & Business Advisers:

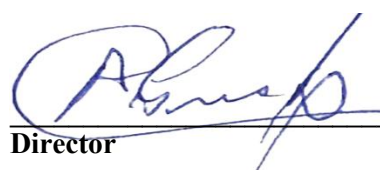
Eastern Caribbean Home Mortgage Bank
(Trading as ECHMB Capital)
And Subsidiary Company
Consolidated Statement of Financial Position
As at March 31, 2025

(Expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
Assets		
Cash and cash equivalents (note 6)	55,418,477	40,501,797
Receivables and prepayments (note 7)	27,280,866	32,439,943
Investment securities (note 8)	401,523,734	386,709,650
Mortgage loan facilities (note 9)	25,355,558	31,330,078
Motor vehicles and equipment (note 10)	398,680	154,178
Right of use assets (note 11)	42,984	214,916
Total assets	510,020,299	491,350,562
Liabilities		
Borrowings (note 12)	390,338,773	380,440,103
Other borrowings (note 13)	34,560,000	34,830,000
Lease liability (note 11)	44,776	220,563
Accrued expenses and other liabilities (note 14)	4,115,830	3,533,120
Total liabilities	429,059,379	419,023,786
Equity		
Share capital - ordinary (note 15)	36,999,940	36,999,940
Share capital - preference (note 15)	49,900,000	47,235,800
Portfolio risk reserve (note 16)	24,975,235	24,474,029
Fair value reserve (note 16)	(58,401,299)	(61,865,214)
Retained earnings	27,487,044	25,482,221
Total equity	80,960,920	72,326,776
Total liabilities and shareholders' equity	510,020,299	491,350,562

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

Approved for issue by the Board of Directors on 9th July, 2025


Director


Chairman

Eastern Caribbean Home Mortgage Bank
(Trading as ECHMB Capital)
And Subsidiary Company
Consolidated Statement of Comprehensive Income
For the year ended March 31, 2025

(Expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
Interest income (note 18)	21,548,591	20,723,150
Interest expense (note 12)	(11,252,443)	(10,257,223)
Net interest income	10,296,148	10,465,927
Other income (note 19)	2,034,086	820,696
Operating income	12,330,234	11,286,623
Expenses		
General and administrative expenses (note 20)	(4,043,468)	(3,750,863)
Other operating expenses (note 21)	(813,927)	(799,272)
Mortgage administrative fees	(102,305)	(104,522)
Net impairment losses on financial assets	(1,158,970)	(1,395,470)
Total expenses	(6,118,670)	(6,050,127)
Net profit for the year	6,211,564	5,236,496
Earnings per share		
Basic and diluted per share (note 22)	23.11	19.48
Other comprehensive income for the year:		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Investment securities at FVOCI - net change in fair value (note 16)	3,463,915	6,124,109
Total comprehensive income for the year	9,675,479	11,360,605

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

**Eastern Caribbean Home Mortgage Bank
(Trading as ECHMB Capital)
And Subsidiary Company**

Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

(Expressed in Eastern Caribbean dollars)

	Share capital ordinary \$	Share capital preference \$	Portfolio risk reserve \$	Fair value reserve \$	Retained earnings \$	Total \$
Balance at March 31, 2023	36,999,940	41,494,000	23,903,001	(67,989,323)	23,198,109	57,605,727
Net profit for the year	—	—	—	—	5,236,496	5,236,496
Issuance of share capital - preference shares (note 15)	—	5,741,800	—	—	—	5,741,800
Investment securities at FVOCI - net change in fair value (note 16)	—	—	—	6,124,109	—	6,124,109
Transfer to reserve (note 16)	—	—	571,028	—	(571,028)	—
Transaction with owners						
Dividends (note 17)	—	—	—	—	(2,381,356)	(2,381,356)
Balance at March 31, 2024	36,999,940	47,235,800	24,474,029	(61,865,214)	25,482,221	72,326,776
Net profit for the year	—	—	—	—	6,211,564	6,211,564
Issuance of share capital - preference shares (note 15)	—	2,664,200	—	—	—	2,664,200
Investment securities at FVOCI - net change in fair value (note 16)	—	—	—	3,463,915	—	3,463,915
Transfer to reserve (note 16)	—	—	501,206	—	(501,206)	—
Transaction with owners						
Dividends (note 17)	—	—	—	—	(3,705,535)	(3,705,535)
Balance at March 31, 2025	36,999,940	49,900,000	24,975,235	(58,401,299)	27,487,044	80,960,920

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

Eastern Caribbean Home Mortgage Bank
(Trading as ECHMB Capital)
And Subsidiary Company
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

(Expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
Cash flows from operating activities		
Net profit for the year	6,211,564	5,236,496
Items not affecting cash:		
Interest expense (note 12)	11,252,443	10,257,223
Amortisation of bond premium (note 8)	1,351,227	1,797,461
Unrealised gain on FVTPL financial assets (note 8)	—	(162,284)
Depreciation of motor vehicles and equipment (note 10)	139,973	134,823
Increase in provision for impairment on financial assets	1,158,970	1,398,720
Amortisation of right of use assets (note 11)	171,932	171,932
Interest expense on lease liability (note 11)	4,213	9,402
Gain on disposal of motor vehicles and equipment	(91,800)	—
Interest income (note 18)	(21,548,591)	(20,723,150)
Operating loss before working capital changes	(1,350,069)	(1,879,377)
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables and prepayments	5,159,077	(8,629,911)
Increase / (decrease) in accrued expenses and other liabilities	582,710	(2,322,548)
Cash flows generated from / (used in) operations before interest	4,391,718	(12,831,836)
Interest received	21,549,107	20,542,188
Interest paid	(10,563,640)	(9,962,644)
Net cash generated from / (used in) operating activities	15,377,185	(2,252,292)
Cash flows from investing activities		
Proceeds from sales/maturity of financial assets (note 8)	55,835,751	91,373,390
Proceeds from the pool of mortgages repurchased by primary lenders (note 9)	1,484,719	—
Proceeds from principal repayment on mortgages (note 9)	2,468,833	2,371,245
Proceeds from sale of motor vehicles and equipment	137,500	—
Purchases of mortgages (note 9)	—	(7,124,271)
Mortgages repurchased or replaced (note 9)	2,127,698	254,738
Purchase of motor vehicles and equipment (note 10)	(430,175)	(12,562)
Purchase of investment securities (note 8)	(69,803,363)	(83,069,289)
Net cash (used in) / generated from investing activities	(8,179,037)	3,793,251

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

Consolidated Statement of Cash Flows ...continued

For the year ended March 31, 2025

(Expressed in Eastern Caribbean dollars)

	2025 \$	2024 \$
Cash flows from financing activities		
Proceeds from borrowings (note 12)	387,747,000	378,281,000
Proceeds from other borrowed funds	186,354,000	173,907,000
Repayment of borrowings (note 12)	(378,281,000)	(389,761,000)
Repayment of other borrowed funds	(186,624,000)	(164,187,000)
Payment for corporate paper issue costs and transaction costs (note 12)	(256,133)	(239,167)
Dividends paid	(3,705,535)	(2,381,356)
Proceeds from issue of preference shares	2,664,200	5,741,800
Principal portion of lease liability	(175,787)	(170,598)
Interest paid on lease liability (note 11)	(4,213)	(9,402)
Net cash generated from financing activities	7,718,532	1,181,277
Net increase in cash and cash equivalents	14,916,680	2,722,236
Cash and cash equivalents at beginning of year	40,501,797	37,779,561
Cash and cash equivalents at end of year (note 6)	55,418,477	40,501,797

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

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

Notes to the Consolidated Financial Statements
March 31, 2025

(Expressed in Eastern Caribbean dollars)

1 Identification and Principal Activities

The Eastern Caribbean Home Mortgage Bank (“the Bank”), and its subsidiary (together “the Group”), is incorporated under the laws of Grenada. The registered office of the Group is located at the Eastern Caribbean Central Bank’s (ECCB) Agency Office, Monckton Street, St. George’s, Grenada. The principal place of business of the Group is at Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis.

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 May 27, 1994, to establish the Eastern Caribbean Home Mortgage Bank. The Bank was formally established on August 19, 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 activities of the Bank are the trading of mortgages made by primary mortgage lenders and growth and development of the money and capital market in the Eastern Caribbean Currency Union.

The Bank has a wholly-owned subsidiary, ECHMB Financial Services Limited (“the subsidiary”), which was incorporated under the laws of Grenada on December 5, 2024 and domiciled in Grenada. The principal activity of the subsidiary is wealth management.

2 Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards,
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

3 Material accounting policies

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

a) Basis of preparation

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

These financial statements include the assets, liabilities and results of operations of ECHMB Financial Services Limited, a wholly owned subsidiary.

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

Notes to the Consolidated Financial Statements
March 31, 2025

(Expressed in Eastern Caribbean dollars)

3 Material accounting policies ...continued

a) Basis of preparation ... continued

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined there was no material impact.

- **Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current** (effective for annual reporting periods beginning on or after January 1, 2024).

The amendments to IAS 1, 'Presentation of Financial Statements – Classification of Liabilities as Current or Non-current', promote consistency in application and clarify the requirements in determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date. The amendments are not expected to have a significant impact the Group's financial statements.

- **Amendments to IAS 1, Non-current liabilities with covenants** (effective for annual periods beginning on or after January 1, 2024).

The amendments to IAS 1, 'Non-current liabilities with covenants', clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The amendment is not expected to have a significant impact on the Group.

- **Amendments to IAS 7 and IFRS 7, Supplier Finance (effective for annual periods beginning on or after January 1, 2024).**

These amendments to IAS 7 and IFRS 7, "Supplier finance", require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The amendments is not expected to have a significant impact on the Group.

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

Notes to the Consolidated Financial Statements
March 31, 2025

(Expressed in Eastern Caribbean dollars)

3 Material accounting policies ...continued

a) Basis of preparation ... continued

Standards, interpretations and amendments to published standards effective in the current year ... continued

- **Amendments to IFRS 16, Leases on sale and leaseback** (effective for annual periods beginning on or after January 1, 2024).

The amendments to IFRS 16, 'Leases on sale and leaseback', include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendment is not expected to have a significant impact on the Group.

- **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**, (effective for annual periods beginning on or after January 1, 2024).

IFRS S1, 'General Requirements for Disclosure of Sustainability-related Financial Information', sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The Group is assessing the impact of this standard on its financial statements.

- **IFRS S2, Climate-related Disclosures**, (effective for annual periods beginning on or after January 1, 2024).

IFRS S2, 'Climate-related Disclosures', sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The Group is assessing the impact of this standard on its financial statements.

New, revised and amended standards and interpretations not yet effective and not early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later periods but were not effective at the statement of financial position date.

The Group assessed and determined that the following new and amended standards and interpretations are relevant to its operations.

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

Notes to the Consolidated Financial Statements
March 31, 2025

(Expressed in Eastern Caribbean dollars)

3 Material accounting policies ...continued

a) Basis of preparation ... continued

New, revised and amended standards and interpretations not yet effective and not early adopted by the Group ... continued

- **Amendments to IAS 21, Lack of Exchangeability**, (effective for annual periods beginning on or after January 1, 2025).

An entity is impacted by the amendments to IAS 21, “Lack of Exchangeability”, when it has a transaction or an operation in a foreign currency that is not exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendment is not expected to have a significant impact on the Group.

- **Amendments to the SASB standards to enhance their international applicability**, (effective for annual periods beginning on or after January 1, 2025)

The amendments remove and replace jurisdiction-specific references and designations in the SASB standards without substantially altering industries, topics or metrics.

- **Amendment to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments** (effective for annual periods beginning on or after January 1, 2026).

These amendments to IFRS 9 and IFRS 7, ‘Classification and Measurement of Financial Instruments’, aim to clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The Group is assessing the impact of the amendment on its financial statements.

- **Annual improvements to IFRS – Volume 11**, (effective for annual periods beginning on or after January 1, 2026).

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The following amendments are applicable to annual periods beginning on or after January 1, 2026: IFRS 1 Hedge accounting by a first-time adopter; IFRS 7 Gain or loss on derecognition; IFRS 7 Disclosure of deferred difference between fair value and transaction price; IFRS 7 Introduction and credit risk disclosures; IFRS 9 Lessee derecognition of lease liabilities; IFRS 9 Transaction price; IFRS 10 Determination of a ‘de factor agent’; and IAS 7 Cost method. The Group is assessing the impact of these annual improvements on its financial statements.

Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital) And Subsidiary Company

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3 Material accounting policies ...continued

a) Basis of preparation ... continued

New, revised and amended standards and interpretations not yet effective and not early adopted by the Group ... continued

- **Amendment to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity** (effective for annual periods beginning on or after January 1, 2026).

These amendments to IFRS 9 and IFRS 7, 'Contracts Referencing Nature-dependent Electricity', aim to change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'. The amendment is not expected to have a significant impact on the Group.

- **IFRS 18, Presentation and Disclosure in Financial Statements**, (effective for annual periods beginning on or after January 1, 2027).

IFRS 18, 'Presentation and Disclosure in Financial Statements', will replace IAS 1, "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. This new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. . The Group is assessing the impact of this standard on its financial statements.

- **IFRS 19, Subsidiaries without Public Accountability: Disclosures**, (effective for annual periods beginning on or after January 1, 2027).

IFRS 19, 'Subsidiaries without Public Accountability: Disclosures', works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: it does not have public accountability; and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. The Group is assessing the impact of this standard on its financial statements.

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3 Material accounting policies ...continued

b) Basis of consolidation

A subsidiary is an entity which is controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. The consolidated financial statements comprise those of the Bank and its wholly owned subsidiary ECHMB Financial Services Limited (“ECHMB FSL”), presented as a single economic entity. Intra-group transactions, balances and unrealised gains and losses are eliminated in preparing the consolidated financial statements. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

c) Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group’s functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within ‘Other operating expenses’.

d) Financial assets and liabilities

i) Initial recognition, derecognition and measurement

IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortised cost based on the nature of the cash flows of these assets and the Group’s business model.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL.

Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss.

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3 Material accounting policies...continued

d) Financial assets and liabilities ...continued

i) Initial recognition, derecognition and measurement ...continued

All income and expenses relating to financial assets that are recognised in the consolidated statement of comprehensive income are presented within interest income whereas the loss allowance or a reduction on the expected credit loss (ECL) is presented within the expenses, in the consolidated statement of comprehensive income.

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

At initial recognition, the Group initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

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Notes to the Consolidated Financial Statements
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3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

ii) Classification and subsequent measurement of financial assets

Financial assets are classified into the following categories:

- Amortised cost;
- FVTPL; or
- FVOCI.

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

The classification and subsequent measurement of debt instruments is determined by both:

- the Group's business model for managing the financial asset and,
- the contractual cash flow characteristics of the financial assets.

Based on these factors the Group classifies its debt instruments into the measurement category of amortised cost FVTPL and FVOCI.

Financial assets at amortised cost and effective interest rate

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss.

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Notes to the Consolidated Financial Statements
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(Expressed in Eastern Caribbean dollars)

3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

ii) Classification and subsequent measurement of financial assets ...continued

Financial assets at FVOCI

FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

Business model assessment

Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Group intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio;
- How the asset's performance is evaluated and reported to key management personnel; and
- How rules are assessed and managed and how managers are compensated.

Solely payments of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at FVTPL.

The Group reclassifies debt instruments when and solely when its business model for managing those asset changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent and none occurred during the period.

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3 Material accounting policies...continued

d) Financial assets and liabilities ...continued

ii) Classification and subsequent measurement of financial assets ...continued

Measurement methods - amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets - interest income is recognised using the assets' credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

iii) Impairment of financial assets measured at amortised cost and FVOCI

IFRS 9 introduces an impairment model that requires the recognition of ECL on financial assets measured at amortised cost and FVOCI and off-balance sheet loan commitments and financial guarantees.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supported forecasts that affect the expected collectability of the future cash flows of the instrument.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next twelve (12) months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised or for which credit risk is assessed as being low are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment and so are considered to be in default or otherwise credit-impaired are in 'stage 3'. POCI are treated differently as set out below.

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3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

The Group assesses loss allowance of certain financial assets at amortised cost and FVOCI on a collective basis if they possess shared credit risk characteristics based on the days past due, geographical location and credit risk ratings and loss rates associated with the parties with whom financial instruments are held. Refer to (note 4 d) Credit risk - expected credit loss measurement for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group's receivables are mostly short-term with minimal exposure to risk. The ECL on these instruments were therefore determined to be zero.

iv) Purchased or originated credit-impaired assets

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL is less than the amount of ECL included in the estimated cash flows on initial recognition.

v) Write-off

The Group takes appropriate measures to resolve non-performing assets through all possible means before deciding to write-off the remaining unrecovered exposure. Financial assets (and the related impairment allowances are normally written off, either partially or in full, when there is no realistic prospect of recovery.

The exposure may be written off when:

1. It is not legally enforceable for the Group to recover in full or in part the outstanding amount of the obligation:
 - i. via sale or appropriation of collateral; or
 - ii. from the borrower or from any third party (e.g., court appointed receiver).
2. It is legally enforceable to recover funds from the borrower or any third party, but there is very low probability of occurrence.

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3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

v) Write-off... continued

Triggers identified for the derecognition of a financial obligation include:

- Bankruptcy;
- Voluntary liquidation;
- Receivership and compulsory liquidation of a creditor;
- Official Administration which provides for the imposition of a moratorium on payments by the financial institution and a stay of proceedings against the institution during official administration;
- Debt relief orders; and
- The debt is uneconomical to collect meaning the cost of collection outweighs the value of the debt recovered.

The debt will be written off, in full or in part, against the related allowance when the proceeds from realising any available security have been received or there is a reasonable amount of certainty that the exposure will not be recovered. Upon write-off, the Group continues to seek to recover amounts it is legally owed in full. Any recoveries of amounts previously written off shall be recognised at time of receipt as “bad debts recovered” and are directly recognised in the consolidated statement of comprehensive income.

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3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

vi) Interest income and interest earned on assets measured at amortised cost

Interest income is earned based on the effective interest rate, based on the carrying amount before allowances. Interest earned on assets measured at fair value through profit and loss is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the effective interest rate.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the consolidated statement of financial position as 'Pledged assets', if the transferee has the right to sell or repledge them.

vii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

FVOCI

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends are recognised when the Group's right to receive payments is established.

viii) Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

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3 Material accounting policies ...continued

d) Financial assets and liabilities ...continued

viii) Financial liabilities ...continued

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position 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.

f) Cash and cash equivalents

Cash comprises cash on hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

g) Repurchase transactions

Securities purchased under agreements to sell/resell (repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised financing transactions. The interest on the respective instruments are accrued over the life of the agreement using the effective interest method.

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3 Material accounting policies ...continued

h) Employee benefits

(i) Pension plan

The Group's pension scheme is a defined contribution plan which is managed by a third-party entity. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Gratuity

The Group provides a gratuity plan to its employees who are employed on contract. The amount of the gratuity payment to contracted employees is computed with reference to annual basic salary at a rate determined by the Board of Directors. Provisions for these amounts are included in the consolidated statement of financial position within "Accrued expenses and other liabilities".

i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable 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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

j) Motor vehicles and equipment

Motor vehicles and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 the consolidated statement of comprehensive income during the financial period in which they are incurred.

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3 Material accounting policies ...continued

j) Motor vehicles and equipment ...continued

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvement	The shorter of the estimated useful life and the period of the lease.
Motor vehicles	20%
Computer equipment	33⅓%
Furniture and fixtures	16⅔%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the consolidated statement of comprehensive income.

k) Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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3 Material accounting policies ...continued

l) Interest income and expense

Interest income and expense are recognised in the consolidated statement of comprehensive income for all instruments measured at amortised cost using the effective interest 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. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

m) Dividends distribution

Dividends are recognised in equity in the period in which they are approved by the Board of Directors. Dividends for the year which are approved after the reporting date are disclosed as a subsequent event, if any.

n) Expenses

Expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or as incurred.

o) Leases - As lessee

The Group leases its office space and recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period.

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Notes to the Consolidated Financial Statements
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3 Material accounting policies ...continued

o) Leases - As lessee ...continued

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short terms leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

p) Share capital

i. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as deduction from equity.

ii. Preference shares

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

- Equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such case, dividends are thereon recognised as equity distributions on approval by the shareholders.
- Liability if it is redeemable on a specific date or at the option of the shareholder, or if dividends are not discretionary; in such a case, dividends thereon are recognised as interest in profit or loss as accrued.

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3 Material accounting policies ...continued

q) Reserves

Portfolio risk reserve

The Group maintains a special reserve account - portfolio risk reserve. This reserve account was established to cover against general risk associated with the secondary mortgage market. Effective March 31, 2005, the Board of Directors agreed to an annual allocation to the portfolio risk reserve of 20% of profits after the appropriation for dividends. The Board also reserves the right to vary or suspend the annual allocation from retained earnings. For the year ended March 31, 2025, the Board agreed to the transfer of \$501,206 (2024: \$571,028) from Retained Earnings to the Portfolio Risk Reserve.

Fair value reserve

Fair value reserves relate to unrealised gains and losses relating to FVOCI investment securities.

r) Retained earnings

Retained earnings include current and prior period results of operations as reported in the consolidated statement of comprehensive income, net of dividends.

s) Earnings per share

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares outstanding during the period after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the period, if any.

Diluted earnings per share are computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Group does not have dilutive potential shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

t) Subsequent events

Subsequent events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the consolidated notes to the financial statements when material.

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3 Material accounting policies ...continued

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, the operating results of which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. At this time there are no reportable segments into which the Group's business may be broken down, and the Group's reporting is tracked on a whole.

v) Taxation

In accordance with Section 5 sub-section (1) and (2) of the Eastern Caribbean Home Mortgage Bank ("ECHMB") Agreement Act, 1994, the Bank is exempt from stamp duties and corporation tax.

With respect to the subsidiary, the charge for taxation for the current year is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using the applicable tax rates for the period. No deferred tax assets have been recognized in the financial statements as there are no amounts applicable for the period.

4 Financial risk management

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses of profits, which may be caused by internal factors. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring. This process of risk management is critical to the Group's continuing profitability. The Group is exposed to credit risk, market risk (including interest rate risk, equity price risk and foreign currency risk), liquidity risk and operational risk.

a) Enterprise risk management approach

The Group continuously enhances its Enterprise Risk Management (ERM) approach towards the effective management of enterprise-wide risks. Key components of the ERM framework include:

- structure risk governance model incorporating Board and Senior Management oversight;
- sound debt-to-equity ratio and liquidity management process;
- comprehensive assessment of material risks;
- regular controls, reviews, monitoring and reporting; and
- independent reviews by internal/external auditors, credit rating agency and the relevant supervisory authorities domiciled in the Eastern Caribbean Currency Union (ECCU).

The Board of Directors is ultimately responsible for identifying and controlling risks.

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4 Financial risk management ...continued

a) Enterprise risk management approach ...continued

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors is responsible for overseeing the Group's risk management, including overseeing the management of credit risk, market risk, liquidity risk and operational risk.

The Board carries out its risk management oversight function by:

- reviewing and assessing the quality, integrity and effectiveness of the risk management systems;
- overseeing the development of policies and procedures designed to define, measure, identify and report on credit, market, liquidity and operational risk;
- establishing and communicating risk management controls throughout the Group;
- ensuring that the Group has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Group's appetite or tolerance for risks;
- reviewing management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management reports on internal control and any recommendations and confirm that appropriate action has been taken;
- providing an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk; and
- remaining informed on risk exposures and risk management activities through the submission of periodic reports from management.

b) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and reported in the Group's policy statement. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept.

Information compiled is examined in order to analyse, control and identify early risks by undertaking an annual review of the portfolios held by the Group.

c) Excessive risk concentration

The Group reviews its mortgage concentration to minimise exposure in excess of twenty percent (20%) of total assets in any one (1) primary lender, financial institution, or group. The Group manages its mortgage portfolio facilities by focusing on maintaining a diversified portfolio and concentration percentages. Identified concentrations of credit risks are controlled and managed accordingly.

Likewise, the Group reviews its investment concentration to minimise exposure in excess of fifteen percent (15%) of shareholders' capital in any one (1) financial institution.

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4 Financial risk management ...continued

d) Credit risk

The Group takes on exposure to credit risk, which is the risk of financial loss to the Group if its customers or counterparties to a financial instrument fail to meet their contractual obligations, and arises principally from the Group's normal trading activity in mortgages. The amount of the Group's exposure to credit risk is indicated by the carrying amount of its financial assets. Financial instruments which potentially expose the Group to credit risk consist primarily of mortgage loan facilities and investment securities.

Credit risk is the most important risk for the Group's business. Management therefore carefully manages its exposure to credit risk. Credit exposures arise primarily in lending activities that lead to mortgage loan facilities, investment securities that bring debt instruments and other instruments into the Group's asset portfolio and other financial assets as included in 'receivables and prepayments' as presented in the statement of financial position. There are no off-balance sheet financial instruments and therefore no credit risk resulting from such assets.

Credit risk measurement

Mortgage loan facilities and investment securities

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk through various approaches using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) or a loss rate approach. The approaches used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 are outlined below in (Note 4 d) Credit risk - credit risk measurement - expected credit loss measurement for more details.

Credit risk grading

The Group uses various strategies to grade and assess credit risk of its counterparties and/or borrowers. With respect to its counterparties with which it holds investment securities, the Group uses external credit ratings and the corresponding historical default statistics to determine the probability of default of individual counterparties. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade. For unrated counterparties, the Group uses its internal credit risk grading system.

The Group's internal rating scale is assigned based on a numerical rating scale ranging from grades R1 to R10, where the higher the perceived level of credit risk, the higher the rating.

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Credit risk grading ...continued

The Group relies on external ratings as provided by various credit rating agencies. The Group employs a correlation or mapping based on these external rating agencies as follows:

Moody's	S&P	Fitch	CariCRIS
Aaa to Aa3	AAA to AA-	AAA to AA-	AAA
A1 to A3	A+ to A-	A+ to A-	AAA
Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	AA+ to AA-
Ba1 to Ba3	BB+ to BB-	BB+ to BB-	A+ to A-
B1 to B3	B+ to B-	B+ to B-	BBB+ to BBB-
Caa1 and below	CCC+ and below	CCC+ and below	BB+ and below
D	D/SD	D	D

The internal ratings for unrated financial institutions and sovereigns are determined by a combination of quantitative and qualitative variables using a scorecard approach. The approach incorporates specific drivers, such as financial performance, that are considered to be key determinants of a counterparty's credit quality.

Expected credit loss measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time.

A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within twelve (12) months unless there are extenuating circumstances. Under this approach, an estimate is made of the lifetime ECL on initial recognition (i.e. Stage 2). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Expected credit loss measurement ...continued

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates use a maximum of a 12-month PD while Stage 2 estimates use a lifetime PD. Stage 3 estimates continue to leverage existing processes for estimating losses on impaired loans, however, these processes were updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate is produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information require significant judgment.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Management relies on data from external rating agencies in determining the probability of defaults. For regional investment securities and mortgage loan facilities where the obligors are unrated, internal credit ratings are assigned then mapped to external ratings from which a corresponding PD is derived. If CariCRIS ratings are available, these are equated to the appropriate international rating category and the associated PD from CariCRIS.

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Expected credit loss measurement ...continued

Management has then used a stochastic formula to adjust PD. One input into this formula is GDP growth. Historical and forecasted GDP growth data was obtained from a reputable third-party provider. To consider the impact of COVID-19 on GDP, management then applied smoothing to remove the outliers.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The LGDs for International Corporate investment securities was obtained from a reputable third party provider. Where there is no external data available, Management derived its sovereign and regional corporate LGDs from the sovereign default history in the Caribbean region. For financial assets under Stage 3 which are considered to be credit-impaired or which have defaulted, Management takes into consideration the legal status and financial condition of the issuer to provide a basis for the assessment of the LGD.

The EAD is assigned by the type of security as follows:

- Mortgage-backed loans: EAD consists of the principle plus accrued interest up to the reporting date.
- Deposits placed: EAD consists of the principle plus accrued interest up to the reporting date.
- Debt securities purchased with discount (premium): EAD is an amortised value plus accrued interest up to the reporting date; and
- Receivables: EAD amount is the nominal value of our receivables from counterparties (customers).

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information incorporated in the ECL models

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables - including, but not limited to, unemployment rates and gross domestic product.

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Forward looking information incorporated in the ECL models ...continued

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. The ECL related to these financial assets is always measured on a lifetime basis (Stage 3). Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis as detailed in (note 3 b) iii) impairment of financial assets measured at amortised cost.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. An explanation of how the Group has incorporated this in its ECL models is included in (note 4 d) Credit risk - Credit risk measurement - Forward looking information incorporated in the ECL models.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

	Change in credit quality since initial recognition		
	Stage 1	Stage 2	Stage 3
Risk Assessment	Initial recognition or credit risk is considered low	Significant increase in credit risk since initial recognition	Credit-impaired assets
Expected credit losses	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk if:

- An obligor's external or internal credit rating is downgraded to below investment grade (BB+/Ba1, its internal equivalent or lower) compared to the rating at initial recognition;
- A below investment grade instrument is lowered by 1 or multiple notches; or
- Payment of principal and/or interest is more than 30 days past due.

If one or more of the above conditions are satisfied, the financial asset is transferred to Stage 2 from Stage 1. The assignment of a financial instrument to Stage 3 will be based on the status of the obligor being in default. Assets in stage 2 or 3 will be transferred back to stage 1 or 2 once the criteria for significant increase in credit risk or impairment are no longer met.

The staging assessment requires the Group to monitor credit risk through regular credit reviews or other monitoring at a counterparty level. All loans and investment securities held by the Group are allocated to a credit quality rating or risk grade (internal or external) based on the most recent review, forward-looking or other available information on an annual basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by Management.

Backstop

A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Definition of default and credit-impaired assets

The Group defines default as the occurrence of one or more of the following events:

- The obligor is unlikely to pay its debt obligations (principal, interest or fees) in full;
- The occurrence of a credit loss event with any obligation of the obligor, such as a charge-off, specific provision, or distresses restructuring involving forgiveness or postponement of principal, interest or fees;
- The obligor is past due more than 90 days on any credit obligation; or
- The obligor has filed for bankruptcy or similar protection from creditors.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations. The Group segments investment securities between sovereign and corporate, as there are different probabilities of default for these instruments based on the nature of the financial institution with whom the instrument is held.

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4 Financial risk management ...continued

d) Credit risk ...continued

Credit risk measurement ...continued

Definition of default and credit-impaired assets ...continued

The Group has not rebutted and maintains that default takes place when a financial asset is 90 days past due given its contractual obligations. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six (6) months. This period of six (6) months has been determined based on consideration given to historical performance of the financial instrument returning to default status after cure.

Expected credit loss measurement

Maximum exposure to credit risk - Financial instruments subject to impairment

The following tables contain analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	2025 \$	2024 \$
Assets		
Cash and cash equivalents	55,417,477	40,500,797
Receivables	27,150,600	32,418,907
Investment securities		
Amortised cost	144,258,557	109,609,042
FVOCI	264,294,702	282,864,433
Mortgage loan facilities	25,565,058	31,646,308
Total credit risk exposure	516,686,394	497,039,487

The above table represents a worst-case scenario of credit risk exposure as at March 31, 2025 and 2024 without taking account of any collateral held or other credit enhancements attached.

For statement of financial position assets, the exposure set out in the above table are gross of loss allowance as reported in the consolidated statement of financial position.

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Maximum exposure to credit risk - Financial instruments subject to impairment ...continued

Investment securities

Summary of Investment Securities ECL Staging 2025				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Quoted corporate bonds	318,208,672	4,390,679	—	322,599,351
Quoted sovereign bonds	31,188,543	2,261,274	—	33,449,817
Quoted supranational bonds	5,092,948	—	—	5,092,948
Term deposits	5,591,589	—	5,000,000	10,591,589
Unquoted bonds	32,710,394	2,760,497	1,348,663	36,819,554
Gross carrying amount	392,792,146	9,412,450	6,348,663	408,553,259
Provision for expected credit losses	(387,942)	(392,920)	(6,348,663)	(7,129,525)
Carrying amount	392,404,204	9,019,530	—	401,423,734

Summary of Investment Securities ECL Staging 2024				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Quoted corporate bonds	292,699,549	4,028,841	—	296,728,390
Quoted sovereign bonds	19,175,503	—	—	19,175,503
Quoted supranational bonds	2,169,929	—	—	2,169,929
Term deposits	12,667,361	—	5,000,000	17,667,361
Unquoted bonds	41,877,768	14,854,524	—	56,732,292
Gross carrying amount	368,590,110	18,883,365	5,000,000	392,473,475
Provision for expected credit losses	(539,895)	(323,930)	(5,000,000)	(5,863,825)
Carrying amount	368,050,215	18,559,435	—	386,609,650

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Maximum exposure to credit risk - Financial instruments subject to impairment ...continued

Mortgage loan facilities

Summary of Mortgage loan facilities ECL Staging 2025				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Mortgage loans portfolio	15,178,176	—	—	15,178,176
Mortgage-pledged loan	5,887,758	—	—	5,887,758
Mortgage credit facility	4,499,124	—	—	4,499,124
Gross carrying amount	25,565,058	—	—	25,565,058
Provision for expected credit losses	(209,500)	—	—	(209,500)
Carrying amount	25,355,558	—	—	25,355,558

Summary of Mortgage loan facilities ECL Staging 2024				
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Mortgage loans portfolio	19,616,541	—	—	19,616,541
Mortgage-pledged loan	7,204,053	—	—	7,204,053
Mortgage credit facility	4,825,714	—	—	4,825,714
Gross carrying amount	31,646,308	—	—	31,646,308
Provision for expected credit losses	(316,230)	—	—	(316,230)
Carrying amount	31,330,078	—	—	31,330,078

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Maximum exposure to credit risk - Financial instruments subject to impairment ...continued

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stages 1, 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and,
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Loss allowance ...continued

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	2025			
	Investment securities			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	\$	\$	\$	\$
Loss allowance as at April 1, 2024	539,895	323,930	5,000,000	5,863,825
Movements with P/L impact:				
Transfers:				
Transfers from Stage 1 to Stage 2	—	—	—	—
Transfers from Stage 1 to Stage 3	—	—	—	—
Transfers from Stage 2 to Stage 1	—	—	—	—
Transfers from Stage 3 to Stage 1	—	—	—	—
New financial assets originated or purchased	79,509	—	—	79,509
Changes in PDs/LGDs/EADs	(102,924)	152,500	1,317,659	1,367,235
Financial assets derecognised during the year	(128,538)	(52,506)	—	(181,044)
Total net P&L charge during the year	(151,953)	99,994	1,317,659	1,265,700
Other movements with no P/L impact				
Transfers from Stage 3 to Stage 2	—	—	—	—
Transfers from Stage 2 to Stage 3	—	(31,004)	31,004	—
Write-offs	—	—	—	—
Loss allowance as at March 31, 2025	387,942	392,920	6,348,663	7,129,525

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Loss allowance ...continued

	2024			Total \$
	Stage 1 12-month ECL \$	Investment securities Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	
Loss allowance as at April 1, 2023	1,097,036	490,952	2,850,000	4,437,988
Movements with P/L impact:				
Transfers:				
Transfers from Stage 1 to Stage 2	(31,867)	31,867	—	—
Transfers from Stage 1 to Stage 3	—	—	—	—
Transfers from Stage 2 to Stage 1	—	—	—	—
Transfers from Stage 3 to Stage 1	—	—	—	—
New financial assets originated or purchased	216,356	—	—	216,356
Changes in PDs/LGDs/EADs	(300,075)	(198,889)	—	(498,964)
Write back of financial assets previously derecognised in prior years ¹	—	—	2,150,000	2,150,000
Financial assets derecognised	(441,555)	—	—	(441,555)
Total net P&L charge during the year	(557,141)	(167,022)	2,150,000	1,425,837
Other movements with no P/L impact				
Transfers from Stage 3 to Stage 2	—	—	—	—
Transfers from Stage 2 to Stage 3	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as at March 31, 2024	539,895	323,930	5,000,000	5,863,825

¹ The write back refers to the reinstatement of the principal balance on the CLICO investment which was previously off-set by dividends payable to CLICO. Further disclosure is made in Note 8 (d).

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Loss allowance ...continued

	2025			
	Mortgage loan facilities			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	\$	\$	\$	\$
Loss allowance as at April 1, 2024	316,230	—	—	316,230
Movements with P/L impact:				
Transfers:				
Transfers from Stage 1 to Stage 2	—	—	—	—
Transfers from Stage 1 to Stage 3	—	—	—	—
Transfers from Stage 2 to Stage 1	—	—	—	—
Transfers from Stage 3 to Stage 1	—	—	—	—
New financial assets originated or purchased		—	—	
Changes in PDs/LGDs/EADs	(45,052)	—	—	(45,052)
Recoveries	—	—	—	—
Financial assets derecognised during the year	(61,678)	—	—	(61,678)
Total net P&L charge during the year	(106,730)	—	—	(106,730)
Other movements with no P/L impact				
Transfers from Stage 3 to Stage 2	—	—	—	—
Transfers from Stage 2 to Stage 3	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as at March 31, 2025	209,500	—	—	209,500

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Loss allowance ...continued

	2024			
	Mortgage loan facilities			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	Total
	\$	\$	\$	\$
Loss allowance as at April 1, 2023	343,347	—	—	343,347
Movements with P/L impact:				
Transfers:				
Transfers from Stage 1 to Stage 2	—	—	—	—
Transfers from Stage 1 to Stage 3	—	—	—	—
Transfers from Stage 2 to Stage 1	—	—	—	—
Transfers from Stage 3 to Stage 1	—	—	—	—
New financial assets originated or purchased	115,826	—	—	115,826
Changes in PDs/LGDs/EADs	(142,943)	—	—	(142,943)
Recoveries	—	—	—	—
Financial assets derecognised during the year	—	—	—	—
Total net P&L charge during the year	(27,117)	—	—	(27,117)
Other movements with no P/L impact				
Transfers from Stage 3 to Stage 2	—	—	—	—
Transfers from Stage 2 to Stage 3	—	—	—	—
Write-offs	—	—	—	—
Loss allowance as at March 31, 2024	316,230	—	—	316,230

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4 Financial risk management ...continued

d) Credit risk ...continued

Expected credit loss measurement ...continued

Loss allowance ...continued

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were due to:

- Significant purchases of investment grade or lower risk investment securities particularly quoted corporate bonds consistent with the Group's investment strategy to diversify risk. The Group's acquisition of these instruments resulted in an overall decrease in the Stage 1 allowances (12-month ECLs) due to improvements in the PDs and LGDs;
- The classification of few financial assets under Stage 3, as these financial assets were considered to be in default due to Management's assessment of the credit risk associated with the counterparties, payment history and future expected repayments. Management continues to aggressively pursue the amounts categorised under Stage 3 allowances. Recoveries made during the period led to further decreases in the Stage 3 allowance.

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4 Financial risk management ...continued

e) Management of credit risk

The table below breaks down the Group's main credit exposure at the carrying amounts, categorised by geographical regions as of March 31, 2025 with comparatives for 2024. In this table, the Group has allocated exposure to regions based on the country of domicile of the counterparties.

	St. Kitts and Nevis \$	Other ECCU Member States \$	Other Caribbean \$	USA \$	UK \$	Other \$	Total \$
Cash and cash equivalents	13,260,319	—	140,528	42,016,630	—	—	55,417,477
Receivables	622,808	26,527,792	—	—	—	—	27,150,600
Investment securities							
Amortised cost	8,097,950	5,014,575	42,800,167	66,231,914	—	15,393,942	137,538,548
FVOCI	—	—	—	145,747,090	10,965,120	107,172,976	263,885,186
Mortgage loan facilities	7,704,298	17,651,260	—	—	—	—	25,355,558
As at March 31, 2025	29,685,375	49,193,627	42,940,695	253,995,634	10,965,120	122,566,918	509,347,369
Cash and cash equivalents	2,326,589	—	46,247	38,127,961	—	—	40,500,797
Receivables	764,129	31,654,778	—	—	—	—	32,418,907
Investment securities							
Amortised cost	—	16,761,356	52,041,604	24,770,091	—	10,426,236	103,999,287
FVOCI	—	—	—	162,846,886	12,755,078	107,008,399	282,610,363
Mortgage loan facilities	10,870,302	20,459,776	—	—	—	—	31,330,078
As at March 31, 2024	13,961,020	68,875,910	52,087,851	225,744,938	12,755,078	117,434,635	490,859,432

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4 Financial risk management ...continued

e) Management of credit risk ...continued

Economic sector concentrations within the mortgage loan facilities were as follows:

	2025 \$	2025 %	2024 \$	2024 %
Development banks	12,728,136	50	14,742,567	47
Credit unions	12,627,422	50	15,062,977	48
Finance company	—	—	1,524,534	5
	25,355,558	100	31,330,078	100

Credit risk exposure based on the Group's internal corporate rating system

The following tables analyses the credit rating by internally developed and assessed investment ratings of financial assets bearing credit risk. The investment securities are disclosed before the ECL allocation.

The internal credit ratings assigned to investments are as follows:

Investment securities	Meaning	Internal rating	Range (Moody's)	2025 \$	2024 \$
Description of grade					
Investment grade	Exceptional	1	Aaa	12,371,978	14,595,452
Investment grade	Excellent	2	Aa1 to Aa3	12,918,043	1,554,876
Investment grade	Strong	3	A1 to A3	114,916,523	66,033,262
Investment grade	Good	4	Baa1 to Baa3	211,638,355	234,653,017
Speculative grade	Satisfactory	5	Ba1 to Ba3	17,750,636	16,614,540
Speculative grade	Adequate	6	B1 to B3	26,884,526	46,597,277
Speculative grade	Special Mention	7	Caa1 to Caa3	—	1,700,000
Credit impaired	Loss	10	—	6,348,663	5,000,000
				402,828,724	386,748,424

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4 Financial risk management ...continued

e) Management of credit risk ...continued

The internal credit ratings assigned to mortgages are as follows:

Mortgage loan facilities	Meaning	Internal rating	Range (Moody's)	2025 \$	2024 \$
Description of grade					
Speculative grade	Satisfactory	5	Ba1 to Ba3	12,405,326	14,793,491
Speculative grade	Adequate	6	B1 to B3	13,159,732	15,266,605
Speculative grade	Special Mention	7	Caa1 to Caa3	—	1,586,212
				25,565,058	31,646,308

f) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Group manages interest rate risk by monitoring interest rates daily and ensuring that the maturity profile of its financial assets is matched by that of its financial liabilities to the extent practicable, given the nature of the business. The directors and management believe that the Group has limited exposure for foreign currency risk as its foreign current assets and liabilities are denominated in United States Dollars, which is fixed to Eastern Caribbean Dollars at the rate of \$2.70.

i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values.

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4 Financial risk management ...continued

f) Market risk ...continued

i) Interest rate risk ...continued

The following table summarises the carrying amounts of assets and liabilities to arrive at the Group's interest rate gap based on the earlier of contractual repricing and maturity dates.

As at March 31, 2025	Within 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Financial assets:						
Cash and cash equivalents	55,364,952	—	—	—	53,525	55,418,477
Receivables	—	—	—	—	27,150,600	27,150,600
Investment securities						
Amortised cost	5,542,757	16,176,375	98,159,453	17,659,963	—	137,538,548
FVOCI	3,012,163	1,696,629	47,733,920	211,442,474	100,000	263,985,186
Mortgage loan facilities	543,920	1,631,760	10,263,122	12,916,756	—	25,355,558
Total financial assets	64,463,792	19,504,764	156,156,495	242,019,193	27,304,125	509,448,369
Financial liabilities:						
Borrowings	120,595,773	269,743,000	—	—	—	390,338,773
Other borrowings	34,560,000	—	—	—	—	34,560,000
Accrued expenses and other liabilities	—	—	—	—	4,115,830	4,115,830
Lease liability	44,776	—	—	—	—	44,776
Total financial liabilities	155,200,549	269,743,000	—	—	4,115,830	429,059,379
Interest sensitivity gap	(90,736,757)	(250,238,236)	156,156,495	242,019,193	23,188,295	80,388,990

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4 Financial risk management ...continued

f) Market risk ...continued

i) Interest rate risk ...continued

As at March 31, 2024	Within 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Financial assets:						
Cash and cash equivalents	40,466,869	—	—	—	34,928	40,501,797
Receivables	—	—	—	—	32,418,907	32,418,907
Investment securities						
Amortised cost	13,814,299	20,866,414	54,904,099	14,414,475	—	103,999,287
FVOCI	—	4,045,577	48,626,600	229,938,186	100,000	282,710,363
FVTPL	—	—	—	—	—	—
Mortgage loan facilities	548,115	1,644,346	12,423,520	16,714,097	—	31,330,078
Total financial assets	54,829,283	26,556,337	115,954,219	261,066,758	32,553,835	490,960,432
Financial liabilities:						
Borrowings	117,360,103	263,080,000	—	—	—	380,440,103
Other borrowings	34,830,000	—	—	—	—	34,830,000
Accrued expenses and other liabilities	—	—	—	—	3,533,120	3,533,120
Lease liability	43,454	132,333	44,776	—	—	220,563
Total financial liabilities	152,233,557	263,212,333	44,776	—	3,533,120	419,023,786
Interest sensitivity gap	(97,404,274)	(236,655,996)	115,909,443	261,066,758	29,020,715	71,936,646

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4 Financial risk management ...continued

f) Market risk ...continued

i) Interest rate risk ...continued

Interest rate sensitivity

The Group's interest rate risk arises from investment securities and mortgage loan facilities. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income.

	Impact on net profit	
	2025	2024
	\$	\$
Interest rate - increase by 1.00% (2024: 1.00%)	988,152	837,006
Interest rate - decrease by 1.00% (2024: 1.00%)	(988,152)	(837,006)

ii) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flow from, financial instruments will vary because of exchange rate fluctuations. The Group incurs currency risk on transactions that are denominated in a currency other than the functional currency, the EC Dollar. The main currency giving rise to this risk is the US Dollar. However, the EC Dollar is fixed to the US Dollar at the rate of 2.70.

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4 Financial risk management ...continued

f) Market risk ...continued

ii) Foreign currency risk ...continued

The following table summarises the Group's exposure to foreign currency risk as of March 31, 2025 and 2024. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

	Eastern Caribbean Dollar \$	United States Dollar \$	Total \$
As at March 31, 2025			
Financial assets			
Cash and cash equivalents	13,259,284	42,159,193	55,418,477
Receivables	27,150,600	—	27,150,600
Investment securities			
Amortised cost	9,810,171	127,728,377	137,538,548
FVOCI	100,000	263,885,186	263,985,186
Mortgage loan facilities	25,355,558	—	25,355,558
	75,675,613	433,772,756	509,448,369
Financial liabilities			
Borrowings	390,338,773	—	390,338,773
Other borrowings	—	34,560,000	34,560,000
Accrued expenses and other liabilities	4,115,830	—	4,115,830
Lease liability	44,776	—	44,776
	394,499,379	34,560,000	429,059,379
Net statement of financial position	(318,823,766)	399,212,756	80,388,990

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4 Financial risk management ...continued

f) Market risk ...continued

iii) Foreign currency risk ...continued

	Eastern Caribbean Dollar \$	United States Dollar \$	Total \$
As at March 31, 2024			
Financial assets			
Cash and cash equivalents	2,327,501	38,174,296	40,501,797
Receivables	32,418,907	—	32,418,907
Investment securities			
Amortised cost	14,971,174	89,028,113	103,999,287
FVOCI	100,000	282,610,363	282,710,363
FVTPL	—	—	—
Mortgage loan facilities	31,330,078	—	31,330,078
	81,147,660	409,812,772	490,960,432
Financial liabilities			
Borrowings	380,440,103	—	380,440,103
Other borrowings	—	34,830,000	34,830,000
Accrued expenses and other liabilities	3,533,120	—	3,533,120
Lease liability	220,563	—	220,563
	384,193,786	34,830,000	419,023,786
Net statement of financial position	(303,046,126)	374,982,772	71,936,646

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4 Financial risk management ...continued

g) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, monitor future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities such as access to a credit line held with Raymond James. Fallback mechanisms include access to the procurement of bank overdrafts with commercial banks, stand-by lines of credit with external parties, the issuance of corporate papers maturing in monthly tranches and the issuance of preference shares.

Due to the dynamic nature of the underlying businesses, the management of the Group ensures that sufficient funds are held in short-term marketable instruments to meet its liabilities and disbursement commitments when due, without incurring unacceptable losses or risk damage to the Group's reputation.

The daily liquidity position is monitored by reports covering the position of the Group. The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to cash available for disbursements. For this purpose, net liquid assets are considered as including cash and cash equivalents and short-term marketable securities, less loan and bond commitments to borrowers within the coming year.

The Group utilises the survival horizon metric to monitor short to medium term liquidity requirements. The survival horizon measures the time the Group is able to fulfil all its payment obligations stemming from ongoing business operations under a severe stressed scenario. The Group's target survival horizon is twelve (12) months. The Group uses stress testing to calculate the liquidity requirements corresponding to different survival horizons.

The Group also utilises projections of cash inflows and outflows based on historical trends to monitor short to medium-term liquidity requirements.

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4 Financial risk management ...continued

g) Liquidity risk ...continued

Maturities analysis of assets and liabilities

The following table presents the contractual maturities of financial assets and liabilities, on the basis of their earliest possible contractual maturity.

	Within 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Total \$
As at March 31, 2025					
Assets:					
Cash and cash equivalents	55,418,477	—	—	—	55,418,477
Receivables	27,150,600	—	—	—	27,150,600
Investment securities					
Amortised cost	5,550,916	16,716,276	117,334,326	24,055,565	163,657,083
FVOCI	3,033,259	1,754,941	54,460,080	378,368,220	437,616,500
Mortgage loan facilities	543,920	1,631,760	10,263,122	12,916,756	25,355,558
Total assets	91,697,172	20,102,977	182,057,528	415,340,541	709,198,218
Liabilities:					
Borrowings	123,050,888	273,285,458	—	—	396,336,346
Other borrowings	34,591,329	—	—	—	34,591,329
Accrued expenses and other liabilities	4,115,830	—	—	—	4,115,830
Lease liability	45,000	—	—	—	45,000
Total liabilities	161,803,047	273,285,458	—	—	435,088,505
Net liquidity gap	(70,105,875)	(253,182,481)	182,057,528	415,340,541	274,109,713

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4 Financial risk management ...continued

g) Liquidity risk ...continued

Maturities analysis of assets and liabilities ...continued

	Within 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Total \$
As at March 31, 2024					
Assets:					
Cash and cash equivalents	40,501,797	—	—	—	40,501,797
Receivables	32,418,907	—	—	—	32,418,907
Investment securities					
Amortised cost	13,868,688	21,607,993	64,098,357	22,369,556	121,944,594
FVOCI	—	4,230,865	55,166,470	413,874,113	473,271,448
FVTPL	—	—	—	—	—
Mortgage loan facilities	548,115	1,644,346	12,423,520	16,714,097	31,330,078
Total assets	87,337,507	27,483,204	131,688,347	452,957,766	699,466,824
Liabilities:					
Borrowings	119,460,789	266,247,147	—	—	385,707,936
Other borrowings	34,861,157	—	—	—	34,861,157
Accrued expenses and other liabilities	3,533,120	—	—	—	3,533,120
Lease liability	45,000	135,000	45,000	—	225,000
Total liabilities	157,900,066	266,382,147	45,000	—	424,327,213
Net liquidity gap	(70,562,559)	(238,898,943)	131,643,347	452,957,766	275,139,611

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4 Financial risk management ...continued

h) Operational risk

The growing sophistication of the banking industry has made the Group's operational risk profile more complex. Operational risk is inherent to all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The Group recognises that such risks can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. Independent checks on operational risk issues are also undertaken by the internal audit function.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance when this is effective.

i) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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4 Financial risk management ...continued

i) Capital management ...continued

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total bonds in issue (as shown in the statement of financial position as “Borrowings”). Total capital is calculated as ‘equity’ as shown in the statement of financial position. The Board of Directors requires the Group to maintain a maximum gearing ratio of 8.00:1.

	2025 \$	2024 \$
Total Debt	424,898,773	415,270,103
Total Equity	80,960,920	72,326,776
Debt to Equity ratio	5.25	5.74

There were no changes to the Group’s approach to capital management during the year.

j) Fair value estimation

The table below summarises the carrying and fair values of the Group’s financial assets and liabilities.

	Carrying value		Fair value	
	2025 \$	2024 \$	2025 \$	2024 \$
Cash and cash equivalents	55,418,477	40,501,797	55,418,477	40,501,797
Receivables	27,150,600	32,418,907	27,150,600	32,418,907
Investment securities				
Amortised cost	137,538,548	103,999,287	137,940,288	102,900,423
FVOCI	263,985,186	282,710,363	263,985,186	282,710,363
Mortgage loan facilities	25,355,558	31,330,078	24,896,971	30,227,844
	509,448,369	490,960,432	509,291,522	488,759,334
Borrowings	390,338,773	380,440,103	390,338,773	380,440,103
Other borrowings	34,560,000	34,830,000	34,560,000	34,830,000
Accrued expenses and other liabilities	4,115,830	3,533,120	4,115,830	3,533,120
Lease liability	44,776	220,563	44,776	220,563
	429,059,379	419,023,786	429,059,379	419,023,786

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4 Financial risk management ...continued

j) Fair value estimation ...continued

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

Mortgage loan facilities represent residential mortgages loans portfolio and other credit facilities issued for further provision of mortgage loans by the third-party institution. Outstanding balances are carried based on its principal and interest. The fair values of mortgages are equal to their carrying values.

The fair values of the floating rate debt securities in issue is based on quoted market prices where available and where not available is based on a current yield curve appropriate for the remaining term to maturity.

Accordingly estimates contained herein are not necessarily indicative of the amounts that the Group could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. Management is not aware of any factors that would significantly affect the estimated fair value amounts.

Financial instruments where carrying value is equal to fair value due to their short-term maturity include cash and cash equivalents, receivables and accrued expenses and other liabilities.

k) Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observed.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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4 Financial risk management ...continued

k) Fair value measurements recognised in the statement of financial position ...continued

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
March 31, 2025	\$	\$	\$	\$
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)				
Quoted corporate bonds	250,928,565	—	—	250,928,565
Quoted sovereign bonds	10,044,907	—	—	10,044,907
Unquoted equity instrument	—	—	100,000	100,000
Fair value	260,973,472	—	100,000	261,073,472
March 31, 2024	\$	\$	\$	\$
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)				
Quoted corporate bonds	257,137,430	3,783,956	—	260,921,386
Quoted sovereign bonds	18,369,679	—	—	18,369,679
Unquoted equity instrument	—	—	100,000	100,000
Fair value	275,507,109	3,783,956	100,000	279,391,065

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5 Critical accounting estimates and judgements

The Group's consolidated financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements. Estimates and judgments 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates that have a significant risk of causing material adjustments to the carrying amounts of assets within the next financial year are discussed below.

When preparing the consolidated financial statements, Management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. 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. Actual results may be substantially different.

i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is earlier detailed, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out below.

The most significant assumptions affecting the ECL allowance are as follows:

- The determination of the estimated time to sell the underlying collateral securing the financial assets;
- The determination of the fair value of the underlying collateral securing the financial assets; and
- The determination of the probabilities of default utilised in the assessment of 12-month and lifetime credit losses.

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5 Critical accounting estimates and judgements ...continued

ii) Motor vehicles and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

6 Cash and cash equivalents

	2025 \$	2024 \$
Cash on hand	1,000	1,000
Cash in banks	45,283,601	40,500,797
Money market instruments	10,133,876	—
	55,418,477	40,501,797

Cash in banks earned interest at rates ranging from 0% to 2.25% (2024: 0% to 3.9%). During the year, the interest income earned on these financial assets was \$239,469 (2024: \$268,884).

7 Receivables and prepayments

	2025 \$	2024 \$
Other receivables	25,815,000	31,531,000
Receivables	1,335,600	887,907
Prepayments	130,266	21,036
	27,280,866	32,439,943

Other receivables represent amounts receivable from bondholders for their participation in the Group's Corporate Paper HMB280326 (2024: HMB280325). The balances are non-interest bearing and are all current.

Receivables represent loan payments collected by the Group's primary lenders as loan administrators which have not yet been remitted to the Group as of the reporting date. Receivable balances are non-interest bearing and are all current.

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8 Investment securities

	2025 \$	2024 \$
At amortised cost		
Unquoted bonds	36,111,793	43,893,604
Quoted corporate bonds	67,419,204	31,982,868
Quoted sovereign bonds	22,857,160	12,271,961
Term deposits	10,400,000	17,150,000
Quoted supranational bonds	5,067,095	2,158,926
	<u>141,855,252</u>	<u>107,457,359</u>
Interest receivable	2,403,305	2,151,683
	<u>144,258,557</u>	<u>109,609,042</u>
Total amortised cost (gross)		
Less provision for expected credit losses	(6,720,009)	(5,609,755)
	<u>137,538,548</u>	<u>103,999,287</u>
At fair value through other comprehensive income		
Quoted corporate bonds	250,928,565	260,921,386
Quoted sovereign bonds	10,044,907	18,369,679
Unquoted equity investment	100,000	100,000
	<u>261,073,472</u>	<u>279,391,065</u>
Interest receivable	3,321,230	3,573,368
	<u>264,394,702</u>	<u>282,964,433</u>
Total FVOCI (gross)		
Less provision for expected credit losses	(409,516)	(254,070)
	<u>263,985,186</u>	<u>282,710,363</u>
Total investment securities	<u>401,523,734</u>	<u>386,709,650</u>
Current	26,527,925	38,826,289
Non-current	374,995,809	347,883,361
Total investment securities	<u>401,523,734</u>	<u>386,709,650</u>

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8 Investment securities ...continued

The movement of the investment securities is shown below:

	2025			
	Amortised cost \$	FVOCI \$	FVTPL \$	Total \$
Principal				
Balance at beginning of year	107,457,359	279,391,065	—	386,848,424
Additions	68,843,220	960,143	—	69,803,363
Net change in fair value	—	3,463,915	—	3,463,915
Disposals	(34,375,972)	(21,459,779)	—	(55,835,751)
Bond premium amortisation	(69,355)	(1,281,872)	—	(1,351,227)
	141,855,252	261,073,472	—	402,928,724
Interest receivable	2,403,305	3,321,230	—	5,724,535
Less provision for expected credit losses	(6,720,009)	(409,516)	—	(7,129,525)
Balance at end of year	137,538,548	263,985,186	—	401,523,734
	2024			
	Amortised cost \$	FVOCI \$	FVTPL \$	Total \$
Principal				
Balance at beginning of year	111,337,888	261,142,858	18,182,847	390,663,593
Additions	54,611,981	16,140,186	12,317,122	83,069,289
Net change in fair value	—	6,124,109	162,284	6,286,393
Disposals	(58,265,715)	(2,445,422)	(30,662,253)	(91,373,390)
Bond premium amortisation	(226,795)	(1,570,666)	—	(1,797,461)
	107,457,359	279,391,065	—	386,848,424
Interest receivable	2,151,683	3,573,368	—	5,725,051
Less provision for expected credit losses	(5,609,755)	(254,070)	—	(5,863,825)
Balance at end of year	103,999,287	282,710,363	—	386,709,650

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8 Investment securities ...continued

The movement in the provision for expected credit losses is as follows:

	2025 \$	2024 \$
Balance at the beginning of year	5,863,825	4,437,988
Amounts written off	—	—
Recovery in loss allowance for the year	—	—
Loss allowance for the year	1,265,700	1,425,837
Balance at end of year	7,129,525	5,863,825

a) Quoted corporate and sovereign bonds

The Group has certain investment securities which comprise of quoted corporate and sovereign bonds trading in United States Dollar. Bonds have coupon rates of 0.00% to 9.25% (2024: 2.25% to 9.25%) whilst the effective interest rates for these bonds range from 3.73% to 27.02% (2024: 2.06% to 9.30%). Bonds have a weighted average maturity of 12 years and will mature between April 2025 to December 2066 while paying semi-annual coupon payments until maturity. As at March 31, 2025, the fair values of these amounted to \$351,331,823 (2024: \$322,767,715) which were derived using level 1 inputs as these bonds are quoted in active markets.

b) Unquoted Bonds denominated in Eastern Caribbean Dollars and United States Dollars are held with regional governments and corporates and yield interest rates of 2.0% to 8.5% (2024: 2.0% to 9.0%) with maturity dates ranging from September 2025 to October 2036.

c) Term deposits

Term deposits are held in various financial institutions in the wider Caribbean and are all expected to mature by August 2025. The deposits bear interest of 5.0% (2024: 5.0%).

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8 Investment securities ...continued

c) Term deposits ...continued

Term deposit held with CLICO International Life Insurance Limited

Clico International Life Insurance (“Clico Life”), a company duly incorporated under the laws of Barbados with insurance business in several Eastern Caribbean countries including St. Lucia acquired 20,000 Class D shares in the Eastern Caribbean Home Mortgage Bank (“the Bank”) from The Home Mortgage Bank (Trinidad and Tobago). Clico Life as an insurance company was required to establish insurance funds with the Registrar of Insurance in each jurisdiction where it operated, as security for its obligations under the policies issues in those respective jurisdictions. Clico Life pledged 20,000 Class D shares from the Bank to the Registrar of Insurance in St. Lucia on October 6, 2008 as part of its mandatory statutory deposit requirement to conduct insurance business.

The Bank holds an Executive Flexible Premium Annuity (EFPA) with CLICO International Life Insurance Limited (CLICO Barbados), a member of the CL Financial Group, of \$5,000,000. The EFPA matured in October 2009. In 2011, the Bank was informed that CLICO had been placed under judicial management. On July 28, 2011, the Judicial Manager submitted its final report to the High Court in Barbados setting out its findings and recommendations. As a result, the Bank took the decision to withhold dividends for the financial years 2011 to 2017 and 2019 to 2023 totalling \$2,250,000.

By order dated April 11, 2011, the Registrar of Insurance et al v Clico International Life Insurance Limited, placed the aforesaid in receivership, and Mr. Richard Surage was appointed as Judicial Manager with respect to the insurance business carried on in St. Lucia. The high court in St. Lucia authorized the Judicial Manager to deal with all the assets and property owned by Clico Life (St. Lucia). The order further directed that the Judicial Manager in discharging his obligations shall be empowered to carry out the following functions:

- (a) To ascertain the assets of the Company and their location and take all steps necessary including Court actions where appropriate to obtain possession of such assets, including, without prejudice to the generality of the foregoing, reinsurance receivables, and to bring the same under his control and further, where appropriate, bring into the jurisdiction of the Honourable Court and, for this purpose, to seek the assistance of the Court of the various jurisdictions in which assets of the Company are located.

Under the authority of order dated April 11, 2011 in the St. Lucia Claim, the Judicial Manager brought an action in the jurisdiction of St. Lucia in Claim Number **SLUHCY2019/0087** Clico International Life Insurance Limited (in Judicial Management) V Eastern Caribbean Home Mortgage Bank to order the defendant to comply with the claimant’s demand to deal with the sell the 20,000 Class F shares owned by the claimant and for damages in the sum of \$1,550,000 plus interest. In a decision dated October 16, 2020, the judge dismissed the claim on the basis that a court of Saint Lucia has no jurisdiction to make the order sought. The learned judge further stated, “whilst an international corporate body is not to be treated as subject to the domestic law of any participating state, it is to be governed by the treaty which establishes it. It is the case with ECHMB that the Companies Act of Grenada applies to it as if it were a company incorporated there. In these circumstances, the shares would have to be treated as though there were shares in a Grenada company subject to the Companies Act of Grenada and therefore it is a court in Grenada which would have jurisdiction to try the claim and not this Court.”

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8 Investment securities ...continued

c) Term deposits ...continued

Term deposit held with CLICO International Life Insurance Limited...continued

The Judicial Manager filed a claim on the March 16, 2021 in Grenada which seeks the following:-

- (a) A declaration that the Claimant acting through its Judicial Manager is entitled to deal with and sell the 20,000 Class F Shares owned by the Claimant in the Bank for such sum and on such terms as the Claimant might think fit, subject only to the Bye-Laws of the Defendant and the Eastern Caribbean Home Mortgage Bank Agreement Cap. 19:08;
- (b) Payment of the sum of \$1,550,000.00 due and owing to the Claimant by the Bank as dividends on 20,000 Class F shares number 074563 to 094562 financial years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 together with interest.

On October 31, 2023, the case was heard and on March 14, 2024 the High Court in Grenada ruled on behalf of the Judicial Manager (St. Lucia). The Board of Directors contended that there is reasonable basis for appeal and filed a Notice of Appeal.

It was considered prudent to provide for any possible losses by reversing the dividends previously netted off against the investment in the Group's statement of financial position which gave rise to a dividend payable of \$2,250,000 to the Claimant in FY 2024. Given the improbability of realising the investment, the Group took the decision to classify the aforesaid as Stage 3 with 100% provision which gave rise to an increase in the provision for expected credit losses of \$2,150,000 in FY 2024.

Depositors' Protection Trust (DPT)

On July 22, 2011, the ECCB exercised the powers conferred on it by Part IIA, Article 5B of the ECCB Agreement Act 198 and assumed control of the Antigua and Barbuda Investment Bank (ABIB). Relative to this, the Government of Antigua and Barbuda pledged its full support to the ECCB in its efforts to resolve the challenges facing ABIB.

By the Depositors Protection Trust Deed (the "DPT") dated April 14, 2016 between the Government of Antigua and Barbuda, the Trustees of the DPT and the Receiver of the ABIB, a DPT was established to assist with securing the stability of the banking system of Antigua and Barbuda by protecting the deposits of ABIB in excess of \$500,000. The Government of Antigua and Barbuda agreed to fund the DPT by issuing a 10-year bond to the DPT in the amount of \$157,000,000.

With respect to the \$500,000 which was not to be transferred to the DPT, this balance was converted to a fixed deposit and current account with the Eastern Caribbean Amalgamated Bank (ECAB). These accounts were duly transferred to the Bank in 2017.

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8 Investment securities ...continued

c) Term deposits ...continued

Depositors' Protection Trust (DPT)... continued

The DPT would assume the liabilities of amounts in excess of \$500,000 held in the ABIB. As of March 31, 2017, the Bank held an amount of \$4,904,228 in excess of \$500,000 with ABIB. Accordingly, under the Terms of the Agreement, this amount became a liability to the DPT, subject to the completion of the Deed of Subrogation.

Under the Deed, depositors covered under the DPT would receive ten (10) annual equal instalments equal to 1/10th of the principal benefit transferred to the DPT. Payments related to these balances were to commence on May 31, 2016. Furthermore, outstanding balances remaining in the DPT attract interest at an interest rate of 2.0% per annum accruing from December 1, 2015, the payment of which was to be made on May 31, 2016 and thereafter twice in each year starting on November 30, 2017 and continuing every six months until full payment has been made of the principal benefit.

The DPT's Deed was executed in financial year 2019 and the Bank received principal and interest payments based on terms noted. As at March 31, 2025, the Bank held an outstanding principal of \$1,348,663 (2024: \$1,593,874). Interest earned in 2025 amounted to \$29,017 (2024: \$41,206).

As at reporting date, DPT was reclassified from Stage 2 – Significant Increase in Credit Risk to Stage 3 – Credit Impaired Assets, following a comprehensive assessment of its financial condition and exposure. Previously, DPT was categorized under Stage 2 ECL, indicating a notable increase in credit risk with expected credit losses recognised over the asset's lifetime. However, due to further deterioration in financial performance and an inability to meet debt obligations, the company is now classified as Stage 3 – Fully Impaired, necessitating full provisioning of expected credit losses.

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9 Mortgage loan facilities

	2025	2024
	\$	\$
Mortgage loans portfolio	15,178,176	19,616,541
Mortgage-pledged loan	5,887,758	7,204,053
Mortgage credit facility	4,499,124	4,825,714
	25,565,058	31,646,308
Provision for expected credit losses	(209,500)	(316,230)
	25,355,558	31,330,078
Current	2,175,680	2,192,461
Non-current	23,179,878	29,137,617
	25,355,558	31,330,078
	2025	2024
	\$	\$
Territory analysis		
St. Kitts and Nevis	7,704,297	10,870,302
Anguilla	6,370,914	6,955,624
Grenada	6,144,659	6,680,219
Antigua and Barbuda	5,135,688	5,299,399
St. Lucia	-	1,524,534
	25,355,558	31,330,078

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9 Mortgage loan facilities ...continued

Movement in the balance is as follows:

	2025 \$	2024 \$
Balance at beginning of year	31,330,078	26,804,673
Add: Loans purchased	-	7,124,271
Less: Principal repayments	(2,468,833)	(2,371,245)
Mortgages that were repurchased or replaced	(2,127,698)	(254,738)
Mortgages pools repurchased	(1,484,719)	-
	25,248,828	31,302,961
Decrease in provision for expected credit losses	106,730	27,117
Total	25,355,558	31,330,078

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	2025 \$
Balance at beginning of year	316,230
Change in expected credit losses for the year	(106,730)
Balance at end of year	209,500

	2024 \$
Balance at beginning of year	343,347
Change in expected credit losses for the year	(27,117)
Balance at end of year	316,230

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9 Mortgage loan facilities ...continued

Terms and conditions of mortgage loan facilities

a) Purchase of mortgages

The Group enters into Sale and Administration Agreements with Primary Lending Institutions in the OECS territories for the purchase of mortgages. Mortgages are purchased at the outstanding principal on the settlement date.

b) Recourse to primary lending institutions

Under the terms of the Sale and Administration Agreement, the Administrator (Primary Lending Institution) warrants that any default, loss or title deficiency occurring during the life of the loans secured by the Purchased Mortgages will be remedied.

c) Administration fees

The Primary Lending Institutions are responsible for administering the mortgages on behalf of the Group at an agreed fee on the aggregate principal amount, excluding any accrued interest, penalties or bonuses, outstanding at the beginning of the month in reference.

d) Rates of interest

Rates of interest earned vary from 3.5% to 11.0% (2024: 3.5% to 11.0%). During the financial year, the Group earned interest income of \$1,680,843 (2024: \$1,548,983) (see note 19).

Terms and conditions of mortgage credit facility

The Group advances funds for origination of mortgages by Primary Lenders domiciled in the ECCU such as Commercial Banks, Development Banks, Insurance Companies and Credit Unions (collectively referred to as "Primary Lenders"). The mortgages originated from these funds are subsequently sold to the Group. The interest rate on the mortgage credit facility is 3.5% (2024: 3.5%) with an average tenor of eleven (11) years. The Primary Lender bears the credit risk of the mortgages and any defaults, loss or title deficiency and/or other obligations secured by the mortgages will be remedied by the Primary Lender and the Group shall be protected and indemnified by the Primary Lender against any and all resulting losses.

Terms and conditions of mortgage-pledged loans

The Group provides funds for the origination of mortgages to regulated mortgage-lending institutions in the ECCU. The mortgages generated from the funds are not sold to the Group, instead, a pool of mortgages is pledged as collateral for the loan. The interest rates on mortgage-pledge loans vary from 3.5% to 4.0% (2024: 3.5% to 4.0%) with an average tenor of six (6) years.

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10 Motor vehicles and equipment

	Motor vehicles \$	Computer equipment \$	Furniture and fixtures \$	Leasehold improvement \$	Total \$
Year ended March 31, 2025					
Opening net book value	68,482	14,210	130	71,356	154,178
Additions	410,000	20,175	-	-	430,175
Disposals	(317,000)	-	-	-	(317,000)
Depreciation charge (note 21)	(74,617)	(8,141)	(130)	(57,085)	(139,973)
Depreciation write back	271,300	-	-	-	271,300
Closing net book value	358,165	26,244	-	14,271	398,680
Year ended March 31, 2024					
Opening net book value	131,882	14,712	1,404	128,441	276,439
Additions	-	12,562	-	-	12,562
Disposals	-	-	-	-	-
Depreciation charge (note 21)	(63,400)	(13,064)	(1,274)	(57,085)	(134,823)
Closing net book value	68,482	14,210	130	71,356	154,178

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11 Leases

The Group leases its office from the ECCB and the lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The lease term is three (3) years with the option to renew for another three (3) years on such terms mutually agreed to by both parties. The Group does not have the option to purchase the space at the end of the lease term. The asset and liability arising from the lease were initially measured using a discount rate of 3.00%.

Information about leases for which the Group is a lessee is presented below:

	2025 \$	2024 \$
Right-of-use asset		
Opening balance	214,916	386,848
Amortisation	(171,932)	(171,932)
Closing balance	42,984	214,916
	2025 \$	2024 \$
Lease liability		
Opening balance	220,563	391,161
Interest expense	4,213	9,402
Lease payment	(180,000)	(180,000)
Closing balance	44,776	220,563
	2025 \$	2024 \$
Lease liability		
Current	44,776	175,787
Non-current	-	44,776
	44,776	220,563

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11 Leases ...continued

The future minimum lease payments as at March 31, 2025 were as follows:

	Within 1 year \$	1 - 2 years \$	2 - 3 years \$	3 - 4 years \$	4 - 5 years \$	After 5 years \$	Total \$
March 31, 2025							
Lease payments	45,000	—	—	—	—	—	45,000
Finance charges	(224)	—	—	—	—	—	(224)
Net present value	44,776	—	—	—	—	—	44,776

The future minimum lease payments as at March 31, 2024 were as follows:

	Within 1 year \$	1 - 2 years \$	2 - 3 years \$	3 - 4 years \$	4 - 5 years \$	After 5 years \$	Total \$
March 31, 2024							
Lease payments	180,000	45,000	—	—	—	—	225,000
Finance charges	(4213)	(224)	—	—	—	—	(4,437)
Net present value	175,787	44,776	—	—	—	—	220,563

The amounts recognised in profit and loss for the year ended March 31, 2025 are as follows:

	2025 \$	2024 \$
Amounts recognised in profit and loss		
Amortisation expense on right-of-use assets (note 20)	171,932	171,932
Interest expense on lease liability (note 20)	4,213	9,402

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12 Borrowings

	2025 \$	2024 \$
Corporate papers		
Balance at beginning of year	378,281,000	389,761,000
Add: Issues during the year	387,747,000	378,281,000
Less: Redemptions during the year	(378,281,000)	(389,761,000)
	387,747,000	378,281,000
Less: unamortised issue costs	(235,537)	(220,148)
	387,511,463	378,060,852
 Interest payable	 2,827,310	 2,379,251
 Total	 390,338,773	 380,440,103
 Current portion	 390,338,773	 380,440,103

Corporate papers are comprised of one-year debt instruments maturing in monthly tranches with maturity dates ranging from April 15, 2025 to March 28, 2026 (2024: April 12, 2024 to March 28, 2025).

Corporate papers issued by the Group are secured by debentures over its fixed and floating assets. Interest is payable semi-annually in arrears at rates of 3.00% (2024: 2.50% and 3.00%). Interest expense incurred during the year amounted to \$10,846,287 (2024: \$9,790,518).

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12 Borrowings ...continued

Borrowing costs are those costs directly attributable to the issuance of the various debt instruments and are classified as interest expense. Borrowing costs incurred during the year amounted to \$406,156 (2024: \$466,705).

The breakdown of capitalised corporate paper issue costs and transaction costs is as follows:

	2025 \$	2024 \$
Capitalised issue costs		
Balance at beginning of year	220,148	228,915
Additions	256,133	239,167
	476,281	468,082
Less: amortisation for year	(240,744)	(247,934)
Balance at end of year	235,537	220,148

Capitalised issue costs

The corporate paper issue costs are being amortised over the duration of the life of the respective corporate paper for a period of one year (2024: one year) which carry interest rates of 3.00% (2024: 2.50% or 3.00%).

Transaction costs on other borrowed funds

The costs associated with the negotiation of other borrowings are being amortised over the tenure of the funds acquired.

13 Other borrowings

	2025 \$	2024 \$
Revolving line of credit	34,560,000	34,830,000

Revolving line of credit

During the financial year, the Group utilised its Securities Based Line of Credit (SBLC) held with the United States Brokers, Raymond James & Associates Inc which carries interest rates ranging from 5.43% to 6.46% and is repayable on demand. The Group is authorised to borrow up to EC\$67,500,000 (US\$25,000,000). This facility serves as an alternative source of liquidity and is secured by the assets held in the custody of Raymond James and Associates Inc. As at March 31, 2025, the assets held in custody of Raymond James and Associates Inc. was \$244,439,040 (2024: \$264,099,383).

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14 Accrued expenses and other liabilities

	2025 \$	2024 \$
Dividends payable	2,350,000	2,250,000
Accrued expenses	1,139,836	855,613
Other liabilities	416,704	266,429
Deferred Income	209,290	161,078
Current portion	4,115,830	3,533,120

The dividends payable relate to **Claim No. GDAHCV2021/0111** between CLICO International Life Insurance Limited (under Judicial Management) (claimant) and the Eastern Caribbean Home Mortgage Bank (defendant). The case was heard on October 31, 2023 and on March 14, 2024, an adverse judgement was issued against the Bank and the Directors have taken the decision to appeal the same. It was considered prudent to provide for any possible losses by reinstating the disputed investment in the Bank's statement of financial position which gave rise to a dividend payable of \$2,250,000 to the Claimant in FY 2024. At the Annual General Meeting on October 4, 2024 (2024: October 6, 2023), shareholders declared a dividend for the year ended March 31, 2024 to ordinary and preference shares of record dated March 31, 2024 of \$5.00 per share (2024: \$5.00) and 5.0% per share (2024: 5.0%) respectively which gave rise to a dividend payable of \$100,000 to the Claimant in FY 2025. Further disclosure on the matter is made under Note 8 (c).

15 Share capital

Ordinary share capital

The Bank is authorised to issue 400,000 (2024: 400,000) ordinary shares of no par value.

As at March 31, 2025, there were 268,749 (2024: 268,749) ordinary shares of no par value issued and outstanding.

	Number of shares	2025 \$	2024 \$
Class A	66,812	9,189,920	9,189,920
Class B	51,178	7,562,200	7,562,200
Class C	80,181	11,062,800	11,062,800
Class D	70,578	9,185,020	9,185,020
	268,749	36,999,940	36,999,940

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15 Share capital ... *continued*

Ordinary share capital ... *continued*

The Bank has adopted the provisions of the Grenada Companies Act No. 35 of 1994, which requires companies to issue shares without nominal or par value. Under Article 29 - Capital Structure of the Eastern Caribbean Home Mortgage Bank Act, (1) Subject to Article 30, the authorised shares capital of the Bank is \$40,000,000 divided into 400,000 shares of the \$100 each, in the following classes:

- (a) 100,000 Class A shares which may be issued only to the Central Bank;
- (b) 60,000 Class B shares out of which 40,000 may be issued only to the Social Security Scheme or National Insurance Board and 20,000 to any Government owned or controlled commercial bank;
- (c) 80,000 Class C shares which may be issued only to commercial banks, other than a Government owned or controlled commercial bank;
- (d) 40,000 Class D shares which may be issued only to insurance companies and credit institutions;
- (e) 40,000 Class E shares which may be issued only to the International Finance Corporation; and,
- (f) 80,000 Class F shares which may be issued only to the Home Mortgage Bank of Trinidad and Tobago.

Preference share capital

The Bank is authorised to issue 500,000 (2024: 500,000) 5% Non-cumulative Callable Preference shares with par value of \$100.00. As at March 31, 2025, there were 499,000 (2024: 472,358) 5% Non-cumulative Callable Preference shares with par value of \$100 issued and outstanding.

5% Non-cumulative Callable Preference Shares	Shares 2025	Shares 2024	2025 \$	2024 \$
Balance at the beginning of the year	472,358	414,940	47,235,800	41,494,000
Additions	26,642	57,418	2,664,200	5,741,800
Balance at end of the year	499,000	472,358	49,900,000	47,235,800

On March 18, 2021, the Board of Directors approved the authorisation of 100,000 5% Non-cumulative Callable Preference Shares at \$100.00. On July 19, 2021, the Board of Directors agreed to increase the authorisation from 100,000 to 150,000 units. On November 17, 2022, the Board of Directors agreed to the authorisation of 350,000 Non-cumulative 5.0% Preference Shares at \$100.00.

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15 Share capital ...continued

Preference share capital ...continued

The following is a summary of applicable terms attaching or relating to the 5% non-cumulative callable preference shares:

a) Dividends

Determination of future dividend payments by the Bank will be at the discretion of the Directors and depend on several factors: availability of distributable earnings; operating results and financial health of the Bank; future capital expenditure and general business and other factors considered relevant by the Directors. No assurance for the payment of dividends can be given by the Bank.

b) Meetings, Voting, Appointment as a Director and Notice

Non-cumulative Callable Preference Shareholders are entitled to receive notice of, and to attend, general meetings of the Bank and to receive all notices, accounts and other documents required to be sent to Shareholders under the Corporations Act. Non-cumulative Callable Preference Shareholders shall have no voting rights. The Non-cumulative Callable Preference Shareholders are not eligible to be appointed as a director of the Bank.

c) Redemption

The shares exist in perpetuity with no maturity date. However, the shares are callable in whole or in part at the sole discretion of the Bank. Each investor grants to the Bank or its nominees an irrevocable Redemption Offer to buy the Non-cumulative Callable Preference Shares held by the investor at the price they were issued inclusive of any outstanding dividends. The Bank can choose to exercise the Redemption Offer at its discretion. The Bank is not required to exercise the redemption offer on all Non-cumulative Callable Preference Shares at the same time or in any specific order.

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16 Reserves

Portfolio risk reserve

In March 2004, the Board of Directors approved the creation of a portfolio risk reserve. After the initial transfers from retained earnings, the Board of Directors also agreed to an annual allocation to each reserve fund of 20% of profits after the appropriation for dividends, effective March 31, 2005. On April 5, 2019, the Board of Directors took a decision to transfer the amount of \$5,479,902 to retained earnings to treat with the impairment of assets resulting from implementation of IFRS 9. The Board further approved the suspension of the annual allocation from retained earnings to the portfolio risk reserve for the year ended March 31, 2019, which resumed in the financial year ended March 31, 2020, at the rate of 20% of profits after the appropriation of dividends. On April 30, 2021, the Board agreed to the transfer of \$8,000,000 from Retained Earnings to the Portfolio Risk Reserve for the financial year ended March 31, 2021. On March 23, 2022, the Board agreed to transfer \$10,000,000 from Retained Earnings to the Portfolio Risk Reserve for the financial year ended March 31, 2022. In FY 2024, the Board agreed to resume the annual allocation to each reserve fund of 20% of profits after the appropriation for dividends.

	2025 \$	2024 \$
Balance at beginning of year	24,474,029	23,903,001
Transfer from retained earnings	501,206	571,028
Balance at end of year	24,975,235	24,474,029

Fair value reserve

The movement on the net change in fair value of investment securities at FVOCI is as follows:

	2025 \$	2024 \$
Loss at the beginning of year	61,865,214	67,989,323
Current year gains	(3,374,270)	(5,996,825)
Reclassification of net gains to profit and loss on disposal of investment securities	(89,645)	(127,284)
Loss at end of year	58,401,299	61,865,214

17 Dividends

At the Annual General Meeting on October 4, 2024 (2024: October 6, 2023), shareholders declared a dividend for the year ended March 31, 2024 to ordinary and preference shares of record dated March 31, 2024 of \$5.00 per share (2024: \$5.00) and 5.0% per share (2024: 5.0%) respectively amounting to \$3,705,535 (2024: \$2,381,356). Dividends paid during the financial year amounted to \$3,605,535 (2024: \$2,281,356).

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18 Interest income

	2025 \$	2024 \$
Investment securities and cash and cash equivalents	19,867,748	19,174,167
Mortgage loan facilities	1,680,843	1,548,983
	<u>21,548,591</u>	<u>20,723,150</u>

19 Other income

	2025 \$	2024 \$
Mortgage underwriting seminar income	354,453	342,707
Mortgage underwriting seminar expenses	(341,361)	(333,020)
	13,092	9,687
Bonus income on investment securities	1,413,173	—
Gain on disposal of money market instruments	587,264	666,974
Gain on disposal of motor vehicles and equipment	91,800	—
Unrealised gain on FVTPL financial assets (note 8)	—	162,282
Gain on disposal of financial assets at FVTPL	—	131,592
Miscellaneous	10,000	5,007
Gain / (loss) on disposal of financial assets at amortised cost	1,383	(28,597)
Loss on disposal of financial assets at FVOCI	(82,626)	(126,249)
	<u>2,034,086</u>	<u>820,696</u>

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20 General and administrative expenses

	2025	2024
	\$	\$
Salaries and related costs	2,490,381	2,107,869
Advertising/promotion	309,498	246,545
Commission and fees	302,140	431,734
Amortisation - right of use asset (note 11)	171,932	171,932
Shared Services - HR	125,996	59,600
Computer repairs and maintenance	98,183	75,321
Consultancy	90,050	3,071
Telephone	77,757	74,737
Miscellaneous	71,539	77,426
Credit rating fee	52,884	40,500
Repairs and maintenance	52,882	34,801
Airfares	52,490	33,394
Consultancy - HR	40,500	77,982
Subsistence	35,980	26,805
Hotel accommodation	31,063	62,313
Legal and professional	15,569	197,424
Insurance	12,480	10,497
Dues and subscriptions	5,176	6,265
Interest - lease liability (note 11)	4,213	9,402
Printing and stationery	2,542	2,952
Courier services	213	293
	4,043,468	3,750,863

21 Other operating expenses

	2025	2024
	\$	\$
Directors fees and expenses	468,217	463,416
Depreciation of motor vehicles and equipment (note 10)	139,973	134,823
Audit fees	115,000	105,940
Sundry debt instrument listing, registry and processing fees	90,737	95,093
	813,927	799,272

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22 Earnings per share (EPS)

Basic and diluted earnings per share are computed as follows:

	2025 \$	2024 \$
Net profit for the year	6,211,564	5,236,496
Weighted average number of shares issued	268,749	268,749
Basic and diluted earnings per share	23.11	19.48

The Group has no dilutive potential ordinary shares as of March 31, 2025 and 2024.

23 Contingent liabilities and capital commitments

The budget as approved by the Board of Directors does not include capital expenditure for the year ended March 31, 2026.

24 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related company refers to the subsidiary. Related parties include directors, key management of the Group and companies for which the Group provides management services. Key management personnel are those persons having authority and responsibility for planning, directing and executing the activities of the Group, directly or indirectly. Such persons comprise the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, the Chief Investment Officer and the Chief Risk and Compliance Officer. The compensation paid or payable to key management for employee services includes gratuity which is computed with reference to annual basic salary at a rate determined by the Board of Directors. Provisions for these amounts are included in the consolidated statement of financial position within "Accrued expenses and other liabilities".

The ECCB holds 24.9% of the Group's share capital and its representative holds the chairmanship of the Board of Directors. Additionally, the Group is housed in the complex of the ECCB at an annual rent of \$180,000 (2024: \$180,000).

The Group maintains a call account with the ECCB for the primary purpose of settlement of transactions relating to the investment portfolio. As at March 31, 2025, the balance held with the ECCB was \$12,573,497 (2024: \$1,812,957).

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24 Related party balances and transactions ...continued

Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	2025	2024
	\$	\$
Short-term benefits	1,296,264	1,029,151
Director fees	225,400	255,200
	1,521,664	1,284,351

Short-term loans to key management personnel

Short-term loans to key management personnel during the year were as follows:

	2025	2024
	\$	\$
Short-term loans	22,000	15,000