

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:

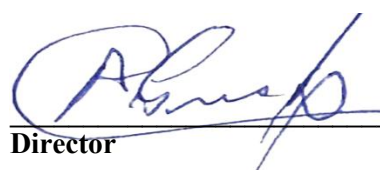
Eastern Caribbean Home Mortgage Bank
(Trading as ECHMB Capital)
And Subsidiary Company
Consolidated Statement of Financial Position
As at March 31, 2025

(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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(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

- **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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Notes to the Consolidated 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.

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

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

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	<u>(341,361)</u>	<u>(333,020)</u>
	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	<u>(82,626)</u>	<u>(126,249)</u>
	<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