

**Schedule 2  
FORM ECSRC – OR**

(Select One)

**QUARTERLY FINANCIAL REPORT** for the period ended 31st December 2020  
Pursuant to Section 98(2) of the Securities Act, 2001

OR

**TRANSITION REPORT**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Pursuant to Section 98(2) of the Securities Act, 2001  
*(Applicable where there is a change in reporting issuer's financial year)*

Issuer Registration Number: HMB160990GR  
EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)  
(Exact name of reporting issuer as specified in its charter)

GRENADA  
(Territory or jurisdiction of incorporation)

ECCB COMPLEX, BIRD ROCK, BASSETERRE, ST. KITTS  
(Address of principal executive Offices)

(Reporting issuer's:  
Telephone number (including area code): 1-869-466-7869  
Fax number: 1-869-466-7518  
Email address: info@ECHMB.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. Total 268,749

CLASS	NUMBER
Class A	66,812
Class B	51,178
Class C	80,181
Class D	70,578

**SIGNATURES**

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Mr. Randy Lewis

SIGNED AND CERTIFIED

Signature

Date

12<sup>th</sup> February 2021

Name of Director:

Mr. Timothy Antoine

SIGNED AND CERTIFIED

Signature

Date

Feb. 12, 2021

Name of Chief Financial Officer:

Ms. Heidi Hypolite

SIGNED AND CERTIFIED

Signature

Date

12<sup>th</sup> February 2021

## INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

### 1. **Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

### 2. **Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

*General Discussion and Analysis of Financial Condition*

Please see the appended document "Eastern Caribbean Home Mortgage Bank Unaudited Financial Statements for the Nine (9) Months ended 31st December 2020".

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

*Discussion of Liquidity and Capital Resources*

Please see the appended document "Eastern Caribbean Home Mortgage Bank Unaudited Financial Statements for the Nine (9) Months ended 31st December 2020".

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

As at 31st December 2020, there were no Off-Balance Sheet Arrangements.

### Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

*Overview of Results of Operations*

Please see the appended document "Eastern Caribbean Home Mortgage Bank Unaudited Financial Statements for the Nine (9) Months ended 31st December 2020".



**3. Disclosure about Risk Factors.**

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

There were no events occurring during the period under review which meet the stated criteria.

#### 4. Legal Proceedings.

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

There were no pending legal proceedings during the period under review except for the following:

CLICO INTERNATIONAL LIFE INSURANCE LTD (UNDER JUDICIAL MANAGEMENT) (CLAIMANT) AND ECHMB (DEFENDANT)

Claim # SLUHCM2019/0087, was filed in the High Court in Saint Lucia on 7th November 2019 and served on the Bank on the 21st November 2019.

The Claimant is seeking:

- (i) a declaration by the Court that, through the Judicial Manager, it is entitled to deal with and sell the shares in the Bank which it 'owns';
- (ii) The Sum of \$1,550,000.00 "due and owing" to the Claimant as dividends; and
- (iii) Costs.

On 2nd November 2020, the High Court Judge in Saint Lucia made the following orders:

- (1) The application to set aside service of the claim is dismissed.
- (2) This Court declares that it has no jurisdiction to try the claim and it is therefore dismissed.
- (3) The parties will each bear their cost of these proceedings.

#### 5. Changes in Securities and Use of Proceeds.

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

There were no changes in registered securities and use of proceeds during the period under review.

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

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

Not applicable

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

Not applicable

- Name and address of underwriter(s)

Not applicable

- Amount of expenses incurred in connection with the offer Not applicable

- Net proceeds of the issue and a schedule of its use

Not applicable

- Payments to associated persons and the purpose for such payments

Not applicable

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

There were no restrictions during the period under review.

**6. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

The ECHMB has not defaulted on any of its payment obligations.

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

There were no material arrears.

**7. Submission of Matters to a Vote of Security Holders.**

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

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

The 25th Annual General Meeting (AGM) OF Shareholders of the Eastern Caribbean Home Mortgage Bank was held virtually on Friday 2, October 2020.

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

The Directors appointed for the following classes for the ensuing two years in accordance with Article 15 (1) of the ECHMB Agreement are as follows:

Class B - Stewart Haynes  
Class C - Baldwin Taylor

The following Directors continued their term of office after the meeting held virtually on Friday 2, October 2020 :

Class A - Timothy N.J Antoine  
Class C - Peter Blanchard  
Class D - Alymer Irish

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

The following matters were voted upon and approved:

1) Shareholders declared a cash dividend of Ten Dollars (\$10.00) for each unit of share for the financial year ended 31st March 2020 to be paid to the shareholders on record date 31st March 2020.

2) The audit firm, KPMG, was appointed as the Bank's External Auditors for the year ending 31st March 2021.

All matters were approved by majority vote.

Then numbers of votes cast for or against and abstentions are unavailable.

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

Not applicable.

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

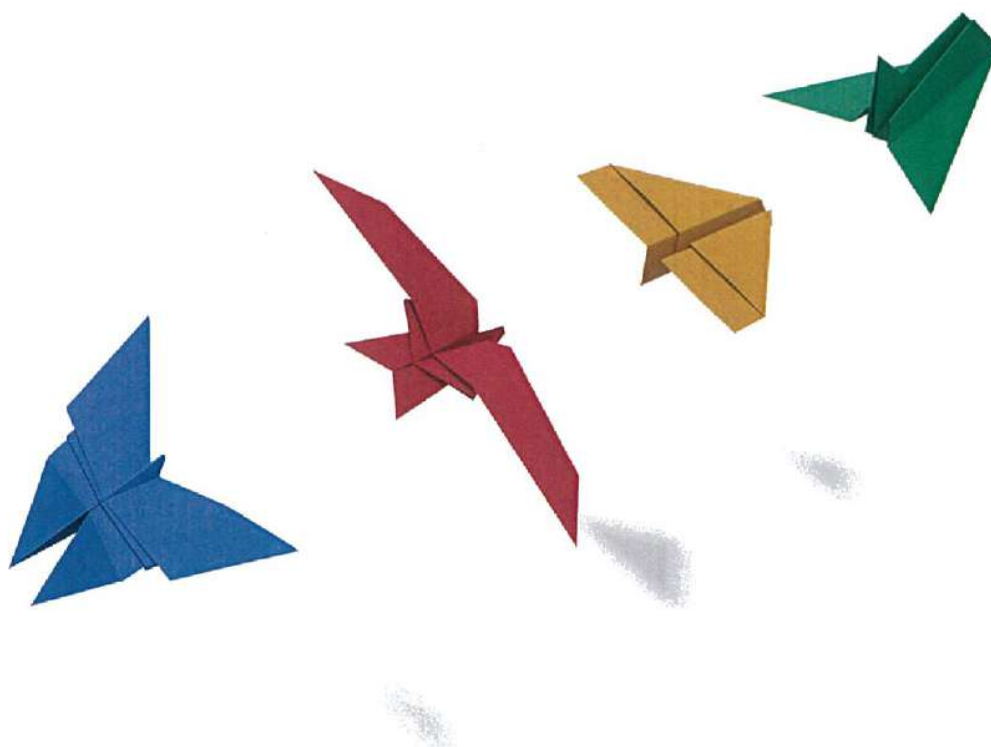
Not applicable.

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

The Eastern Caribbean Home Mortgage Bank (ECHMB) at its 25th Annual General Meeting of Shareholders held virtually on October 2nd 2020, adopted the trading name "ECHMB Capital".

The ECHMB is not aware of any other material issue which may qualify to be reported.



**Eastern Caribbean Home Mortgage Bank**

**(Trading as ECHMB Capital)**

Unaudited Financial Statements

**For the Nine (9) Months Ended 31<sup>st</sup> December 2020**

(Expressed in Eastern Caribbean dollars)

**Eastern Caribbean Home Mortgage Bank  
(Trading As ECHMB Capital)  
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# ECHMB Capital

Performance Highlights Nine (9) Months 31<sup>st</sup> December 2020



Growth in  
Investment Securities  
**\$69.37M**  
**(25.88%)**



Growth in Borrowings  
**\$63.63M**  
**(24.58%)**



Growth in Equity  
**\$21.54M**  
**(33.19%)**



Return  
on Shareholders' Equity  
**19.62%**



Book Value Per share  
**\$321.64**



Increase in  
Capital Gains to  
Shareholders  
**33.19%**

**\$11.79M**  
Interest Income

**\$6.41M**  
Net Interest Income

**\$16.96M**  
Net Profit for Nine  
(9) Months

**Eastern Caribbean Home Mortgage Bank  
(Trading As ECHMB Capital)  
Report to Shareholders  
Nine (9) Months Ended 31<sup>st</sup> December 2020**

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**1.0 Significant Transactions Nine (9) Months Ended 31<sup>st</sup> December 2020**

- Purchased Investments Securities totaling \$261.13M
- Sold and/or redeemed Investments Securities totaling \$209.39M
- Repaid Borrowings totaling \$209.39M
- Repaid Other Borrowings totaling \$188.11M
- Successfully issued Borrowings amounting to \$262.79M
- Paid interim and final dividend of \$10.0 per share respectively totaling \$2.49M

**2.0 Interest Income**

- 2.1 For the nine (9) months ended 31<sup>st</sup> December 2020, ECHMB's Investment Securities portfolio was reported at \$337.40M, representing growth of \$69.37M (25.88%) when compared to the \$268.03M reported for the comparative period of 2019. Mortgage Loans Facilities were reported at \$42.79M, representing a decrease of \$4.07M (8.69%) from the \$46.86M reported for the nine (9) months ended 31<sup>st</sup> December 2019. The amount of \$30.87M was held in Cash and Cash Equivalents pending acquisition of Investment Securities and the repayment of the Line of Credit.
- 2.2 On account of the additional \$65.30M placed in income generating assets, Interest Income for the nine (9) months ended 31<sup>st</sup> December 2020 was reported at \$11.79M and represents growth of \$1.98M (20.18%) when compared to the \$9.81M reported for the nine (9) months ended 31<sup>st</sup> December 2019.

**3.0 Gain on Sale of Financial Assets**

- 3.1 The Bank commenced the active management of its Investment Securities during the latter part of 2019. For the nine (9) months ended 31<sup>st</sup> December 2020, the Bank generated Gain on Sale of Financial Assets amounting to \$11.50M from Investments Reported Through Other Comprehensive Income ("OCI") and





recorded \$1.94M in Other Gains from Investment Securities Reported Through Profit and Loss. In comparison, Gains on Sale of Financial Assets totaled \$4.51M for the nine (9) months ended 31<sup>st</sup> December 2019.

#### **4.0 Interest Expense**

- 4.1 During the second half of 2019, the Bank discontinued the pricing of its Borrowings via Competitive Bid Auctions and replace same with Fixed Price Auctions. Other pertinent changes to the funding “Marketing Mix” included the issuance of instruments via private prospectus and the elimination of transaction fees. In addition, the Bank commenced the diversification of its Borrowings with the issuance of its inaugural Repurchase Agreements programme totaling \$15.00M. The changes contributed to a \$63.63M (24.58%) increase in Borrowings from \$258.87M for the nine (9) months ended 31<sup>st</sup> December 2019 to \$322.50M for the nine (9) months ended 31<sup>st</sup> December 2020.
- 4.2 As a result of the increased Borrowings, Interest Expense increased by \$1.40M (35.18%) from \$3.98M for nine (9) months ended 31<sup>st</sup> December 2019 to \$5.38M for nine (9) months ended 31<sup>st</sup> December 2020.

#### **5.0 Net Interest Income**

- 5.1 Net Interest Income or the difference between Interest Income (\$11.79M) and Interest Expense (\$5.38M) amounted to \$6.41M or 54.37% for the nine (9) months ended 31<sup>st</sup> December 2020 and represents a decline of 4.96% when compared to 59.33% reported for the comparative period of FY 2019. The decline in Net Interest Income Percentage is attributed to higher Interest Expense and lower yields due to the increased turnover rate of the Investment Securities Portfolio on account of the active management strategy.

#### **6.0 Expenses**

- 6.1 ECHMB Capital continued to place emphasis on improving its brand recognition. This included eMarketing in each of the eight (8) islands of the ECCU. Increased marketing efforts and higher staff costs were largely responsible for the \$0.45M (26.95%) increase in General and Administrative Expenses from \$1.67M for the nine (9) months ended 31<sup>st</sup> December 2019 to \$2.12M for the nine (9) months ended 31<sup>st</sup> December 2020.
- 6.2 Other Operating Expenses decreased by \$0.06M (7.59%) from \$0.79M for the nine (9) months ended 31<sup>st</sup> December 2019 to \$0.73M for the nine (9) months ended 31<sup>st</sup> December 2020.



## **7.0 Net Profit for the Nine (9) Months Ended 31<sup>st</sup> December 2020**

- 7.1 ECHMB Capital reported a net profit for the nine (9) months ended 31<sup>st</sup> December 2020 of \$16.96M, representing an increase of \$9.36M (123.16%) when compared to \$7.60M reported for the comparative period of 2019.
- 7.2 The increased profitability of the Bank was mainly attributed to the \$11.50M generated from Gains on Sale of Financial Assets, \$1.94M generated from Other Gains, combined with the prudent management of expenses.

## **7.3 Capital Structure**

- 7.3.2 In FY 2020, ECHMB's Borrowings increased by \$63.63M (24.58%) to \$322.50M. In addition, short-term Borrowings amounted to \$17.21M. During the period of the review, Equity increased by \$21.54M (33.19%) to \$86.44M. Due to higher Borrowings, the Bank's Debt-to-Equity Ratio decreased from 3.99:1 in for the nine (9) months ended 31<sup>st</sup> December 2019 to 3.93:1 for the comparative period of 2020. Given the existing capital structure, the ECHMB has the capacity to increase its debt capital by \$351.81M (103.56%) before breaching its maximum Debt-to-Equity Ratio of 8.0:1.

## **8.0 Outlook Three Months Ending 31<sup>st</sup> March 2021**

- 8.1 Covid-19 continues to adversely impact the economies of the Eastern Caribbean Currency Union ("ECCU") with the knock-on effect of stymieing growth in loans on the primary market. Further, sophisticated investors in the ECCU are generally reluctant to acquire non-investment grade financial instruments. This change in risk appetite may be spurred by IFRS 9 which requires entities to provide for expected credit losses on financial instruments. Given the above-mentioned conditions, financial intermediaries continue to report increasing liquidity in their statement of financial position.
- 8.2 The escalating liquidity in the ECCU has presented opportunities for ECHMB Capital to grow its statement of financial position, due to the Bank's investment grade credit ratings. The cash inflows are likely to be invested on the international bond market.
- 8.3 Based on the performance of the international bond market and growth in the Bank's Assets Under Management, the ECHMB projects that net profit for the Year ending 31<sup>st</sup> March 2021 is likely to significantly outpace the comparative period of 2020 spurred by gains from the fixed income instruments traded through other comprehensive income.



# Eastern Caribbean Home Mortgage Bank

## (Trading as ECHMB Capital)

### Unaudited Statement of Financial Position

#### As at 31st December 2020

(expressed in Eastern Caribbean dollars)

	Unaudited December 2020	Unaudited December 2019	Audited March 2020
<b>Assets</b>	\$	\$	
Cash and cash equivalents	30,873,789	8,806,699	20,244,559
Receivables and prepayments	929,557	619,581	7,893,850
Other receivables	14,513,521	-	-
Investment securities	337,402,437	268,029,927	274,893,300
Mortgage loans facilities	42,790,150	46,855,170	46,096,199
Motor vehicle and equipment	298,648	195,853	147,598
Intangible assets	1,637	11,459	9,004
Right of use assets	731,322	90,000	853,208
<b>Total assets</b>	<b>427,541,060</b>	<b>324,608,689</b>	<b>350,137,718</b>
<b>Liabilities</b>			
Borrowings	322,499,901	258,872,445	268,741,621
Other borrowed funds	17,212,500	-	17,199,000
Accrued expenses and other liabilities	645,250	748,959	873,217
Lease liabilities	744,106	90,000	860,898
<b>Total liabilities</b>	<b>341,101,757</b>	<b>259,711,404</b>	<b>287,674,736</b>
<b>Equity</b>			
Share capital	36,999,940	36,999,940	36,999,940
Portfolio risk reserve	5,555,937	4,132,550	5,555,937
Unrealised holding gain (loss)	5,878,799	134,190	(3,826,231)
Retained earnings	38,004,628	23,630,605	23,733,336
<b>Total equity</b>	<b>86,439,304</b>	<b>64,897,285</b>	<b>62,462,982</b>
<b>Total liabilities and equity</b>	<b>427,541,060</b>	<b>324,608,689</b>	<b>350,137,718</b>

# Eastern Caribbean Home Mortgage Bank

## (Trading as ECHMB Capital)

Unaudited Statement of Comprehensive Income

For the nine months ended 31st December 2020

(expressed in Eastern Caribbean dollars)

	Unaudited December 2020	Unaudited December 2019	Audited March 2020
	\$	\$	\$
Interest income	11,790,015	9,808,451	13,525,456
Interest expense	<b>(5,383,450)</b>	<b>(3,984,094)</b>	<b>(5,477,981)</b>
<b>Net interest income</b>	<b>6,406,565</b>	<b>5,824,357</b>	<b>8,047,476</b>
Other income	61,446	(1,497)	18,989
Gain on sale of financial assets	11,502,843	4,508,462	6,053,221
Other gains (losses)	1,944,735	(206,715)	(954,419)
<b>Operating income</b>	<b>19,915,589</b>	<b>10,124,607</b>	<b>13,165,265</b>
<b>Expenses</b>			
General and administrative expenses	<b>(2,116,910)</b>	<b>(1,674,578)</b>	<b>(2,802,991)</b>
Other operating expenses	<b>(731,576)</b>	<b>(778,138)</b>	<b>(1,062,932)</b>
Mortgage administrative fees	<b>(108,321)</b>	<b>(70,870)</b>	<b>(104,670)</b>
Net impairment losses on financial assets	-	-	(62,120)
<b>Total expenses</b>	<b>(2,956,807)</b>	<b>(2,523,586)</b>	<b>(4,032,713)</b>
<b>Net profit for the period</b>	<b>16,958,782</b>	<b>7,601,022</b>	<b>9,132,552</b>
<b>Other comprehensive income</b>			
Changes in the fair value of investments at fair value through other comprehensive income	9,705,030	138,807	(3,826,231)
<b>Other comprehensive gain (loss) for the period</b>	<b>9,705,030</b>	<b>138,807</b>	<b>(3,826,231)</b>
<b>Total comprehensive income for the period</b>	<b>26,663,812</b>	<b>7,739,829</b>	<b>5,306,321</b>
<b>Earnings per share</b>	<b>\$ 84.14</b>	<b>\$ 37.71</b>	<b>\$ 33.98</b>

# Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital)

Unaudited Statement of Changes in Equity  
As at 31st December 2020

	Share Capital \$	Portfolio Risk Reserve \$	Financial Assets at FVOCI Reserve	Retained earnings \$	Total \$
<b>Balance at 31st March 2019</b>	36,999,940	4,132,550	-	18,039,789	59,172,279
<b>Other comprehensive income</b>					
Net profit for the period	-	-	-	9,132,551	9,132,551
Transfer to reserves	-	1,423,387	-	(1,423,387)	-
Fair value movement of investments designated as FVTOCI	-	-	(3,826,231)	-	(3,826,231)
Transactions with owners	-	-	-	(2,015,618)	(2,015,618)
<b>Balance at 31st March 2020</b>	36,999,940	5,555,937	(3,826,231)	23,733,336	62,462,982
<b>Other comprehensive income</b>					
Net profit for the period	-	-	-	16,958,782	16,958,782
Transfer to reserves	-	-	-	-	-
Fair value movement of investments designated as FVTOCI	-	-	9,705,030	-	9,705,030
Transactions with owners	-	-	-	(2,687,490)	(2,687,490)
<b>Balance at 31st December 2020</b>	36,999,940	5,555,937	5,878,799	38,004,628	86,439,304

# Eastern Caribbean Home Mortgage Bank (Trading as ECHMB Capital)

Unaudited Statement of Cash Flows

For the month ended 31st December 2020

(expressed in Eastern Caribbean dollars)

	Unaudited December 2020	Unaudited December 2019	Audited March 2020
<b>Net profit for the period</b>	16,958,782	7,601,022	9,132,551
Items not affecting cash:			
Interest expense	5,383,450	3,984,094	5,477,981
Amortization of corporate paper issue and transaction costs	368,159	391,410	549,622
Amortisation of bond premium	638,616	474,464	796,887
Unrealised (gain) loss on FVTPL financial assets	(1,944,735)	206,715	954,419
Depreciation of motor vehicles and equipment	46,539	46,284	60,059
Amortisation of intangible assets	7,367	7,367	9,822
Amortization of right of use of assets	121,887	81,258	121,888
Reduction in provision for impairment on financial assets	-	-	62,120
Interest expense on lease liability	18,207	14,154	20,802
Gain on sale of motor vehicles and equipment	(50,833)	-	(20,102)
Interest Income	(11,790,015)	(9,808,451)	(13,525,456)
<b>Operating loss before working capital changes</b>	9,757,424	2,998,317	3,640,595
<b>Changes in operating assets &amp; liabilities</b>			
(Increase)/decrease in accounts receivable & prepayments	(7,501,896)	(305,762)	(7,348,428)
Increase/(decrease) in other liabilities & payables	(227,967)	200,287	324,543
<b>Cash from/(used in) operations before interest</b>	2,027,560	2,892,842	(3,383,290)
Interest received	11,829,112	10,415,045	13,821,802
Interest paid	(5,259,085)	(3,865,659)	(5,032,562)
<b>Net cash from operating activities</b>	8,597,586	9,442,228	5,405,950
<b>Cash flows from investing activities</b>			
Proceeds from sales/maturity of financial assets	209,394,250	107,632,844	138,951,477
Proceeds from pool of mortgages repurchased by PL	3,707,506	3,317,036	3,317,036
Proceeds from sale of motor vehicles and equipment	70,000	-	55,000
Increase in mortgages repurchased and replaced	(34,718)	412,410	605,073
Proceeds from principal repayment on mortgages	1,798,259	1,817,206	2,330,401
Purchase of mortgages	(2,165,000)	(13,813,862)	(13,813,862)
Purchase of motor vehicle and equipment	(216,755)	(117,316)	(117,735)
Purchase of investment securities	(261,131,336)	(160,890,171)	(204,033,085)
<b>Net cash used in investing activities</b>	(48,577,793)	(61,641,853)	(72,705,695)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	262,786,000	205,393,000	263,446,700
Proceeds from other borrowed funds	188,122,700	-	17,199,000
Repayment of borrowings	(209,393,000)	(152,607,000)	(201,096,700)
Repayment of other borrowed funds	(188,109,200)	-	-
Payment of corporate paper issue costs and transaction costs	(174,573)	(505,402)	(685,422)
Dividend paid	(2,487,490)	(1,865,618)	(1,865,618)
Principal paid on lease liabilities	(116,793)	(75,846)	(114,198)
Interest paid on lease liability	(18,207)	(14,154)	(20,802)
<b>Cash generated from financing activities</b>	50,609,437	50,324,980	76,862,961
<b>Net (decrease) / increase in cash and cash equivalents</b>	10,629,230	(1,874,645)	9,563,215
<b>Cash flow at beginning of period</b>	20,244,659	10,681,344	10,681,344
<b>Cash and cash equivalents at end of period</b>	30,873,789	8,806,699	20,244,559



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

**1 Incorporation and principal activity**

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 (hereinafter referred to as “the 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 primary office of the Bank is located at Bird Rock, Basseterre, St. Kitts and Nevis.

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

The registered office of the Bank is located at ECCB Agency Office, Monckton Street, St. George’s, Grenada.

**2 Basis of preparation and compliance with the International Financial Reporting Standards (IFRS)**

The condensed interim financial statements for the six months ended 31 December 2020 have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**3 Changes in accounting policies**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Bank has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations.

## ***New standards adopted during the accounting year***

### **IFRS 16, Leases (effective from January 1, 2019)**

In the current year, the Bank has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods beginning on or after January 1, 2019. IFRS 16 replaces IAS 17, Leases, and its related interpretation IFRIC 4, Determining Whether an Arrangement Contains a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The adoption of IFRS 16 from April 1, 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. This resulted in the Bank recognising a right-of-use asset and related lease liability in connection with its operating lease. In accordance with the transitional provisions in IFRS16, comparative figures have not been restated.

On transition, the lease previously accounted for as an operating lease with a remaining lease term of less than 12 months, the Bank has applied the optional exemption to not recognise right-of-use asset but to account for the lease expense on a straight line basis over the remaining lease term. As the lease term was less than 12 months with no purchase option, payment was recognised in the profit and loss.

The Bank entered into a new lease effective July 1, 2019 and has recognised a right-of-use asset and the related lease liability.

There are no other new or amended standards and interpretations that are issued but not yet effective, that are expected to have a significant impact on the accounting policies or financial disclosures of the Bank.

### ***Other amendments to standards***

Other standards and amendments that are effective for the first time in April 1, 2019 are as follows:

- IFRS 9, *Prepayment features with Negative Compensation* (Amendments to IFRS 1);

- IAS 28, *Long-term interests in Associates and Joint Ventures* (Amendments to IAS 28);
- IFRIC 28, *Uncertainty over Income Tax Treatments*;
- Annual improvements to IFRS 2015-2017 cycle (IAS 12, IAS 23, IFRS 3 and IFRS 11); and
- IAS 19, *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19).

These amendments do not have significant impact on these financial statements and therefore the disclosures have not been made.

***Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank***

At the date of authorisation of the annual financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Bank.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Bank's financial statements.