

**Schedule 2  
FORM ECSRC-OR**

**(Select One)**

**QUARTERLY FINANCIAL REPORT** for the period ended 31, December 2023

**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)

(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: \_\_\_\_\_

Email address: info@echmb.com

Not applicable, Not applicable, Not applicable

(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 issuers classes of common stock, as of the date of completion of this report 4.

CLASS	NUMBER
A	66812
B	51178
C	80181

D

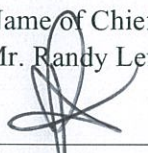
70578

SIGNATURES

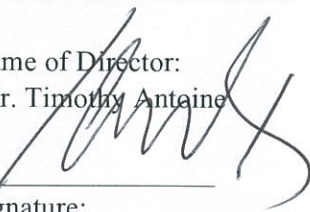
A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

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.

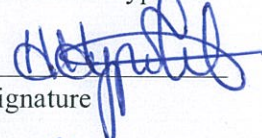
Name of Chief Executive Officer:  
Mr. Randy Lewis

  
\_\_\_\_\_  
Signature:  
2/2/24  
Date

Name of Director:  
Mr. Timothy Antoine

  
\_\_\_\_\_  
Signature:  
Feb. 02, 2024  
Date

Name of Chief Financial Officer:  
Ms. Heidi Hypolite

  
\_\_\_\_\_  
Signature  
2 Feb 2024  
Date

## 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:

1. Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
2. 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.
3. 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.
4. 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 "ECHMB Capital Unaudited Financial Statements for the Nine (9) Months ended 31st December 2023".

### **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 "ECHMB Capital Unaudited Financial Statements for the Nine

(9) Months ended 31st December 2023".

### 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 offbalance 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 2023, there were no Off-Balance Sheet Arrangements.
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### 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 "ECHMB Capital Unaudited Financial Statements for the Nine (9) Months ended 31st December 2023".

### **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:

Claim No. GDAHCV2021/0111 BETWEEN: CLICO INTERNATIONAL LIFE INSURANCE LIMITED (under Judicial Management) (claimant) v EASTERN CARIBBEAN HOME MORTGAGE BANK (defendant). The Claimant filed the claim in the Supreme Court in Grenada against the defendant on March 29, 2021 and seeks inter alia:

a) a declaration that the Claimant is entitled to deal with and sell the 20,000 Class F Shares owned by the Claimant in the Defendant for such sum and under such terms as the Claimant might think fit; and

b) the sum of \$1,550,000 which the Claimant alleges is due and owing to it by the dividends on 20,000 Class F Shares numbered 074563 to 094562, for the financial years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 together with interest.

The claim was heard in the High Court in Grenada on 31 October 2023 and the judgement is still outstanding.

#### 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.

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

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

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

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Name and address of underwriter(s)

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Amount of expenses incurred in connection with the offer

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Net proceeds of the issue and a schedule of its use

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Payments to associated persons and the purpose for such payments

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

There were no restrictions during the period under review.
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## 6. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, 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 installment, 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.

Annual Meeting

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

Directors Elected

Not applicable.

Directors Elected

The following Directors continued their term of office after the meeting held on Friday 6th October 2023:

Class A - Timothy N. J. Antoine

Class B - Stewart Haynes

Class C - Baldwin Taylor

Class c - Sandra Derrick

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 results of items brought to a vote to shareholders were as follows: -**

- A final dividend payment was declared for the Year Ended 31 March 2023 to ordinary and preference shares of record dated 31 March 2023 as follows:
  - Ordinary shares - \$5.00 per share
  - Preference shares – 5.00% per share
- The Audit Firm, PricewaterhouseCoopers East Caribbean, was appointed as the Bank's External Auditor for the year ending 31 March 2024.
- The Shareholders authorized the Directors to fix the remuneration of the External Auditor.

(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.

Not applicable.



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

Unaudited Financial Statements

**For the Nine (9) Months Ended 31<sup>st</sup> December 2023**

(Expressed in Eastern Caribbean dollars)

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

Performance Highlights as at 31<sup>st</sup> December 2023



Growth in  
Investment Securities

**\$17.21M**

**4.63%**



Increase in Mortgage Loans  
Facilities

**\$4.34M**

**15.59%**



**\$15.59M**  
Interest Income



Decline in Borrowings

**\$50.45M**

**(12.02%)**



Increase in Equity

**\$51.02M**

**237.97%**



**\$7.86M**  
Net Interest Income



Return on Equity

**9.53%**



Book Value Per share

**\$96.72**



**\$0.16M**  
Other Gains



Interest Cover

**1.67 times**



Efficiency Ratio

**20.49%**



**\$5.18M**  
Net Profit for Nine  
(9) Months

# Eastern Caribbean Home Mortgage Bank (Trading As ECHMB Capital) Nine (9) Months Ended 31<sup>st</sup> December 2023

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## 1.0 Trading Conditions FY 2024

- 1.1 At the last meeting held by the Federal Open Market Committee (FOMC) on 13<sup>th</sup> December 2023, the Committee left the fed funds target range unchanged at 5.25%-5.50% in a unanimous vote. The decision marked the third consecutive meeting that the Committee held policy steady. While the rate decision came as no surprise to the market, the meeting shaped up to be one of the clearest messages yet that the hiking cycle that began in March 2022 has likely come to an end. The Committee's forecast for interest rates, as depicted by the dot plot<sup>1</sup>, portrays a median projection of 4.625% for 2024, implying 75 bps of easing next year. Contrary to the central bank's prediction though, the market is pricing in nearly six (6) rate cuts in 2024, with currently a 52.4% probability of the first rate cut in March 2024, down from 81.2% on 01 January 2024.
- 1.2 Recent US economic data has been the main contributor to the recent subsiding of rate cut expectations in March 2024. Though some signs of cooling are evident in the US labour market, the sector has remained resilient, fueling steady consumer spending and healthy economic growth, even as inflation has slowed.
- 1.3 The reassessment of the likely path for US monetary policy pushed yields higher on Treasury securities, with the US 2-year and 10-year notes rose by 11 and 26 basis point (bps) respectively, calendar year to date as at 19 January 2024. The S&P 500 remains relatively unchanged at 0.23% gain over the same period but has found resistance at the index's all-time high, which is only 0.33% above the current level.

### 1.4 Implications of Interest Rate Cuts on Financial Intermediaries which Trade on Capital Markets

- 1.4.1 International Financial Reporting Standard ("IFRS") 9 stipulates that depending on their business model, financial instruments should be classified as either: - (i) Amortised Costs; (ii) Fair Value Through the Profit and Loss ("FVTPL") and (iii) Fair Value Through Other Comprehensive Income ("FVOCI"). FVTPL and FVOCI necessitate that financial instruments are subject to mark-to-market valuations. Mark-to-market is a method of measuring the fair value of accounts that can fluctuate over time, such as assets and liabilities. Mark-to-market aims to provide

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<sup>1</sup> The Federal Reserve's dot plot is a chart updated quarterly that records each Fed official's projection for the central bank's key short-term interest rate, the federal funds rate.

a realistic appraisal of an institution's or company's current financial situation based on current market conditions. In the case of instruments accounted via FVTPL, the fair value gains or losses are recorded as if realized in the statement of profit and loss with a concurrent adjustment made against the investment portfolio. As it relates to FVOCI, gains and losses are not realized and hence are reported through shareholders' reserves and the investment portfolio.

- 1.4.2 A shift in policy to interest rate cuts by the Federal Reserve (Fed) is expected to bolster the price of securities held in the FVOCI thus reducing the unrealized loss in the portfolio.

## **2.0 Significant Transactions Nine (9) Months Ended 31<sup>st</sup> December 2023**

- Purchased Investments Securities totaling \$70.06M
- Sold and/or redeemed Investments Securities totaling \$79.00M
- Repaid Borrowings totaling \$297.21M
- Repaid Other Borrowings totaling \$99.12M
- Successfully issued Borrowings amounting to \$275.08M

## **3.0 Interest Income**

- 3.1 As at 31<sup>st</sup> December 2023, Investment Securities were reported at \$388.91M, representing growth of \$17.21M (4.63%) when compared to the \$371.70M reported for the comparative period. A shift in focus from fixed income securities and equities to money and capital market securities (US Treasury Bills) was undertaken to capitalize on increased interest rates and reduce the risk climate that currently exists. These instruments are classified as Cash and Cash Equivalents for reporting purposes.
- 3.2 Mortgage Loans Facilities were reported at \$32.18M, an increase of \$4.34M (15.59%) from the \$27.84M reported as at 31<sup>st</sup> December 2022.
- 3.3 The amount of \$27.07M was held in Cash and Cash Equivalents pending and including acquisition of investment securities and/or money and capital market instruments as noted in 3.1 above.
- 3.4 Despite the current volatile market conditions, Interest Income for the nine (9) months ended 31<sup>st</sup> December 2023 was reported at \$15.59M and represents growth of \$0.61M (4.07%) when compared to the \$14.98M reported for the comparative period of FY 2023. The growth in Interest Income was attributed to the holding of higher interest-bearing assets and the acquisition of instruments with shorter tenures at higher coupons.

## **4.0 Gain on Sale of Financial Assets**

4.1 The Bank continued the active management of its investment portfolio in FY 2024 despite uncertainty in the market. The Bank recorded Other Gains of \$0.16M on Investment Securities Reported as FVTPL for the nine (9) months ended 31<sup>st</sup> December 2023, and represents an increase of \$4.69M (103.53%) from the Losses of \$4.53M reported in the comparative period of FY 2023. Gain on Sale of Financial Assets totaling \$0.47M was also generated for the reporting period, representing a decline of \$0.26M (35.62%) when compared to the Gain of \$0.73M reported for the nine (9) months ended 31<sup>st</sup> December 2022. As explained in Section 1.4 above, the Bank expects this trend to continue pending the decline of inflation to 2.00%.

## **5.0 Interest Expense**

5.1 Given the attractiveness of the higher credit quality and coupon rates of instruments traded on the international capital markets, ECHMB Capital noted a diversion of capital thereto by “sophisticated investors” domiciled in the ECCU. ECHMB Capital was not immune to the capital flight and as a result, Borrowings decreased by \$50.45M (12.02%) from \$419.89M as at 31<sup>st</sup> December 2022 to \$369.44M as at 31<sup>st</sup> December 2023.

5.2 Interest Expense decreased marginally by \$0.88M (10.21%) from \$8.62M for nine (9) months ended 31<sup>st</sup> December 2022 to \$7.74M for nine (9) months ended 31<sup>st</sup> December 2023 in line with the reduction in the Borrowings Portfolio.

## **6.0 Net Interest Income**

6.1 Net Interest Income (“NII”) or the difference between Interest Income (\$15.59M) and Interest Expense (\$7.74M) amounted to \$7.86M or 50.42% for the nine (9) months ended 31<sup>st</sup> December 2023 and represents an increase of 7.96% when compared to 42.46% reported for the comparative period of FY 2023. The Bank continued to warehouse larger placements in Cash Equivalents utilizing the favorable interest rate hikes. This strategy was adopted to stymie the mark-to-market diminution on the fixed income portfolio while concurrently taking advantage of investments offered at higher coupon rates – predominantly US Treasury Bills. This had a positive impact on the Bank’s NII and is expected to persist into Q4 FY 2024 until market conditions shift when a handle is placed on inflation.

## **7.0 Expenses**

7.1 Total expenses for Q3 FY 2024 increased by \$0.20M (6.39%) from \$3.13M reported for the nine (9) months ended 31<sup>st</sup> December 2022 to \$3.33M reported for the current financial year. The increase was mainly attributed to a \$0.25M (10.25%) increase in General and Administrative Expenses moderated by a decrease in Other Operating Expenses of \$0.06M (8.57%).

## **8.0 Net Profit for the Nine (9) Months Ended 31<sup>st</sup> December 2023**

- 8.1 ECHMB Capital reported a Net Profit for the nine (9) months ended 31<sup>st</sup> December 2023 of \$5.18M, higher by \$5.30M when compared to the Net Loss of \$0.12M reported for the comparative period of FY 2023.
- 8.2 The Net Profit was mainly attributable to the shift in the Bank's investment strategy to stymie the mark-to-market diminution on the fixed income portfolio while concurrently taking advantage of investments offered at higher coupon rates. This not only had a positive impact on the Bank's NII, but also curtailed losses on Investment Securities Reported via FVTPL due to a reduction in the respective portfolio. Other Gains from Investment Securities Reported via FVTPL of \$0.16M was reported for the current period compared to Losses of \$4.53M for the nine (9) months ended 31<sup>st</sup> December 2022.
- 8.3 Given the higher Net Profit for the period, Earnings per Share ("EPS") improved from negative \$0.61 for the nine (9) months ended 31<sup>st</sup> December 2022 to \$25.68 for the current reporting period. Interest cover remained respectable at 1.67 times while the efficiency ratio saw improvement from 26.94% as at 31<sup>st</sup> December 2022 to 20.49% for the current reporting period.

## **9.0 Capital Structure**

- 9.1 During the period of the review, the Bank accounted for a large proportion of its fixed income portfolio via FVOCI and given the FED's strategy of increasing interest rates to counter inflation, it was inevitable that the Bank would report significant mark-to-market diminutions. As at 31<sup>st</sup> December 2023, total mark-to-market write down on the fixed income portfolio totaled \$60.91M representing a 18.53% decrease over the comparable period. This is a notional entry which would only crystalize on disposal of the underlying securities. Since ECHMB Capital has deployed a "holding strategy", the losses are expected to dissipate when the FED lowers interest rates. The Bank's Debt-to-Equity Ratio improved from 19.58:1 as at 31<sup>st</sup> December 2022 to 5.10:1 as at 31<sup>st</sup> December 2023.

## **10.0 Outlook for Fourth Quarter FY 2024**

- 10.1 Despite the change from the aggressive policy tightening stance by the FOMC in 2022 - 2023, volatility is expected as the market tries to predict the timing of the initial rate cut by the Fed. Albeit stickiness in the labour market and consumer spending, the prevalence of, though gradual, subsiding of inflation will support the notion of rate cuts by the Fed amid a soft landing.
- 10.2 The market's expectation of the magnitude of rate cuts versus that to be implemented by the Fed will also contribute to market volatility. Historically, the application of more than three rate cuts by the central bank in one year has been used to combat recessions. Since 1980, the only two non-recessionary periods of

three rate cuts (June 1995 to January 1996, and September to December 1998) have been followed by subsequent rate hikes. The Fed must also be cautious about the impact on the stock market amid rate cuts as appreciation in stock prices can be inflationary thus mitigating progress already made by the central bank.

- 10.3 Given that this market volatility persists, ECHMB Capital intends to remain prudent with its investment portfolio to maintain its pledged stability to the ECCU.

**Eastern Caribbean Home Mortgage Bank**  
**(Trading as ECHMB Capital)**  
 Unaudited Statement of Financial Position  
**As at 31 December 2023**

(expressed in Eastern Caribbean dollars)

	<b>Unaudited December 2023</b>	<b>Unaudited December 2022</b>	<b>Audited March 2023</b>
<b>Assets</b>	\$	\$	
Cash and cash equivalents	27,071,589	16,774,120	37,779,561
Receivables and prepayments	9,704,172	31,828,813	23,810,032
Investment securities	388,908,532	371,704,150	391,769,694
Mortgage loans facilities	32,177,814	27,840,692	26,804,673
Property and equipment	188,229	310,159	276,439
Right of use assets	257,899	406,290	386,848
<b>Total assets</b>	<b>458,308,235</b>	<b>448,864,224</b>	<b>480,827,247</b>
<b>Liabilities</b>			
Borrowings	369,444,714	419,891,786	391,864,691
Other borrowed funds	8,370,000	6,320,700	25,110,000
Accrued expenses and other liabilities	7,774,499	787,896	5,855,668
Lease liabilities	263,693	419,517	391,161
<b>Total liabilities</b>	<b>385,852,906</b>	<b>427,419,899</b>	<b>423,221,520</b>
<b>Equity</b>			
Share capital - ordinary	36,999,940	36,999,940	36,999,940
Share capital - preference	46,460,800	13,964,000	41,494,000
Portfolio risk reserve	23,903,001	23,555,937	23,903,001
Unrealised holding loss	(60,901,610)	(74,763,291)	(67,989,323)
Retained earnings	25,993,198	21,687,739	23,198,109
<b>Total equity</b>	<b>72,455,329</b>	<b>21,444,325</b>	<b>57,605,727</b>
<b>Total liabilities and equity</b>	<b>458,308,235</b>	<b>448,864,224</b>	<b>480,827,247</b>



# Eastern Caribbean Home Mortgage Bank

## (Trading as ECHMB Capital)

### Unaudited Statement of Comprehensive Income For the month ended 31 December 2023

(expressed in Eastern Caribbean dollars)

	<b>Unaudited December 2023</b>	Unaudited December 2022	Audited March 2023
	\$	\$	\$
Interest income	<b>15,593,747</b>	14,977,931	19,934,726
Interest expense	<b>(7,736,681)</b>	(8,618,637)	(11,260,240)
<b>Net interest income</b>	<b>7,857,066</b>	6,359,294	8,674,486
Other income	<b>13,737</b>	454,585	11,422
Gain on sale of financial assets	<b>472,077</b>	726,659	816,080
Other gains (losses)	<b>162,282</b>	(4,533,586)	(4,557,811)
<b>Operating income</b>	<b>8,505,162</b>	3,006,952	4,944,177
<b>Expenses</b>			
General and administrative expenses	<b>(2,689,073)</b>	(2,436,842)	(3,408,734)
Other operating expenses	<b>(566,630)</b>	(615,006)	(863,565)
Mortgage administrative fees	<b>(74,264)</b>	(77,220)	(101,787)
Net impairment gains on financial assets	<b>1,250</b>	-	1,165,227
<b>Total expenses</b>	<b>(3,328,717)</b>	(3,129,068)	(3,208,859)
<b>Net profit (loss) for the period</b>	<b>5,176,445</b>	(122,116)	1,735,318
<b>Other comprehensive income</b>			
Changes in the fair value of investments at fair value through other comprehensive income	<b>7,087,713</b>	(36,530,784)	(29,756,816)
<b>Other comprehensive loss for the period</b>	<b>7,087,713</b>	(36,530,784)	(29,756,816)
<b>Total comprehensive income (loss) for the period</b>	<b>12,264,158</b>	(36,652,900)	(28,021,498)
<b>Earnings per share</b>	<b>\$ 25.68</b>	\$ (0.61)	\$ 6.46

# Eastern Caribbean Home Mortgage Bank

## (Trading as ECHMB Capital)

### Unaudited Statement of Changes in Equity

#### As at 31 December 2023

(expressed in Eastern Caribbean dollars)

	Share Capital Ordinary	Share Capital Preference	Portfolio Risk Reserve	Financial Assets at FVOCI Reserve	Retained earnings	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 31st March 2022</b>	<b>36,999,940</b>	<b>13,764,000</b>	<b>23,555,937</b>	<b>(38,232,507)</b>	<b>23,621,199</b>	<b>59,708,569</b>
<b>Other comprehensive income</b>						
Net profit for the period	-	-	-	-	1,735,318	1,735,318
Issuance of share capital - preference shares	-	27,730,000	-	-	-	27,730,000
Transfer to reserves	-	-	347,064	-	(347,064)	-
Fair value movement of investments designated as FVTOCI	-	-	-	(29,756,816)	-	(29,756,816)
Transactions with owners	-	-	-	-	(1,811,344)	(1,811,344)
<b>Balance at 31st March 2023</b>	<b>36,999,940</b>	<b>41,494,000</b>	<b>23,903,001</b>	<b>(67,989,323)</b>	<b>23,198,109</b>	<b>57,605,727</b>
<b>Other comprehensive income</b>						
Net profit for the period	-	-	-	-	5,176,445	5,176,445
Issuance of share capital - preference shares	-	4,966,800	-	-	-	4,966,800
Transfer to reserves	-	-	-	-	-	-
Fair value movement of investments designated as FVTOCI	-	-	-	7,087,713	-	7,087,713
Transactions with owners	-	-	-	-	(2,381,356)	(2,381,356)
<b>Balance at 31 December 2023</b>	<b>36,999,940</b>	<b>46,460,800</b>	<b>23,903,001</b>	<b>(60,901,610)</b>	<b>25,993,198</b>	<b>72,455,329</b>

**Eastern Caribbean Home Mortgage Bank**  
**(Trading as ECHMB Capital)**  
**Unaudited Statement of Cash Flows**  
**For the month ended 31 December 2023**

(expressed in Eastern Caribbean dollars)

	<b>Unaudited December 2023</b>	<b>Unaudited December 2022</b>	<b>Audited March 2023</b>
<b>Cash flows from operating activities</b>			
Net profit for the period	5,176,445	(122,116)	1,735,318
Items not affecting cash:			
Interest expense	7,736,681	8,618,637	11,260,240
Amortisation of bond premium	1,336,352	1,318,395	1,666,189
Unrealised (gain) loss on FVTPL financial assets	(162,282)	4,544,248	4,557,811
Depreciation of property and equipment	100,772	103,148	136,868
Amortization of right of use of assets	128,949	121,887	171,932
Decrease in provision for impairment on financial assets	-	-	(723,118)
Interest expense on lease liability	7,532	10,994	10,588
Interest Income	(15,593,747)	(14,977,931)	(19,934,726)
<b>Operating (loss) / income before working capital changes</b>	<b>(1,269,298)</b>	<b>(382,738)</b>	<b>(1,118,898)</b>
Changes in operating assets & liabilities:			
Increase in accounts receivable & prepayments	14,105,857	(2,720,393)	5,298,388
(Decrease)/increase in other liabilities & payables	1,918,831	(233,037)	4,834,735
<b>Cash flows generated from operations before interest</b>	<b>14,755,390</b>	<b>(3,336,168)</b>	<b>9,014,225</b>
Interest received	15,419,429	14,296,385	19,403,123
Interest paid	(7,819,991)	(8,536,256)	(11,297,731)
<b>Net cash (used in) generated from operating activities</b>	<b>22,354,828</b>	<b>2,423,961</b>	<b>17,119,617</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales/maturity of financial assets	79,004,300	69,359,179	76,954,413
Proceeds from pool of mortgages repurchased by PL	-	-	778,039
Increase in mortgages repurchased and replaced	4,096	368,989	185,137
Proceeds from principal repayment on mortgages	1,747,034	1,715,328	2,292,373
Purchase of mortgages	(7,124,271)	-	-
Purchase of property and equipment	(12,562)	-	-
Purchase of investment securities	(70,055,174)	(80,143,252)	(100,967,010)
<b>Net cash generated from (used in) investing activities</b>	<b>3,563,423</b>	<b>(8,699,756)</b>	<b>(20,757,048)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	275,075,000	297,210,000	389,761,000
Proceeds from other borrowed funds	82,377,000	181,980,000	241,380,000
Repayment of borrowings	(297,210,000)	(318,958,000)	(439,271,000)
Repayment of other borrowed funds	(99,117,000)	(190,468,800)	(231,079,500)
Payment of corporate paper issue costs and transaction costs	(201,667)	(102,636)	(247,859)
Dividend paid	(2,381,356)	(1,811,344)	(1,811,344)
Proceeds from issuance of preference shares	4,966,800	200,000	27,730,000
Principal paid on lease liabilities	(127,468)	(124,006)	(169,412)
Interest paid on lease liability	(7,532)	(10,994)	(10,588)
<b>Net cash (used in) generated from financing activities</b>	<b>(36,626,223)</b>	<b>(32,085,780)</b>	<b>(13,718,703)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,707,972)</b>	<b>(38,361,575)</b>	<b>(17,356,134)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>37,779,561</b>	<b>55,135,695</b>	<b>55,135,695</b>
<b>Cash and cash equivalents, end of the period</b>	<b>27,071,589</b>	<b>16,774,120</b>	<b>37,779,561</b>

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **FOR THE NINE MONTHS ENDED 31 DECEMBER 2023**

#### **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 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 registered office of the Bank is located at Eastern Caribbean Central Bank’s (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 report for the nine months ended 31 December 2023 have been prepared in accordance with IAS 34, “Interim Financial Reporting”.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 March 2023, 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**

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

### ***New and revised standards and amendments that are effective for the financial year beginning April 1, 2023***

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current reporting period. The Bank has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16** (effective January 1, 2022).

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Amendments to IAS 1, Presentation of Financial Statements, IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, and IFRS Practice Statement 2** (effective for annual periods beginning on or after January 1, 2023).

These narrow-scope amendments to IAS 1, 'Presentation of Financial Statements', IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors, and IFRS Practice Statement 2 aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The amendment is not expected to have a significant impact on the Bank.

- **Amendments to IAS 12, Income Taxes**, (effective for annual periods beginning on or after January 1, 2023).

The amendments to IAS 12, 'Income Taxes', require companies to recognise deferred tax on transactions that, on initial recognitions give rise to equal amounts of taxable and deductible temporary differences. The amendment is not expected to have a significant impact on the Bank.

- **Amendments to IFRS 17, Insurance contracts** (effective for annual periods beginning on or after January 1, 2023).

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The amendment is not expected to have a significant impact on the Bank.

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.

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

The following standards, amendments and interpretations to existing standards have been issued which are mandatory for the Bank's accounting periods beginning on or after April 1, 2023 or later periods, but were not effective at reporting date, and which the Company has not early adopted.

- **Amendments to IAS 1, Presentation of financial statements** (deferred until accounting periods starting not earlier than January 1, 2024).

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also classified what IAS 1 means when it refers to the 'settlement' of a liability. The amendment is not expected to have a significant impact on the Bank.

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

The amendments to IFRS 16, 'Leases', 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.