



Generating Profitable and Sustainable growth in the Money & Capital Market.

INTEGRATED REPORT 2019



DELIVERING ON OUR STRATEGY

We have successfully transitioned! The turnaround plan implemented in FY 2016 has proved ECHMB's dynamism and our new strategic thrust focuses on the construct of a profitable and sustainable growth model. Our FY 2019 results clearly demonstrate that the new growth strategy is yielding the desired results: (i) profitability is on the rise; (ii) as a good corporate citizen, the Bank continues to make tremendous contributions to the Eastern Caribbean Currency Union; and (iii) our enterprise risk model has been instrumental in improving our asset quality. The ECHMB's approach to value creation is depicted on Page 12.

FINANCIAL KPI

Earnings Per Share \$19.76 Up 25.94%	Interest Cover 2.14 times Up 3.88%	Debt-to-Equity Ratio 3.48:1 Up 6.94%	Return on Shareholders' Equity 8.97% Up 30.38%
Return on Assets 2.0% Up 24.22%	Book Value Per Share \$220.18 Down 3.56%	Net Interest Income 62.39% Down 4.73%	Efficiency Ratio 26.97% Up 12.29%

OTHER FINANCIAL MEASURES

Interest Income \$12.31m up 7.23%	Net Profit for the Year \$5.31m Up 25.83%	Total Assets \$265.80m Up 1.49%	Shareholders' Equity \$59.17m Down \$3.57
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CONTENTS

4	About This Report	23	Our Strategy
7	Who We Are	26	Measuring Our Strategic Progress
9	Mission and Vision	28	Management's Discussion and Analysis
10	Our Stakeholders	40	Risk Management
11	Our Approach To Value Creation	52	Corporate Governance
14	ECHMB's Value Added Statement FY 2019	62	Report of the Directors
15	Chairman's Statement	64	Our Human Resource
20	Q & A with the Bank's CEO	68	ECHMB as a Good Corporate Citizen

OUR NUMBERS SPEAK FOR THEMSELVES

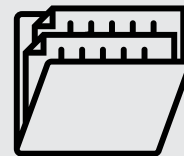
The ECHMB has emerged as a premier non-bank financial institution in the Eastern Caribbean Currency Union (ECCU). Our remit is to generate profitable and sustainable growth in the Money and Capital Market. After twenty-three (23) years of successful operations, our numbers speak for themselves: -

ECHMB IN NUMBERS 1996-2019



Interest paid to Debt Holders

\$157.42m



Debt instruments issued

\$1,465m



63 Shareholders



Net Profit

\$57.78m



Dividends Paid

\$30.17m



CariBBB+ Foreign Currency
(US\$30.0m) Debt Issue



CariBBB+ Local Currency
(US\$30.0m) Debt issue



Book Value per share

\$220.18



Qualified Certified Residential Underwriters

55



ECHMB's Integrated Report FY 2019

Our concise communication about how the Bank's strategy, governance, performance and prospects led to the creation of value for our stakeholders.

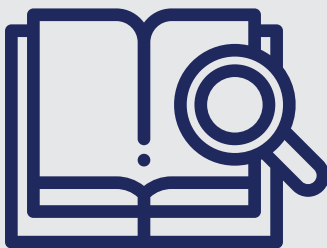
ABOUT THIS REPORT

OUR JOURNEY



The 2019 Annual Integrated Report (“AIR”) takes us through the journey of the ECHMB during the year then ended, by detailing operational highlights that contributed to the growth of the Bank. The AIR provides an opportunity for the ECHMB to evaluate and report on its progress, successes, challenges, plans and strategies. It is not only prepared for existing and prospective equity and debt investors, but also for other stakeholders as part of our commitment to transparency and accountability. Our success is underpinned by the ability to deliver value to stakeholders. This is anchored on a keen interest to deliver shared value through sustainable business practices. The Bank draws resources from the broader society, as characterized by the six-capital model (human, financial, intellectual, manufactured, natural and social and relationship capital) and utilizes these resources to create value for stakeholders. In this regard, the Bank operates in true adherence to its corporate values of developing the money and capital market in the ECCU. To deliver on this, we always endeavor to be agile so that we can continue to respond to prevailing demand.

OUR FRAMEWORK



The Bank has a framework for taking a holistic and considered approach in delivering shareholder returns while responding to stakeholders’ needs. Performance is measured against our strategic objectives. The report provides data to support the Bank’s performance.

THE MATERIALITY DETERMINATION



The AIR aims to present a balanced and succinct analysis of the Bank's strategy, performance, governance and prospects. Potential material matters were identified through a broad range of processes, from engagement at our Annual General Meetings to our own internal processes such as risk assessments and considering international trends. An issue is considered material if it is likely to impact ECHMB's ability to achieve its strategy, to remain commercially sustainable and to be socially relevant. In particular, material issues are those that have a strong bearing on the assessment of stakeholders on the extent to which the Bank can fulfil their needs over the long term. The ECHMB takes into account the factors that affect the economic growth and social stability of the ECCU.

BASIS FOR PREPARATION AND PRESENTATION FRAMEWORKS APPLIED



The AIR has been prepared with guidance from the International Integrated Reporting Framework. The Board of Directors ("the Board") and management have considered the fundamental concepts, guiding principles and content elements recommended in the Framework and has endeavored to apply these recommendations in the report. The Bank's Annual Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS).

PURPOSE



The purpose of this report is to provide our stakeholders with concise communication about the Bank in the context of the internal and external environment, as well as our ability to create value over the short, medium and long term.

PRIMARY AUDIENCE



The AIR is prepared primarily for the providers of capital to help inform their decision making regarding financial capital allocations. Matters not related to finance or governance also impact on the ability of the ECHMB to create value over the short, medium and long term. These matters, be they social or environmental, are of interest to other stakeholders and, where considered material, are addressed herein.

PREPARATION AND PRESENTATION



ECHMB's 2019 AIR has been prepared for the period 1st April 2018 to 31st March 2019. The executive directors and senior management were instrumental in the preparation of this report.

ASSURANCE



The Bank's Annual Financial Statements were audited by Grant Thornton-St. Kitts and Nevis.

WHO WE ARE

Since incorporation in 1995 to opening its doors on 22nd April 1996, the ECHMB has made indelible contributions to the development of the financial landscape of the ECCU. After twenty-three (23) years of operations, the ECHMB remains steadfast in fulfilling its commitment to improving the standard of living of the citizens in the Member States of the ECCU.

History, Innovation and Leadership



1996

22nd April, officially launched its operations and was accommodated within the offices of the ECCB Financial Complex in Basseterre, St. Kitts.

The Honourable Sir K. Dwight Venner was appointed Chairman of the Board of Directors.

Ms. Lydia V. Elliott was appointed Corporate Secretary.

22nd April, Mr. St. Bernard J. Sebastian was appointed as the General Manager/Chief Executive Officer of the Bank.

21st September, International Financial Corporation (IFC) signed a Subscription Agreement for the purchase of 10,000 shares.

18th October, issued its First Bond in the amount of \$20.27m.

The public Accounting firm of Pannell Kerr Forster (PKF) was appointed auditors.



2004

Approved the creation of two (2) special reserve accounts, a Building Reserve Fund and a Portfolio Risk Reserve Fund. Transfers of \$1.5m and \$1.0m from Retained Earnings were made to the respective Reserve Funds. Bonds in Issue exceeded the \$100.00m threshold.

Ms. Lydia V. Elliott resigned as Corporate Secretary.

The staff complement was increased to eight (8).



2009

31st August issued its 2nd and 3rd Tranches of Equity in the amount of \$10.00m.

Total Assets exceeded the \$200.00m threshold, of which \$184.27m in Mortgages.

Total Bonds in issue exceeded the \$200.00m threshold.



2008

31st January entered into an Agreement with the Caribbean Development Bank for a US\$10.0m Loan.

14th February, Caribbean Information & Credit Rating Services assigned the ratings of CariAA (Foreign Currency Rating) CariAA (Local Currency Rating) in its regional rating scale to the notional debt issue of US\$30.00m.

The Mortgage Portfolio exceeded the \$100.00m threshold.

Total Bonds in issue exceeded the \$150.00m threshold.



2013

Reported the highest profit in the Bank's history of \$5.76m.

Total assets under Management reached \$329.70m.

Mr. Duleep Cheddie demitted office of General Manager/Chief Executive Officer and Mr. Randy Lewis was appointed acting General Manager.



2014

The firm of Grant Thornton – St. Kitts and Nevis Chartered Accountants was appointed as auditor for the 2014 financial year.

The Building Reserve was subsumed in the Portfolio Risk Reserve.



2016

The ECHMB celebrated 20 years of operations.

The Bank issued its first corporate paper totaling \$137.61m.

Repaid \$10.0m on the CDB Borrowings.

The Honourable Sir K. Dwight Venner demitted office as Chairman of the Board of Directors.

Mr. Timothy N. J. Antoine appointed Chairman.

Implemented a staff redundancy programme.



2018

Prepared the first Annual Integrated Report.

Continued the restructuring of the Bank's operations including exploring the change in the name of the Bank to ECHMB Capital Ltd.



2015

Primary Lenders repurchased mortgages totaling \$63.46m.

Placed \$111.84m in investment securities.

Acquired sovereign securities for the first time in the Bank's history (\$32.0m).

Reduced the debt capital of the Bank to \$199.92m.

Mr. Randy Lewis was appointed General Manager/Chief Executive Officer.



2017

Adapted a new mission and vision of the Bank.

Introduced new models for the allocation of assets and the issuance of debt capital.

Extended the Bank's target market by penetrating the money and capital markets in the North America, Europe and Central America.

Introduced two new products- Mortgage Pledged Loans and Mortgage Credit Facility.

Recruited a Chief Investment Officer and a Treasury Officer.



2019

After 15 years as Corporate Secretary, Ms. Maria Barthelmy demitted office and was replaced by Ms. Gillian Skerritt.

Bid farewell to Mr. Dexter Ducreay after ten (10) sterling years of service on the Board of Directors.

Launched the Bank's inaugural Repurchase Agreement Programme in the latter part of the financial year. The \$15.0m one-year instrument was well received by the market and ended FY 2019 with subscriptions of \$6.0m.

Fully implemented IFRS 9. The new standard resulted in a \$5.48m diminution in Assets under Management.

MISSION AND VISION

Mission

To be the premier vehicle for developing the financial sector and mortgage industry within the Member States, in a socially responsible manner and strive to become the employer of choice while ensuring safety and above market returns for the providers of capital.

Vision

The Bank aspires to be the principal financial intermediary for providing affordable and sustainable sources of housing finance to Primary Lenders operating within the Member States and that its securities are investments of choice.

Product Offerings

Diverse Offerings in the Secondary Mortgage Market and the Capital Market

Capital Market Products

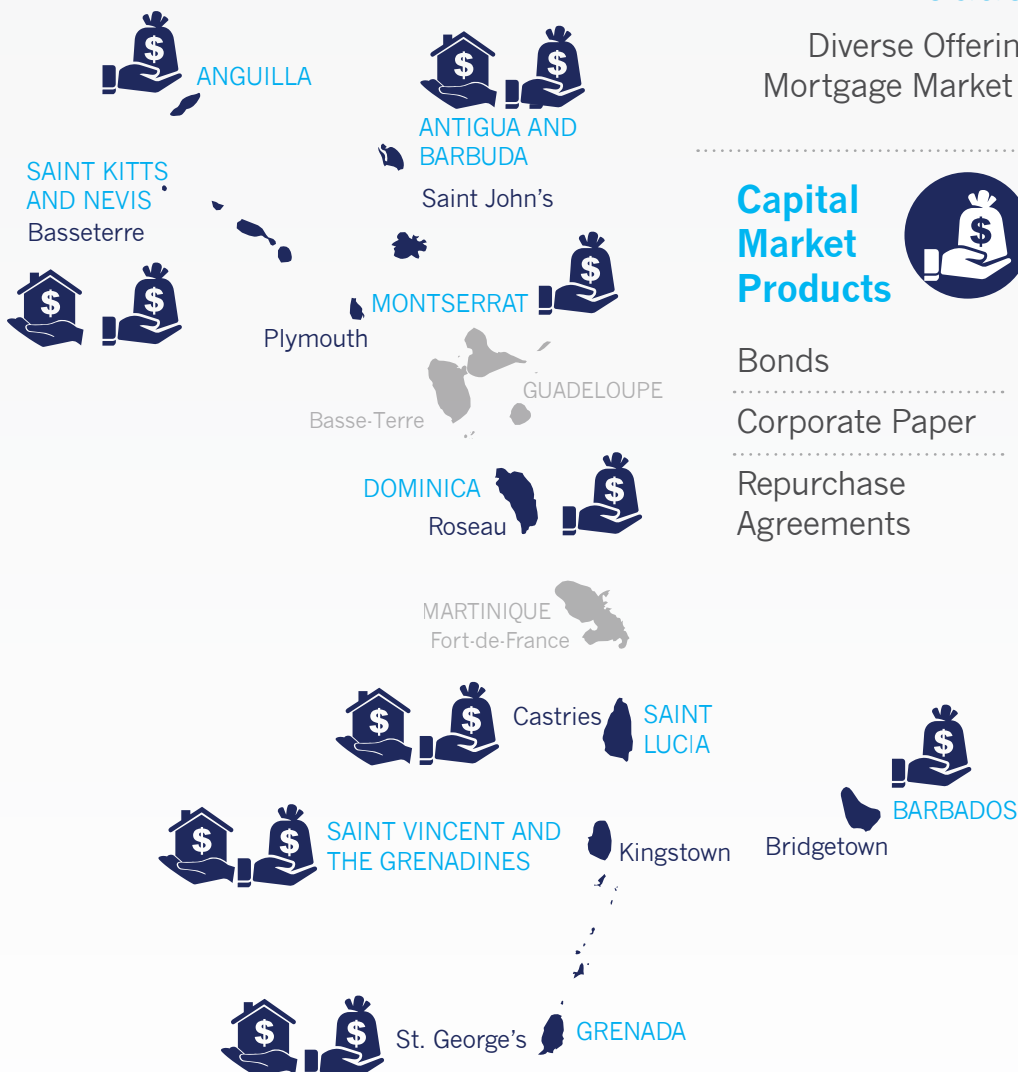


- Bonds
- Corporate Paper
- Repurchase Agreements

Secondary Mortgage Products



- Mortgage Pledged Loans
- Mortgage Backed Securities
- Mortgage Origination Loans



OUR STAKEHOLDERS

Our stakeholders are the individuals, groups of individuals or organisations who impact our business or are affected by our business. Our stakeholders include our employees, investors, primary lenders, mortgage underwriting participants, regulators, brokers, the civil society and communities within the Eastern Caribbean Currency Union.

We are committed to working with all our stakeholders in order to understand their expectations and interests so that the Bank can remain relevant given the changing dynamics of our external environment. We achieve this by establishing multiple mediums of communication through which our stakeholders can be informed and interact with us. It is for this very said reason that the Bank has embarked on the production of Annual Integrated Reports. We believe in ensuring that our operation remains sufficiently transparent so that stakeholders have equal access to requisite information.

				
Governance <ul style="list-style-type: none">• Board of Directors• Employees	Investors <ul style="list-style-type: none">• Shareholders• Debtholders	External Agencies <ul style="list-style-type: none">• ECSE• ECSRC• CariCRIS	Customers <ul style="list-style-type: none">• Social Securities• Credit Unions• Financial intermediaries• Households• Brokers/dealers	Communities <ul style="list-style-type: none">• Corporate social partners• Schools• Not-for-profit organisations

Meeting the needs and expectations of our stakeholders, in a socially responsible manner, are the principal reasons why the ECHMB was created.

Our Approach To Value Creation

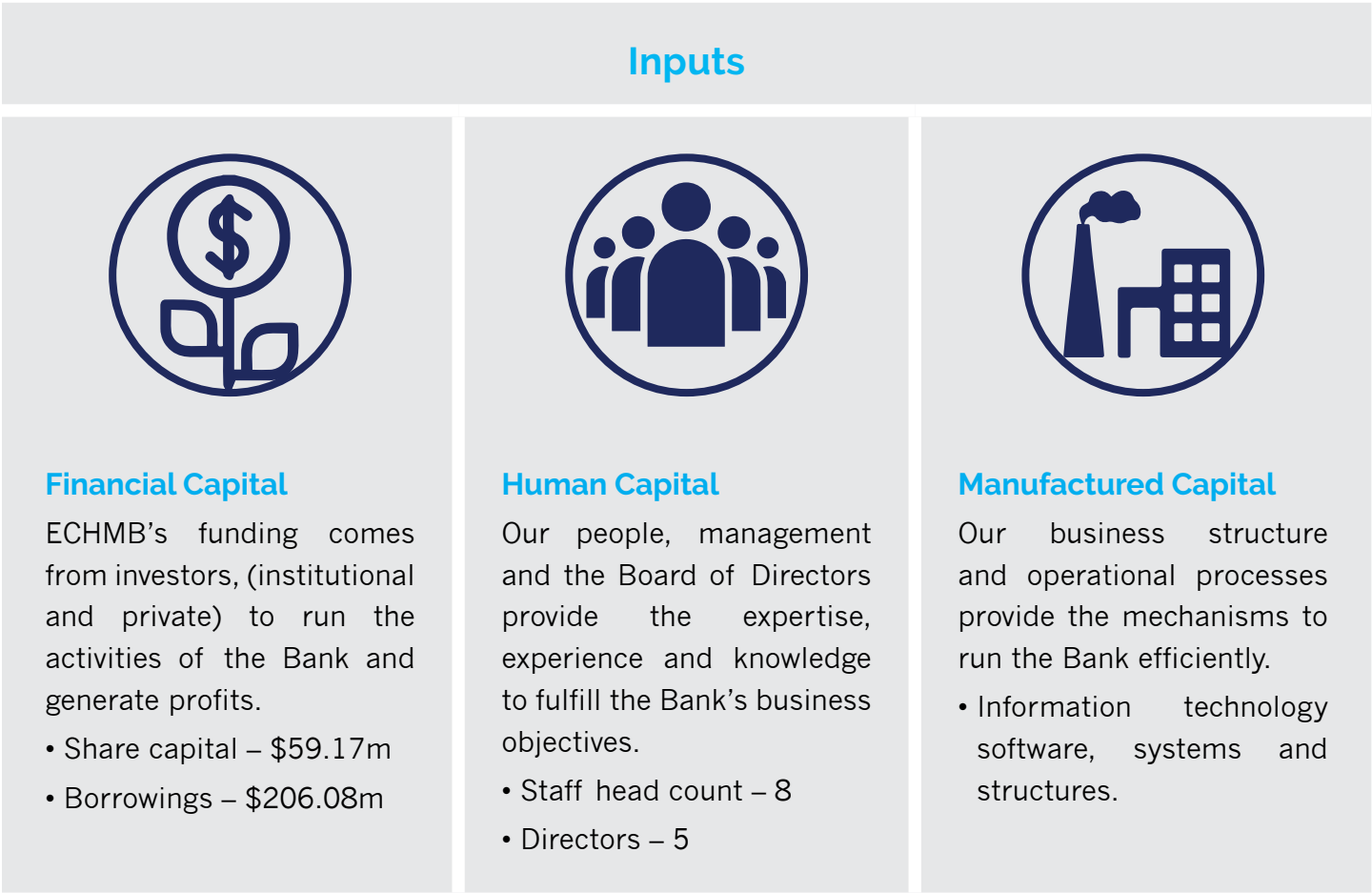
The background of the slide is a complex financial chart. It features a candlestick chart with blue and white bars, overlaid with a line graph in light blue. A thick, curved purple line, likely a moving average, spans across the chart. The background is a dark blue grid with various numerical values and percentages scattered throughout, creating a data-rich, analytical atmosphere.

Creating economic value through
our revamped business model

OUR APPROACH TO VALUE CREATION

At ECHMB, value is created through our business model, which acquires inputs in the form of capital – financial, human, manufactured, intellectual, social and relationship, and natural

capital – and transforms it through our business activities and interactions to produce outputs and outcomes for the Bank, its stakeholders, society and the environment.





Intellectual Capital

Our intellectual assets, such as our brand value, innovative products, innovation capacity and reputation.

- Strong brand affinity; and
- Exceptional innovation capacity



Social and Relationship Capital

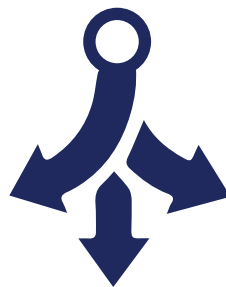
Our relationships with our stakeholders particularly communities in which we operate. Consistent engagement of key stakeholders including primary lenders, investors, the regulator, employees and other financial institutions.



Natural Capital

Our impact, directly and indirectly, on natural living and non-living organisms including ecosystems, through our operation.

- Working towards reduction of carbon footprint.



Products

- (i) Mortgage backed securities;
- (ii) Capital market products; and
- (iii) Mortgage underwriting seminars.

Outputs

- (i) Interest income.

Outcomes

- (i) Provide liquidity to Primary Lenders;
- (ii) Investment Opportunities for ECCU investors;
- (iii) Employment and income for staff;
- (iv) Adequate return for shareholders; and
- (v) Contribute to the Economic growth and Social development of the ECCU.

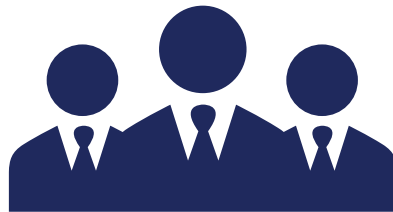
ECHMB'S VALUE ADDED STATEMENT FY 2019

Value Added:	FY 2019	FY 2018	FY 2017
	\$m	\$m	\$m
Income	13.26	11.71	11.31
Interest paid and cost of other services	(6.37)	(5.92)	(6.78)
Wealth created	6.89	5.79	4.53
Distribution of Wealth			
Employee-Salary and other benefits	1.51	1.49	1.39
Dividends	2.02	2.02	2.02
Retained to support future business growth	3.29	2.20	1.04
Depreciation and amortization	0.07	0.08	0.08
Wealth Distributed	6.89	5.79	4.53



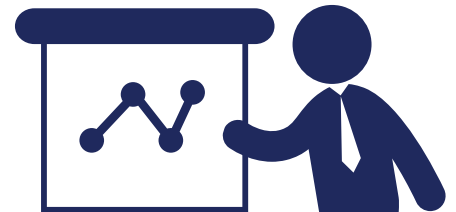
Employees

22% -2018 -26%



Shareholders

29% -2018 -35%



Retained

48% -2018 -38%

CHAIRMAN'S STATEMENT



Mr. Timothy N. J. Antoine

“

The financial impact on our operations, in FY 2019, consequent upon the implementation of our growth strategy, was encouraging.

Assets under Management (“AuM”) increased by \$3.9m (1.49%) from \$261.90m in FY 2018 to \$265.8m in FY 2019. The increase in AuM was creditable when one takes into consideration the Bank recorded a \$5.48m diminution in AuM on account of IFRS 9 and paid dividends of \$2.02m. The increased AuM contributed to top line growth of \$0.83m (7.23%) from \$11.48m in FY 2018 to \$12.31m in FY 2019. Interest Income was supplemented by Credit Income on Financial Assets totaling \$0.92m.

The Management of the ECHMB ought to be commended for capping the increase in Total Expenses at \$0.47m (6.28%) from \$7.49m in FY 2018 to \$7.96m in FY 2019. The net impact is a \$1.09m (25.83%) increase in Net Profit for the Year from \$4.22m in FY 2018 to \$5.31m in FY 2019.

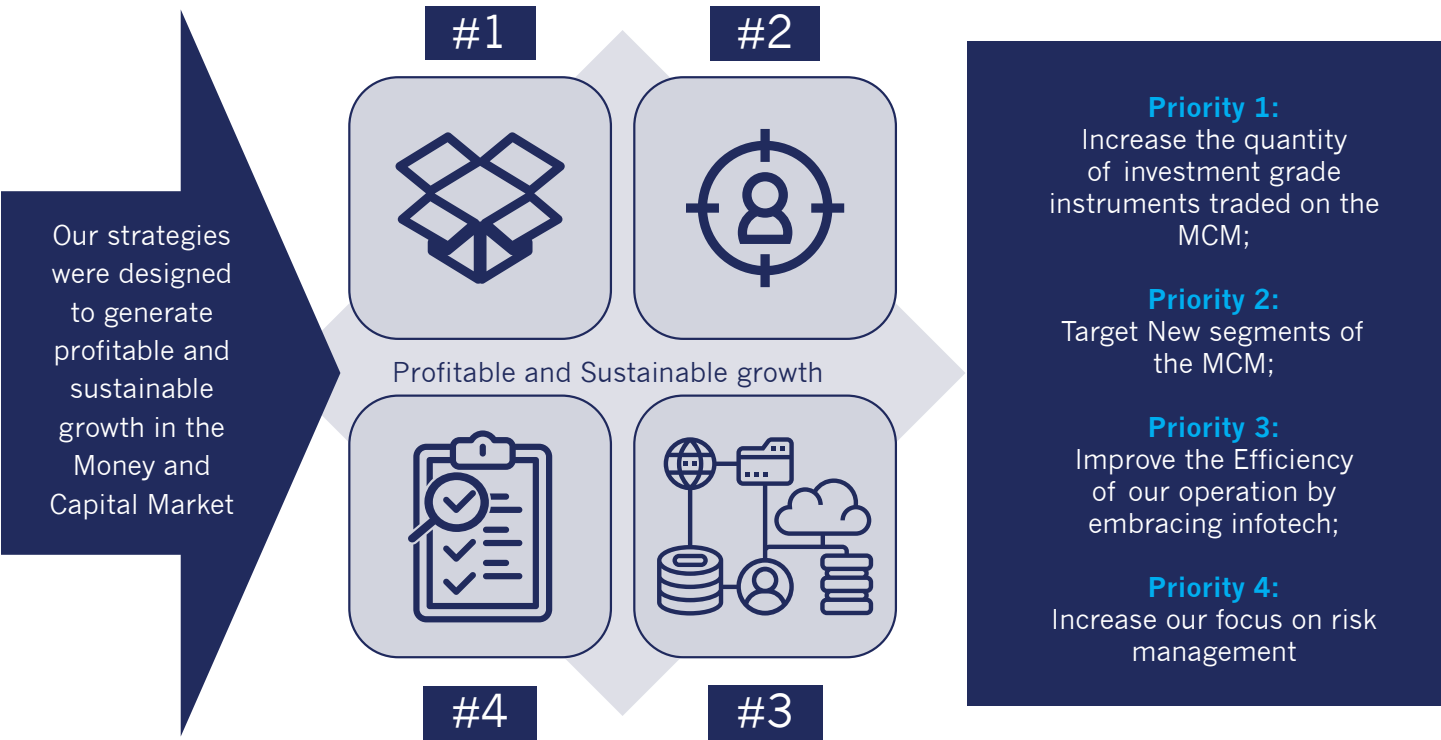
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Dear Shareholders

In FY 2018, the ECHMB published its inaugural Annual Integrated Report (“AIR”) styled, “*Propagating transformative ideas to the money and capital market of the Eastern Caribbean Currency Union*”. FY 2018 also marked another first, in that our AIR was disseminated to stakeholders digitally. We noted the overwhelming response by our stakeholders to our new reporting format, which was lauded for its transparency and utility on ECHMB’s value creation. As such, we are pleased to submit our second AIR under the caption, “*Generating Profitable and Sustainable Growth in the Money & Capital Market*”.

Generating Profitable and Sustainable Growth in the Money and Capital Market

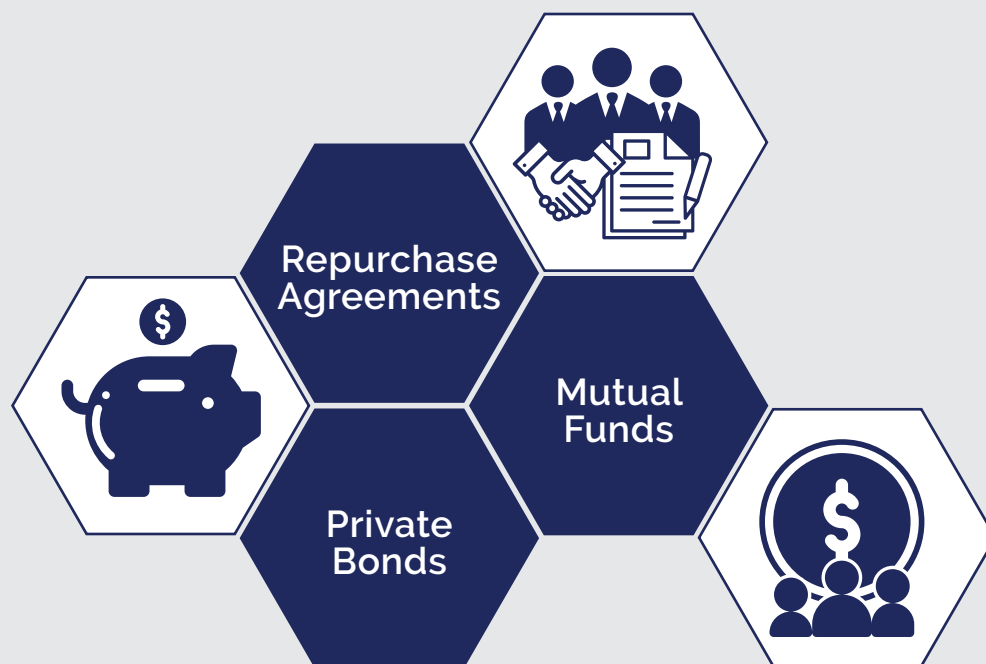
ECHMB’s sustainable growth strategy (“the strategy”) was coined on the assumptions of (i) a strong EC dollar; (ii) a solid, diversified and resilient financial system; (iii) the construct of the ECCU as single economic and financial space; (iv) an annual economic growth rate of approximately 3.00% in the ECCU; and (iv) political stability. The aforementioned conditions were fully realized in FY 2019 and hence, provided tailwinds for the successful implementation of our strategy. As can be gleaned from our summarized Strategic Map, the ECHMB employed a four-pronged approach to stimulate profitable and sustainable growth in the Money and Capital Market (“MCM”).



Introduction of New Products to the MCM

The ECHMB remains committed to creating investment opportunities for ECCU market participants through the development of new investment grade instruments. The products identified to complement our existing portfolio of capital market products are: -

The instruments issued by the ECHMB were auctioned and listed on the Eastern Caribbean Securities Market (“ECSM”) and hence, supported the Bank’s remit to generate profitable and sustainable growth in the Money and Capital Market.



Taking advantage of the surplus liquidity in the banking system, the ECHMB successfully launched its inaugural Repurchase Agreement Program (“Repos”) in the amount of \$15.00m. I am pleased to report that the Bank secured subscriptions of \$6.00m in FY 2019 with additional subscriptions totaling \$7.79m secured during the first quarter of FY 2020. As expected, the bulk of our funding in FY 2019 came from Corporate Papers with subscriptions of \$199.10m from bids totaling \$229.56m. The oversubscription of \$30.46m demonstrated the high level of confidence that investors had in the ECHMB and the ECCU in general. In total, the ECHMB successfully raised debt amounting to \$205.10m in FY 2019, no easy feat given the current trepidation of investors caused by the advent of IFRS 9.

Targeting New segments of the Money and Capital Market

After twenty-three years of unwavering support of ECHMB’s capital market debt instruments, a significant proportion of our larger institutional investors have reached peripheral concentration limits. It is imperative that our incumbent growth strategy places emphasis on increasing the Bank’s market share. Our marketing strategy has been refocused to target small institutional investors and citizens of the ECCU. To support this initiative, we have launched a social media marketing campaign which is complemented with road shows.

Improving Operational Efficiency by Embracing Technology

The ECHMB is a small entity manned by an eight (8) member staff. As such, we continue to leverage technology to enhance efficiencies in our operations. We have already embraced technology for our product propositioning and marketing and fully intend to exploit feasible opportunities which are likely to emerge in the ECCU from the new thrust in Fintech.

Raising the Bar on Risk Management

Our business model is becoming increasingly exposed to international markets which means we must ensure that our internal processes and corporate governance evolve accordingly. It is for this reason we have redrafted our Audit and Risk Charter to incorporate risk management. We are also exploring the feasibility of changing our functional structure to increase the prominence of risk management at the operational level of the Bank.

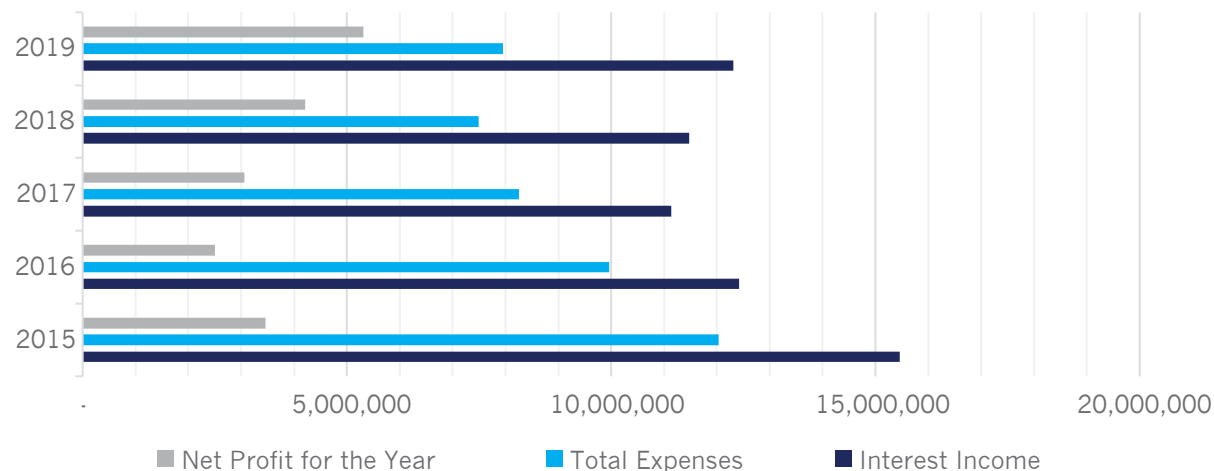
Impact of our Growth Strategy on ECHMB's Results

The financial impact on our operations, in FY 2019, consequent upon the implementation of our growth strategy, was encouraging.

Assets under Management ("AuM") increased by \$3.9m (1.49%) from \$261.90m in FY 2018 to \$265.8m in FY 2019. The increase in AuM was creditable when one takes into consideration the Bank recorded a \$5.48m diminution in AuM on account of IFRS 9 and paid dividends of \$2.02m. The increased AuM contributed to top line growth of \$0.83m (7.23%) from \$11.48m in FY 2018 to \$12.31m in FY 2019. Interest Income was supplemented by Credit Income on Financial Assets totaling \$0.92m.

The Management of the ECHMB ought to be commended for capping the increase in Total Expenses at \$0.47m (6.28%) from \$7.49m in FY 2018 to \$7.96m in FY 2019. The net impact is a \$1.09m (25.83%) increase in Net Profit for the Year from \$4.22m in FY 2018 to \$5.31m in FY 2019.

Trends in Interest Income, Total Expenses and Net Profit for the Year



Corporate Social Responsibility

The ECHMB has strong conviction about reducing its carbon footprint and continues to make significant investments geared at converting our operations to a paperless environment. We have already eliminated paper in our corporate governance functions and internal staff communications. We are exploring other avenues for reducing our carbon footprint and anticipate major changes to our physical plant as our landlord has embarked on a major “greening” initiative.

The ECHMB continues to take the lead in developing mortgage underwriting competences in the ECCU. This initiative is particularly relevant and timely given the potential adverse impact of IFRS 9 on financial intermediaries domiciled in the ECCU.

What's Next for the ECHMB

We have already commenced the process to repeal and replace the Eastern Caribbean Home Mortgage Bank Act of 1995. This is a precursor to the changing of the Bank’s name to ECHMB Capital and expansion of our MCM product portfolio. However, the latter will prove futile if we fail to increase the visibility and ease of access to the MCM to small institutional investors and citizens. In this regard, the Bank’s strategic collaboration with the Eastern Caribbean Central Bank (ECCB), Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Eastern Caribbean Securities Exchange (ECSE) is vitally important. We hold the view that the ECHMB has a major role to play in this partnership to spur wealth creation for small institutions and citizens of the ECCU.

Special Thanks

I wish to thank our shareholders for your continued support of the ECHMB, my colleagues at the Board of Directors, Management and staff for the tremendous support during FY 2019.

I would like to place on record my heartfelt thanks to Mr. Dexter Ducreay for his ten (10) years of service to the ECHMB. We appreciated his commitment and expertise displayed in the stewardship of the Bank. I would also like to take the opportunity to welcome Mr. Aylmer A. Irish to the Board of Directors of the ECHMB and to thank him for his contributions thus far.

I am quite confident that ECHMB will continue to play a pivotal role in changing the investment landscape for the benefit of each citizen of the ECCU.

Mr. Timothy N. J. Antoine
Chairman

Q & A WITH THE BANK'S CEO



Randy Lewis

“

ECHMB was created to be a trailblazer in the development of the Money and Capital Market (“MCM”) in the Eastern Caribbean Currency Union and hence, it is imperative that the Bank expands its modus operandi so that it can fulfill its new raison d’être. While we cogitate upon the future, we ought to revisit the legislative framework of the principal players on the MCM. Since most of the legislations were drafted almost two (2) decades ago, reform is required to bring the requisite legislations vogue. The ECHMB has already commenced the process to repeal and replace its statute; however, our new legislation will be severely incumbered if the legislative framework of the MCM remains archaic. We strongly believe that ECHMB must form an integral part of the discussions on MCM reform and we have already committed to doing so.

”

What Occupied the Bank's Strategic Agenda in FY 2019?

In FY 2019, we focused on generating profitable and sustainable growth in the Money & Capital Market (“MCM”), with the overarching objective of creating long-term value for our stakeholders. Since ECHMB’s growth strategy is financed predominantly by debt capital (77.69% of total capital), we had to determine the price point at which the Bank will achieve the dual objectives of ensuring full subscription of our instruments and preservation of the its Net Interest Income.

How did the Bank Embrace Technology in FY 2019?

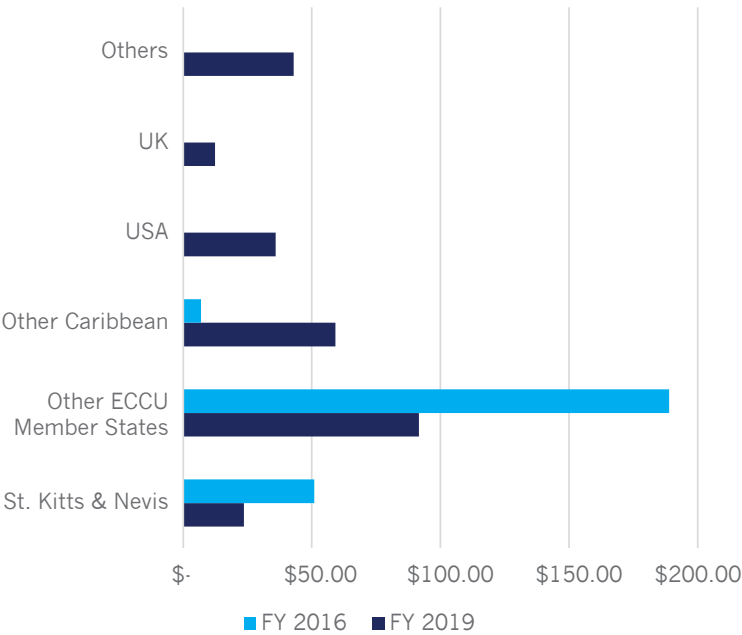
We recognized that our strategy to raise the capital to finance our growth agenda would prove ineffective without extensive marketing. However, since the ECHMB operates in each of the eight (8) islands of the Eastern Caribbean Currency Union (“ECCU”), an extensive traditional marketing campaign would have proven cost prohibitive. We therefore opted to embrace social media marketing supplemented by targeted road shows.

What Were the Major Improvements in ECHMB's Risk Management Framework in FY 2019?

Risk management is high on the Bank’s agenda and there were many pervasive improvements to our Enterprise Risk Management (“ERM”) Framework in FY 2019; however, if I had to pinpoint a signature risk mitigant, it would be the continued internationalization of our business model. At the sojourn of FY 2019, approximately 57.0% of the Bank’s Assets under Management (“AuM”) was in jurisdictions outside of the ECCU.

In contrast, three (3) years prior, 2.82% of the Bank’s AuM was located outside of the ECCU. The ECHMB is therefore better equipped to mitigate future shocks to the ECCU.

Allocation of Assets



What Impact Did IFRS 9 Have on the ECHMB's Statement of Financial Position?

The ECHMB implemented International Financial Reporting Standard 9 ("IFRS 9") on the 1st April 2018 and recorded an additional \$5.48m impairment which was set against Retained Earnings. Our total impairment as at 1st April 2018 amounted to \$9.45m. As at 1st April 2018, the Bank was carrying a Portfolio Risk Reserve of \$9.61m and transferred the amount of \$5.48 therefrom to Retained Earnings.

For FY 2019, the Bank was required to reduce its impairment on assets by \$0.92m. At the sojourn of FY 2019, Shareholders' Equity was reported at \$59.17m and marginally lower than the \$61.36m reported in FY 2018.

What Would You Say Were Your Main Impediments in FY 2019?

ECHMB proposed to launch products which would significantly augment the number of investment grade instruments traded on the MCM in the ECCU. However, the existing infrastructure and legislation of the MCM do not support the implementations of some of these initiatives.

We are satisfied that the inherent limitations have been identified and discussions to mitigate same have been initiated. While these issues are being ventilated, the ECHMB is forced to put the launch of these products on hold.

What Does the Coming Financial Year Hold for the ECHMB?

ECHMB was created to be a trailblazer in the development of the MCM in the ECCU and hence, it is imperative that the Bank expands its modus operandi so that it can fulfill its new raison d'être. While we cogitate on the future, it is imperative we revisit the legislative framework of the principal players on the MCM. Since most of the legislations were drafted almost two (2) decades ago, reform is required to bring the requisite legislations vogue. The ECHMB has already commenced the process to repeal and replace its statute; however, our new legislation will be severely incumbered if the legislative framework of the MCM remains archaic.

We believe that ECHMB must form an integral part of the discussions on MCM reform and we have already given out commitment to do so.

Randy Lewis
Chief Executive Officer

Our Strategy

“Persistence is what makes the impossible possible, the possible likely, and the likely definite.”

~ Robert Half

OUR STRATEGIC VALUE DRIVERS



Client Focus

+



Employee
Engagement

+



Strong Corporate
Governance &
Risk Management

=



Sound
Financial
Outcome

Genesis of Our Strategy

Our strategy is informed by the latest trends in the Money & Capital Market in the ECCU.

1. Lack of Investment Grade Products

There is excess liquidity in the Money and Capital Market and financial intermediaries prefer high yielding, short term products. More importantly, the advent of IFRS 9 may translate into higher demand for investment grade products.

Our Strategic Response:

Improve our credit ratings and introduce new products.

2. Increased Bargaining Power of Consumers

Due to opportunities on the international market, investors are demanding higher yields and better terms on their investments.

Our Strategic Response:

Customize our products and target new segments of the market.

3. New Regulations & Accounting Standards

The change in impairment of assets to the expected credit loss model has caused institutions to reassess the allocation of their capital.

Our Strategic Response:

Strengthen our Enterprise Risk Management protocol and preserve our credit ratings.

4. Digital Revolution

Digitization offers an opportunity for us to improve the efficiency of our operations.

Our Strategic Response:

Embrace technology

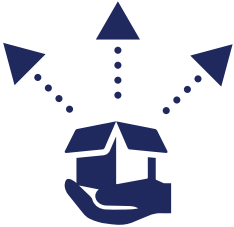



Our Strategic Responses



"Persistence is what makes the impossible possible, the possible likely, and the likely definite." This reflected our mantra as we implemented our Strategic Priorities in FY 2019. We are mindful that the Money and Capital Market in the ECCU is at the nascent stage of development and as the pioneer, the ECHMB has the arduous tasks of developing the prerequisite infrastructures. We are however mindful that it would prove far more daunting to generate profitable and sustainable growth in the Money and Capital Market by following the status quo.

Measuring Our Strategic Progress FY 2019

Strategic Priorities FY 2019	What success looks like	How we measure our progress	How we performed
 <p>Increase the quantity of investment grade instruments traded on the MCM</p>	<p>The introduction of new corporate instruments to effectively satisfy demand in the money and capital market in the ECCU.</p>	<p>Introduction of the following by 2021:-</p> <ul style="list-style-type: none"> • Repurchase Agreements. • Mutual Funds. • Private placement of bonds. 	<ul style="list-style-type: none"> • Introduced Repurchase Agreements in FY 2019. • Exploring the feasibility of implementing a mutual fund.
 <p>Target New segments of the MCM</p>	<ul style="list-style-type: none"> • Extend the Bank's target market. • Form strategic relationships with broker/dealers domiciled in jurisdictions outside of the ECCU. 	<ul style="list-style-type: none"> • Diversification of the Investment Portfolio. • Diversification of our funding instruments. • Lower our concentration to holders of our debt instruments. 	<ul style="list-style-type: none"> • Increased exposure to Non-EC investments from 55.9% of total portfolio in FY 2018 to 68.9% in FY 2019. • Geographical allocation expanded to Germany, Singapore and Japan. • Sold \$6.0m in repurchase agreements whilst adding new investors.

Strategic Priorities FY 2019

What success looks like

How we measure our progress

How we performed



**Improve the Efficiency
of our operation by
embracing infotech**

Leverage technology to improve the efficiency and effectiveness of the Bank's operations.

- Elimination of manual processes in the Bank.
- Adoption of technology that is relevant to the Bank.
- Fully functioning and updated website.
- Passing grade in IT audits.

- Automated our corporate governance documents.
- Integrated the accounting, investment and corporate finance and funding functions.
- Launched a social medial marketing programme.
- Digitalized our annual reports.



**Increase our
focus on risk
management**

Ensure that risks are identified and managed to prevent adverse impact on the Bank's operations.

- Full roll out of Enterprise Risk Management framework.
- Automation of the Bank's risk metrics.
- Non-performing assets are reduced to less than 1.0% of Assets under Management.
- Improve our investment grade credit ratings.

- Revised our ERM Policy.
- Implemented IFRS 9.
- Annual internal and external audits were undertaken within stipulated deadlines.
- Non-performing assets stood at 2.8% of Assets under Management.
- Maintained our investment grade credit rating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is presented to enable stakeholders to assess material changes in the financial condition and operating results of ECHMB for the year ended 31st March 2019, compared with the corresponding period in previous years. This MD&A should be read in conjunction with our audited Financial Statements and related Notes for the year ended 31st March 2019. Unless otherwise indicated, all amounts are expressed in Eastern Caribbean Dollars and have been primarily derived from the Bank's Financial Statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).



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1. Randy Lewis, ACA; FCCA; MBA; ACCDir
Chief Executive Officer

2. Heidi Hypolite, FCCA; MBA
Chief Financial Officer

3. Ava Beckles, BSc; CFA
Chief Investment Officer

4. Justin Skeete, MICITP
Systems Officer

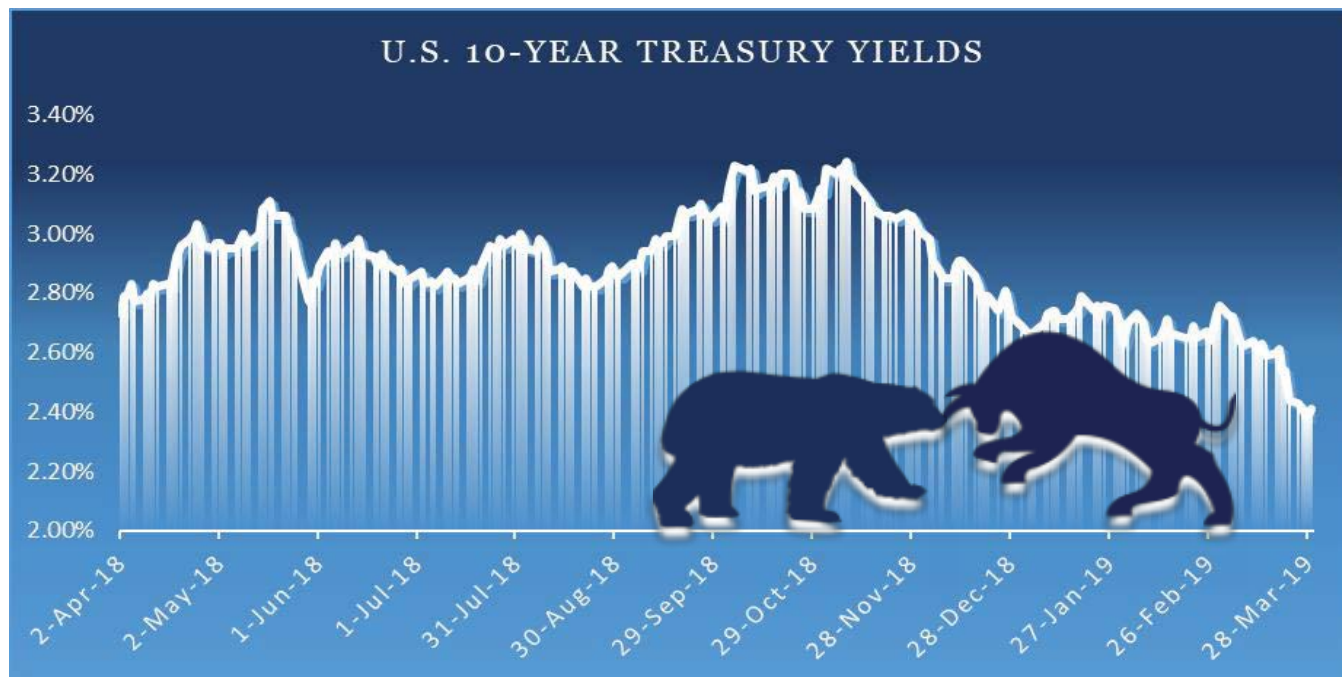
5. Sheena Regis, ACCA
Investment Analyst

6. Miriam Etienne
Executive Secretary/HR Officer

For the third (3rd) consecutive year, we have improved our results. The Bank delivered the highest financial outturn in the preceding six (6) years.



Investment Performance and Outlook



The financial market's exuberance was marred by extreme volatility during our financial year 2019. During the period October 1st, 2018 to March 31st, 2019, the stock and high yield bond markets experienced fierce swings. The market suffered a turbulent fourth quarter, the worse since 2008, as reflected by the 13.97% decline in the US' S&P 500 Index. This was followed by the best first quarter gain of 13.07% since 1998. The confluence of sentiments stemmed from the Federal Reserve and other central banks' action or inaction; waning global growth and trade tensions.

The ten-year treasury yield, our benchmark for the performance of medium-term bonds, struggled to find direction amidst heightened uncertainty. The Federal Reserve raised rates four times in the year 2018, citing a strong US economy, which propelled 10 year treasury yields to a high of 3.19% in November 2018.

As quickly as yields climbed... they fell, as the Federal Reserve signaled a halt in interest rate hikes in the first quarter of 2019 against the backdrop of slowing global economic growth.

Within the Caribbean, the Barbados default upset capital markets. Local currency investors were coerced into the acceptance of a debt exchange which reflected lower coupons and longer maturities. On the other hand, Jamaica's capital market continued to be the beacon of the Caribbean. The Jamaican stock market was the best performer globally for the year 2018, surging almost 300.0% over the past five years, 7 times the U.S.' S&P 500 Index's advance. The macroeconomic fundamentals of the ECCU remained positive with growth of 2.8% in the year 2018, marking its seventh consecutive year of positive economic outturn.

Outlook

The International Monetary Fund cut its outlook for global growth to the lowest since the financial crisis amid a bleaker outlook in most major advanced economies and signs that higher tariffs will weigh on trade. The IMF's forecasted growth rate of 3.3% for the year 2019 was more optimistic than the World Bank's forecast of 2.9%. The World Bank also cut its growth rate citing rising downside risks to the global outlook, strained by structural weaknesses in the Europe, China and Japan economies. Will the U.S. remain the symbol of hope as the global economy struggles?

"Irrational exuberance is a state of mania!" Coined by former Federal Reserve chairman, Alan Greenspan, the phrase suggests that investors are so confident that the price of an asset will keep going up, that they lose sight of the underlying value. While some market

pundits have been predicting the end of the stock and bond bull markets, others are assured that the new era of low interest rates coupled with low inflation will continue to provide a healthy environment for financial markets to thrive. Investors' herd mentality will persist once the Central Banks are on the right side of the market.

We anticipate continued volatility as market participants remain nervous on issues like the trade dispute and global growth. Investors may flock to short term instruments as they adopt a wait and see approach. Amidst the uncertainty, we continue to seek out fixed income instruments issued by fundamentally sound companies. Our diversification mandate continues into FY2020.

Our FY 2019 Highlights

FY 2019 marked the first year of implementation of the ECHMB's 2019 to 2021 Strategic Plan. The principal objective of the aforesaid is to create long-term value for our stakeholders. We believe that this would be achieved through the generation of profitable and sustainable growth in the Money and Capital Market.

Significant Transactions Undertaken in FY 2019

- Successfully issued Corporate Paper totaling \$199.10m at a weighted average coupon of 2.38%.
- Launched our inaugural Repurchase Agreement Programme with subscriptions amounting to \$6.00m.
- Purchased Mortgage Backed Securities totaling \$8.40m.
- Acquired new investments totaling \$33.29m.
- Declared dividends totaling \$2.02m.
- Successfully implemented IFRS 9.
- Issued our inaugural digital Annual Integrated Report.
- Upgraded our consolidate policies.

By all indications, the ECHMB has achieved its objectives in FY 2019.

Interest Income \$12.31m Up 7.23%	Net Profit for the Year \$5.31m Up 25.83%	Assets under Management \$265.80m Up 1.49%	Investment Securities \$215.84m Up 5.66%
Earnings per share \$19.76 Up 25.94%	Interest Cover 2.14 times Up 3.88%	Debt-to- Equity Ratio 3.48:1 Up 6.94%	Return on Shareholders' Equity 8.97% Up 30.38%

ECHMB's Financial Performance

Top Achievements in FY 2019



Net Profit for the Year

↑
25.83%

7.23% Growth in Interest Income combined with a \$0.92m writeback in provision for impairment of assets



Assets Under Management

↑
1.49%

Financed by a 3.13% increase in borrowings and \$5.31m generated in net profits; however, tempered by a \$5.48m impairment of assets on 1st April 2018



Investment Portfolio

↑
5.66%

Prudent acquisitions of investment grade instruments in jurisdictions where the Bank has low concentration risk



Borrowings

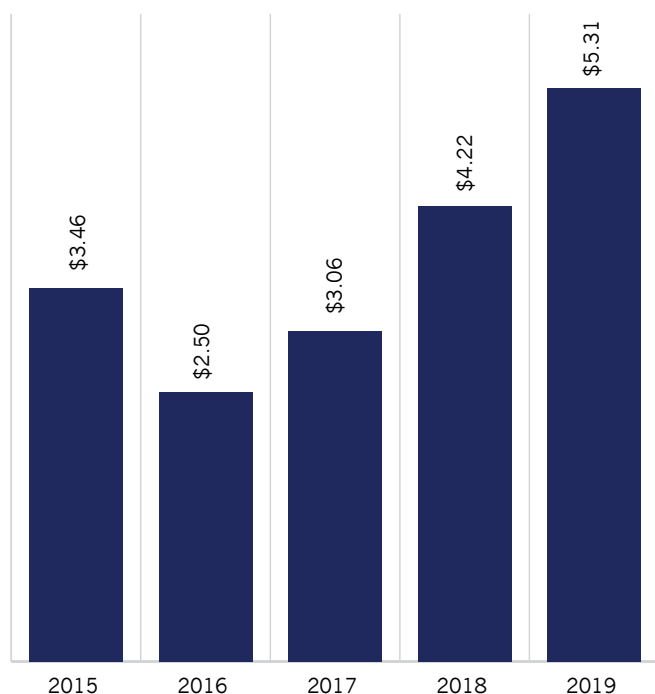
↑
3.13%

Introduction of repurchase agreements

Analysis of Income Statement of FY 2019

	FY 2019	FY 2018	YOY
Summarized profit and loss			
Interest income	12.31	11.48	7.23%
Interest expense	(4.63)	(3.96)	16.92%
Net interest income	7.68	7.52	2.13%
Other income	0.95	0.23	313.04%
Operating income	8.63	7.75	11.35%
Non-interest expenses	(3.32)	(3.53)	-5.95%
Net profit for the year	5.31	4.22	25.83%
Earnings per share	19.76	15.69	25.94%
Dividends	\$7.50	\$7.50	

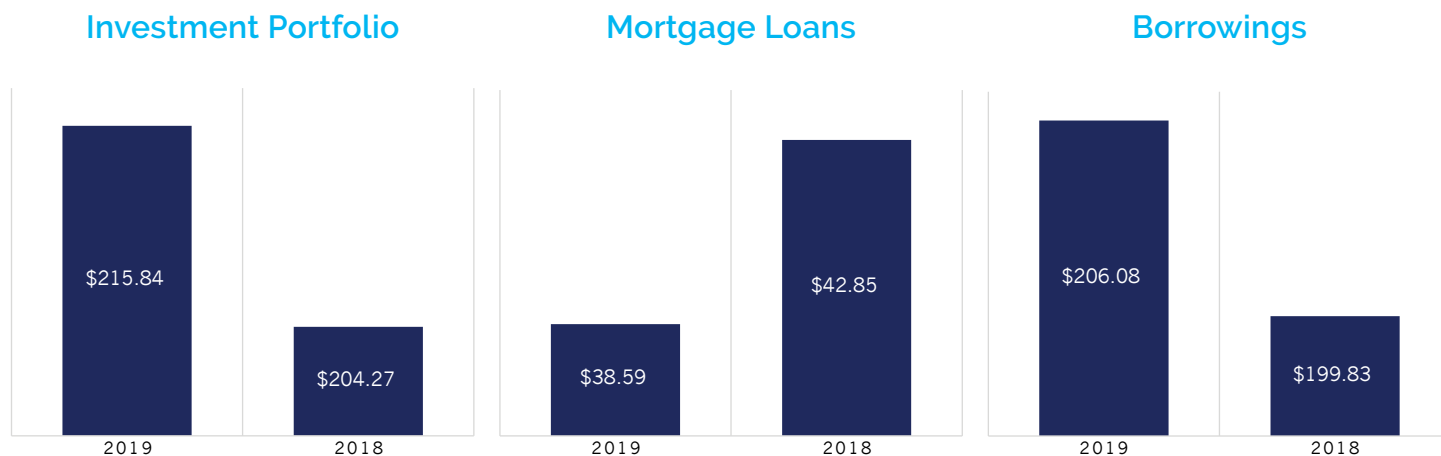
Net Profit for the Year



ECHMB reported a 25.83% improvement in profitability notwithstanding the 16.92% increase in the costs of funding the Bank's operations.

- Interest Income increased by 7.23% from \$11.48m in FY 2018 to \$12.31m in FY 2019. The growth was attributed to the \$0.98m (11.09%) increase in income from investments; however, tempered by the \$0.15m (5.68%) decline in income from the Mortgage Loan Facilities.
- Interest Expense increased by \$0.67m (16.92%) from the \$3.96m reported in FY 2018 to \$4.63m in FY 2019 and was attributable to the following: (i) In FY 2019, the Bank introduced its Repurchase Agreements Programme and recorded subscriptions of \$6.0m; and (ii) Corporate Papers in issue were rolled-over at higher coupon rates.
- Net Interest Income increased by \$0.16m (2.13%) from the \$7.52m reported in FY 2018 to \$7.68m in FY 2019; however, due to the higher growth rate in Interest Expense versus Interest Income, our Net Interest Income Percentage declined from 65.48% in FY 2018 to 62.39% in FY 2019.
- The Bank implemented IFRS 9 on 1st April 2018 and recorded impairments totaling \$5.48m against Retained Earnings. As at 31st March 2019, the Bank was required to write back a portion of the impairment of financial assets totaling \$0.92m to the Statement of Comprehensive Income.
- Due to our excellent control over Non-interest Expenses, we reported a decline of \$0.21m (5.95%) from \$3.53m in FY 2018 to \$3.32m in FY 2019.
- The \$1.09m (25.83%) increase in Net Profit for the year accords with the Bank's strategic thrust of generating profitable and sustainable growth.

Analysis of Statement of Financial Position



- Assets under Management increased by \$3.9m (1.49%) from \$261.90m in FY 2018 to \$265.80m in FY 2019. The growth was attributed to the \$6.25m (3.13%) increase in borrowings plus the \$5.31m generated in Net Profit for the Year; however, tempered by net impairment totaling \$4.56m and the \$2.02m paid in dividends.
- In FY 2019, the Bank liquidated investments totaling \$20.27m. The proceeds from the liquidated investments, increased borrowings totaling \$6.25m and the \$5.26m receipts from Accounts Receivable were reinvested in the acquisition of investments totaling \$33.29m.
- Primary Lenders repurchased pools of mortgages totaling \$7.42m in FY 2019, down from the \$10.32m repurchased in FY 2018; in addition, principal payments on the mortgage portfolio totaled \$2.55m in FY 2019. The cash inflows from the Mortgage Loan Facilities were reinvested in the acquisitions of mortgages totaling \$8.40m. It is noteworthy to add that FY 2019 marked the first impairment on our Mortgage Loans portfolio in the amount \$3.89m. As a result, the Bank recorded a \$4.26m (9.94%) decline in its Mortgage Loan Facilities from \$42.85m in FY 2018 to \$38.59m in FY 2019.
- Due to increases in borrowing and diminution in Shareholders' Equity resulting from the implementation of IFRS 9, the Bank's Debt-to-Equity

Ratio increased from 3.26:1 in FY 2018 to 3.48:1 in FY 2019. The Bank has imposed a ceiling Debt-to-Equity Ratio of 8.0:1.

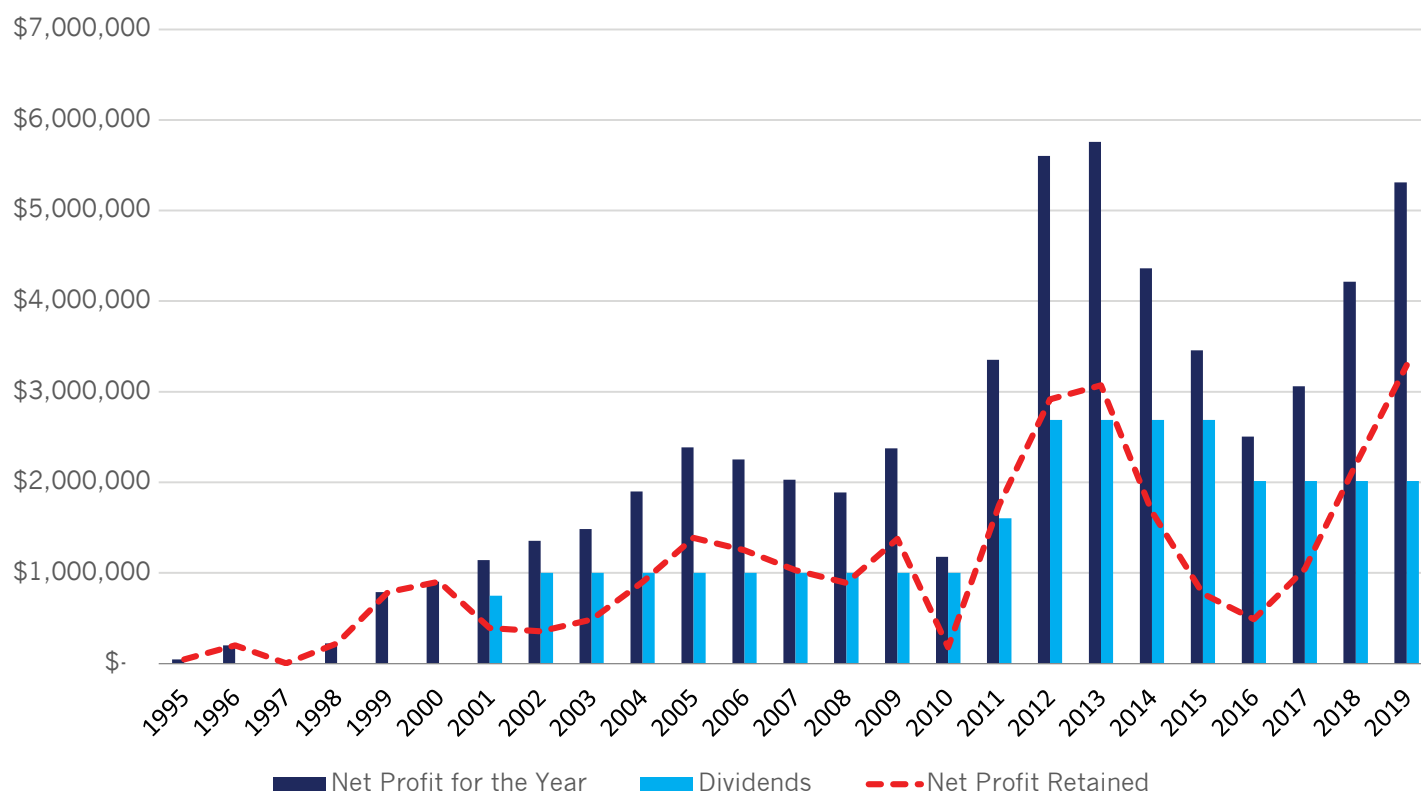
Outlook FY 2020

- The Bank expects the \$15.0m Repurchase Agreement Programme to be fully subscribed by the first quarter of FY 2020. The additional cash injection is expected to be placed in Investment Securities and the acquisition of Mortgage Backed Securities.
- We anticipate that the Bank will continue to record strong growth in Interest Income; however, we also expect the declining trend in Income from Mortgage Loan Facilities to persist into FY 2020. In relation to our costs of funding, we anticipate that the increased demand for the Bank's debt instruments should mitigate the rising interest cost. Nonetheless, the Net Interest Income Percentage is projected to decline marginally from the 62.39% reported in FY 2019.
- Non-Interest Expenses are expected to decline marginally when compared to the \$3.32m reported in FY 2019.

Investor Information

- Notwithstanding the increase in Interest Expense, the Bank's Interest Cover Ratio improved from 2.06 times in FY 2018 to 2.14 times in FY 2019.
- Based on the higher reported Net Profit for the Year, Earnings per Share increased from \$15.69 in FY 2018 to \$19.76 in FY 2019.
- The Bank implemented IFRS 9 on the 1st April 2018 and recorded a \$5.48m diminution in Retained Earnings. In addition, the Bank maintained its dividend policy of \$7.50 per share in FY 2019 resulting in total distributable dividends of \$2.02m. Cumulatively, Shareholders' Equity declined by \$7.5m which was partly mitigated by Net Profit for the Year of \$5.31m. The net effect was a decline in Book Value per Share from \$228.31 in FY 2018 to \$220.18m in FY 2019.

Trends in Net Profit for the Year, Dividends and Retained Net Profit for the Year

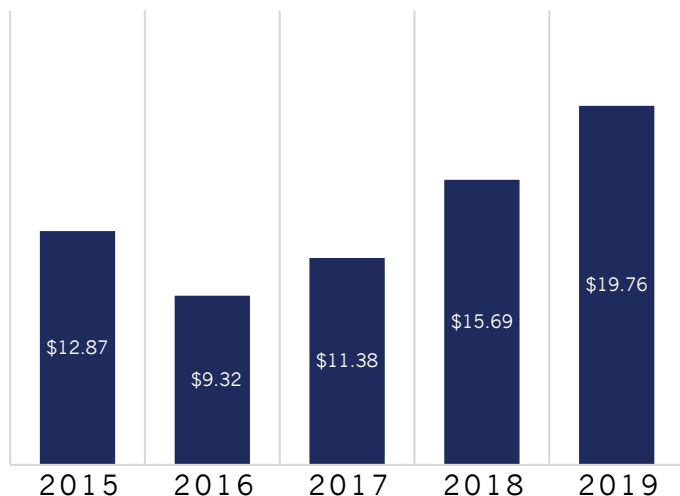


Financial Performance

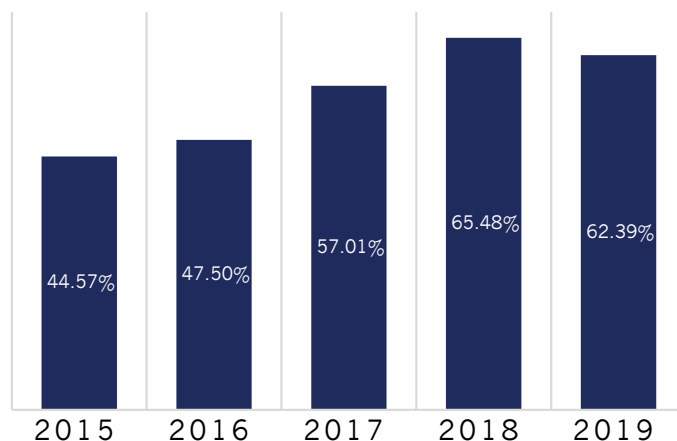
	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
Interest Income	15,461,145	12,423,570	11,141,929	11,480,370	12,313,216
Interest Expense	8,570,266	6,523,972	4,790,392	3,962,620	4,637,522
Net Interest Income	6,890,879	5,899,598	6,351,537	7,517,750	7,675,694
Other Expenses	3,465,728	3,435,395	3,460,712	3,530,087	3,315,459
Net Profit for the Year	3,458,819	2,504,642	3,059,667	4,215,836	5,309,928
Total Assets	257,814,842	247,817,342	244,172,894	261,901,804	265,802,954
Total Liabilities	200,190,262	189,703,738	185,015,241	200,543,933	206,630,675
Shareholders' Equity	57,624,580	58,113,604	59,157,653	61,357,871	59,172,279
Earnings per share	12.87	9.32	11.38	15.69	19.76
Book Value per share	214.42	216.24	220.12	228.31	220.18
Net Interest Income	44.57%	47.50%	57.01%	65.48%	62.39%
Efficiency Ratio	22.42%	27.65%	31.06%	30.75%	26.97%
Return on Assets	1.34%	1.01%	1.25%	1.61%	2.00%
Interest Cover	1.40	1.38	1.64	2.06	2.14
Debt-to-Equity Ratio	3.47:1	3.26:1	3.12:1	3.26:1	3.48:1

Financial Highlights 2015-2019

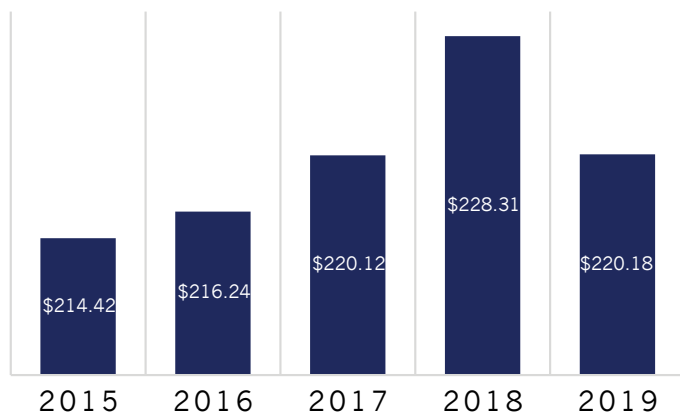
Earnings per Share



Net Interest Income Percentage



Book Value Per Share



Earnings Per Share (EPS)

Earnings Per Share is the portion of the Bank's profit allocated to each outstanding share. The EPS serves as an indicator of ECHMB's profitability.

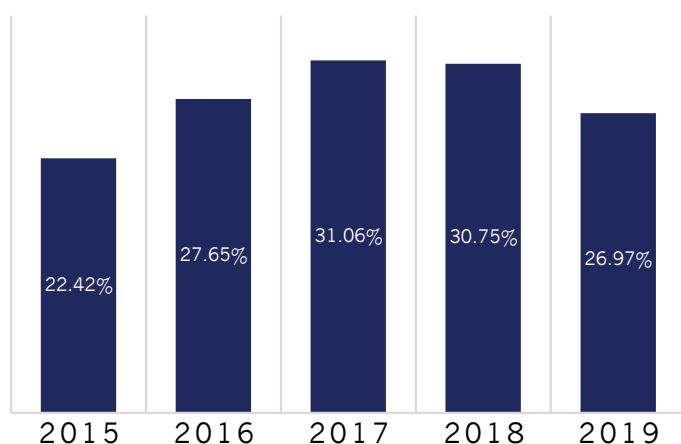
Net Interest Margin

Net Interest Margin is the difference between the Income that is generated from the Bank's assets and the Interest Expense.

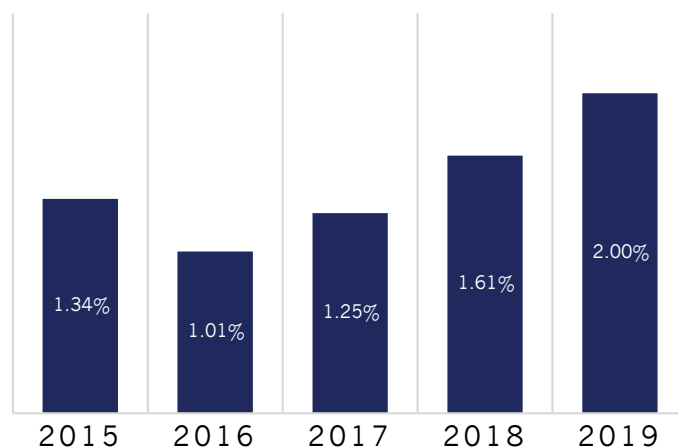
Book Value Per Share

Book value per share is a measure used by ECHMB's shareholders to determine the level of safety associated with each individual share after all debts are paid accordingly. Should the Bank decide to dissolve, the book value per share indicates the dollar value remaining for shareholders after all assets are liquidated and all debtors are paid.

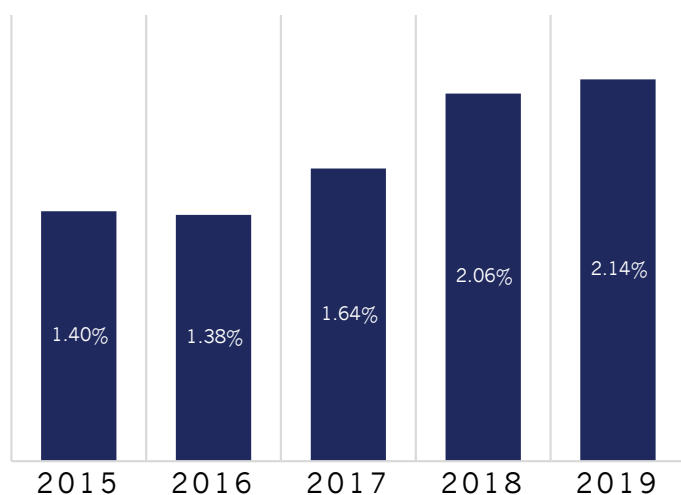
Efficiency Ratios



Return on Assets



Interest Cover



Efficiency Ratio

Efficiency ratio measures the Bank's ability to turn resources into revenue. The lower the ratio, the better (50% is generally regarded as the maximum optimal ratio). An increase in the efficiency ratio indicates either increasing costs or decreasing revenues.

Return on Assets

Return on assets (ROA) is an indicator of how profitable ECHMB is relative to its total assets. ROA gives an idea as to how efficient the Bank's Management is using its assets to generate earnings.

Interest Cover

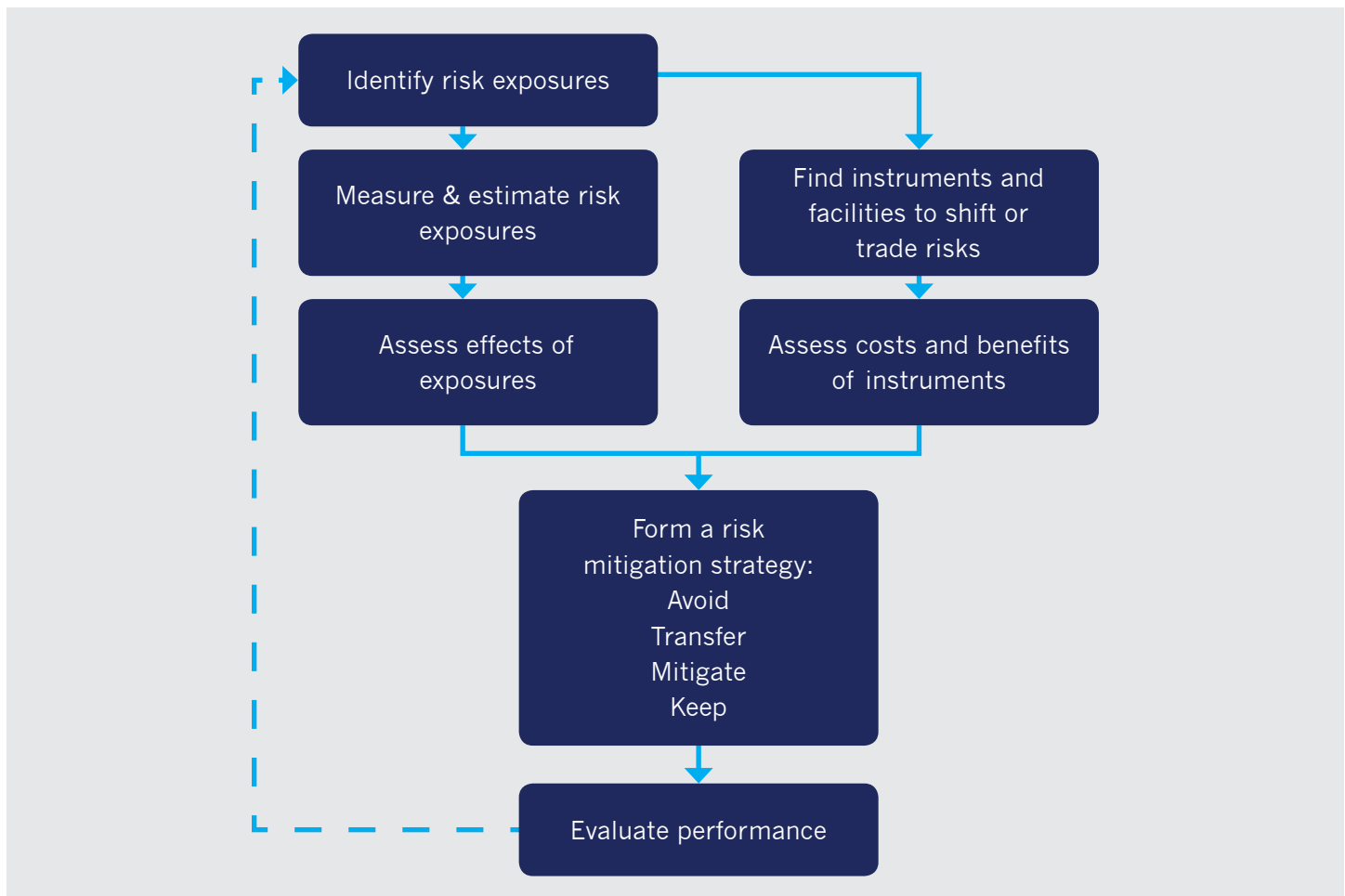
Interest Cover is a measure of the adequacy of ECHMB's profits relative to interest payments on its debt. The lower the interest cover, the greater the risk that profit (before interest) will become insufficient to cover interest payments.

RISK MANAGEMENT

ECHMB's enterprise risk management framework seeks to promote sound stewardship of the Bank and ensures a consistent approach to managing risks. We take a holistic and forward-looking view of risks by continuously assessing both current and emerging risks.

types and is operationalized via thresholds, policies and controls. Effective thresholds are essential in managing risks within acceptable levels.

The Framework enhances the Bank's risk management strategy by strengthening its internal control structure and corporate governance. In essence, the Framework



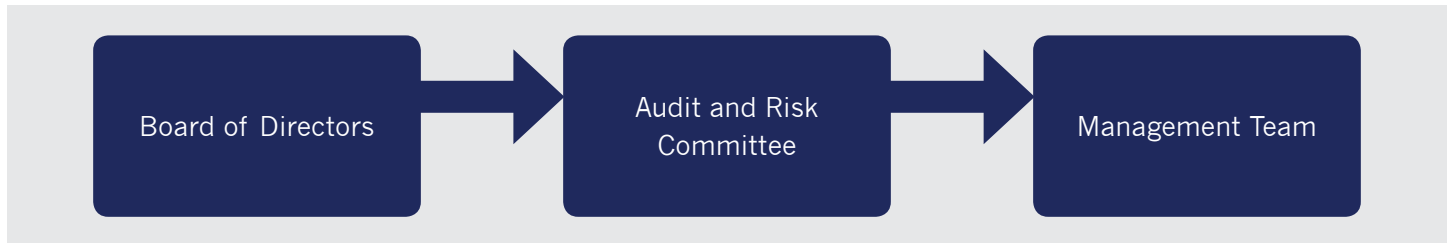
The Framework also details the Bank's risk governance structure and risk management processes. We have adopted a clearly articulated risk appetite that is closely tied to the strategic planning process from which the Bank's strategic and business plans are derived. The Bank's risk appetite statement considers various risk

not only facilitates the identification of the risks the Bank faces but sets the foundation for the development and application of adequate and efficient internal controls to ensure that sound and prudent risk management strategies are implemented.

Risk Governance

ECHMB's Board of Directors guides the conduct of our affairs and provides sound leadership to the management team. The Board has delegated some of its authority to Board committees and management to enable them to oversee specific responsibilities based on clearly defined terms of reference.

- Reviews the independence and effectiveness of the Bank's external audit and internal audit; and
- Obtains reasonable assurance that policies for significant risks are being adhered to through management reporting and periodic reports from the Internal Auditors.



The Board governs the organization by broad policies and objectives. In addition, the Board:

- Establishes the Bank's risk appetite;
- Provides oversight and supports management by overseeing the facilitation and coordination of ERM and strategic planning activities across ECHMB; and
- Reviews ECHMB's risk exposures to ensure that the policies implemented remain relevant and prudent.

The Audit and Risk Committee (ARC) has oversight of the Bank's financial position and makes recommendations to the Board on all financial matters, risks, internal financial controls and compliance. In addition, the ARC:

- Monitors and reviews the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes;
- Reviews risk reports and discusses issues related to strategic, business, financial and other risk issues relative to established strategic risk targets;

Senior Management is responsible for the effective performance of all the Bank's operations and the management of all risks and implementation of risk governance processes, standards, policies and frameworks. In addition, management:

- Champions a risk management culture within the organization;
- Ensures that the significant risks that may impact objectives are being consistently and continuously identified, assessed, managed, monitored and reported on;
- Ensures an appropriate level of resources are allocated, in alignment with established risk appetite targets, for assessing and managing risks;
- Develops and implements a risk management plan for the organization; and
- Communicates relevant risk policies to employees and are effectively integrated in their daily operations.

Risk Types

ECHMB’s business is influenced by many risk factors that are difficult to predict and may materially affect actual results. Our major risks include credit, funding and liquidity risks which we prudently manage and mitigate. We have identified emerging operational risk that are likely to impact our operations in the near future and altered our business strategy accordingly.



Credit Risk



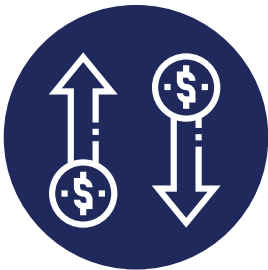
Operational Risk



Liquidity Risk



Funding Risk



Foreign Exchange Risk



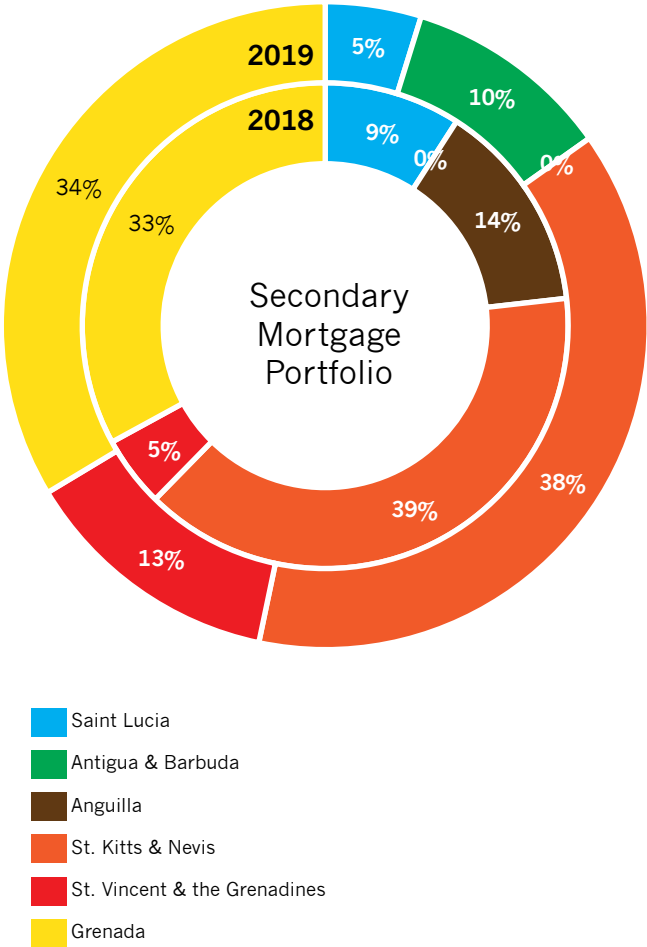
Reputational Risk

Credit Risk Management

Credit risk is the most significant measurable risk faced by ECHMB. It is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk, concentration risk and country risk.

Mortgage Loans Portfolio

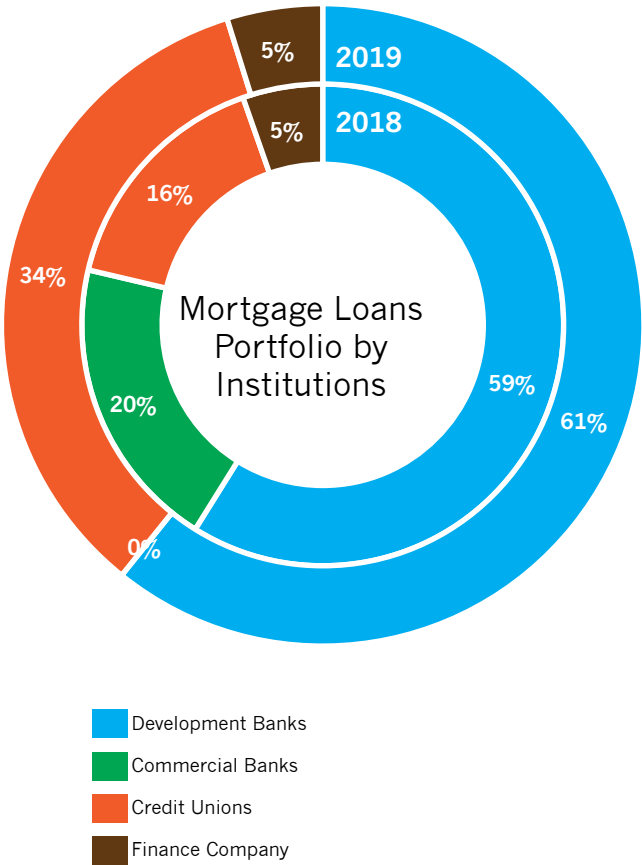
Credit demand remained subdued in the regional secondary mortgage market, reflected by a \$4.26m or 9.94% reduction in our mortgage portfolio compared to the prior year. The reduction was due to the repurchase of pools totaling \$7.42m, principal payments of \$2.55m and an impairment of \$3.89m. This was partially offset by mortgage acquisitions in the amount of \$8.4m. These transactions resulted in a shift in the geographical allocation of the Bank's mortgage portfolio.



Mortgage Portfolio Credit Risk Management

Effective credit risk management is a key component of our overall operations. Accordingly, we have built a comprehensive approach to credit risk management with end-to-end processes. The mortgage agreement, by which our relationship with primary lenders are governed, stipulates that each residential mortgage loan within the mortgage pool must have a loan-to-value (LTV) ratio of no more than 90.0% and Debt Service Ratio (DSR) of 40.0% or less upon acquisition. The agreement also includes a “with recourse” feature, requiring primary lenders to replace mortgages within the pool that are not in conformance with the Bank’s underwriting standards.

We undertake monthly reconciliations of the Mortgage Loans Portfolio through the electronic Mortgage Information Management System (eMIMS). These reconciliations monitor the performance of mortgage pools including changes in interest rate, lump sum payments, insurance coverage, LTV and DSR. The monthly reconciliations are supplemented by annual reviews of each Primary Lender and covers the institutions’ financial performance as well as the credit quality of the Mortgage Loans Portfolio.

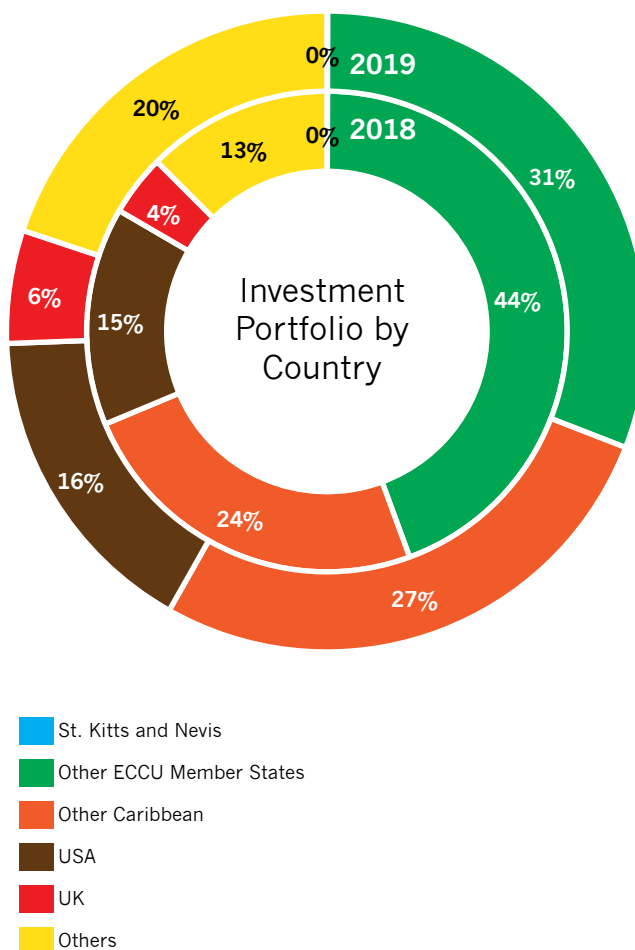


Investment Portfolio

The Investment portfolio, inclusive of cash and cash equivalents, accounted for 85.2% of ECHMB's Assets under Management as at March 31st, 2019. The primary objectives of the ECHMB's investment portfolio are safety and portfolio diversification; liquidity; and yield.

Together, the above objectives dictate how ECHMB allocates its investible resources. Safety of principal is the foremost objective of the investment portfolio. Hence, the assets are invested with skill, care, prudence and diligence under the circumstances that a prudent person would use in the investment of assets with like character and similar goals. Investments are undertaken in a manner that seeks to ensure the preservation of capital and the diversification of investments by asset class in order to reduce the overall portfolio risk.

The investment portfolio is constructed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The credit quality of the portfolio is assessed continuously throughout the year. We aim to minimize this risk by investing primarily in investment Grade instruments, diversifying the portfolio so that potential losses on individual securities will be minimized and pre-qualifying Financial Institutions, Brokers/Dealers, Portfolio/Fund Managers and Custodians with which ECHMB does business.



Impairment

IFRS 9, Financial Instruments, became effective on January 1st, 2018 replacing IAS 39, Financial Instruments: Recognition and Measurement. The new standard prescribes the rules for measuring impairment allowances for financial assets, the classification and measurement of financial assets and hedge accounting.




The classification of the Bank's financial assets is now based on its business model and the contractual cash flow characteristics of its financial instruments. Given that the primary objective of the Bank is to hold its financial assets to maturity in order to collect the contractual payments, all fixed income securities and secondary mortgages were classified at amortized cost which represented 96.0% of assets under management. The most significant measurement impact of IFRS 9 on ECHMB therefore relates to the ECL impairment on its debt instruments measured at amortized cost.

The standard allows for the adjustment of the opening shareholder's equity (retained earnings or other appropriate reserve) instead of full retrospective application. Consequently, we recorded an impairment charge of EC\$5.48m against the opening balance of the Retained Earnings based on our mortgage and investment portfolio at the beginning of FY 2019. At the ending of FY 2019, an adjustment of EC\$0.92m was written back to Profit and Loss as a result of changes to both portfolios (purchase of securities, maturities and credit quality) during the year.

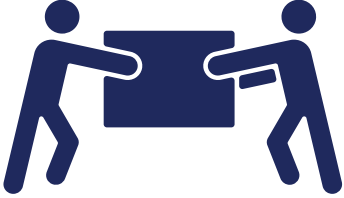

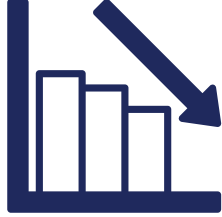
ECHMB anticipates that impairment charges will become volatile under IFRS 9. The annual impairment expenses recognized going forward will be influenced by the value and the credit quality of the instruments booked and transitions between Stages 1,2 and 3.

Operational Risk Management

Operational risk is inherent to the activities of any institution. It results from inadequacy or failure attributable to processes, people, systems or external events. We identified risks that are likely to affect our operations in the short to medium term to empower conscious risk-taking. These risks are closely linked to the Bank's strategy.

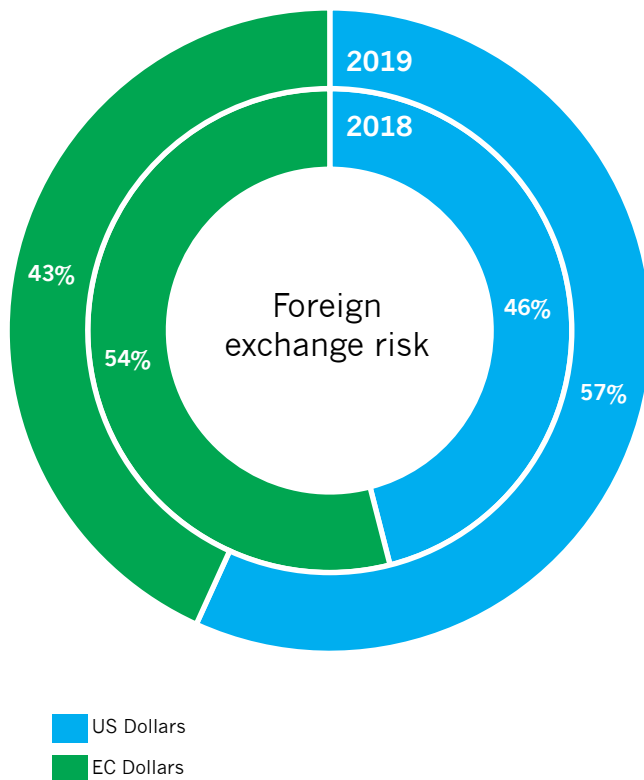
Key Issues		
Risk drivers	Risk drivers	Risk drivers
New accounting standards & regulations	Disruptions from natural disasters	Emergence of NBFIs as major players in the ECCU
		
1 Impact	2 Impact	3 Impact
<ul style="list-style-type: none"> Compliance with new IFRS is human resource intensive especially for a small staff complement. It has also resulted in an increase in audit fees. 	<ul style="list-style-type: none"> Disruption of ECHMB's operations. Significant infrastructural damage and deterioration of asset quality of primary lender may lead to higher impairment. 	<ul style="list-style-type: none"> Decline in traditional markets. Emergence of new target market. Higher risk assumed from growing exposure to NBFIs.
Mitigants	Mitigants	Mitigants
<ul style="list-style-type: none"> Increased expenditure on training in risk management. Ongoing engagement with internal and external auditors. 	<ul style="list-style-type: none"> Formalized business continuity plan. Invested in offsite backup and increase insurance coverage on property and equipment. Increased diversification of assets outside of the ECCU. 	<ul style="list-style-type: none"> Targeted NBFIs to grow mortgage loans portfolio. Tailored eligibility assessments to NBFIs while limiting concentration per primary lender.

Key Issues continued

Risk drivers		
New Entrants to the Money and Capital Market in the ECCU	Increased bargaining power of customers	Lackluster Secondary Mortgage Market
		
4 Impact	5 Impact	6 Impact
<ul style="list-style-type: none"> • ECHMB may be required to pay higher costs to attract funding due to increased competition. • Increased expenditure on marketing and product propositioning. 	<ul style="list-style-type: none"> • Customers are demanding higher interest rates. • Existing investors can divest instruments in the ECCU and switch resources to regional and international issuers. 	<ul style="list-style-type: none"> • Erosion of our traditional source of income.
Mitigants	Mitigants	Mitigants
<ul style="list-style-type: none"> • The Bank is working towards increasing its credit ratings. • Adopted a new marketing strategy of increasing face-to-face contact with its target market. • The Bank intends to fill the existing void for investment grade instruments on the MCM. • The Bank intends to seek symbiotic relationships with new entrants. 	<ul style="list-style-type: none"> • Continually and actively monitor the external environment in order to identify customer needs and anticipate competitive actions. • Offer more attractive instruments on the Eastern Caribbean Securities Market (ECSM) by increasing the coupon rates. 	<ul style="list-style-type: none"> • The Bank has switched its main emphasis to investing in fixed income instruments on the international capital market. • The Bank has targeted NBFIs to grow its mortgage loans portfolio.

Foreign Exchange Risk

Foreign exchange risk is the losses that the Bank may incur subsequent to adverse exchange rate fluctuations. It originates mainly from holding investments denominated in United States dollars. ECHMB's foreign exchange risk exposure is managed by a "natural currency hedge" in which the Bank's transactions are completed in the same currency.



Liquidity Risk Management

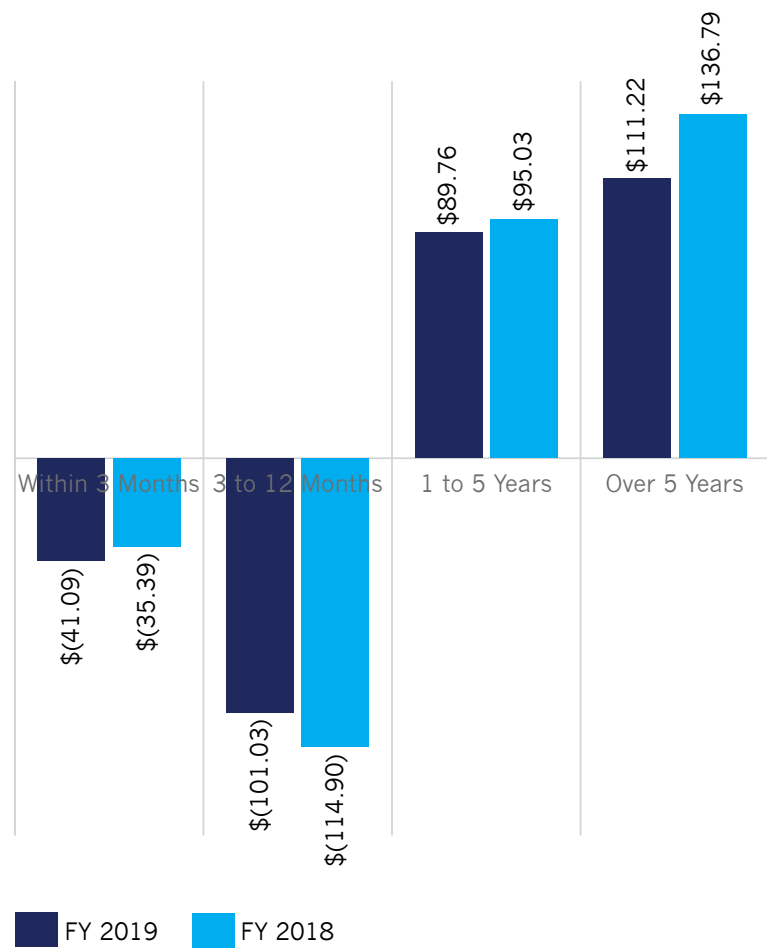
Liquidity risk represents the possibility that the Bank may not be able to gather sufficient cash resources when required and under reasonable conditions, to meet its financial obligations. Financial obligations include obligations to bondholders and suppliers. The Bank’s overall liquidity risk is managed by the Chief Financial Officer with oversight from the Board of Directors, in accordance with the Bank’s Investment Policy Statement (the “Policy”). The main purpose of this Policy is to ensure that the Bank has sufficient cash resources to meet its current and future financial obligations, under both normal and stressed conditions.

The Bank manages its liquidity risk through maintaining a buffer at the Eastern Caribbean Central Bank, a

credit line facility with Raymond James and holding international investments that can be easily traded. A cashflow forecast is prepared annually and reviewed monthly to keep abreast of the anticipated inflows and outflows. The Bank has also established a policy in the event of a liquidity crisis.

The negative liquidity gaps arise due to the Bank’s strategy of funding its operations from corporate papers with a maximum tenure of 365 days and the placement of investment over tenures in excess of three (3) years in order to secure higher interest rates. The ECHMB mitigates the negative liquidity gaps by arranging a Revolving Credit Line in the amount of \$32.0m to meet large cash outlays.

Liquidity Risk

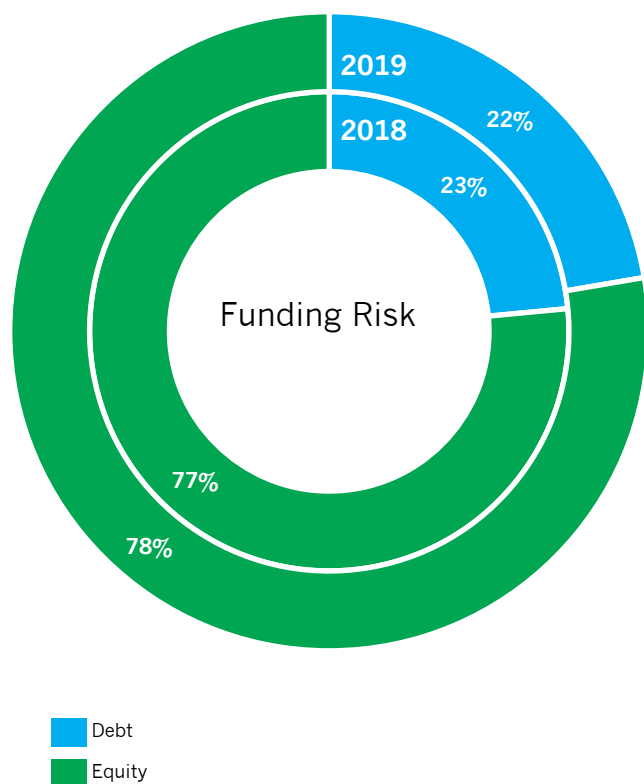


Funding Risk Management

Funding relates mainly to issuance of debt instruments on the Eastern Caribbean Securities Market and Shareholders' Equity. Debt instruments continue to be the Bank's principal source of funds and accounted for 78.0% of total capital in 2019.

Management's objective is to maintain an adequate level of capital, in line with the Bank's risk appetite,

to support the Bank's activities while producing an acceptable return for shareholders. Although it is not a statutory requirement, the ECHMB has imposed a Debt-to-Equity Ratio limit of 8.0:1. During the 2019 financial year, the Bank reported a Debt-to-Equity Ratio of 3.48:1; ECHMB has the capacity to increase its debt capital by \$267.28m (129.70%) before breaching its guideline.



Reputational Risk Management

Reputational risk is the risk that a decision, an event or a series of events may affect, either directly or indirectly, the Bank's image with shareholders, Primary Lenders, employees, the general public or any other stakeholders, and negatively impact the Bank's revenues, operations and, ultimately, its value. Reputational risk most often results from the inadequate management of other risks and may affect almost every activity of a financial institution, even when operations are, from a technical point of view, in compliance with legal and accounting requirements.

Reputation is a critical asset that favours the ECHMB's growth as well as continued trust from Primary Lenders, bondholders and the general investing public, and which also optimizes the Bank's value for shareholders. At the ECHMB, reputation is considered a strategic resource. In order to protect the Bank from any impairment to its reputation, Senior Management ensures that all other risks are adequately managed.

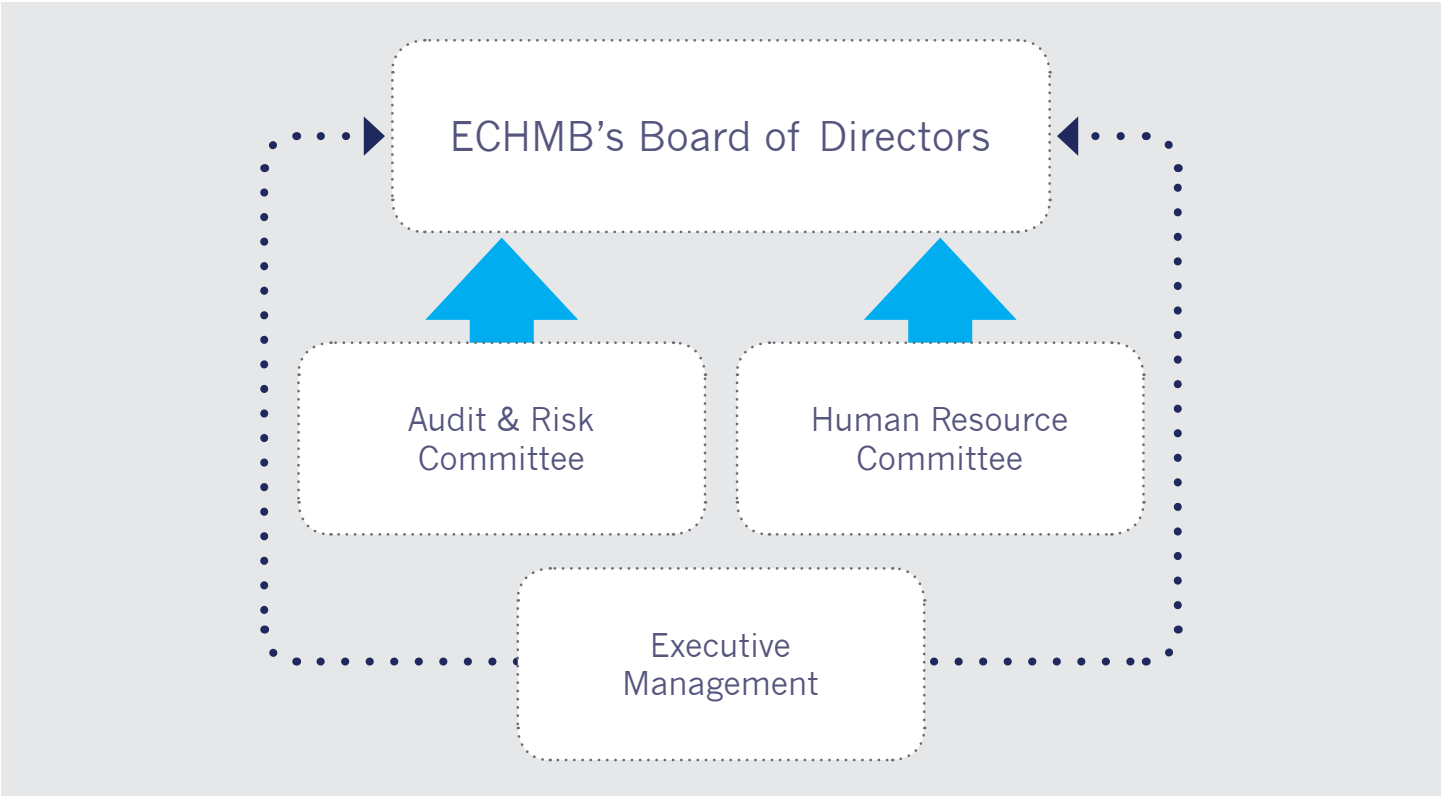


CORPORATE GOVERNANCE

Board of Directors

The Board of Directors (“the Board”) has ultimate responsibility for ECHMB’s corporate governance and risk management. In keeping with its principal responsibilities, the Board of Directors of the ECHMB continues to ensure that the highest standards in corporate governance are maintained, with the objectives of reinforcing the confidence and trust of the investing public, increasing Primary lenders’ satisfaction and building a strong and ethical regional institution. On an annual basis, the ECHMB adopts

the latest developments in corporate governance in an effort to ensure that its procedures are in line with international best practice. The fundamental approach adopted is to ensure that the right executive leadership, corporate strategy, internal controls and risk management procedures are in place. Notwithstanding the aforesaid, the Board continuously reviews its governance model to ensure relevance and effectiveness as the Bank faces future challenges exacerbated by uncertain economic conditions.



Timothy N. J. Antoine
Chairman Class A



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

Mr. Antoine was appointed to the Board of Directors in November 2016, representing the Class A shareholder. Mr. Antoine, a national of Grenada, assumed duties as the third Governor of the Eastern Caribbean Central Bank (ECCB) on 1st February 2016. He is an economist and development practitioner by training, experience and passion. Before taking up the position of Governor, Mr. Antoine served as Director for Grenada on the ECCB Board of Directors for the periods: 2002 to October 2005 and January 2008 to January 2016.

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

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

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

Mr. Antoine holds a MSc Degree in Social Policy and Planning in Development Countries from the London School of Economics and a BSc Degree in Economics with Management from the University of the West Indies. He has also received training from the Small Countries Financial Management Centre in the Isle of Man and training in Negotiations at the Said International School of Business, Oxford University. He also has a Certificate in Project Cycle Management from the Caribbean Development Bank (CDB). Other passions include: reading, music, speaking with youth and sports. Mr. Antoine is a man of deep faith. He has served as Chairman of the Board of the St George's Bible Holiness Church.

He is married to Charmaine Antoine née Rouse. They have two daughters: Chereece and Yaana.

Missi P. Henderson
Director Class B



Qualifications: Mrs. Henderson holds a BA in Accounting, and an MSc in Finance and Accounting with the University of Liverpool. She is an Accredited Director.

Mrs. Henderson was appointed to the Board of Directors in September 2014, representing Class B shareholders. She holds various certifications in Finance, a BA in Accounting and a MSc in Finance and Accounting with the University of Liverpool and is an Accredited Director.

Mrs. Henderson has been employed with the Dominica Social Security Board for the past fourteen (14) years and currently holds the position of Chief Financial Officer. Prior to joining the Dominica Social Security Board, Mrs. Henderson worked in the telecommunications industry for thirteen (13) years in senior finance roles which included the management of the Capital Efficiency Programme and of the system support to sixteen (16) Cable & Wireless Business Units. She also served on the Supervisory Committee of the Roseau Co-operative Credit Union (now National Cooperative Credit Union Ltd).

Peter Blanchard
Director Class C



Qualification: Mr. Blanchard is an Accredited Director.

Mr. Blanchard was appointed to the Board of Directors in November 2016, representing Class C shareholders. Mr. Blanchard, who was born in Antigua, is an insurance specialist. Since 1984, he has been the principal shareholder and Chairman of the Board of General Insurance Company Ltd, a locally-registered insurance company authorized to conduct business in Antigua and Barbuda. He has also been the Chairman of Design Properties Ltd., a property development management company since 1991.

He has served on various boards in Antigua and abroad, viz. the Board of the ACB Mortgage & Trust Company from its inception in 1987 until 2005. Mr. Blanchard was subsequently elevated to serve on the Board of Antigua Commercial Bank (ACB) on 5th May, 2005. In January 2007, he was once again appointed to the ACB Mortgage and Trust Board and was elected Chairman of that Board in October 2008. In February 2016, due to law regulations, Mr. Blanchard retired from the ACB Board where he had been Chairman of the Credit Committee from October 2008 – February 2016. In April 2016, he was re-appointed to the ACB Mortgage & Trust Company Ltd Board as a Non-ACB Director and since October 2016 has since been re-appointed as its Chairman.

During the period 2005-2006, Mr. Blanchard represented ACB and the other indigenous banks operating in the Organization of Eastern Caribbean States (OECS) group on the Board of Directors of the East Caribbean Financial Holding Company Ltd, a company which is based in Saint Lucia, West Indies. In 2006, Mr. Blanchard was appointed a Director of the Board of the Eastern Caribbean Securities Exchange located in St Kitts and in 2007, he was elected the Chairman of its Intermediary Development and Market Structure Committee.

Sharmaine Francois
Director Class C



Qualifications: Mrs. Francois holds a B.Sc. in Accounting and Statistics from the University of the West Indies (UWI), and a Post Graduate Certificate in Business Administration from Manchester Business School, UK. She is an Accredited Director.

Mrs. Francois was appointed to the Board of Directors in September 2014, representing Class C shareholders. Mrs. Francois has completed several training courses in financial and investment planning, as well as financial counseling and has attended a wide range of training programmes in banking and financial management. Mrs. Francois holds a B.Sc. in Accounting and Statistics from the University of the West Indies (UWI), and a Post Graduate Certificate in Business Administration from Manchester Business School, UK, and is an Accredited Director, having completed the directors' programme with the Institute of Chartered Secretaries and Administrators (ISCA), Canada.

Mrs. Francois has seventeen (17) years progressive senior executive experience in the field of Banking, twelve (12) of which were spent in investment banking and business development. Her varied experience covers retail and corporate banking, investment management, securities trading and underwriting, pension fund management and business development. Mrs. Francois currently holds the position of Assistant General Manager at Bank of Montserrat.

Aylmer A. Irish
Director Class D



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

Mr. Irish was appointed to the Board of Directors in September 2018, representing Class D shareholders. Mr. Irish holds a BA (Hons) in accounting from the University of the Virgin Islands – St Thomas and an MBA from the University of the West Indies – Cave Hill. Mr. Irish has completed several training courses including a Certificate in Project Implementation & Management at the Caribbean Development Bank – Barbados.

Mr. Irish has in excess of twenty-six (26) years progressive senior executive experience in the field of banking, accounting and finance and presently holds the position of Chief Executive Officer of the National Co-Operative Credit Union Limited in the Commonwealth of Dominica.

Board Charter

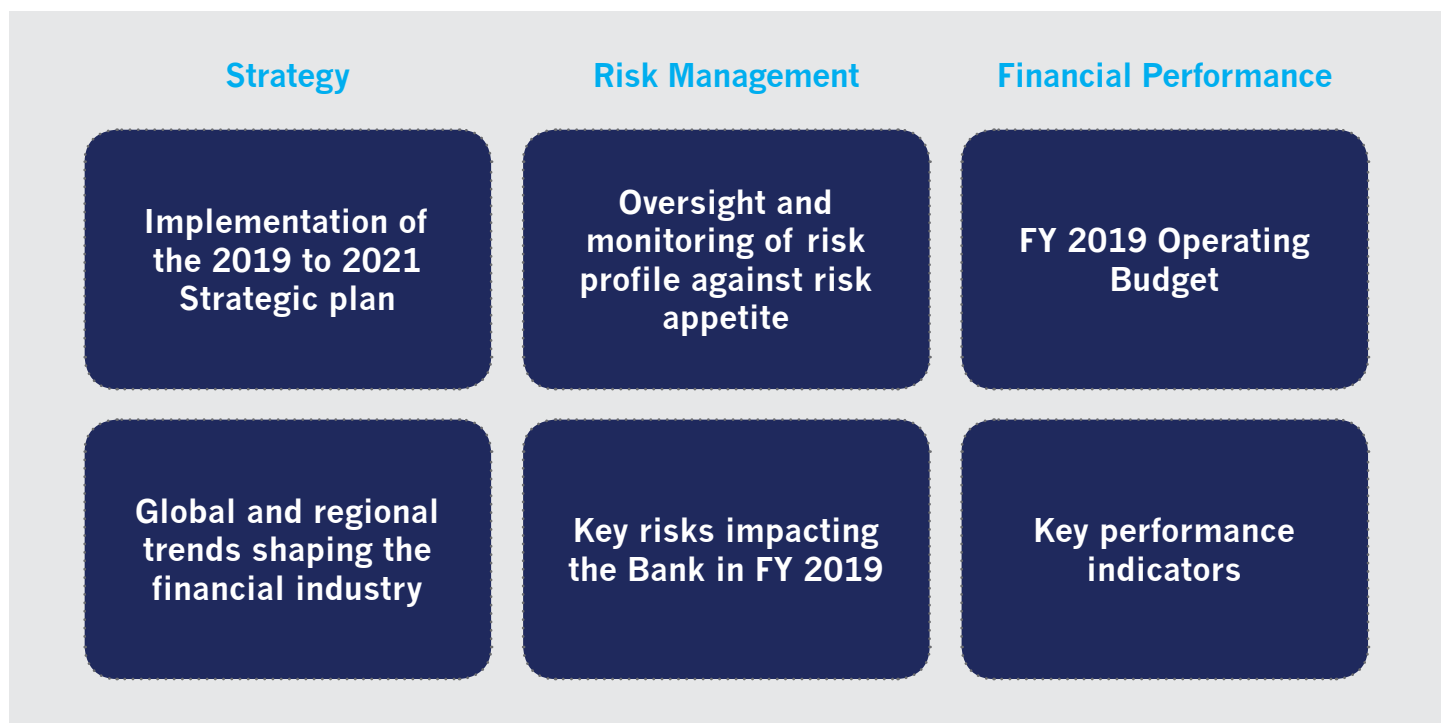
The Board is guided by its Charter and the Eastern Caribbean Home Mortgage Bank Agreement which provide references for directors in relation to their roles, powers, duties and functions. Apart from reflecting current best practices and applicable rules and regulations, the Charter and the Eastern Caribbean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

Roles and Responsibilities of the Board

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

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

Focus areas FY 2019



Director Independence

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

Further, the Board is satisfied and assured that no individual or group of Directors have unfettered powers of decision that could create a potential conflict of interest. Additionally, the Board ensures

that all Independent Non-Executive Directors possess the following qualities: -

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

Quality and Supply of Information to the Board

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

Corporate Secretary

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

Conflict of Interest

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

Structured Training Programme for Directors

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

The composition of the Board and Committees are as follows: -

	Board of Directors	Audit & Risk Committee	Human Resource
Timothy N. J. Antoine	Chairman	-	-
Missi P. Henderson	*	*	Chairman
Peter Blanchard	*	*	*
Sharmaine Francois	*	Chairman	-
Aylmer A. Irish	*	-	*

Audit and Risk Committee

The Audit and Risk Committee provides guidance on the Bank's systems of accounting and internal controls, thus ensuring the integrity of financial reporting. This Committee also serves as an effective liaison between Senior Management and the External Auditors. The Audit and Risk Committee approves and reviews risk appetite and risk management policies. The Board delegates the role of identifying, assessing and managing risk to Senior Management.

The 2019 activities of the Committee included:

- the review of the Bank's compliance with financial covenants;
- the approval of the 2019 audit engagement letter;
- the review and approval of the external audit plan and timetable;
- the evaluation of the performance of the External Auditors and approval of their remuneration;
- the review of the External Auditors' 2019 management letter and report on the 2019 audit;
- the examination of the implications of changes to International Financial Reporting Standards; and
- the approval of the 2019 Internal Audit Plan, Internal Audit report, and, monitoring of Management's implementation of Internal Auditors' recommendations.

ECHMB's Best Practice

- Since incorporation, ECHMB's Board of Directors has been chaired by a non-executive Chairman to ensure independent leadership.
- Shareholders appoint directors every two (2) years in accordance with the Eastern Caribbean Home Mortgage Bank Agreement.
- The five (5) directors are non-executive and are required to declare their interests in any transaction that the ECHMB undertakes.
- Board Committees have the authority to retain independent advisors, as deemed necessary by each Committee.
- The Internal Audit function is undertaken by an independent contractor.
- The Audit and Risk Committee meets separately with the Internal Auditor.

REPORT OF THE DIRECTORS

The Directors submit herewith the Statement of Income, Expenses, Unappropriated Profits, Assets and Liabilities of the Eastern Caribbean Home Mortgage Bank for the year ended 31st March 2019.

Financial Results and Dividends

	\$'000
Net income attributed to shareholders	5,310
Final dividend at \$7.50 per share for FY 2018	(2,016)
Transfer to reserves	-
Net profit for the year after distributions	3,294
Retained earnings at beginning of the year	14,746
Net impact of adopting IFRS 9	(5,480)
Restated opening balance under IFRS 9	9,266
Transfer from portfolio risk reserve	5,480
Retained earnings at end of the year	18,040

Dividends

The Directors have declared a dividend of \$3.75 per share for the year ended 31st March 2019. A half-year dividend of \$3.75 per share was paid in July 2019, making a total dividend on each share of \$7.50 (2018: \$7.50).

Substantial Interests in ECHMB's Share Capital as at 31, March 2019

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

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

Statement of Affairs

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

Re-election of Directors

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

At the 23rd Annual General Meeting, held on the 21st September 2018, the following Director demitted office:

Mr. Dexter Ducreay

He was replaced by:

Mr. Aylmer A. Irish

None of the Directors hold shares in the Bank. No Director had, during the year or at the end of the year, any interest in any contract pertaining to the Bank's business.

Events Subsequent to Statement of Financial Position Date

The Directors are not aware of any transaction which has arisen since 31st March 2019 that has a material effect on the operations of the Bank and for which adequate disclosures have not been made in the financial statements.

Appointment of Auditors

Article 23 of the Eastern Caribbean Home Mortgage Agreement provides that shareholders shall at each Annual General Meeting appoint an auditor to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting. The Auditors, Grant Thornton, retired at the financial year ended 31st March 2019. The Auditors are eligible for re-appointment and have offered themselves as External Auditors for the year ending 31st March 2020.

The Board of Directors recommends their re-appointment.



OUR HUMAN RESOURCE

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

Human Capital Strategic Objectives

We recognize that the ECHMB as a body corporate is constantly in flux and hence, it is imperative that our human capital remains equally agile. We believe that our human capital strategic objectives are the right blend which will not only nurture talent, but also ensure that our operatives have a thorough grounding in the ethical framework of the Bank.

			
Nurturing leadership and talent pipeline	Increase the Bank's productivity	Build a tech savvy workforce	Good ethical mindset

Top Highlights in FY 2019

		
Revised the staff operating manual	Two (2) members of staff passed the first level of the Financial Risk Manager (FRM) Programme	Introduced measures to create a caring, meaningful and exciting work environment

New Staff

We are pleased to welcome Ms. Sheena Regis to the ECHMB family.

Ms. Regis joined our team in July 2018 in the position of Investment Analyst. She quickly adapted to the fast-paced environment of the ECHMB and is an excellent team player. Ms. Regis was quite instrumental in the implementation of IFRS 9 and the development of our Internal Credit Rating Model.

Ms. Regis is a past pupil of the St. Joseph's Convent St. George's Grenada and the T. A. Marryshow Community College Grenada. After graduating, she began her career as a trainee in the National Insurance Scheme, Grenada under the Government Imani Training Program. She was eventually appointed as a member of staff and was employed for almost 10 years in the Accounting and Investment departments. She later worked for four years as a Rating Analyst with the Caribbean Information and Credit Rating Services Ltd (CARICRIS) based in Trinidad & Tobago.

Ms. Regis' ultimate professional goal is to contribute her skills and expertise to the development of the capital market of the ECCU. She is a passionate lifelong learner who is driven by continuous personal and professional development. Ms. Regis is ACCA qualified, a level three candidate of the CFA programme and completed level one of the FRM Programme.

We wish Ms. Regis professional success in her tenure at ECHMB.





ECHMB AS A GOOD CORPORATE CITIZEN

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

Annual Integrated Reporting

We were among the pioneers in the ECCU to publish an Annual Integrated Report; this has provided our external stakeholders with concise communication about how the Bank's strategy, governance, performance and prospects led to the creation of value during FY 2018. The overwhelming response of our stakeholders have fully convinced us that we need to continue with the production in FY 2019.

Credit Ratings

We are the only corporate in the ECCU to undertake and publish annual credit ratings. In FY 2019, the Caribbean Information and Credit Rating Services Limited (CariCRIS) reaffirmed the ratings assigned to the USD 30 million debt issue of ECHMB of **CariBBB+** on the regional rating scale (Foreign and Local Currency Ratings). These ratings indicate that the level of creditworthiness of this obligation, adjudged in relation to other obligations in the Caribbean, is **adequate**. CariCRIS has also maintained a **stable** outlook on our ratings. The stable outlook is based on their expectation that ECHMB will continue to display comfortable profitability and capitalization levels over the next 12 months as the Bank fully transitions into its new business model.

Rating History			
Date	Foreign Currency	Local Currency	Instrument/Remarks
June 22, 2018	CariBBB+	CariBBB+	USD 30 million Debt Issue
June 30, 2015***	CariBBB+	CariBBB+	USD 30 million Debt Issue
June 9, 2014	CariA	CariA	USD 30 million Debt Issue
March 31, 2010**	CariAA-	CariAA-	USD 30 million Debt Issue
February 11, 2008*	CariAA	CariAA	USD 30 million Debt Issue

* Initial rating assigned

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

*** Rating reaffirmed on June 14, 2016 and June 22, 2018

Public Auction of Capital Market Products

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



Interactive Annual General Meetings

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

Improving the Quality of Mortgage Underwriting in the ECCU

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



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