



ANNUAL REPORT 2021



25 Years

Creating Wealth in the ECCU

1996-2021

“The minute you’re satisfied with where you are,
you aren’t there anymore.”

- *Tony Gwynn, Hall of Fame Baseball player*

About Our **Integrated** Report

How to Navigate this Report

This report tells the story of value creation at ECHMB Capital in the short, medium and long term as here under:

- Our business.
- Our strategic progress
- Management discussion and analysis
- Holding ourselves accountable
- Building sustainable value in ECHMB Capital
- Building a high-performance team
- Annual Report and Audited Financial Statements for the year ended 31 March 2021.

About Our Integrated Report

At ECHMB Capital, we are guided by the principles of integrated reporting which have been key to our sustainable business model and have led to clarity of long-term value creation for all our stakeholders. This report shows clearly and concisely how our strategic focus integrates with our six (6) types of capitals and matters that are material to the achievement of our vision. It also shows how we create and distribute value using our business model to our various stakeholders. The report indicates the strategic performance of the Bank, shows key indicators of our stakeholder engagement, key indicators of our business model and key financial performance indicators. Included in this report are our financial results for the year ended 31st March 2021.

The Scope of this Report

This report covers the period from 1st April 2020 to 31st March 2021. We have referred to other periods for comparative purposes. We have included both financial and non-financial facets of our business in order to communicate how we create long-term stakeholder value through our strategic focus, our business model, employment of our six capitals, management of material matters, our stakeholder engagement, tracking of key financial indicators, enterprise risk management, and good corporate governance. The targeted readers of this report are our shareholders who need to make informed decisions for short, medium or long-term investment. This report is also meant for all our other stakeholders who include but are not limited to our customers, staff members, strategic partners, regulators, suppliers and the communities within which the Bank operates.

Responsibility of the Board for the Bank's Integrated Report

This Integrated Report was approved by our Board of Directors on 18th August 2021.

Key Concepts

- Integrated approach: At ECHMB Capital we incorporate an integrated approach in all our decision making through the careful consideration of the relationship between our six capitals and core activities to secure optimum value creation in the short, medium and long term.
- Capitals: these are our stocks of value which we use as inputs in our business model and are increased, decreased or transformed by our business activities. These create output that eventually become the economic, social and environmental outcome for our various stakeholders. We categorize our Capitals financial, human, manufactured, intellectual, social, relationship and natural capitals.
- Material matters: We consider matters that could substantively affect our ability to create value in the short, medium or long term. These matters are determined and managed through our enterprise-wide material matters management process.
- Value creation: this is an integrated process that shows how we turn our six capital inputs into short, medium- and long-term value for our stakeholders through our business activities.

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How to Read Our Report

Our Business	This section provides information on who we are, our key business and our history timeline. It also details ECHMB Capital in numbers 1996-2021.	Frameworks Applied <ul style="list-style-type: none">Framework of the International Integrated Reporting
Our Strategic Progress	This section provides a detailed review of the Bank’s performance versus its proposed strategies. It also details the execution of our strategy’s various facets, including client focus, social, economic, and environmental impact, and how these contribute to the Bank’s sustainability and its ability to achieve its purpose.	Frameworks Applied <ul style="list-style-type: none">Framework of the International Integrated Reporting
Management’s Discussion and Analysis	This section contains a message from the the Chief Executive Officer. It also provides details on the Bank’s financial outturn for FY 2021 and KPIs.	Frameworks Applied <ul style="list-style-type: none">ECHMB Act of 1995Companies Act of Grenada -1994International Financial Reporting Standards (IFRS)
Holding Ourselves Accountable	This section contains a message from the Chairman Board of Directors. This section provides a detailed review of the Bank’s risk management statement and corporate governance.	
Building sustainable Value in ECHMB Capital	This section outlines how the Bank continues to introduce measures geared at reducing its carbon footprints.	
Building a High-Performance Team	This section contains how the Bank proposes to attain its corporate strategy through the development of the skillset of its human capital.	
Annual Report and Audited Financial Statements for the Year ended 31 March 2021.	This section sets out the Bank’s complete audited annual financial statements.	

The background image shows a construction site at sunset or sunrise. Silhouettes of several construction workers are visible against a bright, orange-hued sky. They are working on a structure with a complex network of steel beams and scaffolding. One worker is in the center, appearing to be guiding a large, dark object (possibly a piece of equipment or a large pipe) into place. Other workers are positioned around the structure, some standing on beams and others on the ground. The overall scene conveys a sense of industriousness and the building of a foundation.

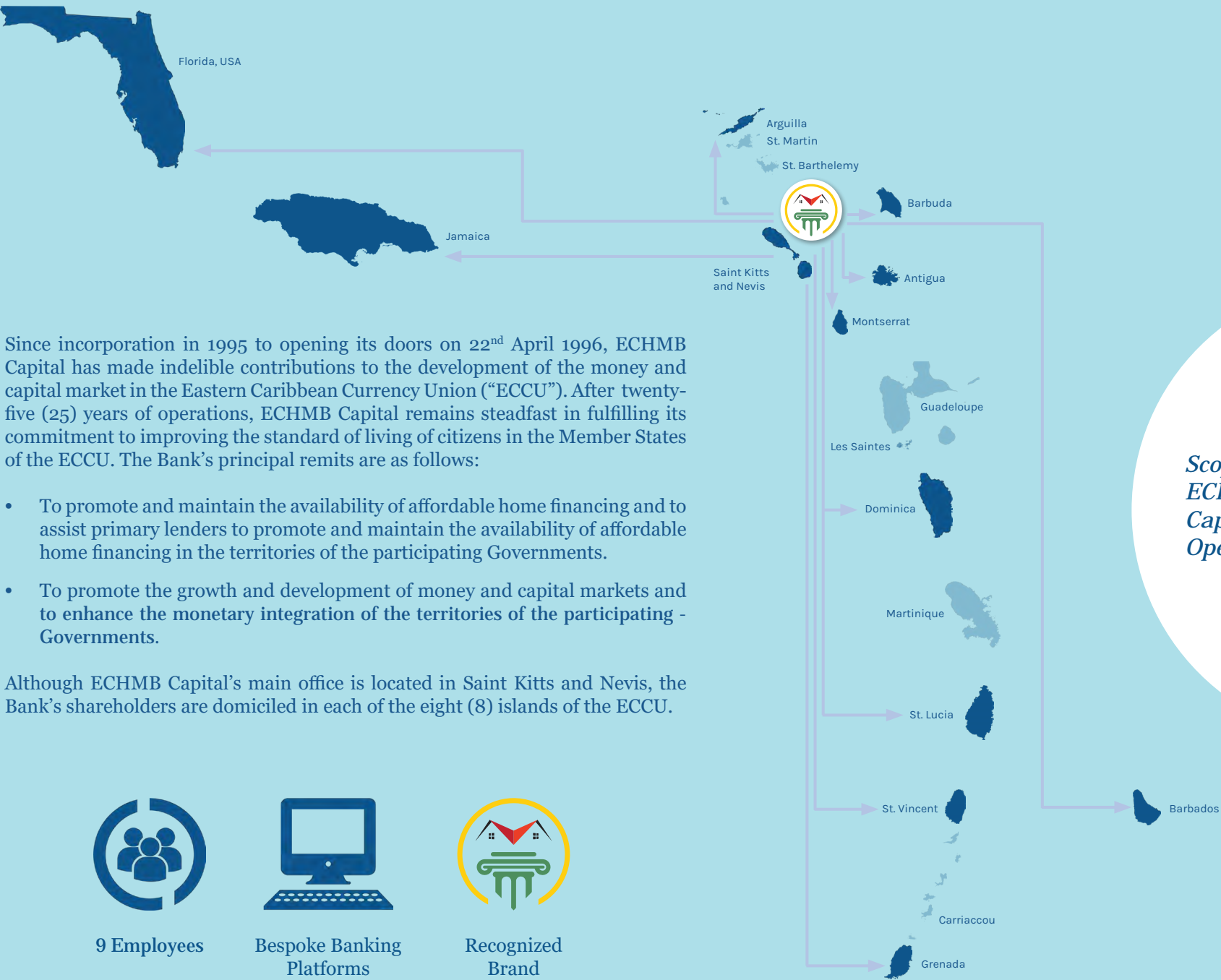
ECHMB Capital continues to build a solid foundation to enable the Bank to withstand changing international and regional economic headwinds in order to create value for its stakeholders.

A person wearing a white lab coat is shown from the chest up, holding a magnifying glass over a city skyline at night. The city lights are visible through the magnifying glass and in the background. The person's face is partially visible through the handle of the magnifying glass.

Our Business

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Who Are We?



Since incorporation in 1995 to opening its doors on 22nd April 1996, ECHMB Capital has made indelible contributions to the development of the money and capital market in the Eastern Caribbean Currency Union (“ECCU”). After twenty-five (25) years of operations, ECHMB Capital remains steadfast in fulfilling its commitment to improving the standard of living of citizens in the Member States of the ECCU. The Bank’s principal remits are as follows:

- To promote and maintain the availability of affordable home financing and to assist primary lenders to promote and maintain the availability of affordable home financing in the territories of the participating Governments.
- To promote the growth and development of money and capital markets and to enhance the monetary integration of the territories of the participating - Governments.

Although ECHMB Capital’s main office is located in Saint Kitts and Nevis, the Bank’s shareholders are domiciled in each of the eight (8) islands of the ECCU.



9 Employees




Bespoke Banking
Platforms



Recognized
Brand

*Scope of
ECHMB
Capital’s
Operations*

Our Key Business

	Our Business Activities	Our Products
 <p>Secondary Market</p>	<p>Provide liquidity to the primary market:</p> <ul style="list-style-type: none"> • Commercial Banks • Building Societies • Credit Unions • Development Banks • Social Security Schemes 	<p>Existing Products</p> <ul style="list-style-type: none"> • Mortgage backed securities • Mortgage pledged loans • Mortgage credit facility • Corporate bonds • Commercial papers • Repurchase agreements • Mortgage underwriting education
 <p>Capital Market</p>	<p>Provide investment options to:</p> <ul style="list-style-type: none"> • Corporates • Individuals <p>Active management of investments on the international money and capital market.</p>	<p>New Products FY 2021</p> <ul style="list-style-type: none"> • Redeemable preference shares <p>Products Under Research & Development Growth & Income Fund</p> <ul style="list-style-type: none"> • Investment Advisory Services • Investment Conferences
 <p>Capacity Building</p>	<p>Provide education in mortgage underwriting:</p> <ul style="list-style-type: none"> • Commercial Banks • Insurance Companies • Building Societies • Credit Unions • Social Security Schemes 	

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.
- The public Accounting firm, PKF was appointed auditors.

2008

- 14th February, the 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 Loans Facilities exceeded the \$100.00M threshold.
- Borrowings exceeded the \$150.00M threshold.



ECHMB Capital History Timelines 1996-2021

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.

2013

- Reported the highest profit to date in the Bank's history of \$5.76M.
- Assets Under Management ("AUM") reached \$329.70M.
- Mr. Duleep Cheddie demitted office of General Manager/Chief Executive Officer and Mr. Randy Lewis was appointed acting General Manager.

2016

- ECHMB Capital 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.
- Dr. Timothy N.J. Antoine appointed Chairman.

2020

- The Monetary Council approved amendments to the ECHMB Agreement.
- Borrowings threshold increased to \$1.0B.
- Paid the first interim dividend of \$3.75 per share.
- Reported a profit of \$9.13M, highest in the Bank's history to date.
- AUM reached \$350.14M, highest in the Bank's history to date.



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.
- The Bank celebrated its 100th Board of Directors meeting.

2021

- ECHMB Capital celebrated 25 years of operations.
- ECHMB Capital held its inaugural virtual Annual General Meeting.
- The firm of PwC, Chartered Accountants was appointed as auditor for FY 2021.
- Total Assets exceeded the \$461.93M threshold.
- Net profit for the year amounted to \$17.01M, highest to date.



Our investment grade instruments are ideal for the creation and preservation of wealth through generations.

Creating wealth since 1996.



Our **Wealth** Creating Units

Secondary Market	Capital Market	Capacity Building
Provide liquidity to the primary market: <ul style="list-style-type: none"> Commercial Banks Building Societies Credit Unions Development Banks Social Security Schemes 	Provide investment options to: <ul style="list-style-type: none"> Corporates Individuals Active management of investments on the international money and capital market.	Provide education in mortgage underwriting: <ul style="list-style-type: none"> Commercial Banks Insurance Companies Building Societies Credit Unions Social Security Schemes
What we offer:	What we offer:	What we offer:
<ul style="list-style-type: none"> Mortgage backed securities Mortgage pledged loans Mortgage credit facility 	<ul style="list-style-type: none"> Corporate bonds Commercial papers Repurchase agreements 	<ul style="list-style-type: none"> Mortgage underwriting education

Total Revenue FY 2021

Mortgage backed securities

\$2.47M

Total Revenue FY 2021

Interest Income/ Capital Gains

\$28.70M

ECHMB CAPITAL ANNUAL REPORT 2021

09

A smiling man in a dark suit, white shirt, and patterned tie is using a laptop. He is standing in a modern office with large windows in the background. The image has a teal overlay on the right side.

ECHMB Capital **Creating Wealth** **Since 1996**

One of the principal remits of ECHMB Capital is the development of the money and capital market in the Eastern Caribbean Currency Union (“ECCU”). In FY 2021, the Bank issued the first corporate paper which was designed specifically to target individuals indigenous to the ECCU.



ECHMB Capital in Numbers 1996-2021

ECHMB Capital has issued more than \$2.0 billion investment grade corporate debt instruments and has paid \$170.37 million in interest.

Interest Paid \$170.37M	Debt Instruments \$2,092.08M
63 Shareholders	
Net Profit for the Year \$83.92M	Dividends Paid \$34.68M
Book Value Per Share \$257.49	Shareholders' Equity \$69.20M

The Bank has generated more than \$83.92 million in net profit and has distributed dividends totaling \$34.68 million.

Our Stakeholders

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

We are committed to working with all our stakeholders 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 communication mediums through which our stakeholders can be informed and interact with us. For this very reason, the Bank has embarked on the production of Annual Integrated Reports. In addition, we believe in ensuring that our operation remains sufficiently transparent so that stakeholders have equal access to the requisite information.



Employees

Including Board of Directors



Our Employees' Interest

- Job security
- Fair remuneration
- Skills development
- Career opportunities
- Health benefits

Our Engagement Strategy

- Meetings
- Hosting of employees' events
- Socials

Our Response

- Training
- Fair compensation
- Pension and health benefits

Outcome

- Highly skilled labor force
- >88% staff retention in FY 2020
- Continuous improvement to staff skillset through training
- Congruence between the Bank's and employees' goals

Investors

- Shareholders
- Debt holders



Shareholders' Interest

- Improving financial performance accompanied by increased dividends/interest payments
- Consistent growth in asset value
- Effective corporate governance
- Transparency

Our Engagement Strategy

- Quarterly reporting
- Timely publication of our annual report
- Interactive and transparent Annual General Meetings

Our Response

- Strong corporate governance structure
- Quarterly reporting
- Sound business strategies aimed at delivering growth and value
- Prudently managed statement of financial position

Outcome

- High uptake rate of the Bank's debt instruments.
- 100% retention of the Bank's equity capital

External Agencies

- ECSE; ECSRC; CariCRIS



External Agencies' Interest

- Compliance
- Capital adequacy, profitability & liquidity
- Adequate risk management
- Growth

Our Engagement Strategy

- Correspondences and other regular contacts

Our Response

- Risk mitigation
- Compliance with applicable rules and laws
- Good corporate citizen

Outcome

- Approval of prospectuses and Offer Memorandum
- Quarterly reporting
- Annual credit ratings

Customers

- Social securities Credit Unions
- Financial intermediaries
- House holds
- Brokers/dealers



Customers’ Interest

- Identification and provision of products to satisfy their prevailing demand
- Ensuring ECHMB’s products are available, affordable, and more accessible
- Ethical treatment
- Value for money

Our Engagement Strategy

- We provide the highest-rated investment products in the ECCU.
- Changes our marketing mix to meet prevailing demand.
- Developed databases to increase and improve communication with our target market.
- Roadshows
- Offer higher coupons

Our Response

- Increased product range
- Increased distribution channels
- Increased returns on products

Outcome

- Increased demand for the Bank’s products.
- Increased customer engagement

The Community

- Corporate social partners
- Schools
- Not-for-profit organisations



The Community's Interest

- Job creation
- Community development/good corporate citizen
- Sponsorships/donations

Our Engagement Strategy

- Improving our endeavor to be a good corporate citizen

Our Response

- Created additional jobs
- Mortgage underwriting courses
- Donation to needy citizens

Outcome

- Improvement to the life of citizens in the ECCU

Building the Money and Capital Market in the Eastern Caribbean Currency Union

**PREFERENCE
SHARES**

**CORPORATE
PAPERS**

**CORPORATE
BONDS**

MBS

**REPURCHASE
AGREEMENTS**

**ORDINARY
SHARES**

**MORTGAGE
PLEDGED
LOANS**

**MORTGAGE
UNDERWRITING
PROGRAM**

A person in a blue suit is moving a gold chess king piece on a chessboard. The background is a blurred image of the chessboard and other pieces.

Our Strategic Progress









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Our Approach to Value Creation

Our Customers The principal objective of ECHMB Capital is creating wealth in the money and capital markets in the ECCU. Our principal objective determines the Bank’s investments, governance, and the skillset of our HR Capital.	Our Stakeholders	
	Our Strategy	Our strategy focuses on converting the capital provided to create value for our stakeholders.
	Our Risk Appetite	Our strategy is achieved within the parameters of our risk appetite, which is underpinned by conscious risk-taking in pursuit of growth.

Our Governance Framework

Corporate Governance Model Our model ensures that the Bank has viable strategic objectives and a suitable framework for implementation and control to enable the achievement of those objectives.	Executive Management Team ECHMB Capital’s principal objective is to create a culture which combines high performance and ethical behaviour within an environment where our HR capital is empowered to deliver exceptional customer experiences.
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Our Key Stakeholders	Issues Impacting our Performance and Corporate Social Responsibility	How we deliver and measure value
 <p>Shareholders</p>	<ul style="list-style-type: none"> • Growing our market share and interest income. • Responding to changing economic dispensation and unsystematic disruptions. • Maintaining a robust statement of financial position 	 <p>Financial Outcome Increasing shareholders wealth</p>
 <p>Customers</p>	<ul style="list-style-type: none"> • Providing our clients with a personalized and comprehensive financial service offerings. • Empowering our people to better provide an excellent and consistent client experience. 	 <p>Customer Focus Exceptional client experience</p>
 <p>Employees</p>	<ul style="list-style-type: none"> • Attracting and retaining deeply committed people with the right skills and capabilities. • Enabling our people to be agile and adaptive to remain relevant in a rapidly evolving environment. 	 <p>Employee Engagement Making ECHMB Capital the best place to work</p>
 <p>Community</p>	<ul style="list-style-type: none"> • Contribute to job creation and economic development. • Provide more opportunities for wealth creation in the ECCU. • Increase the amount of individuals trading on the money and capital market 	 <p>Corporate Social Responsibility</p>

Creating Value for Stakeholders

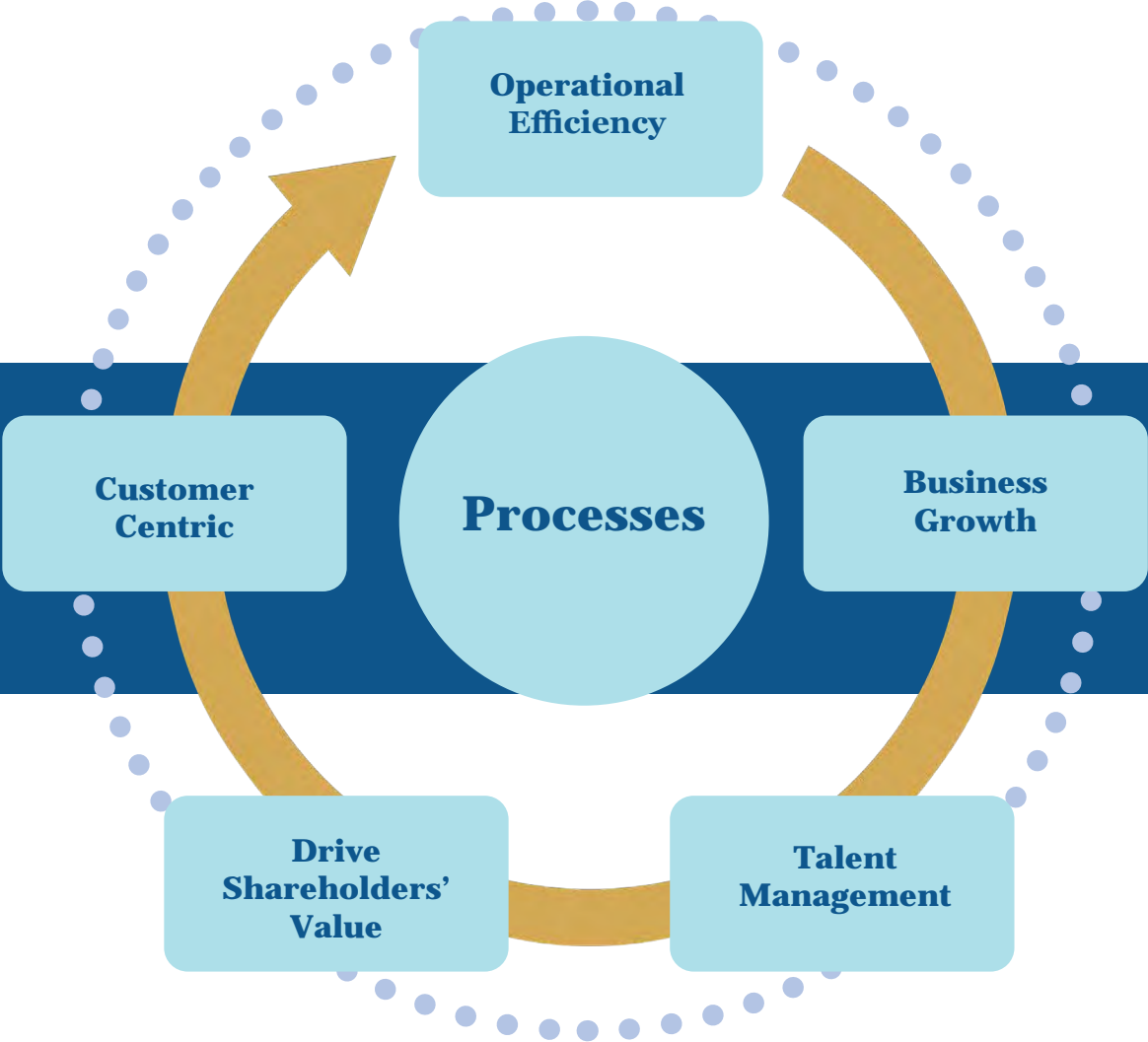
A photograph of two industrial workers in a factory setting. They are wearing safety glasses and hard hats. One worker is on the left, leaning over a large industrial mold, and the other is on the right, holding a long metal rod. A bright, glowing stream of molten metal is being poured from a central point into the mold. The background is filled with industrial equipment and materials, creating a sense of a busy manufacturing environment. The entire image has a teal-colored overlay.

“Companies that solely focus on competition will ultimately die. Those that focus on value creation will thrive”. - *Edward de Bono*

Our Value-Creating Business



<ul style="list-style-type: none">• Financial Capital Debt Capital \$390.30M Share Capital \$69.20M
<ul style="list-style-type: none">• Human Capital Staff Head Count - 9 Directors - 5
<ul style="list-style-type: none">• Manufactured Capital Information technology software, systems and structure
<ul style="list-style-type: none">• Intellectual Capital Strong brand identity Exceptional Innovation capacity
<ul style="list-style-type: none">• Social & Relationship Capital
<ul style="list-style-type: none">• Natural Capital Working towards reduction of carbon footprint



Activities That Create

Value For Our Stakeholders

Acquisition
of Mortgage
Backed
Securities

Mortgage
Underwriting
Programme

Capital
Market
Activities

Outcome

Financial Capital

Distributed \$10.0 per share to shareholders.
Share book value up - 10.79%
Return on capital up - 68.13%

Human Capital

\$2.66M paid in salaries
88.89% staff retention

Manufactured Capital

Interest income up -19.07%
Increased digital marketing

Intellectual Capital

Automation increased

Social & Relationship Capital

Limited clients' complaints

Natural Capital

Steps are taken to reduce the carbon footprints of
the Bank's plant

How Our Material Issues Affect Our Stakeholders

Out Inputs	Our Value-Adding Activities	Key Outputs
<p>Stock of value which we use as inputs in our business model and are increased, decreased, or transformed by our business activities to create output</p>		
<p>Financial Capital</p> <ul style="list-style-type: none"> • Debt capital - \$390.30M • Equity capital - \$69.20M • Credit ratings - CariBBB+ 	<p>Activities that transform our Input Capitals into value for all our stakeholders.</p>	<ul style="list-style-type: none"> • Mortgage-Backed Securities • Mortgage pledged Loans • Mortgage Credit Facility • Corporate bonds • Commercial papers • Repurchase Agreements • Redeemable Preference Shares • Mortgage Underwriting training • Staff Training • Risk management • Investor relations • Corporate strategy
<p>Human Capital</p> <ul style="list-style-type: none"> • Employees - 9 • Board of directors - 5 • High-performance management & reward culture • High impact leadership culture 	<p>These activities are impacted by external factors in our operating environment in the Eastern Caribbean Currency Union and are also affected by the global economic environment.</p>	
<p>Manufactured Capital</p> <ul style="list-style-type: none"> • Debt capital - \$390.30M • Equity capital - \$69.20M 	<p>To carry out our activities optimally we carry out;</p> <ul style="list-style-type: none"> • Comprehensive Corporate Governance • Integrated Enterprise Risk management • Integrated Corporate Strategic Planning 	
<p>Intellectual Capital</p> <ul style="list-style-type: none"> • Strong brand position • Specialized talent • Enterprise risk management • Strong corporate governance practices 	<p>In order to create value for our stakeholders;</p> <p>We ensure that the Bank is adequately capitalized to meet regulatory requirements, capital targets set by the Board, support our risk appetite as set out in our strategic goals.</p> <p>We employ the best skills. We ensure that we have the right talent to offer the best experience for our stakeholders by ensuring that we hire and retain the best.</p> <p>We provide channels and infrastructure. We provide adequate infrastructure for our stakeholders to access our services.</p>	

<p>Social & Relationship Capital</p> <ul style="list-style-type: none"> • Engagement with stakeholders • Strategic partnerships • Sustainability practices 	<p>We employ our intellectual capabilities. We ensure that we are proactive in enterprise risk management, material matters management, adequate policy framework to guide all our activities, monitor our brand positioning, and upgrade our specialized talent actively.</p>	
<p>Natural Capital</p> <ul style="list-style-type: none"> • Electricity • Water • Paper/Stationery 	<p>We maintain our relationships with our key stakeholders by ensuring that we engage them sufficiently, adequately address their expectations and appropriately respond to these expectations.</p> <p>We make optimal use of natural resources. We engage in initiatives that reduce the direct and indirect impact of our operations. We do this through our operations digitization (Less paper, electricity, diesel, air travel), supplier selection criteria and our lending practices.</p>	



The Outcome of Our Value-Adding Activities		Key Impact on Our Stakeholders	
Financial Capital <ul style="list-style-type: none">• Debt capital - \$390.30M• Equity capital - \$69.20M• Credit ratings - CariBBB+		Shareholders <ul style="list-style-type: none">• Interim and final dividends of \$10.0 per share• Quarterly investor briefing• Low-risk balance sheet of \$461.93M• Book value per share of \$257.49	Customers <ul style="list-style-type: none">• In excess of \$100.18M accepted in debt financing
Human Capital <ul style="list-style-type: none">• Employees - 9• Board of directors - 5• High-performance management & reward culture		<ul style="list-style-type: none">• Salaries and benefits - \$2.66M• Invested staff training	
Manufactured Capital <ul style="list-style-type: none">• Debt capital - \$390.30• Equity capital - \$69.20M		<ul style="list-style-type: none">• Interest paid \$7.47M	
Intellectual Capital <ul style="list-style-type: none">• Strong brand position• Specialized talent• Enterprise risk management• Strong corporate governance practices		<ul style="list-style-type: none">• Our partners have used the funding from the ECHMB to increase the housing stock in the ECCU	
Social and Relationship Capital <ul style="list-style-type: none">• Engagement with stakeholders• Strategic partnerships• Sustainability practices		<ul style="list-style-type: none">• Paid in excess of \$3.0M to local suppliers, including sponsorship and other charitable contributions	
Natural Capital <ul style="list-style-type: none">• Electricity• Water• Paper/Stationery		<ul style="list-style-type: none">• Promoted Economic and Social Sustainability	
Our products, services and by-products. Results of our value-adding activities that will translate to outcomes for our stakeholders		Value creation for all our stakeholders as intended by our strategic focus	

ECHMB Capital's Value-Added Statement FY 2021

ECHMB Capital's Value-Added Statement depicts the value that has been created by the Bank's Capital through the effective deployment and management of its capitals – financial, human, manufactured, Intellectual and natural and the resultant distribution of value to our stakeholders. This statement showcases Bank's commitment to creating stakeholder value through our business model and sound business practices.

Value Added:	FY 2021	FY 2020	FY 2019
	\$'000	\$'000	\$'000
Income	31.23	18.65	13.26
Interest paid and cost of other services	(11.32)	(7.45)	(6.37)
Wealth created	19.91	11.20	6.89
Distribution of wealth			
Employee-Salary and other benefits	2.66	1.88	1.51
Dividends	2.69	2.02	2.02
Retained to support future business growth	14.32	7.11	3.29
Depreciation and amortization	0.24	0.19	0.07
Distribution of wealth	19.91	11.20	6.89

ECHMB Capital's Strategy

A group of business professionals are gathered around a table in a modern office setting. A man in a dark suit is gesturing with his hand while speaking to a woman with curly hair on the left and another man with glasses on the right. The background shows large windows and office partitions.

“Strategy is simply resource allocation. When you strip away all the noise, that’s what it comes down to. Strategy means making clear cut choices about how to compete. You cannot be everything to everybody, no matter what the size of your business or how deep its pockets.” - *Jack Welch*

Key Market Trends FY 2021

Digital Disruptions



The advent of new technology has changed the delivery of the Bank's products and methods of communications with its target market.

ECHMB Capital continues to innovate in order to keep pace with the latest technological advances in the industry.

Sustainability Investing



Given the Bank's corporate socially responsible, social investing is an integral part of our investment strategy.

ECHMB Capital is constantly seeking projects which are designed to bring about positive social changes.

Diversity/Inclusion



ECHMB Capital is constantly looking for ways to increase diversity within its workforce. The Bank is of the opinion that institution with adequate diversity outpace their competitors due to the unique needs, perspectives and potential of all their team members.

ECHMB Capital's Strategic Map



(Strategy-2) Differentiation



Emphasize what makes the ECHMB Capital brand unique and different from sovereigns, financial intermediaries, and brokers/dealers in the ECCU

Our Strategy

Our strategy provides the framework for the Bank to focus on its principal objectives and provides the path to achieve them.

Our 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.

Our Strategic Focus

- Risk Management / Business Centric
- Innovative
- Customer Centric
- Employee Centric
- Capital Centric

Implementation of a Performance Culture

The desired behaviors and norms that will enable the Bank to achieve superior results.

Our Strategic Priorities FY 2022 -2024

What ECHMB Capital need to excel at to deliver on its Strategy



Sustainable Growth

Why is it important?

Enables the Bank to consistently generate double digits net profits annually.

Key Business Objectives:

Minimum of 15.0% annual increase in assets under management with concurrent increase in profitability.



Innovation

Why is it important?

Create the environment for thinking out of the box

Key Business Objectives:

Implementation of new ideas and creative thinking to the Bank's operations.



Enhanced Risk Management

Why is it important?

Minimize future impact of current actions

Key Business Objectives:

Ensure systems and processes are adequate for the Bank's changing operations and evolving risks.



Performance Culture

Why is it important?

Implementation of desired behaviours and norms that will enable the Bank to achieve superior results

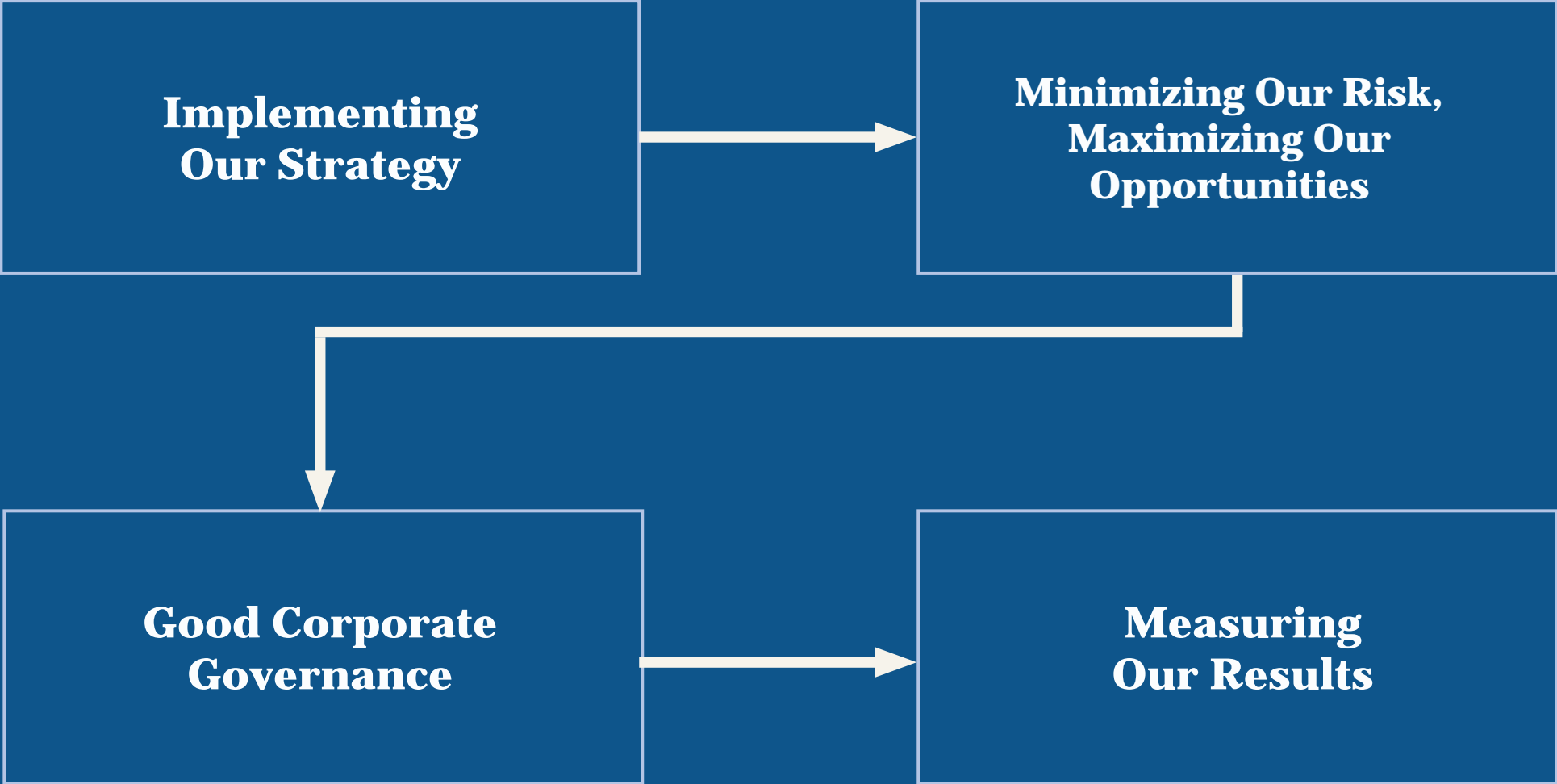
Key Business Objectives:

Change the culture of the Bank for efficient attainment of the Bank's strategic objectives.






“Execution is a specific set of behaviors and techniques that companies need to master in order to have competitive advantage. It’s a discipline of its own.” - *Ram Charan and Larry Bassidy*

Our Execution Model



Measuring Our Results

Strategies	What success looks like	How we performed
<div>  <p>Sustainable Growth</p> </div>	<ul style="list-style-type: none"> • Growth in the Bank’s balance sheet >15.0% per annum. • Restrict the effective weighted average cost of debt to <3.0% annually. • Increase individuals debt holders to a minimum of 5.0% of borrowings portfolio. • Diversification of the Bank’s product portfolio with the introduction of new instruments. • Increase shareholders’ equity >\$140.73M by FY 2024. • Maintain the Bank’s debt to Equity Ratio < 8.0:1. • Improve the interest cover ratio > 3.4 times. • Payment of a minimum dividend of \$10.0 per share annually. • Increase book-value-per share to > \$467.84 by 2024. • Attract a wider cross-section of equity holders to ECHMB Capital including individuals, small companies and NBFIs. • 90.0% retention of corporate clients. • Increased visibility of ECHMB Capital in the ECCU. 	<ul style="list-style-type: none"> • Annual growth in the Bank’s balance sheet was reported at \$111.79M (31.93%) in FY 2021. • The weighted average cost of debt average 2.75% in FY 2021. • Individual debt holders were less than 1.0% than the borrowing portfolio. • Board of Directors approved the issuance of preference shares in FY 2021. • Shareholders’ equity amounted to \$69.20M in FY 2021. • ECHMB Capital reported a Debt-to-Equity Ratio of 5.64:1 in FY 2021. • Interest cover ratio was computed at 3.28 times • Dividends of \$10.0 per share was paid in FY 2021 • Book-value-per share was computed at \$257.49 in FY 2021. • The Bank continues to market its instruments to a wider cross section of stakeholders. • The Bank had 100.00% retention of corporate clients. • The Bank attracted new clients in FY 2021. • Commenced online and television commercials of ECHMB Capital. • Designed a series of marketing campaign to target individuals

Strategies	What success looks like	How we performed
 <p>Innovation</p>	<ul style="list-style-type: none"> • Greater use of information technology to leverage efficiencies in the Bank's operations. • The use of data analytics to influence the Bank's Marketing Mix for Borrowings. • Introduction of new and innovative products to the money and capital market in the ECCU. • Development of creative and innovative ways to market the Bank. • Introduction of new and innovative method of working • New design to the Bank's main office to reduce carbon footprints and eliminate existing inefficiencies. • Utilisation of latest technology in funds transfer 	<ul style="list-style-type: none"> • The Bank continues to institute enhancements to its mortgage back securities, investments and borrowing software. • The Bank's Marketing Mix was adjusted to adopt to the latest trends in money and capital market. • Eliminated transaction costs from its products. • Introduced its inaugural commercial paper which was designed to target individuals domiciled in the ECCU. • Recruited a Sales and Marketing Coordinator to strengthen digital marketing. • The Bank proposes to outsource its HR function. • The Bank introduced telecommuting in FY 2021. • Commenced refurbishment of the Bank's office to incorporate better work flows and latest technological innovations. • The Bank successfully hosted its inaugural Annual General Meeting in FY 2021. • The Bank commenced the utilisation of Electronic Funds Transfer ("EFT") in FY 2021.
 <p>Enhanced Risk Management</p>	<ul style="list-style-type: none"> • Updated consolidated policies. • Recruitment of a Risk and Compliance Officer • Strengthening of the Bank's corporate governance • Annual comprehensive audit report with minimum infractions to the system of accounting and internal controls. • No breaches to the Bank's information technology network. 	<ul style="list-style-type: none"> • The consolidated policies were upgraded in FY 2021. • A Risk and Compliance Officer was recruited at commencement of FY 2021. • There was no penetration of the Bank's IT platform in FY 2021.



Performance Culture

- The implementation of a new salary scale and performance appraisal system by FY 2024.
- Full staff complement of 11 by FY 2022
- The establishment of KPIs for staff and departments
- At least one team (1) team dynamics building sessions per annum.
- Sick leave and other staff unscheduled days off <10 per annum.

- The Board of Directors has approved the tender for human resource services.
- The Bank has recruited its full complement of staff.
- Management has submitted KPIs for review by the Board of Directors.
- The Bank held three (3) team building sessions in FY 2021.

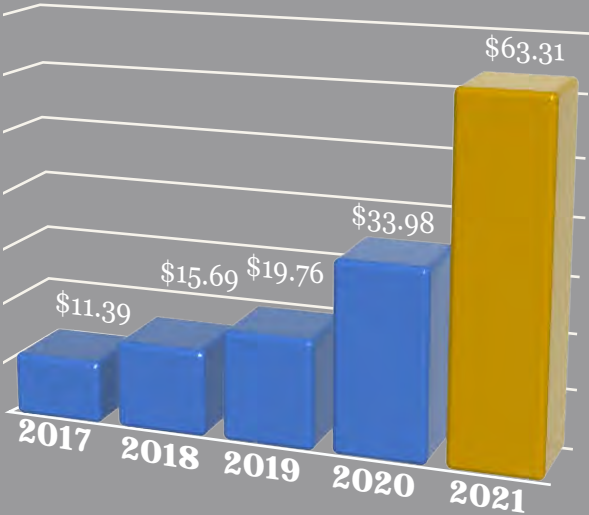
ECHMB Capital Five (5) Year **Statistical Review**



5-Year Financial Trends

	2021	2020	2019	2018	2017
Interest Income	16,106,192	13,525,456	12,313,216	11,480,370	11,141,929
Interest Expense	7,468,564	5,477,981	4,637,522	3,962,620	4,790,392
Net Interest Income	8,637,628	8,047,475	7,675,694	7,517,750	6,351,537
Other Income	15,123,043	5,117,790	949,693	228,173	168,842
Other Expenses	6,745,775	4,032,713	3,315,459	3,530,088	3,460,712
Net Profit for the Year	17,014,896	9,132,552	5,309,928	4,215,835	3,059,667
Total Assets	461,927,985	350,137,718	265,802,954	261,901,801	244,172,894
Total Liabilities	392,727,223	287,674,736	206,630,675	200,543,931	185,015,241
Shareholders' Equity	69,200,762	62,462,982	59,172,279	61,357,870	59,157,653
Earnings per Share	63.31	33.98	19.76	15.69	11.39
Book Value per Share	257.49	232.42	220.18	228.31	220.12
Net Interest Income	53.63%	59.50%	62.39%	65.48%	57.01%
Efficiency Ratio	21.60%	21.63%	25.00%	30.15%	30.60%
Return on Assets	3.68%	2.61%	2.00%	1.61%	1.25%
Interest Cover	3.28	2.67	2.14	2.03	1.64
Debt-to-Equity Ratio	5.64:1	4.58:1	3.48:1	3.27:1	3.12:1

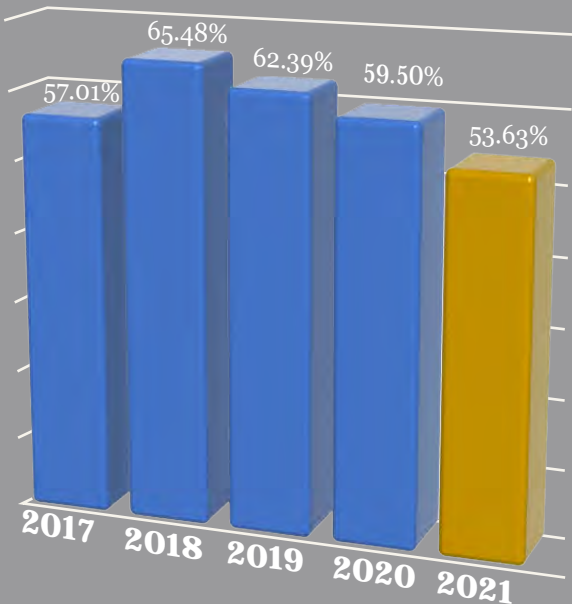
Earnings Per Share



Book Value Per Share



Net Interest Income Percentage



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.

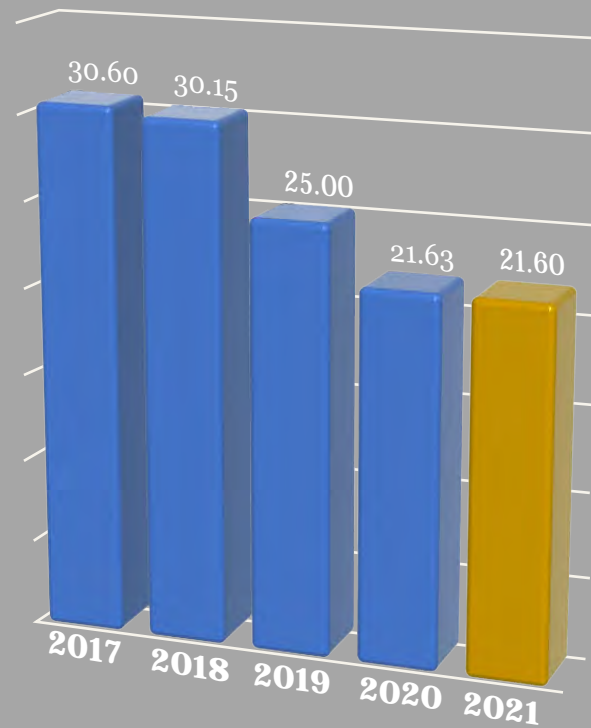
Net Interest Margin

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.

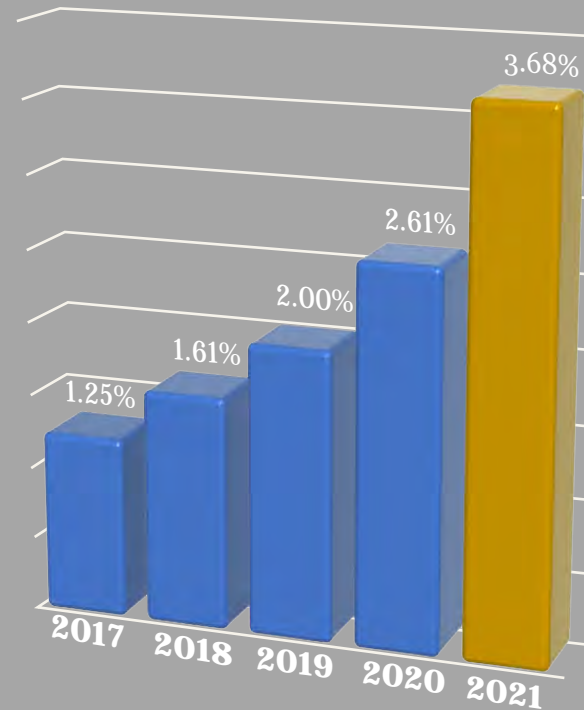
Efficiency Ratio



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.

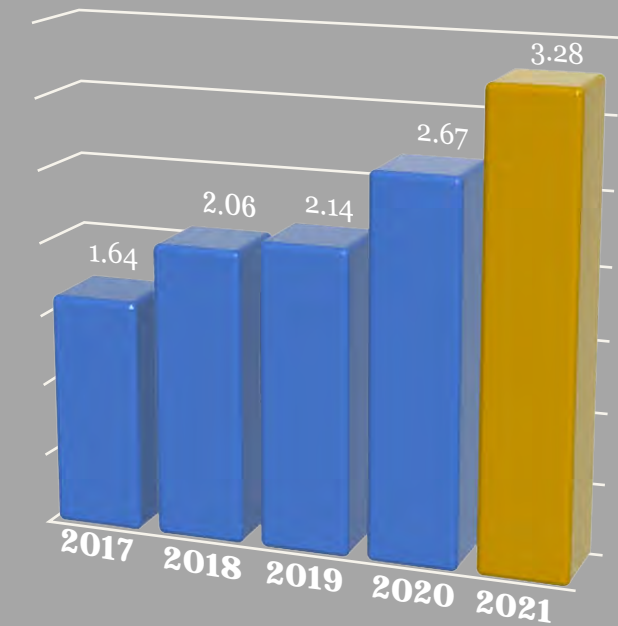
Return on Assets



Return on Assets

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

Interest Cover



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.

Management Discussion and Analysis



This Management Discussion and Analysis (MD&A) is presented to enable the shareholders to assess material changes in the financial condition and operating results of ECHMB Capital for the year ended 31st March 2021, 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 2021. Unless otherwise indicated, all amounts are expressed in Eastern Caribbean Dollars and have been primarily derived from the Bank's Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).



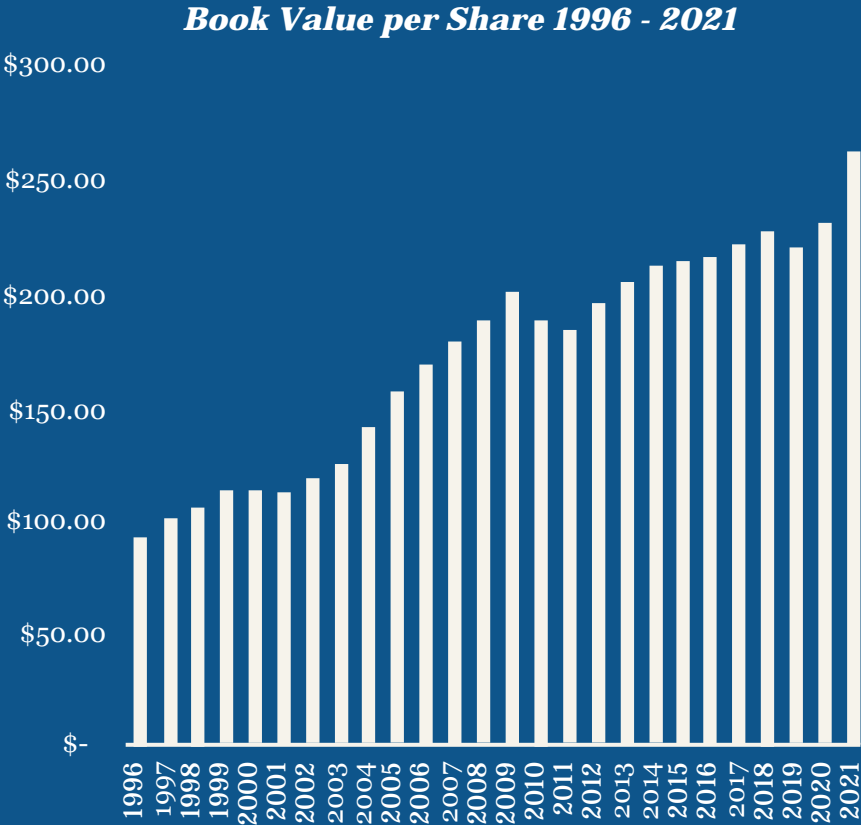
Randy Lewis - FCA; FCCA; MBA ;ACCDir
Chief Executive Officer

25 Years of Success in the Money and Capital Market in the Eastern Caribbean Currency Union

One of the objectives of the Eastern Caribbean Central Bank (“ECCB”) is the creation of avenues for citizens of the Eastern Caribbean Currency Union (“ECCU”) to generate wealth and improve their standard of living. This objective culminated in the launch of the Eastern Caribbean Home Mortgage Bank (“Trading as ECHMB Capital”) in 1996 and the Eastern Caribbean Securities Exchange five (5) years thereafter.

In the succeeding twenty-five (25) years, ECHMB Capital had the distinction of increasing stakeholders’ wealth in each year of operations. Initial investors in the Bank’s equity paid \$100.00 per share, the Bank’s Book-Value-Per Share was projected at \$257.49 at the sojourn of FY 2021.

In addition, the Bank’s cumulative dividend per share totaled \$129.79. These impressive results were achieved not withstanding the global financial crisis of 2008 and the Coronavirus pandemic of 2019.



The fact that the Bank has emerged from both crises as a stronger entity, is affirmation of the viability of our business model, rigidity of our Corporate Governance, quality of the HR Capital and effectiveness of our Enterprise Risk Management framework.

We are however mindful, that the quintessential objective of the Bank of wealth creation has largely been predisposed to corporates. This is most likely attributed to the fact the Bank’s marketing strategies and resources have been devoted to the aforesaid market segment. Our intent is to change this status quo from FY 2021 by increasing our focus on the individual client segment of the Money and Capital Market (“MCM”). We believe that this strategic shift is imperative, given the prevailing economic environment, which is likely to result in significant diminution in individuals’ wealth and standard of living.

However, for this shift in strategic focus to materialize, it is imperative that ECHMB Capital makes products and services more attractive to individuals.

Our paramount commitment to our stakeholders from FY 2021 is to ensure that ECHMB Capital continues to strive for sustainable growth. We intend to achieve this by (i) increasing the Bank's market share in the MCM; (ii) driving innovation; (iii) developing our HR Capital through the adoption of a performance culture; (iv) sustainable growth in profitability; and (v) increasing the Bank's visibility through branding and the launch of a new corporate identity. This includes humanization of the bank by putting stakeholders' objectives at the forefront of our strategic thrust and decision making.

All indications are the FY 2022 is likely to usher unprecedented headwinds, which if left unabated could adversely impact the Bank's risk profile and financial viability.

However, we are confident that the strategies and tactics outlined in ECHMB Capital's strategic plan for the triennium 2022 to 2024 are sufficiently robust to enable the Bank to achieve its stakeholders' goals and objectives.

I wish to express my gratitude to the Board of Directors and the staff of the Bank for their significant contributions to the record-breaking financial outturn of FY 2021.

Randy R. Lewis

Chief Executive Officer

ECHMB Capital's Team



Randy Lewis *Chief Executive Officer*

Mr. Lewis was appointed Chief Executive Officer on the 1st May 2015. A citizen of Grenada, Mr. Lewis is an Fellow of the Institute of Chartered Accountants in England and Wales; Fellow of the Association of Chartered Certified Accountants (ACCA); Associate of the Chartered Institute of Management Accountants (retired); and obtained his MBA from the University of Derby.

He attended the Oxford University Strategic Leadership Programme and, in 2011, he received the Accredited Director designation from the Institute of Chartered Secretaries and Administrators (ICSA). He has more than 27 years of experience in the banking, retailing, manufacturing and financial services industries.

Prior to his appointment as Chief Executive Officer, he held the positions of Manager, Corporate Finance and Chief Financial Officer. Mr. Lewis joined the Bank in 2006.



Heidi Hypolite
Chief Financial Officer

Ms. Hypolite joined the ECHMB family in May 2019 and assumed the position of Chief Financial Officer. Ms. Hypolite is a Fellow of the Association of Chartered Certified Accountants and the holder of an MBA from the University of Leicester, UK. With over 18 years experience in the audit and accounting field, she oversees and executes the financial operations of the ECHMB. Ms. Hypolite has an unwavering commitment to being an effective team leader while working for the benefit of all stakeholders, particularly our regional investors.



Ava Beckles
Chief Investment Officer

Ms. Beckles joined the ECHMB family in November 2016 and assumed the position of Chief Investment Officer. Ms. Beckles holds the Chartered Financial Analyst (CFA) accreditation, as well as a B.Sc. in Actuarial Science, and is currently pursuing the Financial Risk Manager (FRM) accreditation. She has 10 of years experience in the investment industry and leads the Investment Management function of the ECHMB. Ms. Beckles is passionate about Investments and the critical role it plays towards realizing the ECHMB's strategic vision. She is an advocate for the integration of our Regional Capital Markets.



Justin Skeete
Systems Manager

Mr. Skeete has served the ECHMB for 9 years in the capacity of Systems Officer. He has 15 years of IT experience in application implementation and has essentially contributed to the Bank's operational performance and customer satisfaction.

Mr. Skeete is the primary point of culpability for the effectiveness and efficiency of the institution's specific business applications, along with the entire IT platform. Mr. Skeete continues to lead the Bank's path forward in digital transformation initiatives by developing Information Systems strategies to support the Bank's mission and core objectives.



Jacob Wilson
Accountant

Mr. Wilson has twelve years of Banking experience and is an affiliate of the Chartered Association of Certified Accountants (“ACCA”) as of October 2019.

Mr. Wilson is tasked with ensuring the Bank’s records accords with International Financial Reporting Standards and assist in the preparation of timely management information.



Shaka St. Ange
Treasury Manager

Mr. St. Ange joined the ECHMB family in February 2020 and assumed the role of Treasury Officer. He holds a bachelor’s degree in Business Administration and has successfully operated in the ECCU’s Capital Market, Banking and Investment Industries over the past 11 years.

As we strive to solidify our position as the premier non-bank financial institution in the ECCU, Mr. St Ange’s role is to expand our regional footprint by developing strategic relationships. In addition, he continues to use his expertise to contribute to a vibrant, competitive, and attractive ECCU Capital Market.



Sheena Regis
Investment Manager

Ms. Regis joined the ECHMB family in July 2018 and assumed the position of Investment Analyst. Ms. Regis is a Chartered Accountant (ACCA) and is currently pursuing the Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) accreditations.

Ms. Regis has 9 years experience in the Investment industry and plays a pivotal role in the Investment and Risk Functions of the Bank. Ms. Regis’ ultimate professional goal is to contribute her skills and expertise in developing the ECHMB and capital market of the ECCU.



Sanginee Rattan
Accounting Officer

Ms. Sanginee Rattan is the longest-serving member of the ECHMB Capital family. Her twenty-two years of dedication to the Bank and attached to the Administrative, Accounting, and Mortgage departments. She aims to advance the company’s mission of providing excellent service to our external stakeholders.



For the fifth (5) consecutive year we have improved our results, delivering the Bank's highest financial out-turn in FY 2021.

FY 2021 Performance Highlights



\$461.93M

Total Assets
2020: \$350.14



\$31.23M

Total Revenue
2020: \$18.65M



24.58%

Return on
Shareholders' Equity
2020: 14.62%



\$10.00

Dividend-per-share
2020: \$7.50



5.64:1

Debt-to-Equity Ratio
2020: 4.58:1




\$386.88M

Investment Securities
2020: 274.89M



\$365.73M

Borrowings
2020:268.74M



\$69.20M

Shareholders' Equity
2020:62.46M



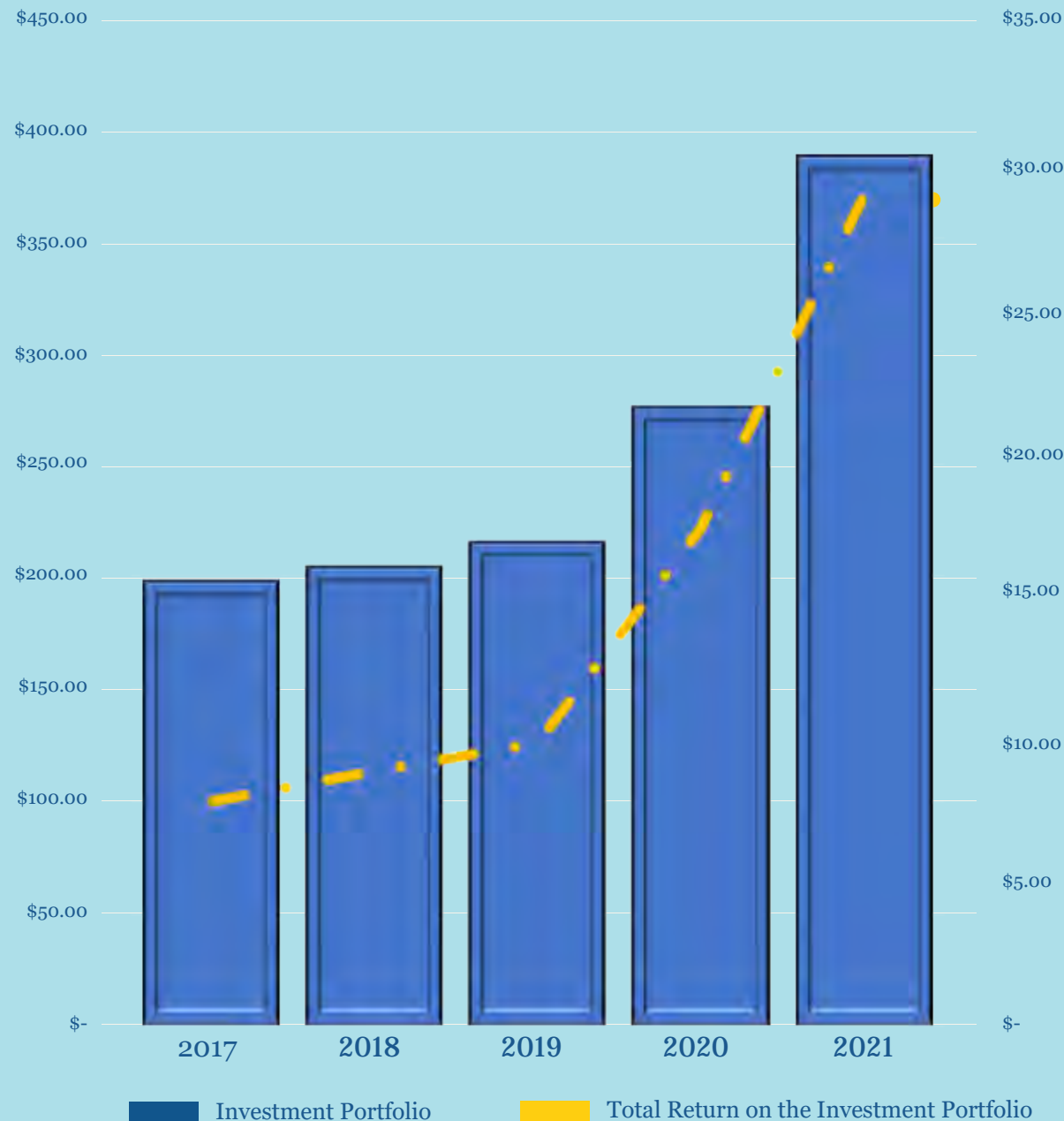
ECHMB Capital's Financial KPI 2021

Earnings per share \$63.31 Up 86.32%	Return on Investments \$7.42 Up 25.47%	Return on Assets 3.68% Up 41.00%	Book Value Per Share \$257.49 Up 10.79%
Weighted Average Cost of Debt 2.75%	Interest Cover 3.28 times Up 22.85%	Net Interest Income 53.63% Down 9.87%	Efficiency Ratio 21.60% Up 0.14%

Other Financial Measures

Interest Income \$16.11M Up 19.07%	Interest Expense \$7.47M Up 36.31%	Net Interest Income \$8.64M Up 7.33%	Net Profit for the Year \$17.01M Up 86.31%
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Return on the Investment Portfolio



Income

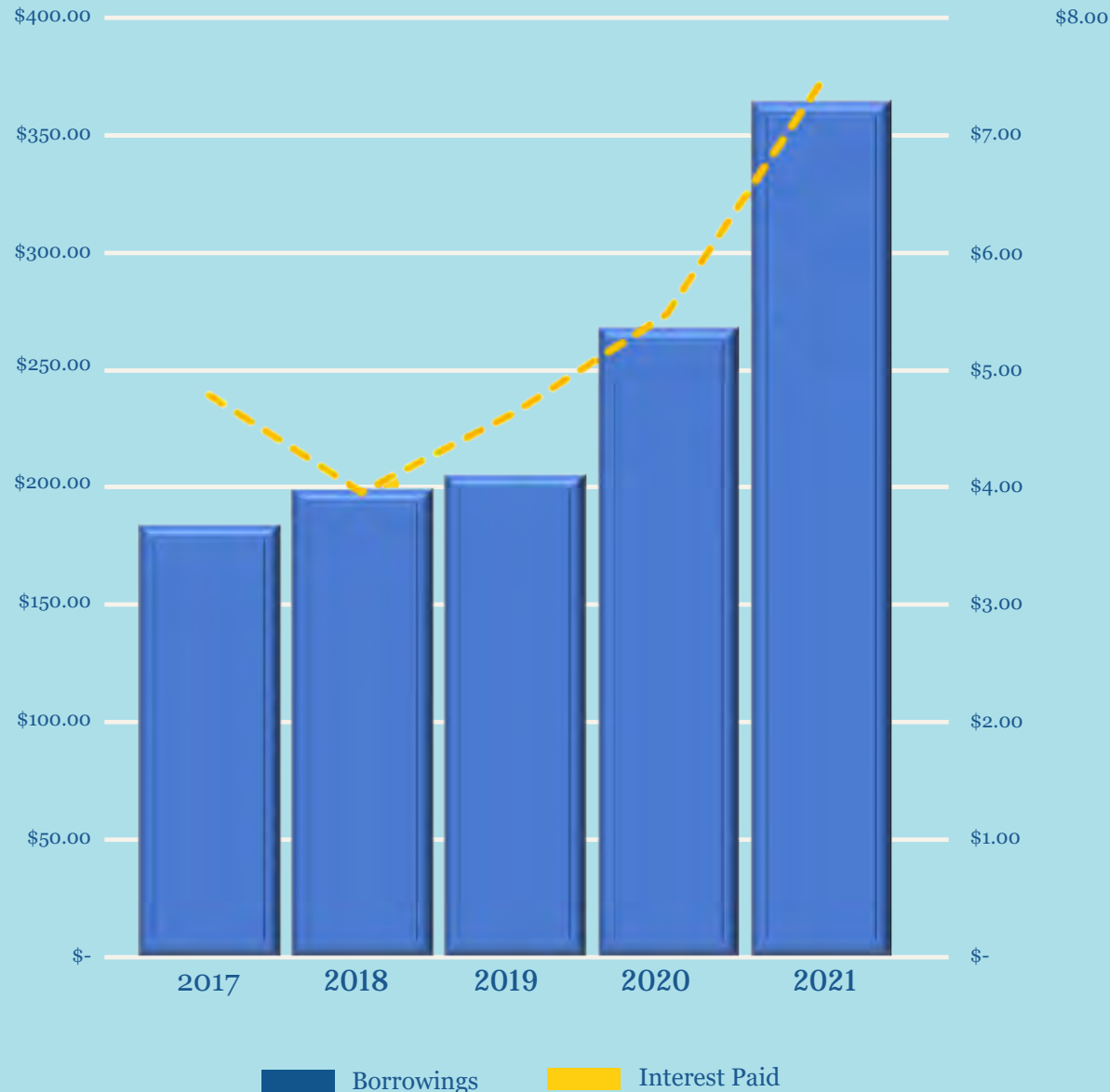
In FY 2021, ECHMB Capital’s Assets Under Management (“AUM”) was reported at \$461.93M, representing an increase of \$111.79M (31.93%) from the \$350.14M reported in FY 2020. The amount of \$386.88M or 83.75% of AUM was placed in Investment Securities.

In FY 2021, Primary Lenders repurchased Mortgages Loans Facilities (“MLF”) totaling \$11.57M and the Bank acquired MLF totaling \$2.17M. On account of the aforementioned transactions, MLF declined from \$46.10M in FY 2020 to \$34.19M in FY 2021. The cash inflows from the resale of MLF were placed in Investment Securities.

The Bank continued the active management of Investment Securities in FY 2021. Gains from assets disposal, Fair Value Adjustments and Interest Income amounted to \$28.69M, or a 7.42% return on the Investment Portfolio, compared to \$16.25M in FY 2020. Interest Income from MLF Increased from \$2.37M in FY 2020 to \$2.47M in FY 2021.

In FY 2021, the Bank’s AUM combined to generated Total Revenue of \$31.23M compared to \$18.65M in FY 2020.

Borrowings Trends



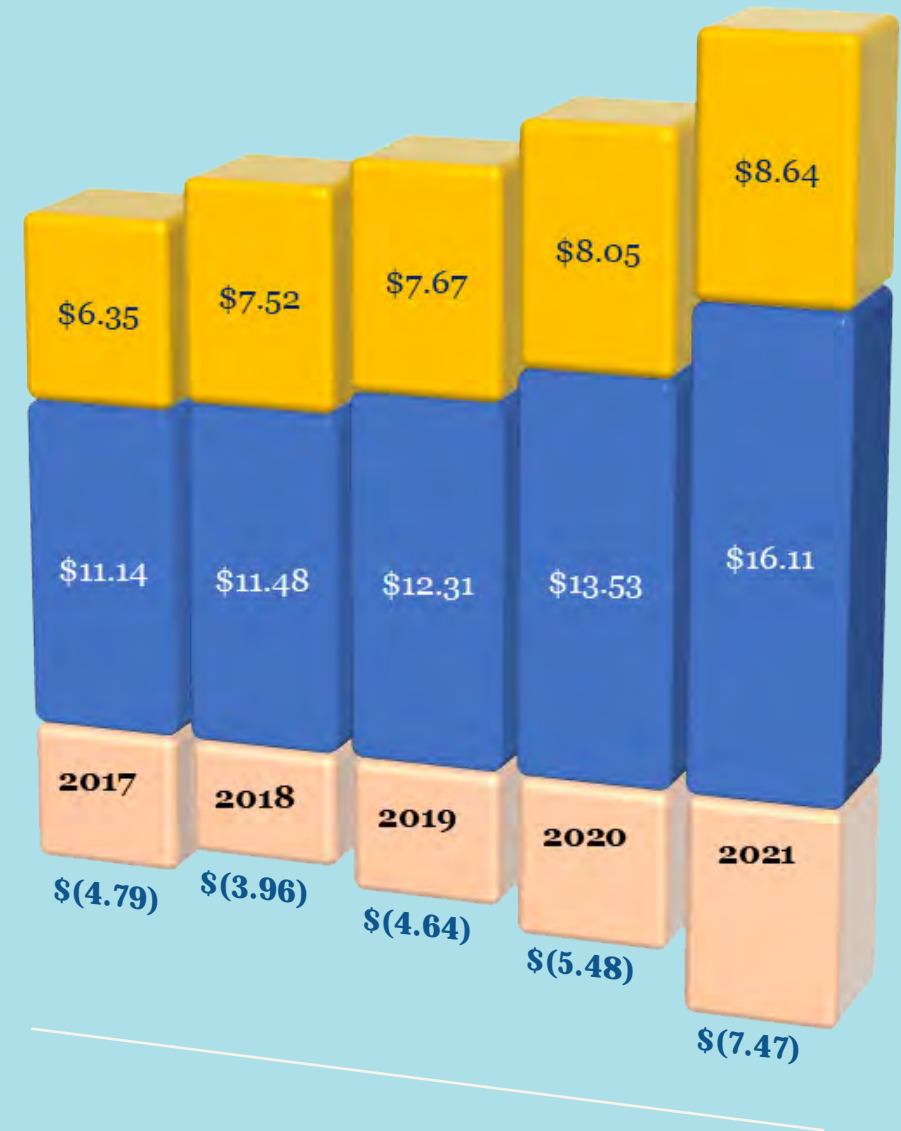
Interest Expense

One of the principal objectives of 2019 to 2021 strategic plan was organic growth. The Bank proposed to finance its growth aspiration primarily through Borrowings and Retained Earnings. The Bank's principal Borrowings strategy was predicated on increasing its market share in the Money and Capital Market in the Eastern Caribbean Currency Union. The principal strategies utilized by the Bank were increasing the attractiveness of its funding instruments by changing the incumbent marketing mix and enhancing the ECHMB Capital's market share through branding. In addition, the Bank maintained its credit ratings at BBB+.

To facilitate the implementation of ECHMB Capital's borrowing strategies, the Bank recruited a Treasury Manager.

In FY 2021, Borrowings increased by \$96.99M (36.09%) from \$268.74M to \$365.73M. As a result, Interest Expense increased by \$1.99M (36.31%) from \$5.48M in FY 2020 to \$7.47M in FY 2021.

Net Interest Income



Interest Income Interest expense Net Interest Income

Net Interest Income

Net Interest Income or the difference between Interest Income (\$16.11M) and Interest Expense (\$7.47M) amounted to \$8.64M or 53.63% and represented a decline compared to 59.50% reported for the comparative period of FY 2020.

The decline in Net Interest Income Percentage is attributed to higher Interest Expense and the placement of additional resources in equity (non-interest earning)

The Bank compensates for the declining trend in Net Interest Income through increased capital gains from its equity portfolio.

Expenses



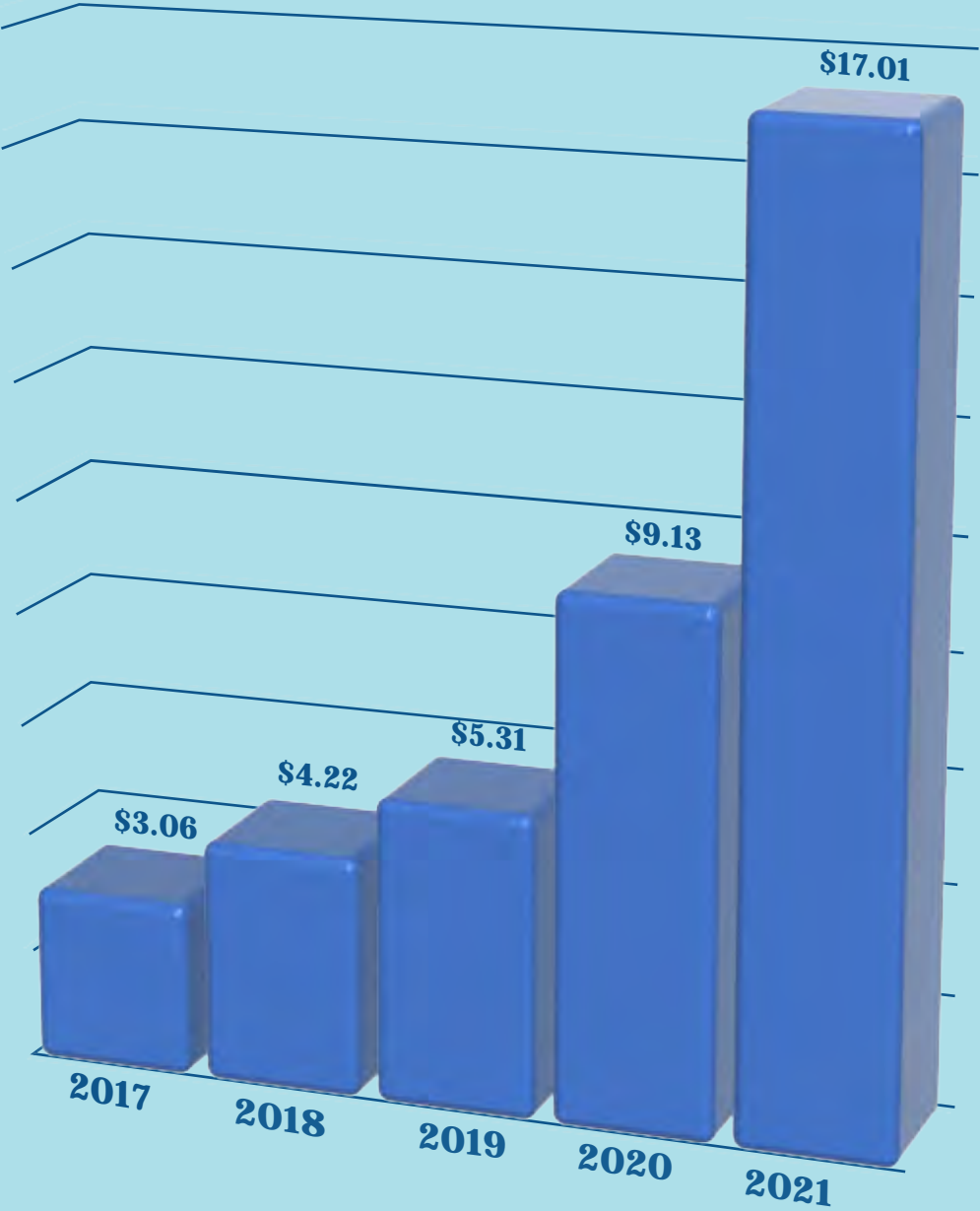
Expenses

Total Expenses increased from \$4.03M in FY 2020 to \$6.75M in FY 2021; this represents a growth of \$2.72M (67.49%). The increase in Expenses was mainly credited to General and Administrative Expenses (“GAE”), which reported growth of \$1.14M (40.71%) and Net Impairment Losses on Financial Assets which increased by \$1.67M.

The increase in GAE was attributed to Salaries and Related Costs which increased from \$1.88M in FY 2020 to \$2.66M in FY 2021. The higher Salaries and Related Costs are due to annual staff inflation adjustment, recruitment of staff and annual bonus incentive scheme.

ECHMB Capital reported savings of \$0.13M (12.26%) in Other Operating Expenses and attributed to lower Amortization of Corporate Paper Issue and Transaction Costs.

Net Profit for The Year



Net Profit for the Year

FY 2021 represents the fifth (5th) consecutive year of growth in ECHMB Capital’s Net Profit for the Year (“NPY”).

In FY 2021, ECHMB Capital reported NPY of \$17.01M representing an increase of \$7.88M (86.31%) from the \$9.13M reported in FY 2020. The increase in NPY is attributed to the \$12.59M (67.50%) growth in Total Income compared to the \$4.71M (49.53%) increase in Total Expenses.

On account of the Bank’s growth in profitability, Interest Cover improved from 2.67 times in FY 2020 to 3.28 times in FY 2021. In addition, Return on Assets improved from 2.61% in FY 2020 to 3.68% in FY 2021.

ECHMB Capital’s Earnings-Per-Share was reported at \$63.31 in FY 2021, up from the \$33.98 reported in FY 2020.

Capital Structure

In FY 2021, ECHMB's Borrowings increased by \$96.99M (36.09%) to \$365.73M. Equity increased by \$6.74M (10.79%). Due to fact growth in Equity trailed Borrowings, the Bank's Debt-to-Equity Ratio ("DER") increased from 4.58:1 in FY 2020 to 5.64:1 in FY 2021. Notwithstanding the preceding, ECHMB Capital reported improved an Interest Cover in FY 2021 of 3.28 times. Given ECHMB Capital's existing DER, the Bank has the capacity to increase its debt capital by \$163.0M

Shareholders' Return

In FY 2021, ECHMB Capital paid total dividends of \$10.00 per share. Shareholders also benefited from notional capital appreciation of \$25.07 (10.79%) since Book-Value-per-Share increased from \$232.42 in FY 2020 to \$257.49 in FY 2021.

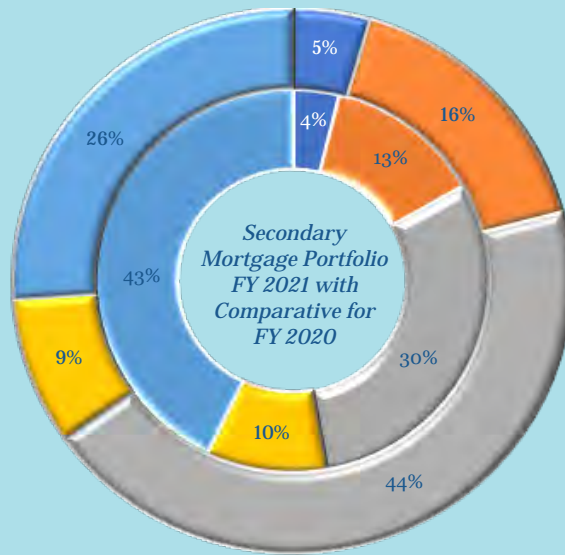


Holding Ourselves Accountable

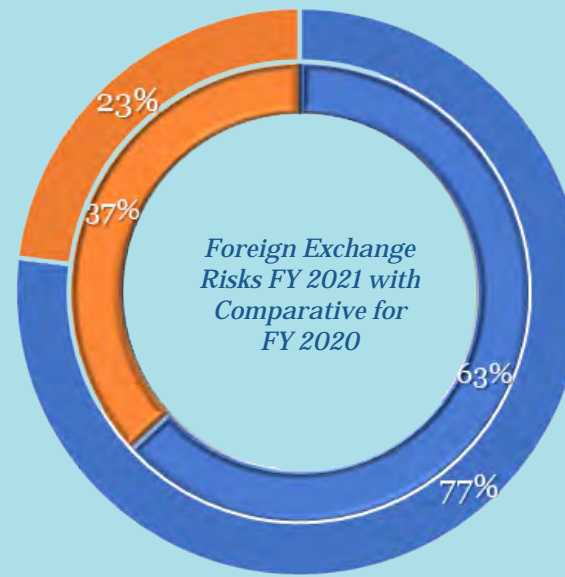
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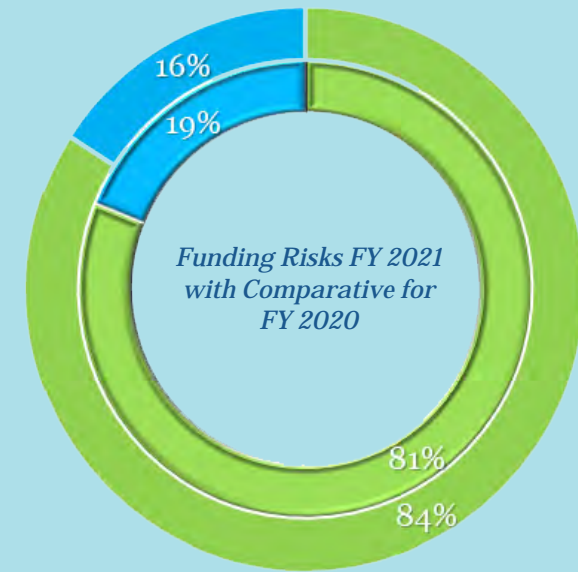
Managing ECHMB Capital's Risk



- Saint Lucia
- Antigua & Barbuda
- St. Kitts
- St. Vincent & the Grenadines
- Grenada



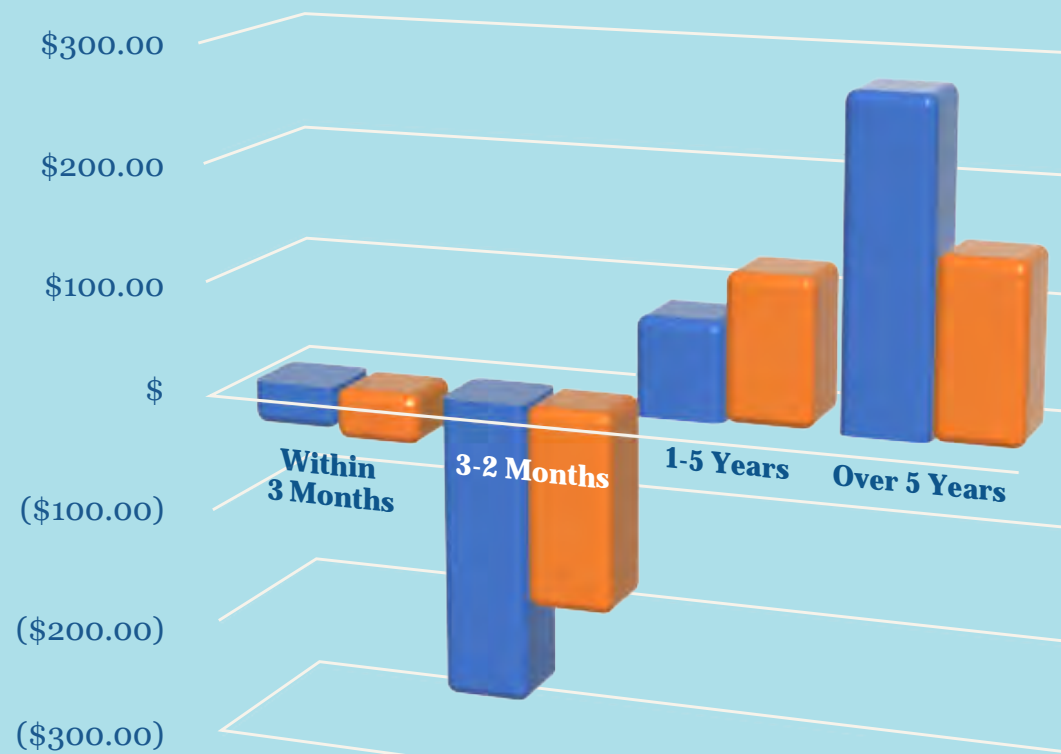
- US Dollars
- XCD Dollars



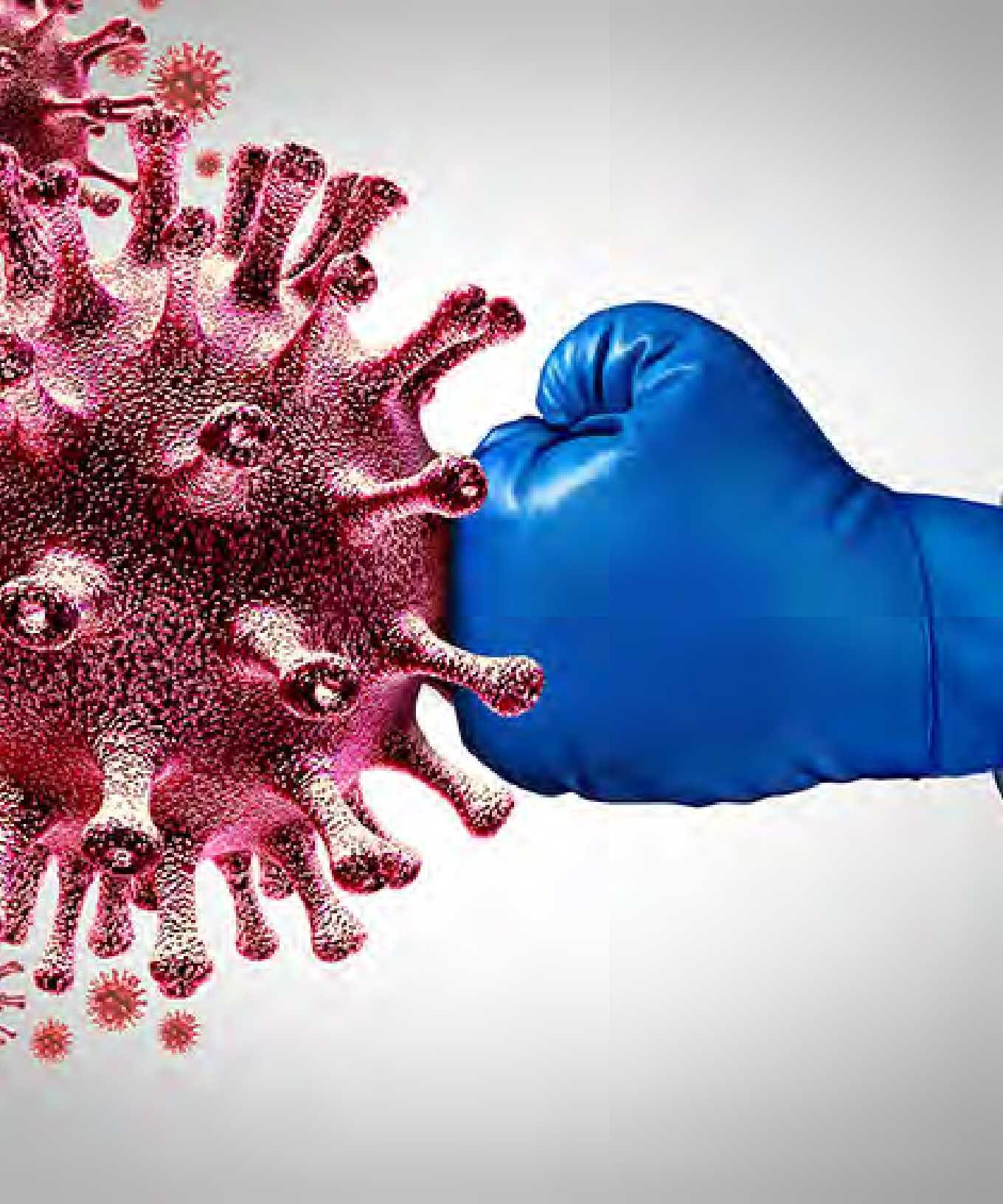
- Debt
- Equity

Liquidity Risk

- FY 2021
- FY 2020



FY 2020



Responding to the Impact of COVID-19

- ❑ Instituted telecommuting in April 2020. This ensures that there was no major downtime in the Bank's operations.
- ❑ Utilized the Eastern Caribbean Central Bank's Electronic Funds Transfer ("EFT") platform to ensure the timely payment of operating expenses.
- ❑ Upgraded the Bank's consolidated policies.
- ❑ Strengthened the Bank's corporate governance with appointments of Asset and Liabilities and investment Committees.
- ❑ Enhanced the risk and compliance functions of the Bank with the recruitment of a Risk and Compliance Officer.
- ❑ Increased the headcount of the Investment Department.
- ❑ Restructure the Bank's plant to ensure full COVID-19 compliance.

Managing Risk Strategically

ECHMB Capital Top 9 Risks FY 2021

Despite the tough and unprecedented operating environment in FY 2021, ECHMB Capital has successfully managed its major risks.

Overall, ECHMB Capital's internal control, balance sheet and risk management position continue to be sufficiently robust to enable the Bank to identify and mitigate emerging and current risks.

The Top 9 Risks Faced by ECHMB Capital In FY 2021

- ☐ Credit Risk
- ☐ Strategic Risk
- ☐ Operational Risk
- ☐ Liquidity Risk
- ☐ Market Risk
- ☐ Balance Sheet Risk
- ☐ Cyber Risk
- ☐ Regulatory, Accounting and Compliance
- ☐ Reputational Risk

Credit Risk

- Credit risk is the most significant measurable risk faced by ECHMB Capital. It is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. COVID-19 resulted in an unprecedented shock in economic activity regionally and internationally, which in turn contributed to elevated credit risk in global markets. In FY 2021, ECHMB Capital was required to increase its provision for impairment loss by \$1.78M.

Management’s Response

- Strengthen the Bank’s corporate governance structure with the appointment of an Investment Committees
- Updated the Bank’s consolidated policies
- Recruited a Risk and Compliance Officer
- Expanded the Investment Department to enable ongoing risk monitoring at the individual counterparty and portfolio level.
- Increased diversification of the investment portfolio
- Acquisition of Bloomberg terminals

Strategic Risk

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

Management’s Response

- Prepared a 3-year strategic plan as well as an annual (i) business plan; (ii) work plan; (iii) operating budget; and (iv) balance scorecard.
- On a monthly basis, submit to the Board of Directors management accounts with explanations of significant variances from the strategic and annual business plans annual.

Operational Risk

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

Management’s Response

- Renovated the Bank’s plant to ensure COVID-19 compliance
- Instituted telecommuting in April 2020.
- Most payments were made via Electronic Fund Transfers
- Encouraged staff to be vaccinated

Liquidity Risk

- Liquidity risk is the combined risks of loss to earnings or capital that arises from ECHMB Capital’s inability, albeit temporarily, to meet its financial obligations as they fall due (funding liquidity risk), and that the liquidity in financial markets, such as the market for debt securities has reduced significantly (market liquidity risk).

Management’s Response

- The Bank maintains cash buffers with indigenous commercial banks
- The Bank has negotiated favourable credit lines with international banks
A significant part of the investment portfolio is traded on an active market and
- hence, can be easily liquidated to meet any liquidity crunch.

Market Risk

- Market risks are defined as the risk of loss in the market value of financial asset positions due to variations in exchange rates, interest rates, credit spreads, and equity prices. ECHMB Capital is exposed to market risks primarily through the interest rate sensitivity, changes in credit spreads, and equity price movements of its marked-to-market investment assets

Management’s Response

- The Bank has appointed an Investment Committee.
- ECHMB Capital will apply a laddering strategy at all times to help smooth out the effects of interest rate fluctuations.
- The Bank continues to diversify its investment portfolio in terms of jurisdiction, instrument types, and currency exposure.
- ECHMB Capital minimizes the variations in earnings, capital and cash flow arising from the impact of exchange rate movements by transacting only in EC-denominated or US-denominated instruments.
- The Bank has expanded its Investment Department and has recruited a Risk and Compliance Officer.

Balance Sheet Risk

- The Bank acknowledges that all the above risks can have a material impact on its balance sheet and performance. The Bank regards it as desirable to hold sufficient reserves to absorb potential losses.

Management’s Response

The Bank has established the following operating limits:

- Achieve a target Net Profit for the year of a minimum of 30.0% of interest income.
- Operate with a non-interest /total expenses ratio of less than 45.0%
- Achieve a rate of return of at least 1.5% on total assets
- Ensure debt capital never exceed 8.0:1 times of shareholders’ equity
- Ensure the Bank maintains an interest cover ratio of 1.42:1
- Ensure the Bank efficiency ratio is less than 30.0%
- Maintain a minimum portfolio risk reserve of 15.0% of shareholders’ equity.

Cyber Risk

- Cybersecurity risk is the possibility of exposure of loss resulting from cyber-attacks or data breach on the Bank.

Management’s Response

- Banks ensures its firewalls are up to date and fully functioning
- The Bank undertakes an Information technology audit at five (5) year intervals.
- Continued staff awareness on potential cyber-attack threats Monthly changing of passwords

Regulatory, Accounting, and Compliance

- As a regional institution, it is imperative that ECHMB Capital is in compliance with applicable laws, accounting standards and other regulations.

Management’s Response

- ECHMB Capital will aim to manage its regulatory risk by not breaching the following minimum criteria:
- The appointment of any person as Chairman, Deputy Chairman, Director or Alternate Director and the termination of any such appointment published in the official Gazette in the member territory where the principal office of the Bank is located or notified to the public in the member territories in such other manner as the Board may determine.
 - The Board shall meet not less than once every three (3) months and meetings shall be held at such time and place and on such days as the Board may determine.
 - A general meeting of shareholders (herein called an “annual general meeting”) shall be summoned by the Board each year.
 - The report of the auditor shall be presented to the Board within four (4) months of the end of the financial year.

Reputational Risk

- Reputation Risk is the potential loss to financial capital, social capital and/or market share resulting from damage to the Bank’s reputation. It is often measured in loss revenue, increased operating ex capital or regulatory costs or destruction of shareholders’ value

Management’s Response

- Monitoring ECHMB Capital’s reputation, proactively addressing matters that may cause reputational damage and using the feedback from external stakeholders to gain insights or receive early warning signals of potential concerns;
- Avoiding activities that may cause reputational damage to ECHMB
- Capital including activities that may have a negative environmental or social impact.



Chairman's Statement

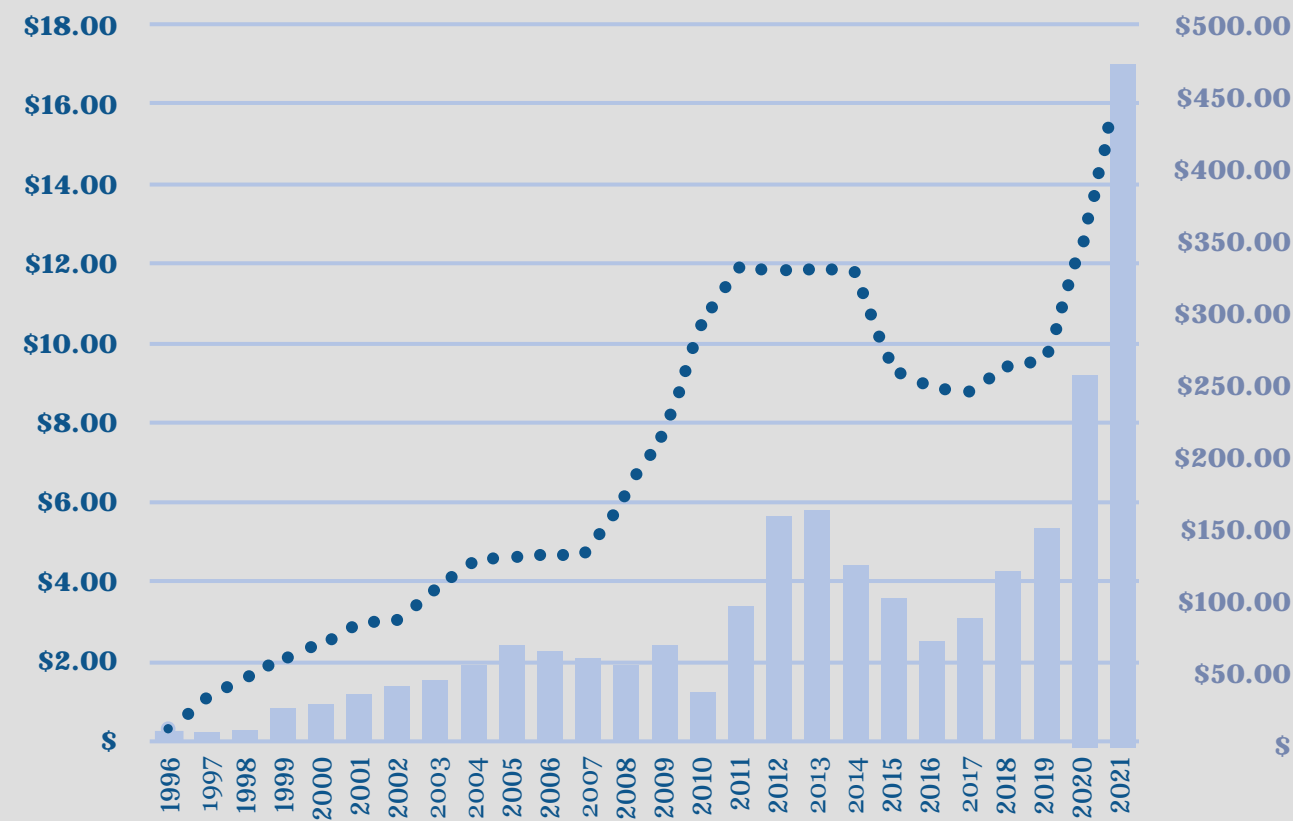
“ In FY 2021, ECHMB Capital generated Net Profit for the Year of \$17.01M from Assets Under Management totaling \$461.93M; the Bank's best financial performance since commencement of operations in FY 1996. The Bank's financial outturn should be considered extraordinary, given the economic and social headwinds faced in FY 2021. ”

Dear Shareholders,

Record Breaking Performance

In FY 2021, ECHMB Capital generated Net Profit for the Year of \$17.01M from Assets Under Management totaling \$461.93M; the Bank’s best financial performance since commencement of operations in FY 1996. The Bank’s financial outturn should be considered extraordinary, given the economic and social headwinds faced in FY 2021.

***ECHMB Capital Assets Under Management
Net Profit Trends 1996-2021***



Prevailed in a Tough an Unprecedented Year

In FY 2021, the Bank was significantly impacted by COVID-19 pandemic (“the Pandemic”). To gain an appreciation of the Pandemic, we have to go back more than 100 years to the 1918 Spanish flu to begin to comprehend the scale and scope. Apart from the unprecedented disruptions to ECHMB Capital’s operations on account of imposed lockdowns, the other factors which had pervasive impacts on the Bank’s performance were identified as: (i) a significant decline in global economic growth; (ii) double digits unemployment in most of the developed economies; and (iii) significant volatility in the major capital markets.

As it relates to ECHMB Capital’s domestic markets, the Eastern Caribbean Central Bank (“ECCB”) had run several scenarios for the Eastern Caribbean Currency Union (“ECCU”). Based on two such scenarios, economic activity in the ECCU was projected to contract between 5.0% and 7.0% (in real terms) in 2020 accompanied by a sharp rise in unemployment. Prior to this pandemic, economic growth in the ECCU was projected at 3.3%.

Notwithstanding the tough and unprecedented Year, I am pleased to report there was no major downtime in ECHMB Capital’s operations. This is mainly attributed to the Bank’s successful implementation of telecommuting in April 2020, coupled with the full utilization of ECCB’s Electronic Funds Transfer (“EFT”) platform. Continuity of ECHMB Capital’s operations during the height of the COVID-19 Pandemic was a significant achievement since any downtime and/or default on borrowings will have major reputation risk and probable downgrades of the Bank’s credit ratings.

FY 2021 also served as an “acid test” on ECHMB Capital’s business model and resilience of the Bank’s human capital. The fact that the Bank has generated record financial outturns is affirmation of the rigidity of our risk management model, excellent diversification of our asset portfolio and expertise of our human capital in responding and adopting to changing market conditions.

Building on ECHMB Capital’s Legacy of Success

I am delighted to report that ECHMB Capital celebrated its 25th Anniversary on the 22nd April 2021. Over ECHMB Capital’s twenty-five years of operations, the Bank has issued more than \$2.0B investment grade corporate debt instruments and has paid more than \$170.37M in interest. The Bank has generated \$83.92M in Net Profit and has distributed dividends totaling \$34.68M. However, undoubtedly, the biggest contribution of the Bank is the growth and development of the secondary mortgage market in the ECCU. ECHMB Capital has purchased in excess of \$400.0M in Mortgage-Backed Securities and has paid in excess of \$20.36M in Mortgage Administration Fees.

Forging Ahead with Conviction

At the commencement of FY 2022, ECHMB Capital unveiled its strategic plan for the triennium 2022 to 2024 (“The Strategic Plan”) under the theme, “Striving for sustainable growth in market share; Innovation; HR Capital Development; and Profitability.” The Strategic Plan is designed to create equilibrium for the Bank’s stakeholders by placing more emphasis on the development of the individual segment of the money and capital market (“MCM”). This is a significant strategic shift, since historically most of ECHMB Capital’s resources were geared to the development of the corporate segment of the MCM. The *raison d’être* is to inculcate in the inhabitants of the ECCU, the importance of wealth creation and most importantly, provide mechanisms for fostering same. In effect, the Bank is infusing its corporate social responsibility with one of its principal objectives of growth and development of the MCM.

All indications are the triennium 2022 to 2024 is likely to usher unprecedented growth in ECHMB Capital. Some of the important projects earmarked for implementation are: (i) issuance of preference shares; (ii) implementation of a performance culture; (iii) implementation of a dividend policy; (iv) restructuring of the Bank’s office to ensure COVID-19 compliance while concurrently enhancing operating efficiencies. The Board of Directors is aware that given the existing growth trend in ECHMB Capital’s Assets Under Management, the Bank’s existing corporate governance structure is likely to become outmoded by the sojourn of FY 2022. However, stakeholders will be pleased to note that discussions have commenced on strengthening the Bank’s corporate governance structure, risk management protocols and system of accounting and internal controls. A synopsis of the key proposals includes appointment of an Investment committee.

Special Thanks

I wish to acknowledge our hardworking management and staff for their commitment to ECHMB Capital’s success.

To my colleagues at the Board of Directors, I express my gratitude for your tremendous support during FY 2021.

Thank you, our shareholders, for your confidence in the ECHMB Capital team.

Timothy N.J. Antoine
Chairman

Board of Directors



Mr. Timothy N.J. Antoine
Chairman



Mr. Stewart Haynes



Mr. Peter Blanchard



Mr. Baldwin Taylor



Mr. Aylmer Irish

Mr. Timothy N.J. Antoine

Chairman Class A

Mr. Timothy N. J. Antoine, a national of Grenada, assumed duties as the third Governor of the Eastern Caribbean Central Bank (ECCB) on 1 February 2016. Mr. Antoine is an economist and development practitioner by training, experience and passion. He holds a BSc Degree in Economics with Management from the University of the West Indies and an MSc Degree in Social Policy and Planning in Developing Countries from the London School of Economics.

Before assuming the office of Governor, Mr. Antoine had a 22-year distinguished career with the Government of Grenada. Much of that time (14 years), he served as Permanent Secretary in the Ministry of Finance.

He is the recipient of The Order of Grenada Gold Award for Excellence (2016). He has also been conferred with an Honorary Doctorate in Humane Letters by St. George's University for services to Grenada and St. George's University (2018). From November 2005 to November 2007, Mr. Antoine 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.

At present, he is Chairman of the Eastern Caribbean Home Mortgage Bank, Chairman of the Eastern Caribbean Securities Exchange and Chairman of CCRIF SPC (formerly Caribbean Catastrophe Risk Insurance Facility).

Mr. Stewart Haynes

Class B

Appointed: Mr Haynes was appointed to the Board of Directors October 2020.

Mr. Stewart Haynes holds a BSc in Actuarial Science from the London School of Economics and Political Science and a MSc in Actuarial Management from CASS Business School London, with a specialty in Investment Management. He is also a Fellow of the Institute of Actuaries (FIA), and a Chartered Financial Analyst (CFA).

Having served the St. Vincent and the Grenadines National Insurance Services (NIS) in various capacities since 2005, he was appointed as the Director in 2017. He has also worked with several Social Security Systems in the region as an Actuarial Analyst. In 2018, Mr. Haynes was elected to the Bureau of the International Social Security Association (ISSA) based in Geneva Switzerland. Further, in 2020, he was appointed as ISSA's Vice-Chairperson of the Technical Commission on Investment of Social Security Funds and also a member of ISSA's Nominations Committee for the Triennium 2020-2022.

In addition to his capacity as Director of the NIS, Mr. Haynes is currently serving as a Director of the Financial Services Authority (FSA), the East Caribbean Financial Holding Company (ECFH) and Chairman of the St. Vincent and the Grenadine National Student Loan Company.

Mr. Peter Blanchard

Class C

Appointed: Mr. Blanchard was appointed to the Board of Directors in November 2016.

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 May 05, 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 been re-appointed as Chairman.

During the period 2005-2006, Mr. Blanchard represented Antigua Commercial Bank 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 and in 2007, he was elected the Chairman of its Intermediary Development and Market Structure Committee. Mr. Blanchard is an Accredited Director

Mr. Baldwin Taylor

Class C

Appointed: Mr. Taylor was appointed to the Board of Directors in October 2020.

Baldwin Taylor currently serves as the General Manager of Bank of Montserrat Limited, a position he has held since January 2020. Baldwin has a 29 year banking history working with both indigenous and international financial institutions. Prior to taking up his appointment with Bank of Montserrat Limited he served with Bank of Saint Lucia Limited for 25 years holding a number of positions including Senior Manager – Customer Insight and Senior Manager – Retail Banking with specific responsibility for overseeing the sales, service and the day to day operations of the five branches of Bank of Saint Lucia and the Bureau de Change. He also had responsibility for the operations of the EC Global Insurance Agency which acts as an agent for GK Insurance. Outside of his core banking functions, Baldwin has served on a number of Boards including the Board of the Saint Lucia National Housing Corporation and more recently the Board of the Caribbean Credit Card Corporation. He also held a number of positions on the Saint Lucia Bankers Association. Baldwin has a Bachelor of Commerce Degree majoring in Marketing and Human Resource Management from Saint Mary's University in Nova Scotia, Canada and a Master's Degree in Business Administration from the University of Durham in the United Kingdom.

Mr. Aylmer A. Irish

Director Class D

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

Mr. Irish has in excess of twenty-seven (27) 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. 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.

ECHMB Capital Directors Skills and Experience FY 2021

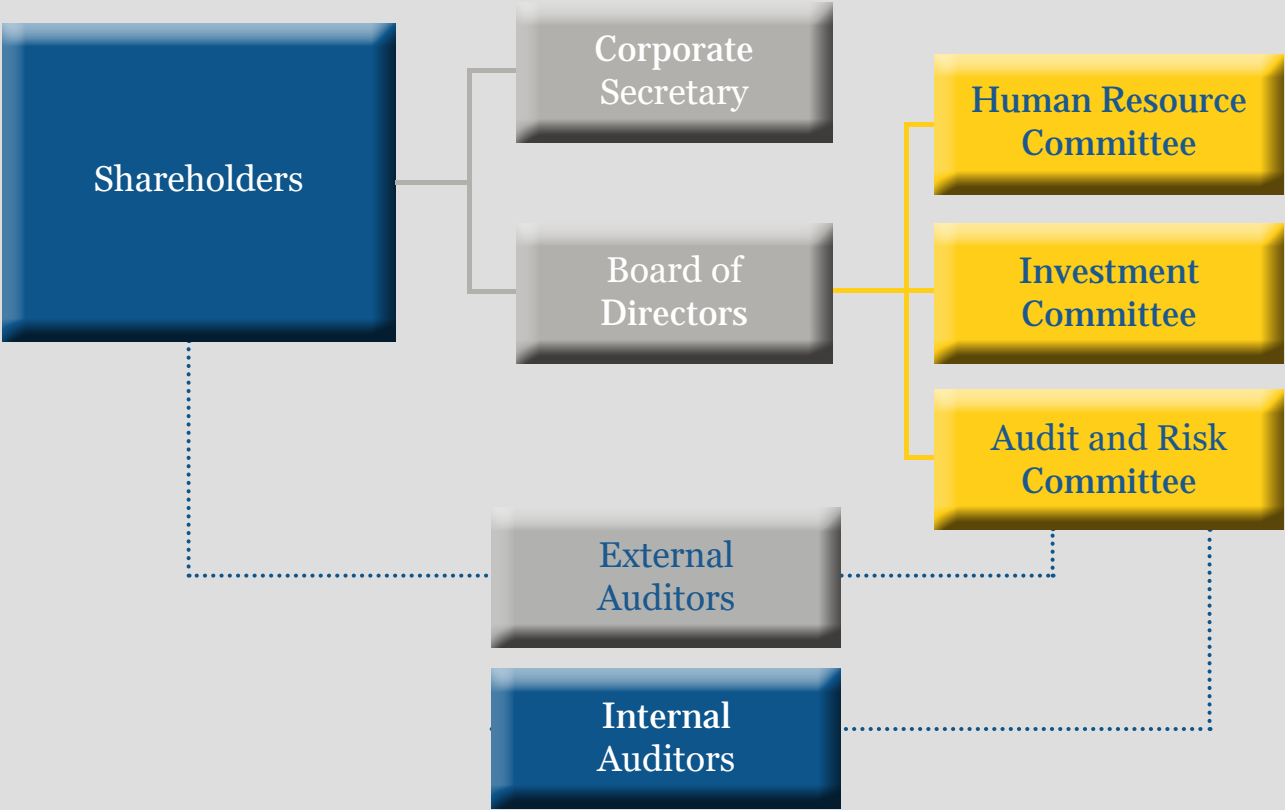
Competencies	Timothy N.J. Antoine	Stewart Haynes	Peter Blanchard	Baldwin Taylor	Mr. Aylmer A. Irish
People/Organisational Development	●	●	●	●	●
Capital/Risk ManagementDevelopment	●	●	●	●	●
Accounting/Auditing	-	●	-	-	●
Governance Leadership	●	●	●	●	●
IT/IT Governance	-	-	-	-	-
Regulation/Public Policy	●	●	●	●	●
Global Capital Markets	●	●	●	●	●
Digital & New Economy	●	●	-	●	-
Legal	-	-	-	-	-
Client/Marketing	●	●	●	●	●
Financial Services/ Insurance/Asset Management	●	●	●	●	●



ECHMB Capital's Corporate Governance

Gillian Skerritt
Corporate Secretary

ECHMB Capital Corporate Governance Structure



Board of Directors

The Board of Directors (“the Board”) has ultimate responsibility for ECHMB Capital’s corporate governance and risk management. In keeping with its principal responsibilities, the Board of Directors of ECHMB Capital 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 Capital adopts the latest

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

Board Charter

The Board is guided by its Charter and the Eastern Caribbean Home Mortgage Bank Agreement, which provides references for directors regarding 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 Board and its Committees. The Charter is updated at regular intervals to reflect changes to the Bank policies, procedures, processes and 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 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 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 2021



Director Independence

The Board consists entirely of Non-Executive Directors who help to provide solid and effective oversight of Senior Management. The Directors do not participate in the day-to-day administration of the Bank. They do not engage in any business dealings or other relationships with the Bank (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgment 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's;
- 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 business activities to appropriately provide responses on the Board's various strategic and technical issues.

Quality and Supply of Information to the Board

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

Corporate Secretary

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

Conflict of Interest

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

Board Attendance

Article 21 (section-1) -Meeting of the Board states, the Board shall meet not less than once every three (3) months, and meetings shall be held at such time and place and on such days as the Board may determine. Notwithstanding the provisions of Section-1 of this article, decisions may also be made by the Board or in a meeting convened upon circulation of the relevant papers among members of the Board.

	Share Class	Length Of Service	AGM	Board of Directors	Audit & Risk Committee	Human Resource Committee
Number of Meetings			1	2	1	1
Timothy N. J Antoine	A	5	1	2	-	-
Stewart Haynes	B	1	0	2	1	-
Peter Blanchard	C	5	1	2	1	1
Baldwin Taylor		1	1	2	-	1
Aylmer A. Irish	D	3	1	2	1	1

Audit & Risk Committee

The Audit Committee provides guidance on the Bank systems of accounting and internal controls, thus ensuring the integrity of financial reporting. This Committee also serves as an effective liaison between Senior Management and External Auditors. The 2021 activities of the Committee included:

- The review of the Bank compliance with financial covenants.
- The approval of the 2021 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’ 2021 management letter and report on the 2021 audit.
- The examination of the implications of changes to International Financial Reporting Standards.
- The approval of the 2021 Internal Audit Plan, Internal Audit report, and monitoring of Management’s implementation of Internal Auditors’ recommendations.

ECHMB Capital's Best Practice

- Since incorporation, ECHMB Capital'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 Capital 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 Committee meets separately with the Internal Auditors.

Human Resource Committee

The Human Resource Committee of ECHMB Capital has been established to guide the strategic human resource development of the Bank and to provide oversight of the framework governing the ECHMB Capital's human resource policies.

The 2021 activities of the Committee included:

- Review of the compensation package of executive management
- Annual performance appraisals
- Recruitment and redundancy



Report of the Directors FY 2021

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

Financial Results and Dividends

	\$'000
Net income attributed to shareholders	17,015
Dividends at \$10.00 per share for FY2021	(2,687)
Transfer to reserves	(8,000)
Net profit for the year after distributions	6,328
Retained earnings at the beginning of the year	<u>23,733</u>
Retained earnings at the end of the year	<u>30,061</u>

Dividends

Interim dividend payment

An Interim Dividend of \$5.00 per share was declared on the 1st April 2020
The dividend paid on 1st April 2020

Final dividend payment

A Final Dividend of \$5.0 per share for was declared on 2nd October 2020
The dividend paid on 2nd October 2020

Substantial Interests in ECHMB Capital’s Share Capital as at 31st March 2021

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

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

Statement of Affairs

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

Re-election of Directors

Article 15 (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 unexpired term of his predecessor.

At the 25th Annual General Meeting held on the 2nd October 2020; the following Directors demitted officer were:

CLASS B

Ms. Missi Henderson

She was replaced by:

Mr. Stewart Haynes

CLASS C

Ms. Sharmaine Francois

She was replaced by:

Mr. Baldwin Taylor

Events Subsequent to Statement of Financial Position Date

The Directors are not aware of any transaction which has arisen since 31st March 2020 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 PwC East Caribbean as External Auditors of ECHMB Capital

At ECHMB Capital's ("the Bank") 25th Annual General Meeting ("AGM") held on the 2nd of October 2020, KPMG was appointed as External Auditors for the year ended 31st March 2021. The Board of Directors approved the recommendation of KPMG as external auditors for Financial Year 2021

based mainly on the quoted audit fee of EC\$65,000.00 during the tender process.

Subsequently, KPMG proposed a significant increase of its audit fees from EC\$65,000 to a range of EC\$140,000 - \$170,000, the rationale being:

- (i) *Growth of the Bank*** - After considering that the growth in assets under management as reflected in the FY 2020 financials and Annual Report, it caused the KPMG to reflect on the audit effort required to deliver a quality audit opinion on the Bank, relative to the risks involved.
- (ii) *COVID-19*** - As a result of the introduction of IFRS 9, KPMG stated that it would have to source specialists, who are not available locally, to review the IFRS 9 model methodology, including model re-performance. Additional time would be expected to be spent by specialists to address the impact of the pandemic. Additional financial risk management specialists would be required to perform liquidity and capital stress testing to consider the going concern assumption involved.

On the 24th of February, 2021, the Audit and Risk Committee of the Board of Directors met with KPMG representatives and reached an understanding to the extent that the firm offered a flat fee of EC\$100,000 to cover all services including the audit investigation, consent letters and any and all taxes. The Committee agreed to consider this offer. KPMG undertook to submit an Engagement Letter the following day which was not forth coming.

At a meeting held on the 16th of March 2021, Management recommended to the Audit and Risk Committee that negotiations with KPMG should be abandoned. The Committee agreed that Management should enter into discussions PwC East Caribbean for appointment as External Auditors of the Bank, provided that the audit fees would be capped at EC\$100,000. PwC East Caribbean ranked second in the tender process and as such the Committee found no reason to return to the market.

Upon advice of legal counsel, it should be noted that the expression “appointment” of an auditor has an inherent ambiguity in it, comprising two distinct aspects: (a) the identification and choice of an auditor, which is made by the Bank at an AGM; and (b) the entry into a contract by the Bank with that auditor. The first was done with respect to the appointment of KPMG but not the second. We, therefore, advise that there is no contract between ECHMB Capital and KPMG and the Bank is not legally constrained from entering into negotiations with PwC East Caribbean.

Under the circumstances, the Board of Directors, having met on the 18th of March 2021, agreed to the appointment of PwC East Caribbean, as External Auditors of the Bank.



Building Sustainable Value in ECHMB Capital

The Bank continues to introduce measures geared at reducing its carbon footprints.

Building Sustainable Value in ECHMB

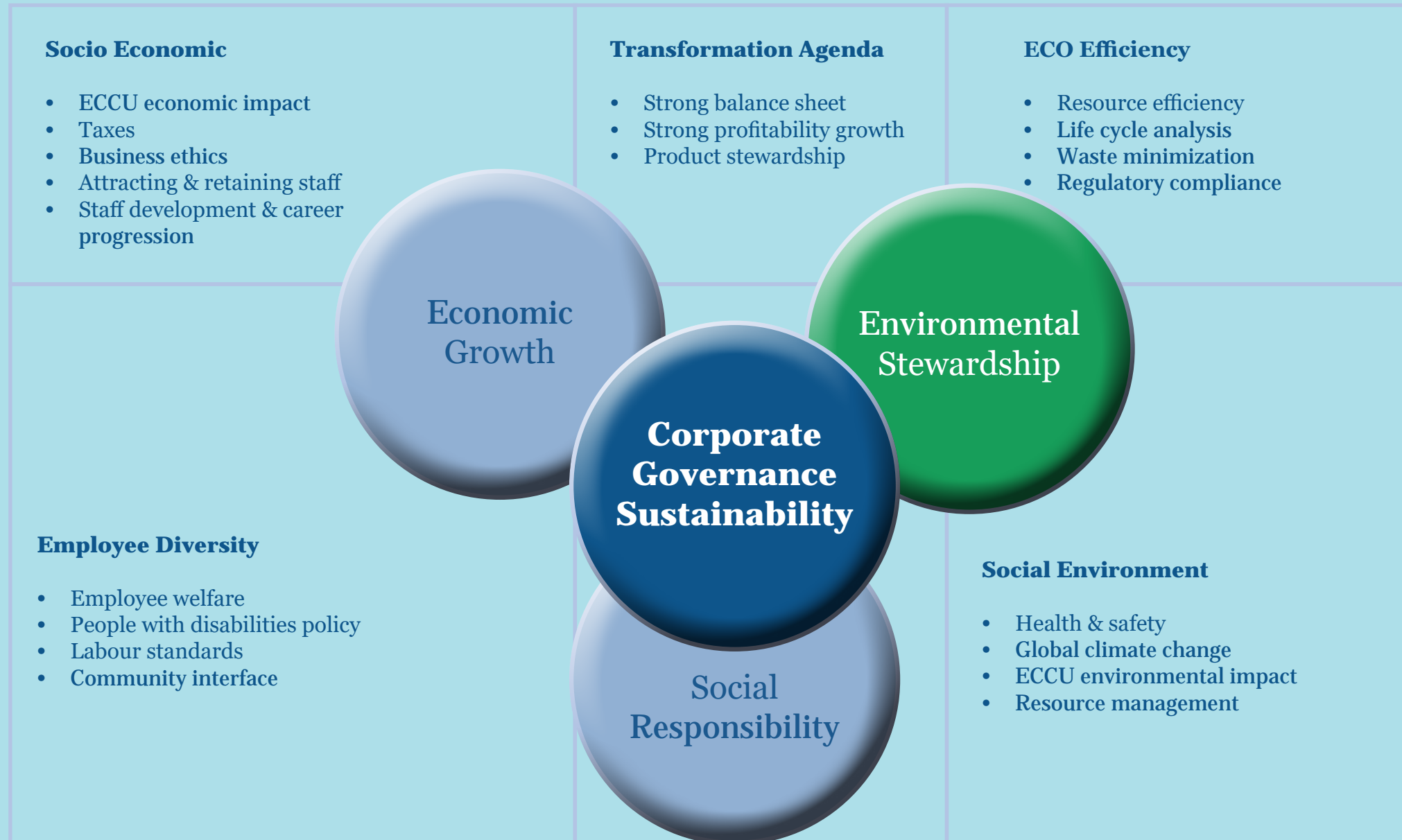
As the premier indigenous wealth generating institution in the Eastern Caribbean Currency Union (“ECCU”), our sustainability agenda is founded on our aim to enhance financial inclusion and help citizens achieve their ambitions by fulfilling their financial services needs in a responsible and sustainable manner.

The Bank enables our citizens, businesses and society in general to grow in a way that is sustainable in the long-term. Our stakeholders expect the Bank to demonstrate its social and ecological impact. We try to achieve this by ensure that our operations have benign impact of the ECCU’s ecological integrity.

The Bank’s sustainability strategy is integrated in our business model and consists of the following three (3) dimensions:



Our sustainability approach aims to balance social, economic and environmental risks and opportunities through the deliberate use of our products and services, collaboration and partnership, and by managing our own impact.



ECHMB Capital's Investment Internship Programme

ECHMB Capital has launched an internship programme which is designed to develop aspiring investment professional indigenous to the Eastern Caribbean Currency Union.

www.echmb.com/internship





ECHMB Capital As a Good Corporate Citizen

The Bank is committed to supporting small businesses
domiciled in the Eastern Caribbean Currency Union



The 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 Eastern Caribbean Currency Union (“ECCU”) to publish an Annual Integrated Report (“AIR”); this has provided our external stakeholders with concise communication about how the Bank’s strategy, governance, performance and prospects led to the creation of value during FY 2021.

Listing of Capital Market Products

We have also opted to list our Capital Market Products on the Eastern Caribbean Securities Market. This means that we are required to abide 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.

Annual Integrated Reporting

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

Improving the Quality of Mortgage Underwriting in the ECCU

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



\$125K

Donated to the La Soufrière Eruption Relief Fund
- Saint Vincent and the Grenadines

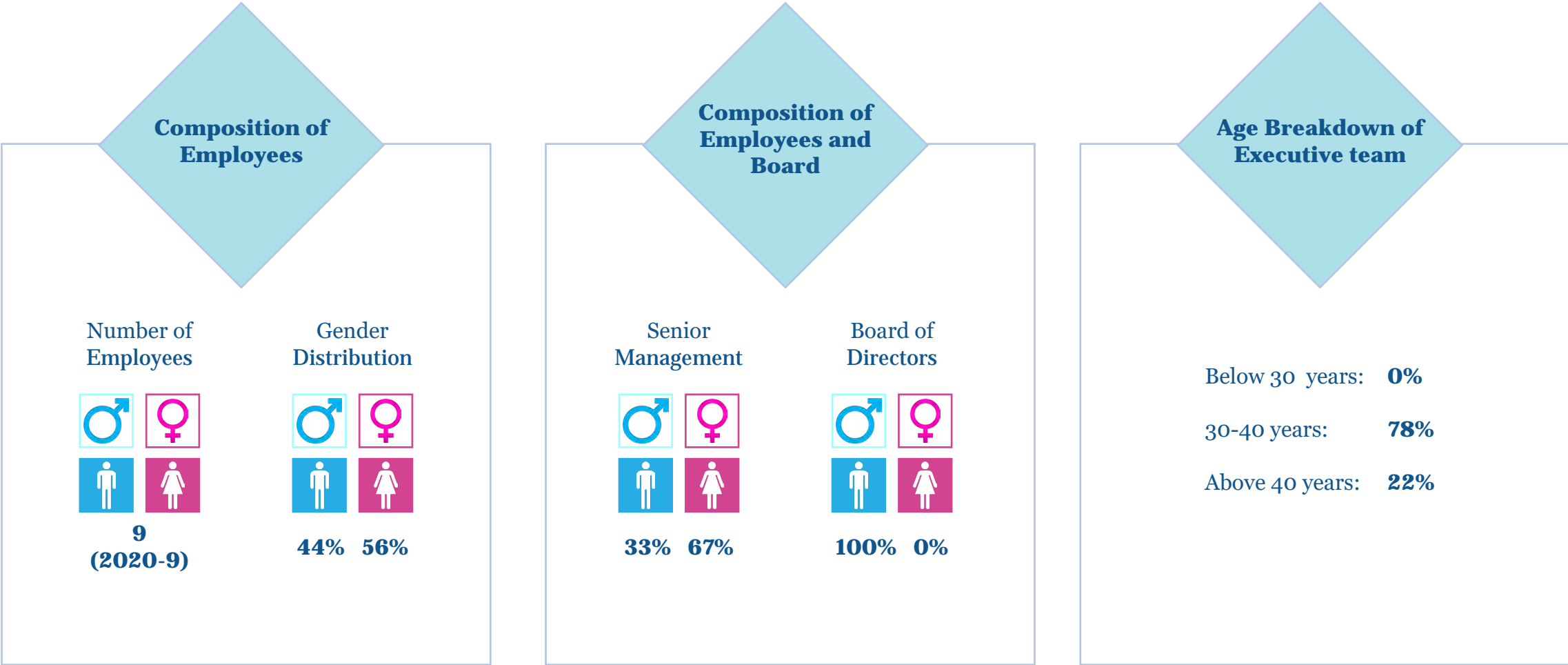


Building a High-Performance Team

Why this is important? Implementation of desired behaviours and norms that will enable ECHMB Capital to achieve superior results

ECHMB Capital's Team

The attainment of our corporate strategy is largely contingent on the skill set and commitment of the Bank's humancapital. It is therefore important that ECHMB Capital ensures proper team dynamics and the implementation of desired behaviours and norms that will enable the bank to achieve superior results.



Human Capital Strategic Objectives FY 2021

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



Implementation of a High-Performance Culture



Build a tech savvy workforce



Good ethical mindset



Invest with Confidence in **ECHMB Capital**

We are the only corporate in the ECCU to undertake and publish annual credit ratings. In FY 2021, the Caribbean Information and Credit Rating Services Limited (CariCRIS) upgraded the ratings assigned to the USD 30 million debt issue of ECHMB from CariBBB+ CariA- 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 good. 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.



PHASE II BUILDING,
ECCB COMPLEX BIRD ROCK ROAD,
BASSETERRE ST. KITTS, WEST INDIES
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