

**Schedule 2  
FORM ECSRC-OR**

**(Select One)**

**QUARTERLY FINANCIAL REPORT** for the period ended 30 September 2023  
Pursuant to Section 98(2) of the Securities Act, 2001

**OR**

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

Issuer Registration Number: HMB160990GR

EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB)  
(Exact name of reporting issuer as specified in its charter)

\_\_\_\_\_  
(Territory or jurisdiction of incorporation)

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

Reporting issuer's:  
Telephone number (including area code): 1-869-466-7869  
Fax number: \_\_\_\_\_  
Email address: info@echmb.com  
Not applicable, Not applicable, Not applicable  
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuers classes of common stock, as of the date of completion of this report 4.

CLASS	NUMBER
A	66812
B	51178
C	80181

D

70578

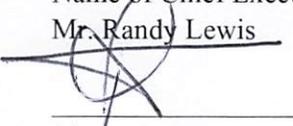
SIGNATURES

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

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

Name of Chief Executive Officer:

Mr. Randy Lewis



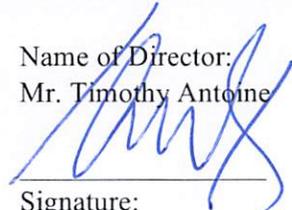
Signature:

15/11/23

Date

Name of Director:

Mr. Timothy Antoine



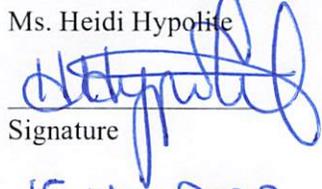
Signature:

16.11.23

Date

Name of Chief Financial Officer:

Ms. Heidi Hypolite



Signature

15 Nov 2023

Date

## **1. Financial Statements.**

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

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

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

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

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

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

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

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

*General Discussion and Analysis of Financial Condition*

Please see the appended document "ECHMB Capital Unaudited Financial Statements for the Six (6) Months ended 30th September 2023".

**Liquidity and Capital Resources**

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

- i. The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii. Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii. The issuer's internal and external sources of liquidity and any material unused sources of liquid assets
- iv. Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v. Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi. Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii. The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii. The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix. Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

*Discussion of Liquidity and Capital Resources*

Please see the appended document "ECHMB Capital Unaudited Financial Statements for the Six (6)

Months ended 30th September 2023".

### **Off Balance Sheet Arrangements**

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

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

As at 30th September 2023, there were no Off-balance Sheet Arrangements.
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### Results of Operations

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

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

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

*Overview of Results of Operations*

Please see the appended document "ECHMB Capital Unaudited Financial Statements for the Six (6) Months ended 30th September 2023".

### **3. Disclosure about Risk Factors.**

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

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

#### **4. Legal Proceedings.**

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

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

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

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

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

The litigation is still ongoing and is due to be heard in the High Court in Grenada on 31 October 2023.

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

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

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

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

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

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

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Name and address of underwriter(s)

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Amount of expenses incurred in connection with the offer

Net proceeds of the issue and a schedule of its use

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Payments to associated persons and the purpose for such payments

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

There were no restrictions during the period under review.

## 6. Defaults upon Senior Securities.

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

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

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

There were no material arrears.

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

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

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

07th Oct 2022

Annual Meeting

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

### Directors Elected

The Director, Sandra Derrick was appointed for Class C for the ensuing two years in accordance with Article 15 (1) of the ECHMB Agreement.

### Directors Elected

The following Directors continued their term of office after the meeting held on Friday 7, October 2022:

Class A - Timothy N.J Antoine

Class B - Stewart Haynes  
Class C - Baldwin Taylor  
Class D - Alymer Irish

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

The following matters were voted upon and approved:

Shareholders declared a dividend for the year ended 31st March 2022 to ordinary and preference shares of record dated 31st March 2022 as follows:

- Ordinary shares - \$5.00 per share
- Preference shares - 5.00% per share
  
- Shareholders resolved that the Board of Directors be granted authorization to issue interim dividends.
  
- The Audit Firm, PwC East Caribbean, was re-appointed as the Bank's External Auditors for the year ending 31st March 2023.

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

Not applicable.

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

Not applicable.

## **8. Other Information.**

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

The relevant material changes in ECHMB Capital were as follows:

1. Change in Executive Officers and other Key Personnel of the Company:

- On 1st August 2023, the ECHMB entered into a Shared Services Agreement with the ECSE for the onboarding a Human Resources Manager, Mrs Edith Thomas-Roberts. Mrs. Thomas-Roberts is responsible for the human resource functions for the ECSE and the ECHMB.



Eastern Caribbean Home Mortgage Bank  
(Trading as ECHMB Capital)  
Unaudited Financial Statements  
For the Six (6) Months Ended 30<sup>th</sup> September 2023  
(Expressed in Eastern Caribbean dollars)

Eastern Caribbean Home Mortgage Bank  
[trading as ECHMB Capital]  
Review of the Bank Financial Statements  
Six (6) Months Ended 30<sup>th</sup> September 2023

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1.0 Trading Conditions

- 1.1 From March 2022 to September 2023, the Federal Reserve **Board (“FED”)** has had eleven (11) rate hikes in total as it took a hawkish stance, moving away from its near-zero benchmark interest rate range of 0.0% - 0.25% into the current range of 5.25% - 5.50%. The historic hiking of rates over the period was the most aggressive since 1980 when policy tightening was used to temper inflation in the US from a near 14.0%.
- 1.2 Inflation, as measured by the Consumer Price Index (CPI), reached a 40-year high in 2022 with 9.1% increase in prices **Year on Year (“YoY”)** in June 2022. When **looking at the FED’s preferred measure of inflation, the Core Personal Consumption Expenditure Index** (excludes food and energy costs), peaked at 5.57% in February 2022. The series of interest rate hikes, aimed at slowing the economy, has spurred a decline in prices as reported by the CPI for September 2023 of 3.7% y-o-y and Core PCE in August 2023 of 3.87%.
- 1.3 The decline in debt prices influenced a significant loss on debt instruments held by investors, including commercial banks. In early 2023, the loss on securities **influenced the failure of Silicon Valley Bank (“SVB”) as the liquidation of securities** at losses was not sufficient to accommodate the heightened demand for funds by **depositors. SVB’s collapse revealed stresses created by the fastest jump in** borrowing costs in decades amid higher financing costs. Market participants questioned whether global central banks would continue policy tightening given the impact of higher rates on long-term debt held by banks globally. Despite the volatility, and contagion fears, global central banks maintained the policy tightening course, reiterating their efforts towards curbing elevated inflation, while **signaling that central banks remain prepared to assist the “more resilient financial sector” where necessary.**
- 1.4 Chairman Jerome Powell continues to echo that the FED is committed to reducing inflation rates **to the FED’s target of 2.00%. The central bank has hinted at the** possibility of one more rate hike for the remainder of 2023 at either the November or December FOMC meetings and is committed to keeping interest rates elevated **i.e. “higher for longer “until further subsiding of inflation towards their 2%** inflation target.
- 1.5 Also in early 2023, the US Congress narrowly escaped a treasury default stemming from the debt ceiling crisis as the country breached the ceiling and needed intervention to continue making essential payments. The US President signed the bill to suspend the debt limit to January 1, 2025, with protection up to at least summer of the same year which will allow the government time to strategise on possible debt reduction policies.

- 1.6 The debate on US economic surrounds the Soft Landing versus Recession arguments but due to the unusual market conditions it is difficult to rule out either possibility.
- 2.0 Implications of Interest Rate Hikes on Financial Intermediaries with Significant Investment Portfolio on International Capital Markets
- 2.1 **International Financial Reporting Standard (“IFRS”) 9 stipulates that financial instruments should be classified as follows: - (i) Amortised Costs; (ii) Fair Value Through the Profit and Loss (“FVTPL”) and (iii) Fair Value Through Other Comprehensive Income (“FVOCI”). FVTPL and FVOCI necessitate that financial instruments are subject to mark-to-market valuations at each reporting period.**
- 2.2 Mark-to-market is a method of measuring the fair value of instruments that can fluctuate over time, such as assets and liabilities. This method of accounting aims to provide a realistic appraisal of an institution's or company's current financial situation based on current market conditions. In the case of instruments accounted via FVTPL, the fair value gains or losses are recorded as if realized in the statement of profit and loss with a concurrent adjustment made against the investment portfolio. As it relates to FVOCI, gains and losses are not realized and hence are **reported through shareholders’ reserves and the investment portfolio.**
- 3.0 Significant Transactions Six (6) Months Ended 30<sup>th</sup> September 2023
- Purchased Investments Securities totaling \$63.99M
  - Sold and/Or redeemed Investments Securities totaling \$60.79M
  - Repaid Borrowings totaling \$190.07M
  - Repaid Other Borrowings totaling \$46.18M
  - Successfully issued Borrowings amounting to \$187.86M
- 4.0 Interest Income
- 4.1 For the six (6) months ended 30<sup>th</sup> September 2023, Investment Securities were reported at \$380.69M, representing a decline of \$16.05M (4.05%) when compared to the \$396.74M reported for the comparative period of FY 2023. The decline was attributed to disposal of investments on account of the strategic rebalancing of the portfolio and to finance redemption of Borrowings.
- 4.2 Mortgage Loans Facilities were reported at \$25.63M, a decrease of \$3.03M (10.57%) from the \$28.66M reported for the six (6) months ended 30<sup>th</sup> September 2023. The decline is attributed to repayment of principal on the portfolio through expected attrition.

- 4.3 The amount of \$6.86M was held in Cash and Cash Equivalents pending replenishment by the \$28.79M held in Receivables and Prepayments and likely a timing difference as cash inflows from Borrowings are remitted to the Bank. However, as noted 4.1 above, Cash and Cash Equivalents were also used to finance redemption of Borrowings.
- 4.4 Interest Income for the six (6) months ended 30<sup>th</sup> September 2023 was reported at \$10.48M and represents growth of \$0.61M (6.18%) when compared to the \$9.87M reported for the comparative period of FY 2023. The increase in Interest Income is likely attributed to higher yields on financial instruments acquired during the rising interest environment of fiscal 2023 totaling \$63.99M.

## 5.0 Interest Expense

- 5.1 Total Borrowings for the six (6) months ended 30<sup>th</sup> September 2023 amounted to \$389.87M, representing a decline of \$56.65M (12.69%) from the \$446.52M reported for the comparative period of FY 2023. ECHMB Capital notes the opportunity costs of higher coupons on international capital markets and appreciates that rational investors will seek to commandeer higher yields on their capital.
- 5.2 As a result of the lower Borrowings, Interest Expense declined by \$0.49M (8.55%) from \$5.73M for the six (6) months ended 30<sup>th</sup> September 2022 to \$5.24M for the six (6) months ended 30<sup>th</sup> September 2023.

## 6.0 Net Interest Income

- 6.1 Net Interest Income or the difference between Interest Income (\$10.48M) and Interest Expense (\$5.24M) amounted to \$5.24M or 50.00% for the six (6) months ended 30<sup>th</sup> September 2023 and represents an improvement of 8.05% when compared to 41.95% reported for the comparative period of FY 2023.
- 6.2 The improvement in the Net Interest Income Percentage is attributed to the combination of higher yields on the investment portfolio and the injection of \$31.90M in equity capital (Preference Shares) which effectively replaced prior charge Borrowings.

## 7.0 Gain on Sale of Financial Assets

- 7.1 The Bank continued the active management of its Investment Securities. For the six (6) months ended 30<sup>th</sup> September 2023, the Bank generated Gain on Sale of Financial Assets totaling \$0.25M and recorded a loss of \$0.22M in Other Gains (Losses) from Investment Securities Reported Through Profit and Loss. In comparison, for the six (6) months ended 30<sup>th</sup> September 2022, Gains on Sale of Financial Assets totaled \$0.67M with losses totaling \$6.79M generated from Other Gains from Investment Securities Reported Through Profit and Loss.
- 7.2 Given the marginal net gain from the sale of financial assets reported for the for the six (6) months ended 30<sup>th</sup> September 2023, the Bank generated Operating

Income of \$5.28M as compared to the loss of \$1.54M reported for the comparative period of FY 2023.

## 8.0 Expenses

- 8.1 Higher salaries were mainly responsible for the increase in General and Administrative Expenses from \$1.59M for the six (6) months ended 30<sup>th</sup> September 2022 to \$1.81M for the six (6) months ended 30<sup>th</sup> September 2023.
- 8.2 Other Operating Expenses decreased by \$0.06M (13.95%) from \$0.43M for the six (6) months ended 30<sup>th</sup> September 2022 to \$0.37M for the six (6) months ended 30<sup>th</sup> September 2023 due to lower bond transaction costs attributed to the issuance **of the Bank's instruments** via private prospectus.

## 9.0 Net Profit for the Six (6) Months Ended 30th September 2023

- 9.1 ECHMB Capital reported a Net Profit for the six (6) months ended 30<sup>th</sup> September 2023 of \$3.05M and higher by \$6.67M (184.25%) when compared to loss of \$3.62M reported for the comparative period of FY 2023.
- 9.2 The higher Net Profit was mainly attributed to the reduction in Other Losses from \$6.79M for the six months ended 30<sup>th</sup> September 2022 to \$0.22M for the six months ended 30<sup>th</sup> September 2023.

## 10.0 Capital Structure

- 10.1 The Bank continues to be adversely impacted by significant diminution in its investment portfolio and attributed to the hawkish policies of the FED as elucidated in 1.0 to 2.0 above. As a result, unrealized holding loss totaling \$81.23M was reported for the for the six (6) months ended 30<sup>th</sup> September 2023. Total Equity amounted to \$51.80M, **with the Bank's Debt-to-Equity Ratio** remaining credible at 7.53:1 and within the 8.0:1 benchmark imposed by the Board of Directors.
- 10.2 **Looking to the Future with Optimism**  
The consensus of international capital markets is the global economy will slow further in fiscal 2023 with growth projected to decline to 2.90%, before an anticipated rebound in fiscal 2024. We believe that given the adjustments made to our operations in **FY 2023, the Bank's profitability should normalize in FY 2024.**
- 10.3 Further, Management opines that the FED is likely to commence interest rate cutting in fiscal 2024 which should result in the reversal of unrealized holding loss totaling \$81.23M

ECHMB  
11<sup>th</sup> October 2023

Eastern Caribbean Home Mortgage Bank  
(Trading as ECHMB Capital)  
Unaudited Statement of Financial Position  
As at 30 September 2023

(expressed in Eastern Caribbean dollars)

	Unaudited September 2023 \$	Unaudited September 2022 \$	Audited March 2023
Assets			
Cash and cash equivalents	6,855,819	10,251,651	37,779,561
Receivables and prepayments	28,792,382	32,868,997	23,810,032
Investment securities	380,692,406	396,736,436	391,769,694
Mortgage loans facilities	25,634,906	28,663,985	26,804,673
Property and equipment	209,521	344,147	276,439
Right of use assets	300,882	446,919	386,848
<b>Total assets</b>	<b>442,485,916</b>	<b>469,312,135</b>	<b>480,827,247</b>
Liabilities			
Borrowings	389,868,096	446,516,059	391,864,691
Other borrowed funds	-	11,458,800	25,110,000
Accrued expenses and other liabilities	509,744	672,901	5,855,668
Lease liabilities	306,501	461,162	391,161
<b>Total liabilities</b>	<b>390,684,341</b>	<b>459,108,922</b>	<b>423,221,520</b>
Equity			
Share capital - ordinary	36,999,940	36,999,940	36,999,940
Share capital - preference	45,860,800	13,964,000	41,494,000
Portfolio risk reserve	23,903,001	23,555,937	23,903,001
Unrealised holding loss	(81,213,181)	(84,335,463)	(67,989,323)
Retained earnings	26,251,015	20,018,799	23,198,109
<b>Total equity</b>	<b>51,801,575</b>	<b>10,203,213</b>	<b>57,605,727</b>
<b>Total liabilities and equity</b>	<b>442,485,916</b>	<b>469,312,135</b>	<b>480,827,247</b>

# Eastern Caribbean Home Mortgage Bank

## (Trading as ECHMB Capital)

### Unaudited Statement of Comprehensive Income For the month ended 30 September 2023

(expressed in Eastern Caribbean dollars)

	Unaudited September 2023	Unaudited September 2022	Audited March 2023
	\$	\$	\$
Interest income	10,479,422	9,868,443	19,934,726
Interest expense	(5,244,150)	(5,726,934)	(11,260,240)
Net interest income	5,235,272	4,141,509	8,674,486
Other income	14,531	439,110	11,422
Gain on sale of financial assets	247,932	672,813	816,080
Other gains (losses)	(216,295)	(6,794,511)	(4,557,811)
Operating income	5,281,440	(1,541,079)	4,944,177
Expenses			
General and administrative expenses	(1,812,438)	(1,591,266)	(3,408,734)
Other operating expenses	(368,163)	(431,889)	(863,565)
Mortgage administrative fees	(47,933)	(52,398)	(101,787)
Net impairment gains on financial assets	-	-	1,165,227
Total expenses	(2,228,534)	(2,075,553)	(3,208,859)
Net profit (loss) for the period	3,052,906	(3,616,632)	1,735,318
Other comprehensive income			
Changes in the fair value of investments at fair value through other comprehensive income	(13,223,858)	(28,465,634)	(29,756,816)
Other comprehensive loss for the period	(13,223,858)	(28,465,634)	(29,756,816)
Total comprehensive income (loss) for the period	(10,170,952)	(32,082,266)	(28,021,498)
Earnings per share	\$ 22.72	\$ (26.91)	\$ 6.46

# Eastern Caribbean Home Mortgage Bank

(Trading as ECHMB Capital)

Unaudited Statement of Changes in Equity

As at 30 September 2023

(expressed in Eastern Caribbean dollars)

	Share Capital Ordinary \$	Share Capital Preference \$	Portfolio Risk Reserve \$	Financial Assets at FVOCI Reserve \$	Retained earnings \$	Total \$
Balance at 31st March 2022	36,999,940	13,764,000	23,555,937	(38,232,507)	23,621,199	59,708,569
Other comprehensive income						
Net profit for the period	-	-	-	-	1,735,318	1,735,318
Issuance of share capital - preference shares	-	27,730,000	-	-	-	27,730,000
Transfer to reserves	-	-	347,064	-	(347,064)	-
Fair value movement of investments designated as FVTOCI	-	-	-	(29,756,816)	-	(29,756,816)
Transactions with owners	-	-	-	-	(1,811,344)	(1,811,344)
Balance at 31st March 2023	36,999,940	41,494,000	23,903,001	(67,989,323)	23,198,109	57,605,727
Other comprehensive income						
Net profit for the period	-	-	-	-	3,052,906	3,052,906
Issuance of share capital - preference shares	-	4,366,800	-	-	-	4,366,800
Transfer to reserves	-	-	-	-	-	-
Fair value movement of investments designated as FVTOCI	-	-	-	(13,223,858)	-	(13,223,858)
Transactions with owners	-	-	-	-	-	-
Balance at 30 September 2023	36,999,940	45,860,800	23,903,001	(81,213,181)	26,251,015	51,801,575

Eastern Caribbean Home Mortgage Bank  
(Trading as ECHMB Capital)  
Unaudited Statement of Cash Flows  
For the month ended 30 September 2023

(expressed in Eastern Caribbean dollars)

	Unaudited September 2023	Unaudited September 2022	Audited March 2023
Cash flows from operating activities			
Net profit (loss) for the period	3,052,906	(3,602,400)	1,735,318
Items not affecting cash:			
Interest expense	5,244,150	5,726,934	11,260,240
Amortisation of bond premium	849,762	877,039	1,666,189
Unrealised (gain) loss on FVTPL financial assets	216,295	6,794,511	4,557,811
Depreciation of property and equipment	66,918	69,160	136,868
Amortization of right of use of assets	85,966	81,258	171,932
Decrease in provision for impairment on financial assets	-	-	(723,118)
Interest expense on lease liability	5,340	7,640	10,588
Interest Income	(10,479,422)	(9,868,443)	(19,934,726)
Operating (loss) / income before working capital changes	(958,085)	85,699	(1,118,898)
Changes in operating assets & liabilities:			
Increase in accounts receivable & prepayments	(4,982,352)	(3,760,578)	5,298,388
(Decrease)/increase in other liabilities & payables	(5,345,924)	(348,032)	4,834,735
Cash flows generated from operations before interest	(11,286,361)	(4,022,911)	9,014,225
Interest received	10,469,118	9,339,877	19,403,123
Interest paid	(4,973,745)	(5,584,916)	(11,297,731)
Net cash generated from operating activities	(5,790,988)	(267,950)	17,119,617
Cash flows from investing activities			
Proceeds from sales/maturity of financial assets	60,789,603	19,013,271	76,954,413
Proceeds from pool of mortgages repurchased by PL	-	-	778,039
Increase in mortgages repurchased and replaced	17,887	120,654	185,137
Proceeds from principal repayment on mortgages	1,151,880	1,140,370	2,292,373
Purchase of investment securities	(63,991,924)	(66,363,689)	(100,967,010)
Net cash used in investing activities	(2,032,554)	(46,089,394)	(20,757,048)
Cash flows from financing activities			
Proceeds from borrowings	187,864,000	190,071,000	389,761,000
Proceeds from other borrowed funds	21,060,000	106,380,000	241,380,000
Repayment of borrowings	(190,071,000)	(185,297,000)	(439,271,000)
Repayment of other borrowed funds	(46,170,000)	(109,730,700)	(231,079,500)
Payment of corporate paper issue costs and transaction costs	(60,000)	(60,000)	(247,859)
Dividend paid	-	-	(1,811,344)
Proceeds from issuance of preference shares	4,366,800	200,000	27,730,000
Principal paid on lease liabilities	(84,660)	(82,360)	(169,412)
Interest paid on lease liability	(5,340)	(7,640)	(10,588)
Net cash used in financing activities	(23,100,200)	1,473,300	(13,718,703)
Net decrease in cash and cash equivalents	(30,923,742)	(44,884,044)	(17,356,134)
Cash and cash equivalents, beginning of year	37,779,561	55,135,695	55,135,695
Cash and cash equivalents, end of the period	6,855,819	10,251,651	37,779,561

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

### **FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

#### **1 Incorporation and principal activity**

The Governments of Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent and the Grenadines signed an agreement on May 27, 1994, to establish the Eastern Caribbean Home Mortgage Bank (hereinafter referred to as “the Bank”).

The Bank was formally established on August 19, 1994, in accordance with Article 40 of the Eastern Caribbean Home Mortgage Bank Agreement, which was incorporated in the Eastern Caribbean Home Mortgage Bank Agreement Act, and subsequently passed in the member territories. The primary office of the Bank is located at Bird Rock, Basseterre, St. Kitts and Nevis.

The principal activities of the Bank are the trading of mortgages made by primary mortgage lenders and growth and development of the money and capital market in the Eastern Caribbean Currency Union.

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

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

The condensed interim financial report for the six months ended 30 September 2023 have been prepared in accordance with IAS 34, “Interim Financial Reporting”.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### **3 Changes in accounting policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments to IFRS 16, 'Leases', include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.