Eastern Caribbean Central Bank

40 ANNIVERSARY

STABLE | TRANSFORMATIVE | ACCOUNTABLE | RESILIENT

Annual
Report
2023/2024

Report and Statement of Accounts for the Financial Year ended 31 March 2024

TABLE OF CONTENTS

ABBREVIATIONS

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BARC	Board Audit and Risk Committee
BCMS	Business Continuity Management System
BOS	Business Outlook Survey
BOOST	Build on Opportunities for Sustained Transformation
CARDTP	Caribbean Regional Digital Transformation Project
CBDC	Central Bank Digital Currency
CBI	Citizen by Investment Programmes
CFATF	Caribbean Financial Action Task Force
CSF	Caribbean Science Foundation
CPSS	Committee on Payment and Settlement Systems
CYC	Creative Youth Competition
DIS	Deposit Insurance System
ECACH	Eastern Caribbean Automated Clearing House
ECCU	Eastern Caribbean Currency Union
ESS	External Sector Statistics
FIM	Financial Information Month
FMI	Financial Market Infrastructures
GDP	Gross Domestic Product
GRD	Growth and Resilience Dialogue
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IPS	Instant Payment System
MEVAL	Mutual Evaluation Report
NAMLOC	National Anti-Money Laundering Oversight Committee
NBFI	Non-Bank Financial Institutions
NDC	Nationally Determined Condition
OECS	Organisation of Eastern Caribbean States
OFCI	Office of Financial Conduct and Inclusion
RAMP	Reserve Advisory and Management Partnership
REIIF	Renewable Energy Infrastructure Investment Facility
RGSM	Regional Governments Securities Market
RSS-ARU	Regional Security System - Asset Recovery Unit
RSSB	Regional Standards Setting Body
RTGSS	Real Time Gross Settlement System
SAS	Statistical Analysis System
SCSCF	SWIFT Customer Security Controls Framework
SPISE	Student Programme for Innovation in Science and Engineering
STAR	Service Excellence, Teamwork and Truth Telling, Accountability, Results
STEMS	Science Technology Engineering and Mathematics
SRU	Single Regulatory Units
SWIFT	Society for Worldwide Interbank Financial Telecommunications
VASP	Virtual Assets Service Providers

Eastern Caribbean Central Bank

28 June 2024

Sirs

In accordance with Article 48(1) of the Eastern Caribbean Central Bank Agreement 1983, I have the honour to transmit herewith the Bank's Annual Report and Statement of Accounts for the year ended 31 March 2024, duly certified by the External Auditors.

I am,
Your Obedient Servant

Timothy N. J. Antoine
GOVERNOR

The Honourable Dr Ellis Lorenzo Webster
Premier
ANGUILLA

The Honourable Gaston Browne
Prime Minister
ANTIGUA AND BARBUDA

The Honourable Dr Irving McIntyre
Minister for Finance
COMMONWEALTH OF DOMINICA

The Honourable Dennis Cornwall
Minister for Finance
GRENADA

The Honourable Joseph E. Farrell
Premier
MONTSERRAT

The Honourable Dr Terrence Drew
Prime Minister
SAINT CHRISTOPHER (ST KITTS) AND NEVIS

The Honourable Philip J Pierre
Prime Minister
SAINT LUCIA

The Honourable Camillo Gonsalves
Minister for Finance
SAINT VINCENT AND THE GRENADINES

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MISSION

Advancing the good of the people of the Currency Union by maintaining monetary and financial stability and promoting growth and development

VISION

To be a model institution delivering exceptional service and influential policy advice to support the development of a thriving Currency Union

CORE VALUES

- Service Excellence
- Teamwork and Truth Telling
- Accountability
- Results

DECLARATIONS

- Competent yet Caring
- Prudent yet Proactive
- Imaginative and Industrious

MONETARY COUNCIL

As at 31 March 2024

HON CAMILLO GONSALVES
Chairman
Saint Vincent and the Grenadines

HON DR ELLIS L WEBSTER
Anguilla

HON GASTON BROWNE
Antigua and Barbuda

HON DR IRVING MCINTYRE
Commonwealth of Dominica

HON DENNIS CORNWALL
Grenada

HON JOSEPH FARRELL
Montserrat

HON DR TERRANCE DREW
Saint Christopher (St Kitts) and Nevis

HON PHILIP J PIERRE
Saint Lucia

Board of Directors

As at 31 March 2024

Executive Directors

TIMOTHY N.J. ANTOINE
Chairman
Governor

DR VALDA F HENRY
Deputy
Governor

Appointed Directors

KATHLEEN ROGERS
Anguilla

WHITFIELD HARRIS JR
Antigua and Barbuda

DENISE EDWARDS
Commonwealth of Dominica

MIKE SYLVESTER
Grenada

JOHN SKERRITT
Montserrat

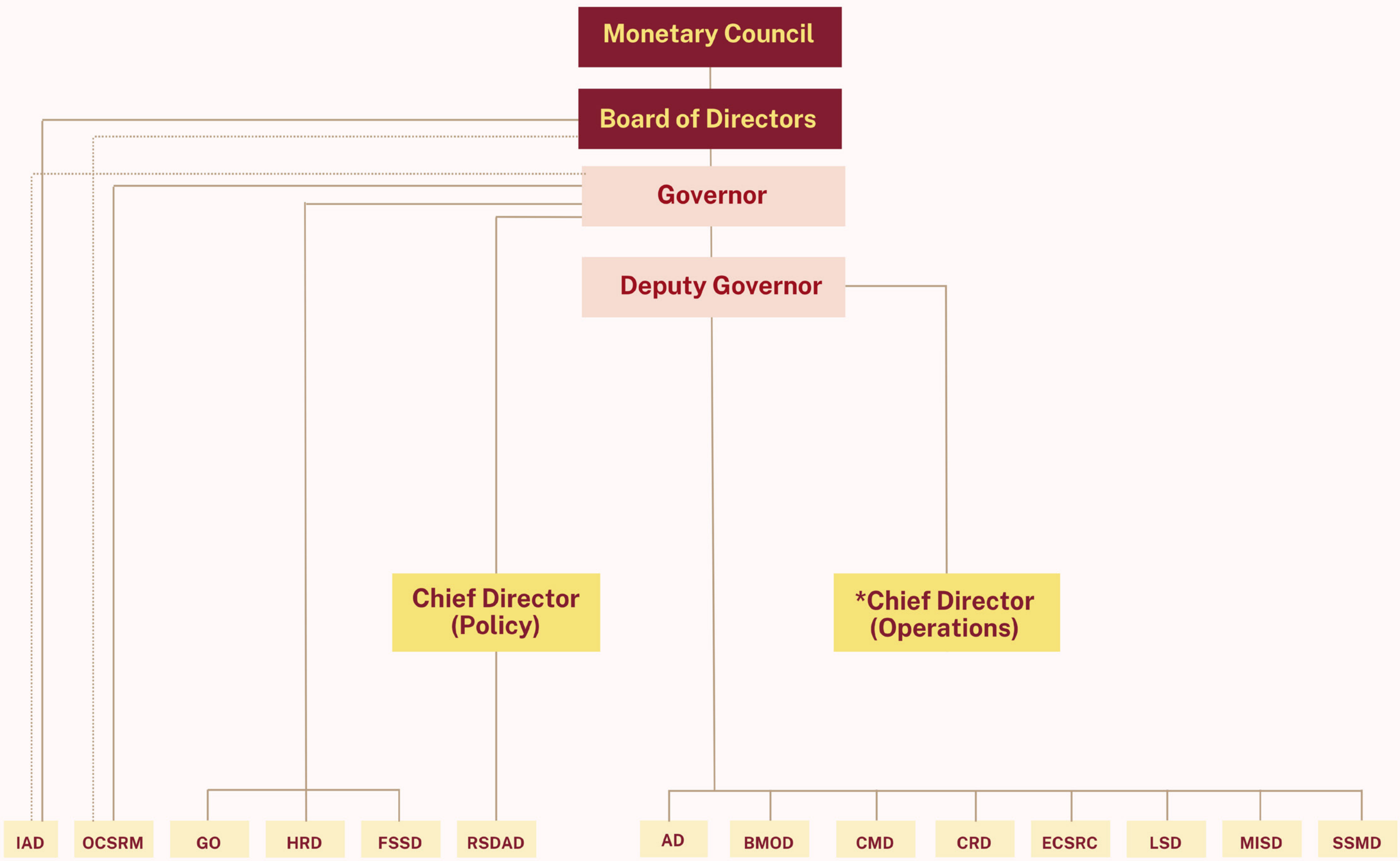
HILARY HAZEL
Saint Christopher (St Kitts) and Nevis

FRANCIS FONTENELLE
Saint Lucia

EDMOND JACKSON
Saint Vincent and the Grenadines

ORGANISATIONAL CHART

As at 31 March 2024



KEY

AD: Accounting Department

BMOD: Banking and Monetary Operations Department

CMD: Currency Management Department

CRD: Corporate Relations Department

ECSRC: Eastern Caribbean Securities Regulatory Commission

FSSD: Financial Sector Supervision Department

GO: Governor's Office

HRD: Human Resource Department

IAD: Internal Audit Department

LSD: Legal Services Department

MISD: Management Information Systems Department

OCSRM: Office of Corporate Strategy and Risk Management

RSDAD: Research, Statistics and Data Analytics Department

SSMD: Support Services Management Department

***Vacant**

Management Structure

As at 31 March 2024

Executive Committee

TIMOTHY N.J. ANTOINE
Governor

DR VALDA F HENRY
Deputy Governor

D TRACY POLIUS
Chief Director (Policy)

Senior Management

SENATOR SAMUEL
DIRECTOR
Accounting Department

RAQUEL LEONCE
DIRECTOR
Banking and Monetary Operations Department

SHERMALON KIRBY
DIRECTOR
Corporate Relations Department

ROSBERT HUMPHREY
DIRECTOR
Currency Management Department

YVONNE JEAN-SMITH
DIRECTOR
Internal Audit Department

MERLESE O'LOUGHLIN
DIRECTOR
Legal Services Department

CINDY PARRIS-GILBERT
DIRECTOR
Management Information Systems Department

SHARMYN POWELL
DIRECTOR/CHIEF RISK OFFICER
Office of Corporate Strategy and Risk Management

C TERESA SMITH
DIRECTOR
Research, Statistics and Data Analytics Department

KAREN WILLIAMS
HEAD
Projects Technical Assistance Governor's Office

DR EMEFA SEWORDOR
HEAD
Advisory Services Governor's Office

SCHWABACH CAINES
DIRECTOR (ACTING)
Financial Sector Supervision Department

MERVA MALLALIEU
DIRECTOR (ACTING)
Human Resource Department

NORMAN SABAROCHE
DIRECTOR (ACTING)
Support Services Management Department

Management Team

As at 31 March 2024

ACCOUNTING DEPARTMENT

Nazinga Modeste, *Deputy Director (Ag)*

BANKING AND MONETARY OPERATIONS DEPARTMENT

Lynette Griffin, *Deputy Director*
Niall Pistana, *Deputy Director*

CORPORATE RELATIONS DEPARTMENT

Beverley Edwards-Gumbs, *Deputy Director*

CURRENCY MANAGEMENT DEPARTMENT

Jadese Manning, *Deputy Director (Ag)*

FINANCIAL SECTOR SUPERVISION DEPARTMENT

Humphrey Magloire, *Senior Information Specialist*
Laurel Seraphin-Bedford, *Deputy Director*
Gillian Skerritt, *Deputy Director*
Livia Bertin-Mark, *Deputy Director (Ag)*
Liane Irish-Wade, *Deputy Director (Ag)*

GOVERNOR'S OFFICE - OFFICE OF CHIEF DIRECTOR (POLICY)

Shawn Williams, *Senior Policy Specialist*
Allison Crossman, *Policy Specialist*
Patricia Welsh (C.Dir), *Policy Specialist*

GOVERNOR'S OFFICE - PROJECTS AND TECHNICAL ASSISTANCE

Kennedy Byron, *Senior Projects Specialist*
Sybil Welsh, *Senior Projects Specialist*

HUMAN RESOURCE DEPARTMENT

Gwendy Francois, *Deputy Director (Ag)*

INTERNAL AUDIT DEPARTMENT

Alamina Trotman, *Deputy Director*

LEGAL SERVICES DEPARTMENT

Maria Barthelmy, *Senior Legal Specialist*

MANAGEMENT INFORMATION SYSTEMS DEPARTMENT

Lyle Mark, *Deputy Director*
Aldrin Phipps, *Information Systems Specialist*

RESEARCH, STATISTICS AND DATA ANALYTICS DEPARTMENT

Seana Benjamin-Mack, *Deputy Director*
Juletta Edinborough, *Fiscal and Debt Specialist*
Dr Leah Sahely, *Data Specialist*
Allister Hodge, *Deputy Director*
Martina Regis, *Deputy Director*
Shernnel Thompson, *Deputy Director*

SUPPORT SERVICES MANAGEMENT DEPARTMENT

Adaeze Matthew-Hanley, *Deputy Director*
Danny Caine, *Chief of Security*

Agency Offices

As at 31 March 2024

ANGUILLA

P O Box 1385
Ground Floor
Digicel Corporate Office Building
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ANGUILLA
Telephone: 264 497 5050
Email: eccbaxa@eccb-centralbank.org

Country Manager - Shirmaine Lynch-Harrigan

ANTIGUA AND BARBUDA

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Telephone: 268 462 2489
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Country Manager - Karel Forde-Harrigan

COMMONWEALTH OF DOMINICA

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Email: eccbdom@eccb-centralbank.org

Country Manager - Sherma John

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Country Manager - Valene Streete

MONTSERRAT

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Country Manager - Angela Estwick

SAINT LUCIA

P O Box 295
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Telephone: 758 452 7449
Email: eccbslu@eccb-centralbank.org

Country Manager - Everton Sealy

SAINT VINCENT AND THE GRENADINES

P O Box 839
Frenches House
Frenches
Kingstown
SAINT VINCENT AND THE GRENADINES
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Country Manager - Kozel Fraser

Highlights of the Year

Council Member for Saint Vincent and the Grenadines Assumes Chairmanship of ECCB Monetary Council

Chairmanship of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) was transferred to the Honourable Minister of Finance and Council Member for Saint Vincent and the Grenadines, Camillo Gonsalves, following an official Handing Over Ceremony on 21 July 2023 at the Beachcombers Hotel, Saint Vincent and the Grenadines. Minister Gonsalves succeeded the Outgoing Chairman, the Honourable Prime Minister and Council Member for Saint Lucia, Philip J Pierre. View Handing Over Ceremony.

ECCB' Celebrates 40th Anniversary

The ECCB celebrated 40 years of maintaining monetary and financial stability and promoting growth and development in the Eastern Caribbean Currency Union (ECCU). This milestone was celebrated under the theme: "ECCB@40: A Year of Reflection, Celebration and Implementation". The year-long celebration was launched on 19 January. The events included a lecture series, Global Conference, Creative Arts Festival and the burying of a time capsule. ECCB@40: Year of Reflection, Celebration and Implementation saw staff rallying around the theme with renewed purpose, passion and unity, to fulfill the mandate of the Bank, in service to the people of the ECCU, working towards the transformation of the ECCU, through collective action and innovation.

ECCB, First Central Bank to Host Central Banking Conference

The ECCB hosted the ECCB@40 Global Conference in collaboration with the Central Banking 2023 Autumn Meetings from 8-10 November 2023 under the theme, "Fit for the Times: Building Resilience and Embracing Innovation." That was the first time a central bank hosted this event. Delegates including Governors, Deputy Governors and other experts in the field of central banking from seven continents, convened at the ECCB Headquarters for the two-day conference.

Highlights of the Year

ECCB $2 Commemorative Banknote - A Symbol of Hope and Inspiration

The Bank issued a $2 commemorative banknote on 1 December 2023 as part of its 40th Anniversary Celebrations and a symbol of hope, excellence, perseverance, faith, self-confidence and confidence in each other. This is also a seminal banknote as with the placing of Sir Vivian "Viv" Richard on the front of the note, it becomes the first Eastern Caribbean banknote, without the image of Her Majesty, The Queen. The ECCB hopes that Sir Viv's image will inspire the people of the ECCU and the world, with the strong message that greatness is not determined by one's place of birth.

Features of $2 Commemorative banknote.

ECCB's 40th Anniversary Chorale Album

The ECCB Chorale proudly released its highly anticipated debut album, "ECCB@40 - Celebration and Thanksgiving", in November 2023 to commemorate the Bank's 40th Anniversary.

The stirring album is an eclectic compilation of classical, gospel, soca, calypso, reggae and bossa nova original songs and several covers, including Seal's cover version of People Get Ready, which is the ECCB's theme song for the Bank's Change Management and Culture initiative. Guest pieces include:

1. The Bank's 40th anniversary theme song, "ECCB@40: Feel the Riddim," performed by Colton T of the Commonwealth of Dominica;
2. The speech chorale piece titled, "My Bank, Your Bank, The People", performed by students of the CW Prescod Primary School, ECCB's mentorship school in Saint Vincent and the Grenadines;
3. The winning song in the 13-16 age category of the 2023 ECCB/RSS-ARU Creative Youth Competition, "My Identity", performed by Hannah Archibald, Keosha Burke and Lonya Bullock of the St Vicent Girls' High School, in Saint Vincent and the Grenadines; and
4. The winning song in the 17-19 age category of the 2023 ECCB/RSS-ARU Creative Youth Competition, "Illusions", performed by Tafawa Pierre of the T.A. Marryshow Community College in Grenada. Listen to album.

Highlights of the Year

ECCB's 40th Anniversary Time Capsule

The ECCB Time Capsule, which commemorates the 40th Anniversary of the Eastern Caribbean Central Bank, sits in front of the Hon. Sir K. Dwight Venner Building. On 28 October 2023 at the ECCB@40 Creative Arts & Island Night Festival, newly retired Administrative Officer II in the Governor's Office, Janice Saunders-Ruan, an ECCB employee of 35 years, inserted the anti-corrosion, waterproof stainless steel capsule into the foundation, with Deputy Governor and ECCB@40 Chair, Dr. Valda F. Henry and Governor Timothy N.J. Antoine standing beside her. It is intended that the time capsule filled with ECCB@40 memorabilia and keepsakes will be opened when the Eastern Caribbean Central Bank celebrates its 80th Anniversary in 2063.

ECCB Launches Virtual Museum

The ECCB's Virtual Museum was launched on 5 July 2023, marking the 40th Anniversary of the signing of the ECCB Agreement in 1983. The Virtual Museum is a reliable resource for anyone looking to learn more about our highly respected Central Bank and its role in maintaining monetary and financial stability in one of the strongest monetary unions in the world. Two floors of breath taking, immersive exhibits showcase an expansive and rich history through audio files, newspaper clippings that date back to the early 1970s, photographs, specimen currency and videos. Take a tour of the Virtual Museum.

KEEP SEALED UNTIL:
1 OCTOBER 2063

ANNIVERSARY
STABLE | TRANSFORMATIVE | ACCOUNTABLE | RESILIENT

INSCRIPTION FOR ECCB TIME CAPSULE

Today, October 21, 2023, we place this Time Capsule in commemoration of the Eastern Caribbean Central Bank's 40th Anniversary.

It is our fervent wish that this Time Capsule will be retrieved and read when the ECCB celebrates its 80th Anniversary in the year 2063.

We marked this momentous anniversary with a year-long celebration which commenced on January 19, 2023, when we launched the ECCB@40: A Year of Reflection, Celebration and Implementation campaign. Our celebrations culminated with the ECCB@40 Thank You Fete on December 15, 2023.

The highlights of our ECCB@40 Celebrations included:

1. ECCB@40 Song
2. ECCB@40 Stamp Contest
3. ECCB@40 Lecture Series
4. ECCB@40 "Did You Know?" Series
5. ECCB@40 Tree Planting at the ECCB's Mentorship Schools
6. ECCB@40 Virtual Museum
7. ECCB@40 Regional School Quiz
8. ECCB@40 Regional Youth Parliament and Youth Symposium
9. ECCB@40 Creative Arts Festival
10. ECCB@40 Anniversary Church Service
11. ECCB@40 Family Fun Day
12. ECCB@40 Global Conference
13. ECCB@40 Policy Handbook
14. ECCB@40 Edition of the Sir Arthur Lewis Memorial Lecture
15. ECCB@40 Christmas Gala and Awards Ceremony

It is our burning aspiration and fervent prayer that the ECCB will, in perpetuity, be a bastion of monetary and financial stability that advances the good of the people of the ECCU where our people not merely strive but thrive.

Long live the ECCB!

Long live the people and civilization of the ECCU!

Timothy N J Antoine
GOVERNOR

GOVERNOR'S FOREWORD

ECCB @ 40: Celebrating Ruby While Going for Gold

> *Keep pushing forward, even when the path is uncertain, for greatness awaits those who persist.*
>
> ***~ Martin Luther King Jr***

The 2023-2024 financial year was styled a year of 'Reflection, Celebration and Implementation' and so it was as the Bank commemorated 40 years of excellent service to the Currency Union having been inaugurated on 1 October 2023. Throughout the year, we reflected on our many successes and remembered and celebrated our framers, founders, early pioneers and extraordinary regional servants over the past four decades.

Notable in the lineup of the anniversary activities was the issuance of the $2 commemorative banknote. This is the first EC dollar banknote to not bear the image of the British monarch and, instead, features our world-renown and beloved icon, Sir Vivian Richards - a veritable symbol of pride, determination and greatness. That note has resonated not only with the citizens and residents of the Currency Union but people across the globe. Indeed, this note has won three awards as best commemorative banknote of the year from: International Association of Currency Affairs (IACA), International Bank Note (IBN) and HSP Reconnaissance – an unprecedented hatrick!

The Bank also made history by recording its highest ever profit - EC$80.2 million.

As we took stock of our 40-year journey, the Bank, with renewed resolve, recommitted to its essential work in maintaining monetary stability, enhancing financial stability, transforming the financial space and leading, by example, on environmental, social and corporate governance.

Growth in the ECCU was estimated at 4.5 per cent, amidst surprisingly buoyant global growth of 3.2 per cent in 2023, according to the International Monetary Fund's World Economic Outlook (IMF WEO) April 2024. The ECCU's economic performance was led by strong tourism activity across member countries. Consumers received some reprieve as inflation rates moderated and member governments continued to improve balance sheets, influenced by strong revenue growth.

> The Bank will continue to challenge the ECCU on The Big Push: to implement innovative initiatives that fundamentally transform the economies and enhance the lives of citizens over the next 10 years.

Firmly committed to monetary stability, the ECCB capped off the year with a strong reserve backing of 95.0 per cent. In safeguarding financial stability, several initiatives were undertaken to strengthen the regulatory environment and to mitigate emerging risks, including drafting new financial stability legislation. The long-awaited credit bureau is on the cusp of being launched. Work advances on a Regional Standards Setting Body for the regulation of the non-bank financial sector and for the establishment of an Office of Financial Conduct to address financial market conduct.

Efforts continued to modernise the payment system with work focused on developing an instant payment system (IPS), DCash 2.0 and the on-boarding of non-bank licensed entities to the Automated Clearing House. The results of the Bank's inaugural Financial Inclusion and Literacy Survey were launched and showed that there is considerable work to be done in the region. Importantly, the financial inclusion thrust in 2024-2025 will prioritise easing the opening of bank accounts.

Under the Bank's strategic focus of data and digital transformation, we procured the requisite tools to enhance data analytics capabilities for staff. For 2024-2025, project BOOST (which stands for Build On Opportunities for Sustained Transformation) is the top internal priority. It seeks to deliver a new Enterprise Resource Planning system to transform our internal operations.

In our pledge to service excellence, there was continued investment to improve organisational effectiveness. The new ECCB website was unveiled in July 2023. There was also continued support for the Bank's most important resource – its staff. In that regard, several human resource-related policies were issued. In the new financial year, work will continue on further strengthening our risk management framework and business continuity management.

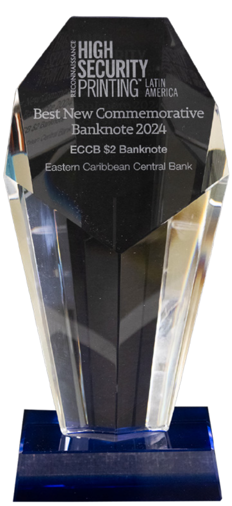
The 2024 outlook for global growth remains historically weak at 3.2 per cent, according to the IMF WEO April 2024. The delicate easing of monetary policy; uncertain geo-political outcomes owing to conflicts in Ukraine and the Middle East; and an unprecedented number of elections in key global economies are dampening expectations. Artificial intelligence gives hope for boosting productivity in financial and labour markets, however, there are risks which must be identified and properly managed.

The Bank will continue to challenge the ECCU on The Big Push: to implement innovative initiatives that fundamentally transform the economies and enhance the lives of citizens over the next 10 years.

As we bring down the curtains on 40 years, I am immensely grateful to the Monetary Council and the Board of Directors for their unwavering support as we discharge the Bank's core mandates. I thank my colleagues on the Executive Committee - Deputy Governor, Dr Valda Henry, and Chief Director (Policy), Tracy Polius – for their hard work throughout the year. I also express special thanks to the 40th anniversary planning committee which was ably led by our Deputy Governor. I also wish to thank our many stakeholders including our licensed financial institutions and regional and international partners. Equally important, I thank the people of the Currency Union for their abiding faith, prayers and support. Above all, I offer highest praise to Almighty God for "it is in Him, we live and move and have our being" (Acts 17.28).

The ECCB family will continue to toil assiduously for the people of the ECCU. As we navigate this period of transformation and sometimes uncertainty, I challenge us always to seek to make a positive difference in the lives of those whom we serve. "Far better to light the candle than to curse the darkness" (William L. Watkinson).

$2 Commemorative Note Wins International Awards



The ECCB's 40th Anniversary $2 Commemorative Note has captured three international awards:

- ☑ 2023 Bank Note of the Year Award from the International Bank Note Society;
- ☑ Best Limited Circulation/Commemorative Banknote Award from the International Association of Currency Affairs; and
- ☑ Best New Commemorative Banknote of 2024 Award from Reconnaissance High Security Printing Latin America.

The International Association of Currency Affairs and the Reconnaissance High Security Printing Latin America awards were announced and presented in May and June 2024 respectively. The International Bank Note Society award was announced in May and will be presented at a ceremony to be held at the ECCB headquarters in July 2024.

Financial Stability

A developed regulatory architecture that allows for:

- ☑ *Complete oversight of the financial system;*
- ☑ *Reduction of systemic risk; and*
- ☑ *Enhanced resilience of financial institutions, markets and infrastructure.*

The ECCB's commitment to building climate change resilience across the region strengthened focus on harnessing the power of the financial system to realise low-carbon transition in member states as work advanced on greening the financial system.

The Eastern Caribbean Currency Union (ECCU) experienced an easing of macro-financial conditions in the 2023/2024 period relative to the previous year. The previous period, dominated by high levels of inflation globally, required that Central Banks with advanced economies implement higher monetary policy rates to counter the rising inflation. Those lingering effects contributed to a slowdown in global economic activity during 2023.

Similar to global economic developments, regional economic activity slowed in 2023 and continued to experience elevated levels of risks and persistent areas of vulnerability including credit risk. Those conditions were due to the impact of stubbornly high levels of inflation on wages, an elevated concentration of household debt on the balance sheets of financial institutions, and vulnerabilities associated with climate change and intense climatic events.

The ECCU's financial system, however, maintained its resilience and stability, due to the high levels of liquidity and adequate level of capital.

The ECCB undertook a range of activities and implemented several policies to mitigate risks and fulfill its mandate to maintain the safety and soundness of the ECCU financial sector. Those activities included:

1. Crafting the draft Deposit Insurance Framework;
2. Developing the Conceptual Model for establishment of a Regional Standards Setting Body for regulation of Non-Bank Financial Institutions (NBFIs);
3. Designing the Renewable Energy Infrastructure Investment Facility;
4. Developing a climate risk stress-testing framework for deposit-taking institutions;
5. Developing and initialising the Basel II/III framework; and
6. Creating the Conceptual Model for establishing an Office of Financial Conduct and Financial Inclusion.

Those initiatives and reforms were also designed to allow the ECCB to appropriately regulate financial intermediaries, and further identify incipient threats to the financial system and provide a safeguard for consumers and institutions.

Additionally, the ECCB collaborated with the national regulators in its member countries, particularly on macro-surveillance, to:

1. Conduct a more comprehensive assessment of the credit union and insurance sectors;
2. Obtain a deeper understanding of regulatory developments;
3. Facilitate capacity building; and
4. Gain insight and guidance on issues of concern.

Supervision of Anti-Money Laundering, Combating the Financing of Terrorism and Combating Proliferation Financing

The ECCB, as the named regulator for Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/CPF) for licensed financial institutions (LFIs), continued to actively monitor and assess the level of money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks of LFIs.

For the 2023-2024 financial year, the Bank conducted 12 examinations of LFIs including, three thematic reviews. The scope of the examinations was guided by information garnered from off-site monitoring; utilising risk-focused information submitted by the LFIs; the quarterly AML/CFT/CPF prudential returns; updates on remedial action items; annual ML/TF/PF self-assessment questionnaires; and emerging ML/TF/PF risks from media surveillance.

On 27 December 2023, Montserrat transferred the supervisory authority for AML/CFT for institutions licensed under the Banking Act, 2015 of Montserrat (No 15 of 2015) as amended, to the ECCB, pursuant to section 157 of the Proceeds of Crime Act (Cap. 4.04) as amended. Accordingly, the ECCB is now named as AML/CFT/CPF supervisory authority in Antigua and Barbuda, Commonwealth of Dominica, Grenada, Saint Lucia, Saint Vincent and the Grenadines and Montserrat.

The Bank also provided the following technical assistance to member countries:

- ☑ A comprehensive assessment of the ECCU financial system regarding AML/CFT risks, effectiveness of AML/CFT control and reporting systems, gaps between legal and regulatory frameworks compared with 2012 FATF recommendations, and proposed measures to improve control and reporting systems;
- ☑ Advice on appropriate tools, laws and regulations to reduce institutional and societal vulnerability to transnational financial crime associated with AML/CFT risks; and
- ☑ On-site training, to the relevant authorities in Montserrat, on the implementation of The World Bank AML/CFT regulatory framework.

Enhanced Prudential Supervision of Licensed Financial Institutions

The ECCB continued to conduct its on-site and off-site surveillance activities through the application of its risk-based supervision framework. The Bank conducted 10 prudential examinations and four information technology examinations utilising a hybrid approach of virtual and on-site examinations.

Off-site monitoring of LFIs' credit and liquidity risks, threats to earnings sustainability and capital adequacy, large credit exposures, corporate governance, and risk management, was also conducted.

The ECCB, in keeping with its mandate to protect the interest of depositors and creditors of First St Vincent Bank Ltd (FSVB), took the decision, effective 26 May 2023, to appoint Receivers in accordance with Section 138(1)(c) of the Banking Act, 2015 of Saint Vincent and the Grenadines (No 4 of 2015), as amended. The revocation of FSVB's Banking Licence was finalised in August 2023.

The ECCB oversaw the changes to the structure of the banking sector in the ECCU, including: National Bank of Dominica Limited's purchase of the performing loan book of First Caribbean International Bank (Barbados) Limited (FCIB) Commonwealth of Dominica branch, and Grenada Co-operative Bank Limited's purchase of certain assets, and the assumption of certain liabilities of the FCIB Grenada branch.

The Bank provided guidance to licensees regarding the following, inter alia:

- ☑ The invalidation of the 365-days write-off timeframe requirement within the Prudential Standard for the Treatment of Impaired Assets, for Institutions Licensed under the Banking Act, 2015, that sought to mitigate any material impact to LFIs' audited financial statements;
- ☑ The escalation process for timely execution of remedial action documents, that sought to mitigate non-compliance with the Banking Act; and
- ☑ The payment of dividends or transfers from profits, particularly where it would incur adverse implications for capital and liquidity.

Development and Issuance of Prudential Standards

The ECCB issued the following prudential standards, as part of its thrust to strengthen the resilience and robustness of the ECCU banking sector:

1. Management of Market Risk (effective 2 August 2023);
2. Stress Testing (effective 1 November 2023);
3. Capital Management: Basel II/III Definition of Capital and Pillar I Framework (effective 3 January 2024); and
4. Climate-Related and Environmental Risks (effective 1 March 2024).

The process of finalising the prudential standard for the Management of Interest Rate Risk in the Banking Book and the revision of the Liquidity Risk Management Guidelines is ongoing. The issuance of the Fit and Proper Standard, and the Prudential Standard on Corporate Governance remains contingent on the passage of the amendments to the Banking Act, 2015 in all member countries.

Credit Bureau

The Bank continued work towards strengthening the ECCU credit reporting regulatory framework and promoting the enactment of the ECCU Credit Reporting Bill in the member countries yet to do so. During the financial year, the licensed credit bureau, which is at a pre-launch stage, focused on executing subscriber agreements, data mapping and data extraction.

In October 2023, Anguilla enacted the Credit Reporting Bill. The Bill, which gives the ECCB the authority to supervise and regulate credit reporting in the currency union, is now enacted in all ECCB countries. In February 2021, the ECCB granted a licence to Creditinfo ECCU Limited to operate as a credit bureau and to provide credit reporting services in the ECCU. Creditinfo ECCU Limited has since rebranded and in July 2023, an amended licence was issued to reflect the name change to EveryData ECCU Limited.

The Credit Bureau is currently at the soft launch phase, during which credit information providers will be able to access credit reports without a fee. The Credit Bureau is expected to be fully operational by August 2024.

Modernisation of the Appraisal Standards in the ECCU

The Modernisation of Appraisal Standards in the ECCU project ended in 2023/24, with the submission of the report from the Royal Institution of Chartered Surveyors consultants.

Appraisal Standards, particularly in the context of the ECCU, establish the guidelines and requirements for appraisers to develop and report on their analyses, opinions, and conclusions of real estate being used as collateral. The standards also help to promote and maintain integrity and trust in the valuation profession.

The project was implemented in 2022 to address the rising non-performing loans (NPL's).

The overall objective of the project was to strengthen and harmonise the valuation standard and reporting frameworks within the ECCU. It also sought to increase the technical capacity of staff at financial institutions and regulatory authorities and establish a uniform approach and methodology for appraisals of real estate in the ECCU.

The scope of the project covered: (i) stakeholder mapping and engagements; (ii) delivery of training to ECCB staff, licensed financial institutions and regional appraisers, (iii) a review and update of the ECCU Prudential Standards; and (iv) recommendations for achieving consistency and increasing confidence in valuations.

> The Bank advanced its objective to establish a Deposit Insurance System for the ECCU financial system to protect small, less sophisticated depositors.

Deposit Insurance

The Bank advanced its objective to establish a Deposit Insurance System (DIS) for the ECCU financial system to protect small, less sophisticated depositors. The DIS will include deposit insurance legislation, a Deposit Insurance Corporation, and a Deposit Insurance Fund. Substantive feedback on the draft Deposit Insurance Policy and Bill was received from stakeholders throughout the financial year. The Bill will be finalised and submitted to the respective member countries during the 2024/25 financial year for enactment.

Implementation of ISO20022

The ECCB continued efforts towards its readiness for full implementation of the new International Organisation for Standardisation (ISO) standard (ISO20022) by November 2025, by ensuring that the requirements were adequately captured in the design of the new Banking solution.

This new standard for payment messaging will provide enhancements and improved efficiencies in the processing of financial transactions.

Greening the Financial System Initiative

The ECCB's commitment to building climate change resilience across the region strengthened focus on harnessing the power of the financial system to realise low-carbon transition in member states as work advanced on greening the financial system. The concept design for the planned regional Renewable Energy Infrastructure Investment Facility (REIIF/ Facility) was completed and approved, marking a critical step towards the materialisation of the Facility. The detailed design is currently underway and includes financing windows for technical support services, risk mitigation, integration infrastructure and results-based incentive mechanisms. The Facility is aimed at improving availability and access to finance to accelerate renewable energy deployment across the ECCU.

The Green Financial System Initiative comprises two components: (i) Multi-year projects on the development and implementation of an ECCU green finance strategy and action plan; and (ii) Climate risk assessment and stress testing tools and frameworks for the banking sector.

The ECCU Green Finance Enterprise Survey was launched in December 2023 in close collaboration with Central Statistical Offices across the region. The survey aims to assess the readiness of businesses for climate change. Data will be collected across all sectors in the ECCU on private sector: challenges, climate transition plans, mitigation and adaptation financing needs. The findings will inform the strategies to optimise the mobilisation of private capital, within and outside the ECCU, to finance the green economy transition.

Reserve Management

The Bank engaged in a comprehensive review of the foreign currency reserve management framework with the assistance of the World Bank's Reserves Advisory Management Partnership (RAMP) and an external consultant. The Bank's risk tolerance or appetite for losses was revisited in addition to establishing a link between reserve management and the Backing Ratio. The Backing Ratio serves as the preeminent metric which the Bank uses to measure the strength of the EC Dollar and is enshrined in the ECCB Agreement.

Capacity building in developing a more robust credit risk management framework was provided to the Risk and Analytics Unit by the World Bank's RAMP, to facilitate further operationalisation of the Unit's credit risk function. The Unit examined the current credit risk management framework of the Bank's reserve management function, and commenced the design of tools for use in measuring and monitoring the credit risk of the reserve portfolios.

Reserve Advisory and Management Partnership (RAMP)

The Reserve Advisory and Management Partnership is a program developed within the World Bank Treasury that delivers advisory services, hosts executive training, and provides asset management services—all within a global network of public asset managers.

The Partnership was established in 2001 and serves over 70 members, including mostly central banks as well as international financial institutions, pension funds and sovereign wealth funds. Together, RAMP members manage over $2 trillion of sovereign assets.

The ECCB became a member of RAMP in 2017.

More About RAMP

Signing of Memorandum of Understanding with the Agence Française de Développement - 10 November 2023. L-R: Senior Investment Officer, AFD - Lionel Lecrinier; Governor, ECCB - Timothy N. J. Antoine

Integrating Climate-Related Financial Risks in Financial Supervision

The ECCB built on its thrust to address climate-related financial and environmental risks in the ECCU, towards building resilience in both systems and operations in the region via the the Adapt'Action Facility for Integrating Climate-related Financial Risks in the Eastern Caribbean.

The Bank, with the financial support of Agence Française de Développement (AFD), engaged the services of a consulting firm to provide technical assistance to the national and regional regulators. The goal was to develop a supervisory framework for managing climate-related risks for the regional financial sector, especially the non-banks.

Phase II of the project was completed in October 2021 and involved raising awareness of the regulators, providing training, and developing a roadmap towards full integration of climate-related risks into financial supervision. The final leg of this phase of the project included a strategy round table discussion, held on 30 January 2024, with regulators from the non-bank financial sector (national regulators) across the ECCU, to discuss the way forward on the integration of climate-related risks into their risk-based supervision framework.

A2F Consulting conducted a readiness survey of the licensees of the national regulators, to understand their level of awareness and preparation for the monitoring and management of climate risks. Additionally, business associations, lending institutions, and insurance and investment companies separately participated in capacity building sessions, over the period 18 to 22 March 2024. A2F Consulting completed the following deliverables:

- ☑ A guidance report on strengthening the supervision of climate-related risks in the ECCU non-banking financial sector (December 2023); and
- ☑ A recommendation report on the preparation for implementing the next phase to develop the required framework and toolkit, to enable national regulators to assess, monitor, and supervise climate related risks facing NBFIs (January 2024).

Phase III will focus on conducting due diligence to inform the development of the stress testing and regulatory framework.

The three to five-year implementation roadmap will commence in 2024/25.

Additionally, in December 2023, the ECCB issued a prudential standard on climate-related and environmental risks, which came into effect in March 2024. The standard seeks to ensure that LFIs are better prepared to address risks related to climate change.

Regulators from the ECCU non-bank financial sector at the roundtable discussion on climate-related risks and risk-based supervision framework - ECCB Headquarters, Saint Christopher and Nevis - 30 January 2024

The ECCB also continued to collaborate with the Nationally Determined Condition (NDC) Partnership to host capacity building and institutional strengthening with LFIs.

An initial draft of the climate risk assessment report from the collection and analysis of bank-level data from LFIs, was received in October 2023. The report included an exposure/historical impact and scenario analysis, and a stress test assessing the hurricane impact on the portfolio of banks during 2017. The results pointed to a limited impact on the portfolio of banks in countries that were affected by hurricanes Irma and Maria.

The next phase involves: (i) a series of capacity building sessions for ECCB staff and the banking sector, for which a draft training programme was developed in February 2024; and (ii) the development of reporting templates and climate risk assessment model for the banking sector.

ESTABLISHMENT OF OFFICE OF FINANCIAL CONDUCT AND INCLUSION

Over the financial year, work continued towards the establishment of the Office of Financial Conduct and Inclusion (OFCI), which will have responsibility for supervising and regulating market conduct for LFIs which operate in the ECCU.

The main objectives of the OFCI are:

- Financial consumer protection;
- Promotion of market integrity;
- Maintenance of a competitive market environment; and
- Financial literacy and inclusion.

In February 2024, the Monetary Council granted approval and support for the creation of this new regulatory arm for the ECCB against the backdrop of public concern regarding financial contracts, fees and charges levied by commercial banks, and the overall fair treatment of financial consumers.

Drafting instructions were prepared and provided to the Legal Services Department to undertake financial market conduct and financial consumer protection which will be primary functions for the OFCI. Those instructions included:

- Rule-making powers;
- Oversight and monitoring powers;
- Market conduct surveillance and examination powers;
- Adjudication powers; and
- Enforcement powers.

Drafting of the legislation for market conduct regulation and supervision is ongoing and will be incorporated into the existing Banking Act, 2015. All retail banking products and services offered by LFIs will be covered in the legislation. The revised Banking Act will also include an Ombudsman who will be appointed to receive, review, investigate, and settle specified complaints against and resolve disputes with LFIs brought by financial consumers.

Consultation on the OFCI has begun with stakeholders including LFIs, Attorneys General, Chief Parliamentary Counsels and the Regulatory Oversight Committee, which comprises the eight national regulators for non-bank financial institutions across the ECCU, the Eastern Caribbean Securities Regulatory Commission and the ECCB.

The next steps required for the OFCI to become a reality include the finalisation of the draft legislation or amended Banking Act; reviews by stakeholders including the LFIs, ECCB Board and Monetary Council; a roadshow to discuss the legislation; the presentation of the legislation to the Attorneys General for passage and the development of market conduct standards.

The OFCI is expected to become operational during the last quarter of 2025 once the requisite legislation is passed by all ECCB Participating Governments by September of that year.

VIEW - Chief Director (Policy), Tracy Polius, outlines the functions and benefits of the OFCI

Regional Standards Setting Body

The creation of the RSSB will help to develop a set of uniform regulatory standards for supervision of the NBFI sector.

What are Standard Setting Bodies?
Standard-setting bodies are usually public entities that possess delegated authority to develop and issue standards to facilitate the effective operation or regulation of a sector.

The creation of the Regional Standards Setting Body (RSSB) will help to develop a set of uniform regulatory standards for supervision of the NBFI sector.

During the year, work advanced on the design of a framework that is 'fit for purpose' for regulation and supervision of the non-bank financial services sector. The Bank developed a conceptual model for a RSSB, which would serve as a regional integrated regulator for non-bank financial institutions. Under this model, regulations would be designed and established by the RSSB, while the national regulators would continue with supervision of the non-bank financial entities.

The Monetary Council approved the conceptual model in February 2024.

The Bank has commenced consultation with stakeholders on the establishment of the RSSB starting with presentations to LFIs under the Banking Act 2015.

Potential Advantages of the RSSB

- Enhance the regulation and supervision of the NBFS
- Create a level playing field by reducing the potential for regulatory arbitrage
- Improve the *'Doing Business environment'*
- Assist in the completion of the Single financial space
- Enhance the prospects for financial stability, thereby ensuring the financial sector contributes to balanced growth and development of the regional economies
- Promote greater collaboration across regulators

BASEL II/III IMPLEMENTATION

The ECCB continued its phased approach in the implementation of its Basel II/III capital framework, and attained the critical milestones listed below:

Implementation of Phase I/Pillar 1

Phase I of the implementation roadmap corresponds with Pillar 1 of Basel II/III- Minimum Capital Requirements. Following its integration of the new Basel II/III prudential return 16 (PR16) into the existing prudential reporting framework, the ECCB conducted two parallel runs over the periods July to September 2023 and November to December 2023, using data as at March and June 2023, respectively. The ECCB anticipates go live reporting by the end of the financial year 2024-2025, to complete implementation of Phase I. Thereafter, the ECCB will conduct targeted Basel II/III reviews at a sample of LFIs to ensure compliance with Pillar 1 requirements.

Implementation of Phase II/Pillar 2

Phase II corresponds with Pillar 2 of the implementation roadmap - Supervisory Review Process. In light of the challenges experienced by the reporting banks, the ECCB has granted three extensions for submission of the Internal Capital Adequacy Assessment Process (ICAAP), the last being to 30 September 2024. The initial due date was 24 November 2023. Work continued towards the finalisation of the framework for the ECCB's Supervisory Review and Evaluation Process (SREP) for Pillar 2 activities. Given the delays, the ECCB expects to implement Phase II of its roadmap fully by the end of 2025.

The ECCB will continue to conduct assessments and engage in industry consultation on the implementation of additional capital and liquidity measures including the capital buffers, Liquidity Coverage Ratio and the Net Stable Funding Ratio.

Implementation of Phase III/Pillar 3

Phase III corresponds with Pillar 3 (Market Discipline), and is dependent on information from Pillars 1 and 2. The ECCB will therefore finalise the framework to complete Phase III of its Basel II/III implementation roadmap in 2025.

Technical Assistance

The Caribbean Regional Technical Assistance Centre (CARTAC) conducted two workshops on the implementation of Pillar 2. Over the period 12 to 16 February 2024, CARTAC provided training to build supervisory capacity related to the review and evaluation of the LFIs' reports on the ICAAP. CARTAC also facilitated a capacity building session from 18 to 22 March 2024, on the SREP including techniques for the calibration of Pillar 2 capital requirements. In late 2024, the CARTAC will provide technical assistance for conducing the targeted reviews of Pillar 1 requirements.

Capacity Building/Industry Consultation

The ECCB's technical support to both internal and external stakeholders was ongoing. Bilateral engagements, which included industry sensitisation, were held with several LFIs, during the meetings of the Basel Working Group, which comprises ECCB staff and representatives from the LFIs to which Basel II/III apply.

Payment Modernisation and Financial Inclusion

A modern, safe and effective payment system aligned with international best practices, which increases accessibility to affordable financial products and services for the ECCU (to meet the diverse needs of stakeholders) through an updated legislative framework which is responsive to the emerging financial landscape and supports financial stability and the economic development of the ECCU.

The ECCB is keenly interested in nurturing a payment system environment to attract innovative payment services from non-bank service providers, in the interest of financial inclusion and the reduction in the use of cash.

Enhancing Payment System and Services

The ECCB has made significant strides in modernising the payment and settlements system in the ECCU.

Over the past 15 years, the payment services landscape has changed dramatically. The ECCB is keenly interested in nurturing a payment system environment to attract innovative payment services from non-bank service providers, in the interest of financial inclusion and the reduction in the use of cash.

The existing Payment System Act, 2008 lacks a licensing regime and does not make provision for emerging non-bank payment and settlement services that are being driven by financial technology. There is therefore no explicit legislation under which non-bank payment and settlement services can be licensed to operate.

The Payment System and Services Bill was developed in collaboration with the ECCU Attorneys General Offices and was finalised and submitted to member governments in February 2024 for enactment. The Payment System and Services (Licensing) Regulations were drafted and are under internal review.

The new legislation will accommodate and acknowledge the full scope of non-bank provision of payment services by defining types of licences; and making provision for the issuance of regulations; consumer protection and financial inclusion and innovation.

The objectives of the Bill are to:

1. introduce a comprehensive licensing regime calibrated to specific risks posed by the activities, through a new modular approach to regulation, that facilitates growth in innovation and financial inclusion;
2. broaden the scope of regulated activities to non-banks to accommodate a wider range of payment services and activities;
3. strengthen consumer protection;
4. engender confidence in the use of electronic payments; and
5. enhance safety and efficiency in the ECCU payment system.

The Bill applies to payment service providers including, licensed financial institutions and non-banks financial institutions.

In building out the oversight function of the payment and settlements system, the ECCB finalised its oversight policy framework and drafted manuals for: monitoring the payment and settlements systems; collecting, processing and managing information; assessing and managing payment system risks; and onsite examinations, in preparation for the proper oversight of Financial Market Infrastructures and payment service providers.

VIEW - Deputy Director, Financial Sector Supervision Department, Gillian Skerrit, explains the Payment Systems Modernistation Project

ECCU Payment System Oversight and Cooperation

The Bank continued its regulatory oversight of the operations of Financial Market Infrastructures (FMIs) within the ECCU, to ensure compliance with the Principles for Financial Market Infrastructure (PFMI) standards.

The Bank refined the enhanced Payment System Oversight Policy Framework, which was developed to support the public policy objectives of maintaining and promoting safety, efficiency and inclusivity in payments and settlement systems. Thereafter, the stakeholder engagement process commenced.

The transformation of the oversight framework was prioritised, building on the existing mechanisms for the execution of core oversight activities: monitoring, collecting and managing of data, inspections, and risk management. Manuals were developed under the Caribbean Regional Digital Transformation Project (CARDTP) to guide the execution of oversight activities including the following:

1. Monitoring the Payment and Settlement System;
2. Collecting, Processing and Managing Data and Other Information;
3. Conducting Oversight Inspections; and
4. Assessing and Managing Payment System Risks and Risk Models.

Additionally, the Bank developed Guidelines for the Designation of Payment and Settlements Systems in the ECCU and Criteria for Fit and Proper Persons. The Bank also undertook a Diagnostic Study of the Payment System Oversight Framework.

Real Time Gross Settlement System and Eastern Caribbean Automated Clearing House

The OECS Commission engaged a specialist consultant under the CARDTP, to conduct a review of the Real Time Gross Settlement System (RTGSS) and Eastern Caribbean Automated Clearing House (ECACH). The purpose of the review was to recommend upgrades to the payments system infrastructure, and to develop a technical blueprint for an Instant Payment System (IPS) for the ECCU. The consultancy commenced in mid-December 2023 and is expected to span a nine-month period.

Stakeholders' meetings were held over the period 19 February to 1 March 2024. The objective of the discussions was to engage stakeholders from across the ECCU to gather intelligence on the payments infrastructure, issues and challenges, and requirements. The meetings culminated in a two-day IPS workshop at the Bank's Headquarters for a broad section of public and private sector stakeholders, including government officials, financial market infrastructures (FMIs), LFIs and non-bank financial institutions (NBFIs).

Opening Access to the Eastern Caribbean Automated Clearing House

Engagements with the Caribbean Confederation of Credit Unions and ECACH to advance the initiative to allow access by credit unions to the ECACH are ongoing. The on-boarding of the Eastern Caribbean Central Securities Depository and a licensed NBFI to the ECACH is progress.

VIEW- General Manager, Eastern Caribbean Automated Clearing House - Philomena Lee - explains how the ACH works for the people of the ECCU

DCash: Pilot Closes in Prepartion for Transition to DCash 2.0

The Pilot

The ECCB's DCash Pilot ended in January 2024 following 34 months of live operation throughout the ECCU.

The Pilot provided the ECCB with critical insights into the requirements for the development, deployment, maintenance and management of a retail central bank digital currency (CBDC) for the ECCU.

The DCash Pilot tested a two-tiered retail system for the creation, issuance, circulation and destruction of a digital version of the Eastern Caribbean dollar. Within the Pilot the DCash - the digital version of the Eastern Caribbean currency - was minted by the ECCB and was issued by the ECCB only to financial institutions which then transferred DCash to their customers' consumer or merchant wallet. For non-bank DCash wallet holders, consumer wallets could be funded via DCash merchant tellers. All DCash transactions were recorded on a private permissioned distributed ledger, with each DCash wallet keeping a local history of all DCash transactions by the individual user, separate from the blockchain ledger for all users, and thereby preserving the users' data privacy.

The design choice to develop a system built on distributed ledger technology was validated by the Pilot. The Pilot's platform had high availability throughout the Pilot except for a platform service interruption in 2022. Transaction settlement finality, platform security and speed of transactions remained consistent throughout the Pilot, with average transaction settlement time of under seven seconds per transaction.

The participation of a cross-section of the ECCU population illustrated use cases for which a retail CBDC may offer compelling value to the financial system; those use cases included, among others, use of DCash in support of intra-regional commerce; day-to-day small value spending; and use of DCash in support of the creative and digital economies. The Pilot also highlighted a number of imperatives including eco-system development which a commercial CBDC deployment must address for impact and recurring usage.

Financial institution participation remained high throughout the Pilot as financial institutions provided critical support for DCash distribution and user onboarding.

The Pilot closed with a total of 21 financial institutions - 10 credit unions and 11 commercial banks - voluntarily participating. Notwithstanding strong financial institution participation, motivating user adoption required continuous strategic thinking. The challenges posed by user adoption have emphasised the importance of user-centric design in planning for the future commercial deployment of the DCash system.

Looking Ahead - DCash 2.0

Building upon the lessons of the DCash Pilot, the ECCB has commenced requirements gathering for DCash 2.0 with the issuance in December 2023 of a Request for Vendor Information. The RFI has generated responses from a high number of technology developers including CBDC-technology industry leaders.

The ECCB will continue requirements gathering for DCash 2.0 with stakeholder engagements to include fintech developers, ECCU governments and financial institutions, ahead of issuance of a Request for Proposal in 2024.

COMING SOON

DCash 2.0

We're excited to announce the upcoming transition to DCash 2.0 This version is expected to be a more advanced and user-friendly iteration, enhancing utility for customers, developers, businesses, and financial institutions. DCash 2.0 is anticipated to be launched in the next 18 to 24 months.

DCash

An ECCB Initiative

Connecting Our Region...
Transforming Lives

Financial Literacy and Financial Inclusion Survey

The ECCU financial behaviour score was 6.0 out of 9.
3 in 5 adults met the minimum target score of 6 out of 9 for financial behaviour.

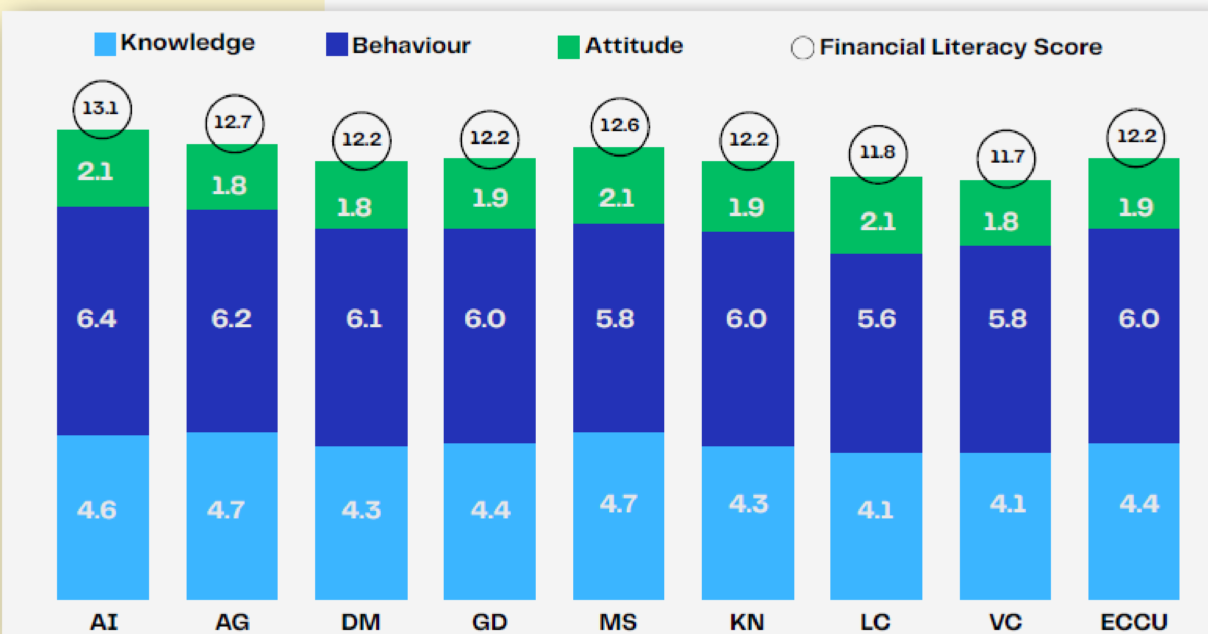
The ECCU financial Knowledge score was 4.4 out of 7.
1 in 2 adults met the minimum target score of 5 out of 7 for financial Knowledge.

The ECCU financial attitude score was 1.9 out of 4.
1 in 5 adults met the minimum target score of 3 out of 4 for financial attitude.

The ECCB launched the results of the first ECCU Financial Literacy and Financial Inclusion Survey in September 2023. The results of this survey provided a gauge of the public's awareness of, access to, and use of, financial products and services.

Financial literacy was low across all ECCU countries. An overall financial literacy score of 61.0 per cent highlights low levels of financial literacy across all ECCU countries. The overall financial literacy score was 12.2 out of a maximum of 20. The derived financial literacy score ranged from a minimum value of 0 to a maximum of 20. Scoring the maximum of 20 suggests that an individual has acquired a basic level of understanding and use of finance.

Chart I - Overall Financial Literacy Score and Components



The financial literacy score is obtained by adding the scores of financial knowledge, financial behaviour and financial attitude. The Financial Literacy scores suggest room for improvement across all countries in financial knowledge, behaviour and attitude.

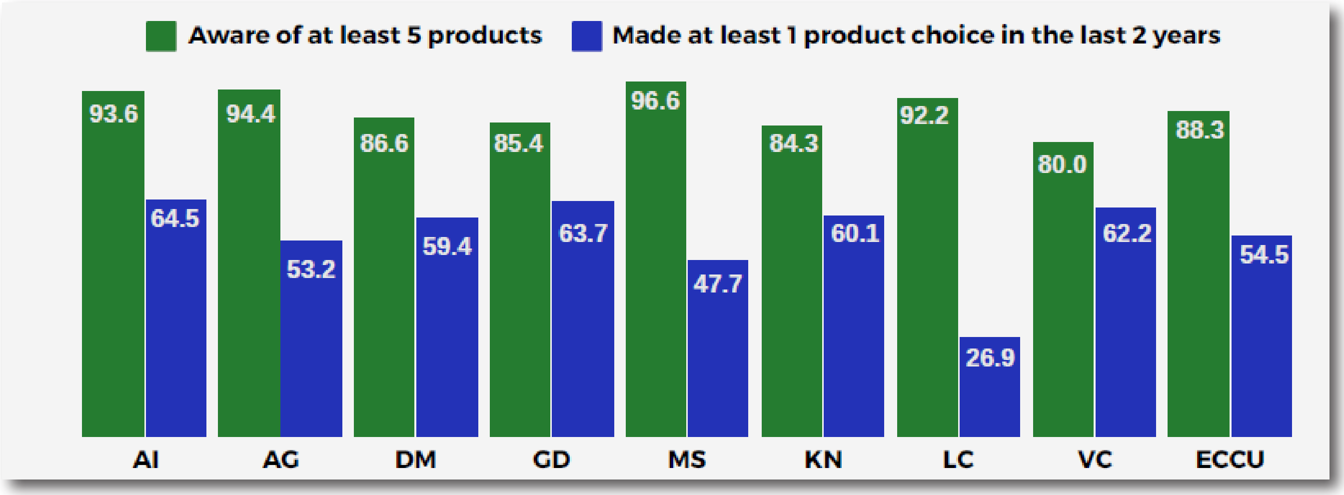
In the ECCU, the financial literacy score ranged from 11.7 in Saint Vincent and the Grenadines to 13.1 in Anguilla. The ECCU Financial Knowledge score was 4.4 out of 7; 1 in 2 adults met the minimum target score of 5 out of 7 for financial knowledge. The ECCU Financial Behaviour score was 6 out of 9; 3 in 5 adults met the minimum target score of 6 out of 9 for financial behaviour. The ECCU Financial Attitude score was 1.9 out of 4; 1 in 5 adults met the minimum target score of 3 out of 4 for financial attitude.

Financial product awareness was relatively high, while use was relatively low across the ECCU. Financial Inclusion provides insights into the extent to which respondents are active financial consumers. Financial inclusion was measured by respondents' awareness, holding/choice and use of financial products. Product awareness was relatively high across all countries; however, the use of these products was relatively low. The survey results show that 88.3 per cent of respondents were aware of at least 5 of 18 financial products, while 54.5 per cent chose at least one of these products in the two years preceding the survey. Product awareness was highest in Montserrat and lowest in Saint Vincent and the Grenadines.

The overall financial literacy scores in the ECCU varied across socioeconomic and demographic groups. Higher income earners tended to have higher levels of financial literacy, while those without internet access had the lowest levels. There was very little, to no gender gap in financial literacy, across the countries.

The joint survey of Financial Literacy and Financial Inclusion was executed with the financial support of the World Bank funded CDTP, which is coordinated by the OECS Commission.

Chart II - Indicators of Products Use and Awareness - per cent of positive responses



Read the full Financial Literacy and Inclusion Survey Report

Environmental, Social and Corporate Governance

We have succeeded in influencing our stakeholders to become environmentally and socially responsible and aware of their roles in growth and development through our governance practices.

The Bank collaborated with the United States Treasury Department to convene technical meetings on Citizenship by Investment Programmes, under the theme: "Strengthening Cooperation to Protect CBI Programmes in the Eastern Caribbean".

An assessment of the Bank's 2022 - 2026 Strategic Plan indicates that the Bank is on track to achieve its strategic objectives in 2026. Notably, three of the 17 initiatives undertaken during the strategic period, namely: the Strategic Management Performance Solution, the Implementation of the New ECCB Website and the Administration of the Financial Inclusion and Literacy Survey were successfully completed. In addition, the Campus Greening initiatives continues ahead of schedule with the installation of external LED lights. During the strategic period, the Bank is expected to undertake a comprehensive analysis to determine the expected financial impact of the project – mainly on the Bank's energy cost.

Six initiatives (35.0 per cent) are currently on track, which includes the passage of the Credit Reporting Bill, the licensing of the Every Data Credit Bureau, to operate in all member countries and sharing of data with seven LFIs.

Two initiatives (12.0 per cent) are currently off track their scheduled progress but are still anticipated to be completed within the strategic period. Six initiatives (35.0 per cent) of the total are delayed in implementation. There is increased ongoing emphasis to ensure that the strategic risks identified from delayed and off-target projects are mitigated to ensure that the Bank's Strategic Plan is successfully implemented.

The first semi-annual issuance of the comprehensive Customer Satisfaction Survey was completed. The Customer Satisfaction Survey was conducted to gauge the opinions and experiences of ECCB's valued customers regarding its products and services. While there are some areas warranted immediate attention for improvements, the results indicated overall, there is a high level of satisfaction (85.0 per cent) with products and services, service quality (86.0 per cent), positive sentiment (91.0 per cent), and a high likelihood of continued patronage and recommendations from customers (92.0 per cent).

Youth XPress

The Bank strengthened its outreach to young people in its member countries through the production of two new series of its youth-focused, video series dubbed 'YouthXpress'. YouthXpress highlights youth-related issues and to provide a platform for youth to express themselves about matters of importance to them.

'Youth in the Creative Industry' and 'Youth in Government' were the areas of focus for the two seasons released during the financial year. The interviews featured young people actively involved in those areas, sharing their experiences and advice.

View the Youth Xpress Series

Team Grenada
3rd ECCB International Netball Series Champions

Netballers from across the ECCU met in Antigua and Barbuda for the 3rd ECCB International Netball Series, held from 29 September to 7 October 2023. The Antigua and Barbuda Netball Association hosted the competition, in partnership with the Caribbean Netball Association, with the ECCB as the main sponsor.

Teams representing seven of the eight ECCB member countries, namely, Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia, and Saint Vincent and the Grenadines participated in the tournament. Guest teams from Barbados and the Cayman Islands also participated for international ranking.

Team Grenada emerged winner of the series, capturing the Gloria Ballantyne Championship trophy.

The 4th ECCB International Netball Competition is scheduled to be held in Saint Lucia in 2024.


View matches and events from the 3rd ECCB International Netball Series

2023 Financial Information Month Festival

The ECCB collaborated with 140 partners from across the ECCU to plan and execute the 2023 Financial Information Month (FIM) Festival.

The FIM Festival initiative is an annual regional education campaign focused on financial, economic, business and entrepreneurial matters. The campaign was first executed in 2002.

‘Wealth Creation for Financial Resilience’ was the area of focus for FIM Festival 2023. The month kicked off with the usual Declaration Speech, which was delivered by the Chief Director (Policy), Tracy Polius.

FIM Festival partners organised and successfully implemented various activities, with the goal of empowering citizens and residents of the currency union to manage their finances and make sound financial decisions.

The activities which embodied two sub-themes: (i) Adopting Good Financial Behaviour and (ii) Managing Your Financial Stress: Building Resilience, included:

1. Financial Fairs;
2. Mini Investment Series;
3. Financial Tips on social Media and Radio;
4. Public Speaking Competition;
5. School Outreach at the Pre-school, Primary and Secondary Levels;
6. Live Television and Online Discussions;
7. Interactive Radio Programmes;
8. Youth Forum;
9. Fitness Events; and
10. Collaboration and/or Partnerships with other Organisations and Government Ministries.

Check out the FIM Festival Facebook Page

2023 Bank of the Year Awards

Governor Antoine presents Award to Republic Bank (EC) Ltd and Republic Bank (Grenada) Ltd

Governor Antoine presents Award to National Bank of Dominica Ltd

Governor Antoine presents Award to National Commercial Bank of Anguilla Ltd

Governor Antoine presents Award to Bank of Saint Lucia Ltd

The ECCB presented the 2023 Bank of the Year Awards in November 2023. The Awards recognise the work of commercial banks in the ECCU and the outstanding contributions they make to the overall development of the people they serve.

Eight commercial banks submitted 25 entries across the five judged categories. The selection of the recipients involved the participation of the public via online voting, which was facilitated via the ECCB's Facebook page.

The Awards were presented as follows:

- Corporate Social Responsibility – **Republic Bank (EC) Ltd**
- Customer Service – **National Bank of Dominica Ltd**
- Financial Education and Empowerment – **National Commercial Bank of Anguilla Ltd**
- Technological Innovation – **Bank of Saint Lucia Ltd**
- Support to Micro, Small and Medium Enterprises (MSMEs) – **Republic Bank (Grenada) Ltd**

> You've done well, and I want to encourage you to continue the good work that you are doing and we will continue in the strong spirit of partnership which we currently enjoy and must continue to endure".
>
> *~ Governor Antoine*

VIEW - 2023 Bank of the Year Awards Ceremony

ECCB Supports Innovation in Science and Engineering

2023 ECCB Student Programme for Innovation in Science and Engineering Scholarship Recipients: L-R: Rakeem McFarlane - Grenada; Halei Douglas - Saint Vincent and the Grenadines

The ECCB has from 2016, provided sponsorship for 15 students from the ECCB member countries to benefit from the Student Programme for Innovation in Science and Engineering (SPISE).

The Caribbean Science Foundation (CSF) administers the SPISE programme, which is one of its initiatives offered to Caribbean high-school students, aged 16 to 18, who are gifted in Science, Technology, Engineering and Mathematics (STEM) and are interested in studying and exploring careers in these disciplines.

According to the CSF, SPISE is an intensive five-week residential summer programme, and is a clone of the MIT Introduction to Technology, Engineering, and Science (MITES).

The long-term goal of the SPISE programme is to help diversify the economies of the Caribbean region and raise the standard of living of the people by stimulating more technology-based entrepreneurship within the region. The programme also aims to increase the low numbers of Caribbean students pursuing advanced degrees in science and engineering.

The ECCB-sponsored students for the 2023 cohort of the SPISE programme were: Halei Douglas, a student of the Saint Vincent and the Grenadines Community College and Rakeem McFarlane, who attends the TA Marryshow Community College in Grenada.

ECCB Children's Connection Radio Programme

The ECCB continued to reach and teach children across the currency union through the ECCB Children's Connection radio programme, which debuted in 2021.

The programme targets children ages of five to 12 and is designed to help increase their understanding of everyday financial and economic issues. It also supports their overall personal development. However, adults are part of the listening audience and continue to laud the programme.

The 30-minute programme is aired monthly on radio stations in each ECCB member country. The hosts, along with a youthful co-hosts, take listeners through a principal lesson, a value lesson component and a learning and retention segment; children are given the opportunity to call-in and answer questions based on the principal lesson. Winners receive prizes and their photos are posted on the ECCB's Facebook page.

The topics covered during the year included: Globalisation, Investing, and Spending Money Wisely.

ECCB Connects: Who We Are. What We Do. How We Serve You.

The ECCB continued to engage and reach the people of the ECCU and the world, through its award-winning communication initiative, *ECCB Connects*. The programme is a public education series produced by the Bank to provide the public with insight into the role and functions of the ECCB, and offer information about financial and economic issues.

The programme first aired in April 2016 and to date 318 episodes have been released. Over the financial year, 37 new episodes were produced over three seasons. The programmes are produced in three-month seasons throughout the year, with new episodes released weekly via the ECCB's social media platforms and on select television stations across the ECCU. The Bank has garnered a following of over 23,000 across its social media platforms, which include Facebook, YouTube, WhatsApp, LinkedIn and X.

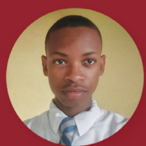
Some of the topics covered during the year were:

- ☑ Opening and Managing a Bank Account
- ☑ Credit Reporting in the ECCU
- ☑ Creating, Managing and Protecting Your Wealth
- ☑ Improving the Ease of Opening a Bank Account; and
- ☑ Good Financial Behaviour

2023 Creative Youth Competition

AGE 13 - 16

1st Place - L-R: Hannah Archibald, Lonya Bullock and Keosha Burke Saint Vincent and the Grenadines



2nd Place - Samuel Roberts Grenada

3rd Place - Faith Gibson Antigua and Barbuda

A trio: Hannah Archibald, Lonya Bullock and Keosha Burke of the St Joseph's Convent in Saint Vincent and the Grenadines, emerged winners in the 13-16 age category of the 2023 Eastern Caribbean Central Bank/Regional Security System - Asset Recovery Unit (ECCB/RSS-ARU) Creative Youth Competition. Tafawa Pierre of the T A Marryshow Community College in Grenada captured the top spot in the 17-19 age group.

The 2023 ECCB/RSS-ARU Creative Youth Competition focused on song writing. Students from the ECCB member countries were invited to submit original compositions and accompanying videos on one of the following topics:

- ☑ Social Media Influencing Our Behaviour;
- ☑ Re-arrange to Address Climate Change; and
- ☑ Make Food Security Our Priority.

Budding artistes from 11 secondary schools in the ECCB member countries submitted 23 songs. The winning prize in both categories was a student grant of EC$3,000.00. The winning schools were awarded a development grant of EC$2,000.00, while the teachers responsible for mentoring the winners received a financial token of appreciation. The winning pieces were also featured on the ECCB@40 album.

Second and third places winners in the respective categories, along with their related schools and teachers, were also awarded cash prizes and grants.

By popular demand, song writing is the focus for the 2024 Competition. The topics are:

- ☑ Food Security for the Caribbean;
- ☑ My Vision for the Eastern Caribbean Dollar; and
- ☑ Mental Health of Teens and Young Adults.

The ECCB hosted a virtual information session in January 2024 to help the students with the preparation of their submissions. Song writing expert, James Harrigan from Anguilla, and Dominican recording artiste, Trilla-G facilitated the sessions.

AGE 17 - 19

1st Place - Tafawa Pierre Grenada

2nd Place - Rene Smith Saint Lucia

3rd Place - Denisha Mitchell Grenada

Participants at the CBI Technical Meetings Held in Miami, Florida, USA, 26 - 27 October 2023

CBI Technical Meetings

The Bank collaborated with the United States Treasury Department to convene technical meetings on Citizen by Investment Programmes (CBI/CIP) in Miami, Florida, USA, over the period 26 - 27 October 2023. The meetings were held under the theme "Strengthening Cooperation to Protect CBI Programmes in the Eastern Caribbean". That event brought together the Chairmen and Chief Executive Officers of the ECCU's Citizenship by Investment Units, as well as representatives from the OECS Commission, CARICOM IMPACS, ECCB and US Treasury. The parties recognised the significant role that the CBI Programmes play in the economic development of the countries and reaffirmed their shared commitment to safeguarding the integrity of the programmes against misuse by illicit actors. The discussions focused on the CBI countries' progress on the implementation of the Six CBI Principles agreed to by the Heads of Government at the historic US-Caribbean Roundtable on CBI held in Saint Christopher (St Kitts) and Nevis on 25 February 2023, and on crafting a way forward.

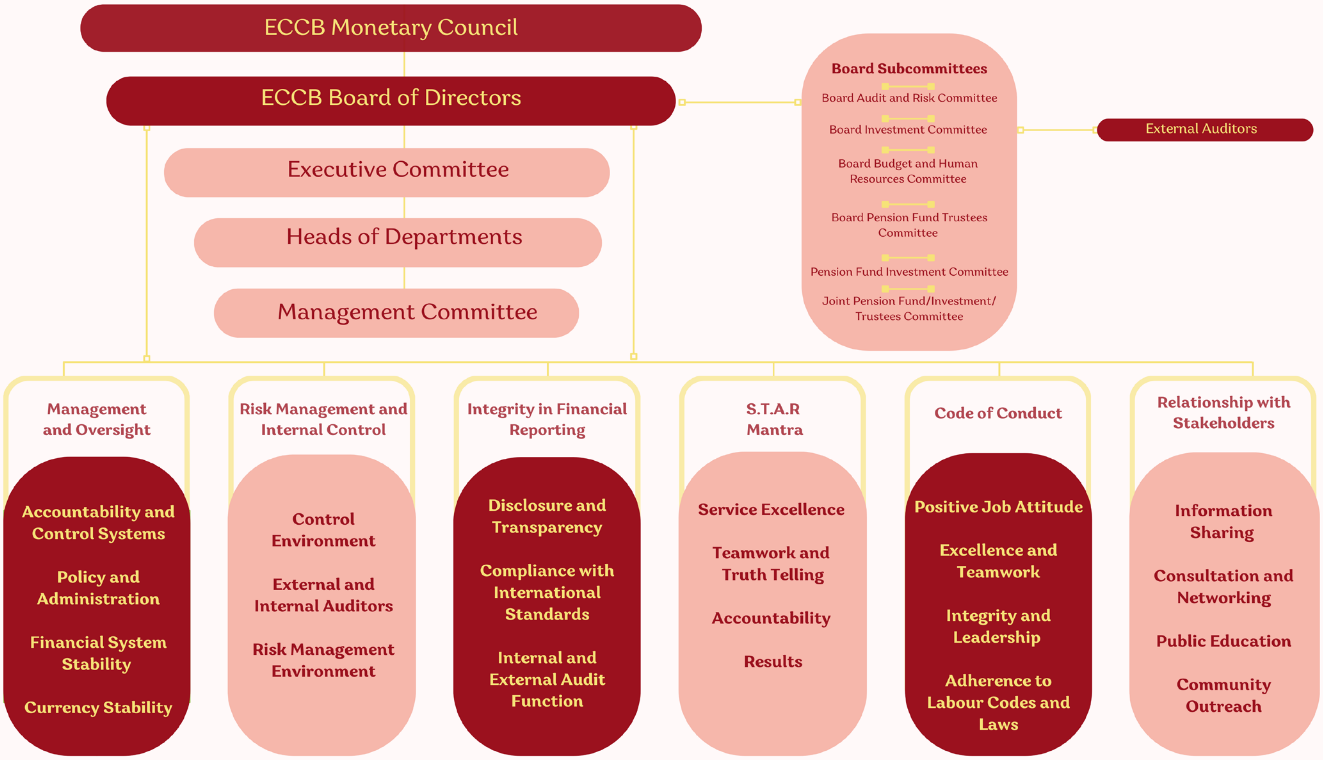
Spring Meetings of The World Bank Group and International Monetary Fund

The ECCB participated in the 2023 Spring Meetings of The World Bank Group and the International Monetary Fund (IMF) in Washington DC over the period 11-14 April 2023. The delegation was led by Governor, Timothy N. J. Antoine. The ECCB delegation engaged in bilateral discussions with various stakeholder groups, from the World Bank Group, the IMF, the Bank for International Settlements, Crown Agents, the United States Treasury Department, and academia. The delegation leveraged the opportunity to advocate on behalf of the region on several critical issues such as: climate finance, correspondent banking relations, Citizenship by Investment Programmes, financial literacy and financial inclusion, and payments.

Annual Meetings of The World Bank Group and International Monetary Fund

The Bank attended the 2023 Annual Meetings of The World Bank Group and the IMF, which convened in Marrakech, Morocco in October 2023, under the theme: "Global Action, Global Impact." The Bank used the opportunity to bolster its networking and advocate for capacity building in several strategic areas for the development of the ECCU.

CORPORATE GOVERNANCE FRAMEWORK



Members of the ECCB Monetary Council and Governor of the ECCB, Timothy N.J. Antoine (L-R): Hon Dr Ellis L Webster (Anguilla); Hon Gaston Browne (Antigua and Barbuda); Hon Dr Irving McIntyre (Commonwealth of Dominica); Timothy N.J. Antoine (Governor, ECCB); Hon Camillo Gonsalves (Saint Vincent and the Grenadines); Hon Joseph Farrell (Montserrat); Hon Philip J Pierre (Saint Lucia); Hon Dr Terrance M Drew (Saint Christopher (St Kitts) and Nevis); Hon Dennis Cornwall (Grenada)

The Eastern Caribbean Central Bank (ECCB) is guided by best practices of corporate governance and the Bank is committed to ensuring that this attribute is preserved in its operational procedures and processes.

The ECCB's Corporate Governance Framework is reinforced by the following pillars:

1. Firm foundation for management and oversight;
2. Proactive and sound risk management and internal controls;
3. Integrity in financial reporting;
4. Code of Conduct that endorses ethical values; and
5. Reciprocal relationship with stakeholders.

The Corporate Governance Framework is directed by:

1. The ECCB Agreement Act, 1983 (as amended) and the Banking Act, 2015;
2. The Corporate Governance Principles for the Organisation of Eastern Caribbean States (OECS);
3. The legal and regulatory framework of the ECCB member countries; and
4. Best practices in the local and international arena.

The framework promotes accountability; ensures that appropriate control systems are developed and are operationalised to address related risks; and fosters innovation through critical thinking and problem solving in pursuit of the Bank's objectives.

Administration and Management

Monetary Council

TThe Monetary Council is the highest decision-making body of the Bank and constitutes the eight Ministers with responsibility for the Ministry of Finance within the ECCB Participating Member Governments.

Chairman, ECCB Monetary Council, Member for Saint Vincent and the Grenadines, the Hon Minister for Finance, Camillo Gonsalves

The ECCB Agreement, Article 7 (1) allows for each Minister to designate an Alternate, who must also be a minister of government, to serve in his/her stead during the absence of the Council Member.

Chairmanship of the Monetary Council

The Chairmanship of the Monetary Council is held for one year and is rotated among Participating Member in alphabetical order.

Honourable Camillo Gonsalves, Minister for Finance and Member for Saint Vincent and the Grenadines, is the current Chairman and assumed the position on 21 July 2023. The Ceremony to Mark the Change in Chairmanship, during which Minister Gonsalves was recognised as the new Chair of the Council, was held in-person at the Beachcombers Resort and Spa, Saint Vincent and the Grenadines. Following the Ceremony, the 105th Meeting of the Monetary Council convened at the Sun Set Shores

Hotel. Subsequent to the Council meeting, Minister Gonsalves engaged media personnel and presented the Communiqué of the 105th Meeting of the Monetary Council. Minister Gonsalves will hand over the Chairmanship in July 2024 to the Council Member for Anguilla.

New Monetary Council Member

Honourable Dennis Cornwall, Minister for Finance, Government of Grenada, was welcomed to the ECCB Monetary Council in 2023.

By virtue of acquiring the portfolio of the Minister with responsibility for Finance, and in keeping with the Articles of the ECCB Agreement Act, the Honourable Minister was appointed to the Monetary Council effective 3 April 2023.

Meetings of the Monetary Council

Statutory Meeting Dates

Article 7 (2) of the ECCB Agreement states, "The Council shall meet not less than twice each [calendar] year to receive from the Governor the Bank's report on monetary and credit conditions and to provide directives and guidelines on matters of monetary and credit policy to the Bank and for such other purposes as are prescribed under this Agreement."

Monetary Council Meetings are held on a calendar year basis. The ECCB Monetary Council Rules further clarify the location for meetings:

- ☑ **February**: At the principal office of the Eastern Caribbean Central Bank, Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis;
- ☑ **July:** In the country of the Participating Government whose representative is due to assume Chairmanship of the Council; and
- ☑ **October:** Via videoconference or other approved medium from the Bank's Headquarters in Saint (St Kitts) and Nevis to the offices of the respective Council members or Alternate members.

2023 Meetings of the ECCB Monetary Council

- 105th Meeting - 19 July 2023, (Face-to-Face) Saint Vincent and the Grenadines
- 106th Meeting - 20 October 2023 (Virtual)

Ministerial Subcommittee on Insurance Meetings

The Ministerial Subcommittee on Insurance, a subcommittee within the ECCB Monetary Council, is chaired by Honourable Gaston Browne, Prime Minister and Minister for Finance, Antigua and Barbuda. The Chair is supported by Honourable Dr Irving McIntyre, Minister for Finance, Commonwealth of Dominica; and Honourable Camillo Gonsalves, Minister for Finance, Saint Vincent and the Grenadines.

The Ministerial Subcommittee guides the work of the Monetary Council on policy matters affecting the insurance sector. The Committee oversees the implementation of the decisions taken by the Monetary Council pertinent to the regulation, supervision and rationalisation of the insurance sector. Meetings are convened on a calendar year basis.

In 2023, one Meeting of the Ministerial Subcommittee on Insurance was held virtually on 3 April 2023.

The Board of Directors

The powers of the Bank are vested in the Board of Directors. The Board of Directors is responsible for the policy and general administration of the Bank. According to the ECCB Agreement Act Article 8 (2), "The Board shall have power to make, alter or revoke regulations, notices and orders for the purpose of giving effect to the provisions of this Agreement." The Board of Directors is responsible for submitting recommendations to the Monetary Council on such matters as the external value of the EC dollar; the denomination, composition, form and design of the currency to be issued; the terms and conditions for temporary advances to participating governments and interest rates.

Appointed Directors are required to consider the interests of all the members of the ECCU in their decision-making process.

Composition of the Board of Directors

The Board consists of the Governor, Deputy Governor and one Appointed Director endorsed by each participating government. Appointed Directors are recommended for terms not exceeding three years and are eligible for re-appointment. Recommendations of individuals to serve on the Board are presented to the Monetary Council for ratification. The Governor and the Deputy Governor are appointed by the Monetary Council for a period not exceeding five years and are eligible for re-appointment.

The Governor

The Governor serves as Chairman of the Board of Directors. As Chief Executive Officer of the Bank, he is responsible to the Board for the implementation of policies, the day-to-day management of the Bank and is required to attend all meetings of the Monetary Council.

The Governor has the authority to act, contract and sign instruments and documents on behalf of the Bank, and may by resolution of, and to the extent deemed appropriate by the Board, delegate such authority to other officers.

The Deputy Governor

In accordance with the ECCB Agreement, "During the absence or disability of the Governor or during any vacancy in the office of the Governor, the Deputy Governor shall exercise the powers and duties of that office. The Board shall make provision for the simultaneous absence or disability of the Governor and the Deputy Governor." Like the Governor, the Deputy Governor is to devote the whole of his/her professional time to the service of the Bank while holding office.

Meetings of the Board of Directors

The Board is required to meet as often as the business of the Bank may require but not less than once every three calendar months. During any given calendar year, the Board convenes four meetings. Five Appointed Directors at any meeting constitute a quorum.

Six subcommittees assist with the execution of the mandate of the Board:

1. Board Audit and Risk Committee;
2. Board Investment Committee;
3. Board Budget and Human Resources Committee;
4. Pension Fund Trustees Committee;
5. Pension Fund Investment Committee; and
6. Joint Pension Fund Trustees and Investment Committee.

In accordance with Article 13 (1) of the ECCB Agreement Act, the Board of Directors convened the statutory number of meetings during the calendar year 2023.

29 June 2023, (Face-to-Face) Saint Christopher (St Kitts) and Nevis:

- ☑ Board Audit and Risk Committee
- ☑ Board Investment Committee
- ☑ Board Budget and Human Resource Committee (Plenary and Caucus Sessions)

30 June 2023 (Face-to-Face) Saint Christopher (St Kitts) and Nevis:

- 189th Meeting of the Board of Directors (Plenary and Caucus Sessions)

7 September 2023 (Virtual):

- Board Audit and Risk Committee

8 September 2023 (Virtual):

- Board Investment Committee
- 190th Meeting of the Board of Directors (Plenary and Caucus Sessions)

25 January 2024 (Virtual):

- ☑ Board Audit and Risk Committee
- ☑ Board Investment Committee
- ☑ Board Budget and Human Resource Committee

26 January 2024 (Virtual):

- 191st Meeting of the Board of Directors

7 March 2024 (Virtual):

- Board Audit and Risk Committee

8 March 2024 (Virtual):

- 192nd Meeting of the Board of Directors

Special Meetings of the Board of Directors

The ECCB Agreement Act, also makes provision for the Board of Directors to convene special meetings to address specific matters of the Bank. Two Special Meetings of the Board of Directors were held in 2023:

- 8 June 2023 (Virtual) - Special Meeting of the Board Audit and Risk Committee; and
- 9 June 2023 (Virtual) - First Special Meeting of the Board of Directors.

Risk Management and Internal Control

The Board Audit and Risk Committee (BARC) continued to provide guidance to the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process; and to provide a system of internal controls, risk management, and compliance monitoring with laws and regulations, and the Code of Conduct. Specific to the work of the Committee, consultations were held with the Bank's Risk Management team, other officers, and the Internal Audit Department.

The BARC comprises the following Appointed Directors:

1. John Skerritt, Chairman - Appointed Director for Montserrat
2. Hilary Hazel, Deputy Chair - Appointed Director for Saint Christopher (St Kitts) and Nevis
3. Kathleen Rogers - Appointed Director for Anguilla
4. Edmond Jackson - Appointed Director for Saint Vincent and the Grenadines

External Auditors

The ECCB engaged a new auditing firm in October 2022. PricewaterhouseCoopers (PwC) was approved as the Bank's external auditor for the periods 31 March 2023, 31 March 2024 and 31 March 2025 following an external auditors selection process, which commenced in June 2022.

The function of the external auditor is to conduct an annual audit of the Bank to provide the assurance that the financial statements fairly represent the Bank's financial position. The external auditor further reports to the Board Audit and Risk Committee on its findings and recommendations.

Integrity and Financial Reporting

Disclosure and Transparency

In keeping with international best practices, and in accordance with statutory requirements, the Bank publishes its statement of assets and liabilities on a monthly basis and the audited annual financial statements by the end of June each year.

Compliance with International Financial Reporting (IFR) Standards

The Bank continued to remain IFRS 9 compliant and pursued and implemented strategies/ processes to stay abreast with iterations in these Standards.

Code of Conduct

The Bank's overriding Code of Conduct is encapsulated in its value statement as follows: "The Bank values a results-focused approach in delivering timely, relevant and high quality output for the benefit of the people of the ECCU." The behaviour of management and staff is governed by various policy documents including:

1. The Eastern Caribbean Central Bank Corporate Governance Charter;
2. Conflict of Interest Policy;
3. Media Relations Policy;
4. Information Systems and Security Policy;
5. Eastern Caribbean Central Bank Staff Regulations;
6. The ECCB's Guide – Protocol, Diplomacy and Etiquette;
7. Energy Management Policy; and
8. Financial Regulation.

Human Resource Management

The Bank is governed by the labour codes and laws of each of its participating member countries. The oversight of the Bank's human resources is delegated to the Human Resource Department. The management of human resources is informed by polices and guidelines which conform to international conventions and standards pertaining to human rights, equal employment opportunity and working conditions. The Internal Audit Department helps to maintain the integrity of the human resource management process by ensuring that the Bank complies with stipulated policies and procedures.

Relationship with Stakeholders

Stakeholder Involvement

The Bank sustained its engagements with stakeholders as the region continued its emergence from the COVID-19 pandemic. Meetings were held virtually and in person during the year under review. Networking and consultative meetings were convened as scheduled. Based on the terms of reference, networking and consultative meetings are held biannually, while others are held on an annual basis. The meetings allowed for continued productive stakeholder engagement, welcoming a cross section of participants from the various institutions. The meetings further presented the opportunity for stakeholders to share their work programme and activities post COVID-19, while allowing for a restoration of face-to face

Governor Antoine (5th from left) along with participants of the Annual Meeting with ECCU Chiefs/Commissioners of Police held at ECCB Headquarters, 17 November 2023

networking engagements. The networking and consultative meetings were convened at an individual institution/group level allowing for institution-based lessons learnt to be shared and for responses to be used at the national and regional levels.

Meetings convened virtually in 2023 were:
Consultative Meetings

1. Meeting of the Regulatory Oversight Committee
2. Meeting with ECCU Financial Secretaries
3. Meeting with Licensed Financial Institutions
4. Joint Meeting with Attorneys General and Chief Parliamentary Counsels
5. Meeting with ECCU Development Banks

Networking Meetings

1. Joint Meeting with Comptrollers of Inland Revenue and Customs
2. Meeting with ECCU Directors of Social Security Systems
3. Joint Meeting with Accountants General, Directors of Audit and Directors of Budget
4. Meeting with ECCU Directors of Statistics
5. Meeting of the Regional Debt Coordinating Committee
6. Meeting with ECCU Heads of Policy and Economic Units

The following meetings were held face-to-face in Saint Christopher (St Kitts) and Nevis:

- 16th Meeting with Licensed Financial Institutions (Consultative)
- Annual Meeting with ECCU Chiefs/ Commissioners of Police (Networking)

Corporate Social Responsibility

The ECCB continued to recognise its corporate social responsibility to the people of the region - a responsibility that is preserved in its mandate to promote a sound financial structure, conducive to the balanced growth and development of its member states (Article 4 (3), ECCB Agreement, 1983). The Bank's execution of, and continued efforts to expand its public relations and community outreach programmes, embody this corporate social responsibility.

Digital and Data Transformation

A model central bank utilising secure digital technology to deliver value to stakeholders in order to promote the ease of doing business and strengthen collaboration.

Guided by the view that “together we can achieve more” in 2023, the ECCB began collaborating with Ministries of Education, STEM teachers and Caribbean technology service providers to support Summer STEM Camps focused on 4th and 5th Industrial Revolution skills for secondary school students.

New Website

The ECCB published a new and modern version of its website on 12 July 2023. The primary objective of the upgrade was to create an interactive and more user-friendly interface, accessible across all platforms and devices.

The new website features an interactive statistics module that provides monetary, financial and economic data on all the ECCB member countries. In addition to featuring a more streamlined and sleek design, the updated website is responsive and easier to navigate. Users can also subscribe to receive new content and updates from the ECCB.

Integrating Modern Technologies in Policy Design

Through its research efforts, the Bank has begun to integrate modern technologies in policy design. Given the importance of tourism in the region, having an early indicator of tourism performance is important, the Bank developed a model to forecast tourism in the ECCU using Google trends data.

The Bank successfully incorporated base year 2018 GDP data in its statistical enterprise solution, which relies on the Statistical Analysis System (SAS) software. The statistical enterprise solution was also updated to accommodate mergers and acquisitions of banks as well as enhancements to data reporting templates and statistics.

The ECCB provided training and technical assistance to various financial institutions in the classification of financial accounts, as well as in and the requisite protocols for submission of data through its statistical enterprise solution. That was aimed at ensuring accurate financial reporting and compliance with submission protocols when using the SAS software.

The ECCB collaborated with the developers of the SAS software in revolutionising data processing within ECCB’s statistical enterprise solution. With the exponential increase in the volume of data collected from various data providers, coupled with the ECCB’s commitment to having data readily available, the Bank implemented Python data programming in SAS, which drastically reduced data processing time.

The ECCB made greater use of technology to pull data to its website using an Application Programming Interface (API). This improvement resulted in a more interactive statistics module, facilitating seamless integration and real-time access to information.

Implementation of Data Analytics Tools

In an effort to improve the Bank’s data analytics capabilities, the Bank now has access to more data analytics tools. Posit Package Manager and Posit Workbench are two of the new tools.

Check the ECCB’s New Website

Project BOOST

Project BOOST was launched to address the limitations of the Bank's current Enterprise Resource Planning (ERP) system with a target completion date of 31 March 2025. This initiative aims to Build On Opportunities for Sustained Transformation (BOOST) by implementing a new system that will significantly improve operational efficiency and effectiveness. The project will also enhance transparency, accountability, and data-driven decision-making.

Greening of the ECCB Campus: An Award-Winning Project

The commissioning of the storage battery plants to the solar farm, resulted in the reduction in total electrical costs by 75.0 per cent, compared to the financial year 2021/22.

The battery plant produced 970 kW AC of electricity for use on Campus, leading to approximately 3,440,000 lbs of CO2 reduction in emissions for the financial year. The CO2 emissions reduction over the 30 year PV System lifetime is projected at 103,200 tons.

The Honourable Minister responsible for Energy in the Government of Saint Christopher and Nevis, Konris Maynard, along with officials from the Energy Unit visited the ECCB's Solar Canopy Project in November 2023 as part of efforts to advance the country's renewable energy agenda.

Minister Maynard expressed gratitude to the ECCB for its willingness to share knowledge and insights of the operations of the project.

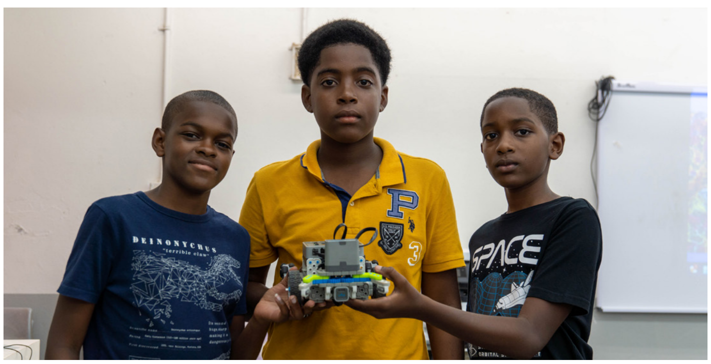
ECCB Sponsors STEM Camps Targeting 4th and 5th Industry Revolution Skills

It is recognised that the present formal education system in the ECCU provides primary and secondary school students limited or no access to coding, programming, generative AI, robotics and other foundational fourth and fifth industrial revolution (4IR and 5IR) skills.

Guided by the view that "together we can achieve more" in 2023, the ECCB began collaborating with Ministries of Education, Science, Technology, Engineering and Mathematics (STEM) teachers and Caribbean technology service providers to support Summer STEM Camps focused on 4th and 5th Industrial Revolution skills for secondary school students. Those skills are required for the region to achieve Sustainable Development Goals related to quality education (SDG 4).

The ECCB's goal is to advance technology education, to facilitate future imaginative and innovative technology workers, thereby ensure the delivery of a workforce that is fit for the future of work.

In 2023, almost 400 high school students across the eight ECCB member countries attended camps in robotics, App and web development hosted by the St Kitts and Nevis Robotics Association, Orbtronics, Create Caribbean and Innovate My World.



Organisational Effectiveness and Development

- ☑ *A highly skilled, competent and engaged staff focused on service excellence, teamwork, credibility, accountability and results;*
- ☑ *We operate an environment which supports staff wellbeing, innovation, technology and creativity; and*
- ☑ *We meet the needs of our clients and stakeholders through the delivery of timely, accurate and cost-effective services.*

ECCB@40


ECCB Announces 40th Anniversary Stamp Competition Winners
5-11 Category
Vedant Shetty
Age: 6 years
Saint Vincent and the Grenadines
12-17 Category
Mea Emmanuel
Age: 12 years
Saint Lucia
18 and Over Category
Maxanne Rock
Saint Vincent and the Grenadines
ECCB@40: A Year of Celebration & Implementation
Special Commemorative Digital Magazine | March 2024
ECCB@40
Scan to Read
ECCB'S VIRTUAL MUSEUM MAKES THE BANK'S RICH HISTORY AND LEGACY ACCESSIBLE
Multimedia content includes videos, photographs and newspaper clippings
SCAN TO VIEW
Viewing is recommended on either Google Chrome or Firefox.

ECCB@40: A Year of Reflection, Celebration and Implementation

The ECCB held a year-long 40th anniversary extravaganza in 2023, featuring a bevy of activities, events, initiatives and public education programmes that shone a spotlight on its storied past, distinguished service and remarkable achievements.

From simulcast live events to commemorative banners and tree-planting ceremonies, the ECCB made its presence felt in all eight member countries of the ECCU and included public participation in the wide-ranging ECCB@40 anniversary line-up. Events aired live on regional radio and TV included: the 19 January launch of the ECCB@40 Anniversary Celebrations at the Sir Cecil Jacobs Auditorium; the launch on 14 April of the ECCB@40 song, ECCB 40, Feel de Riddim!, performed by Colton T; the launch of the 40th Anniversary Commemorative $2 Dollar Note on 1 December; the 25th Sir Arthur Lewis Memorial Lecture on 7 December; and the ECCB@40 Lecture Series that focused on the ECCU's colourful economies.

Several outstanding first-time events and initiatives were also held, such as: the "Did You Know" radio and social media series; Global Conference held in collaboration with the Central Banking 2023 Autumn Meetings; the Reflections and Conversations social media series; regional Youth Parliament Debate; regional Youth Symposium; ECCU School Quiz; and launch of the Virtual Museum. The ECCB Chorale released its highly anticipated and well-received debut album titled ECCB@40 – Celebration and Thanksgiving. The spectacular ECCB@40 Creative Arts and Island Night Festival, as well as the Anniversary Church Service, Family Fun Day, Gala and Awards Ceremony, and Thank You Fête publicly showcased and recognised the versatile talents and exceptional hard work of ECCB staff, retirees and 40th Anniversary Committee Members led by ECCB@40 Chair, Deputy Governor, Dr Valda F. Henry.

The dazzling ECCB@40 Gala and Awards Ceremony, held on 9 December, notably acknowledged the exemplary contributions of key figures in the history of the central bank, including Saint Kitts and Nevis' First Prime Minister and first Living National Hero, Dr the Right Excellent and Right Honourable Sir Kennedy Alphonse Simmonds. Sir Kennedy received special recognition as the sole surviving signatory of the ECCB Agreement signed on 5 July, 1983, and for his vision and exemplary contribution.

Read: ECCB@40 Magazine for more highlights from the ECCB's 40th anniversary celebrations

Organisational Effectiveness remained a critical strategic pillar for the Bank. It was under that pillar that the Bank undertook its people-focused work during the review period. People were the strongest asset in the execution of the Bank's vision and mission, as staff worked tirelessly to achieve targets.

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

Staffing

Staff were encouraged to demonstrate the ethos of the Bank's S.T.A.R. Mantra (Service Excellence, Teamwork and Truth Telling, Accountability, Results) and embody the core values therein, as they worked together purposefully to accomplish the Bank's mission.

During the year, there were 14 staff departures, including three retirees. The turnover rate, excluding the retirees was 4.07 per cent and a corresponding retention rate of approximately 96.0 per cent.

Meaningful engagement of staff and understanding their needs remained high on the Bank's agenda. Small cross sectional group sessions dubbed, "Coffee and Conversations with HR", continued monthly with Those opportunities provided nuggets of information and suggestions as employees safely shared their views and recommendations on varied employment related matters. Additionally, the anonymous virtual Think Tank remained vibrant and provided another avenue for sharing feedback, concerns and recommendations. The aim was to understand employees' needs and meet or exceed them, while balancing the organisational requirements.

Recruitment

In the provision of service excellence to the people of the region, the Bank strives to have representation of the people it serves. The Bank therefore engaged suitably qualified ECCU citizenry to select the brightest and best, welcoming and onboarding 17 new members to the ECCB community, with placement in eight of 14 departments.

Learning

Opportunities for improved learning, building capacity and performance enhancements were embraced through carefully selected management initiated training areas, including, leadership development, data analytics, risk management, artificial intelligence, and climate resilience. Staff also continued to benefit from staff initiated offerings such as reimbursement for the cost of completed studies, and time off/ support within the approved guidelines. Self-paced learning continued through the access of available programmes on the Bank's learning

"Opportunities for improved learning, building capacity and performance enhancements were embraced through carefully selected management initiated training areas, including, leadership development, data analytics, risk management, artificial intelligence, and climate resilience.

management system that covered a myriad of topics for knowledge and skill building, as employees vied for top spots on the completion leaderboard.

Internships

The Bank provided mutually beneficial opportunities for internships during the year with 16 interns being integrated into the ECCB workforce. Interns gained valuable and relevant work experience and insights into the Bank's operations, while providing service and contributing to the ECCU. Seven of the interns operated within the Bank's flagship Bright Sparks Internship Programme which provides tertiary level students with professional experience in the Information Technology (IT) industry, while preparing them to make impact through technology.

"The option to telecommute for a specified period based on a compelling need, remained available as a work option, demonstrating the institutions proactive response to an ever-evolving work environment.

Compensation and Benefits

The Bank maintained its thrust to review carefully, the design and implementation of its compensation system and benefits, to ensure that it could competitively attract and retain employees. Over the last year, the ECCB engaged Korn Ferry consultants in select activities that underpinned and supported the agreed compensation and benefit recommendations. Significant strides have been made and the aim is to fully address all applicable recommendations by the end of the 2024-2025 financial year.

The ECCB's benefits include a defined pension plan under the guidance of its Board of Trustees. This year saw the implementation of a reduced pension vesting period from 10 to five years with the option for a deferred pension from the early retirement age of 55. That was a significant change allowing for greater flexibility and options for pensionable staff upon their departure.

As a caring institution, alumni wellbeing is always paramount. Following careful consultation with its actuaries, the Bank welcomed the opportunity, effective 1 January 2024, for the approval and implementation of a tiered increase of monthly pensions for pensioners who retired prior to 1 April 2022. The minimum earning used to calculate pensions was also increased by 50.0 per cent to ensure a livable minimum pension. Those increases were geared towards assisting with cushioning the impact of inflation over the years.

Health and Wellness

The Bank sustained a flexible work approach that supported greater work/life balance, focusing on the the health and wellness of its employees. Free access to counselling services through two qualified providers remained available to staff to support their mental health needs. Staff maintained a hybrid work schedule with two remote and three in office days, and the option of flexible eight-hour workdays with specific time bands. The option to telecommute for a specified period based on a compelling need, remained available as a work option, demonstrating the institutions proactive response to an ever-evolving work environment.

Members of ECCB Staff Association receive 2023 Healthy Business Challenge 1st place award from Chief Medical Officer

Participating in and the capturing of first place in a Healthy Business Challenge (HBC), an annual initiative of the St Kitts Ministry of Health, also formed part of the key health and wellness initiatives of the Bank. The HBC assessed participating institutions in three categories- healthy eating, physical activity and overall health and wellness.

In October 2023, staff and spouses participated in a free on- site health screening initiative in collaboration with the St Kitts and Nevis Ministry of Health, Wellpoint Medical & Oncology, and the Windsor University School of Medicine. The initiative offered the option for breast screening and general health screening.

INTERNAL AUDIT FUNCTION

Over the financial year, assurance was provided on Project BOOST, the project that oversees the replacement of the Bank's current Enterprise Resource Planning (ERP) solution. Two staff members were assigned fulltime to monitor the project's deliverables and escalate any risks that were materialising.

An audit of the Regional Governments Securities Market (RGSM) was conducted. The purpose of the audit was to evaluate the effectiveness of the processes utilised in the management of the RGSM, and to assess the efforts made towards its further development. The specific objectives were as follows:

- ☑ Determine whether the roles and responsibilities for the management of the RGSM were clearly defined and effectively executed;
- ☑ Evaluate the efficiency and effectiveness of the operations of the RGSM; and
- ☑ Assess the development of the RGSM for compliance with strategic direction and best practice.

The RGSM is a local currency bond market developed in November 2002, for the primary issuance of government debt securities for the ECCB participating governments. The RGSM also provides a cheaper financing alternative for the member governments.

The RGSM is of strategic importance to the development of the region as it provides more sustainable and diversified financing for the ECCU governments, while expanding investment opportunities for regional and international investors.

An internal audit of the Payment System Development and Oversight function was conducted over the review period. The ECCU payment system encompasses all payments, settlements, and depository activities, processes, mechanisms, infrastructure, institutions, and users within the ECCU.

The purpose of the audit was to determine whether the development and oversight function was compliant with the Committee on Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO) responsibilities for central banks, market regulators and other relevant authorities. The specific objectives were as follows:

- ☑ Assess the Payment System Development and Oversight Unit's (PSDOU) compliance with the relevant industry standards and frameworks;
- ☑ Ascertain the progress made towards the implementation of the payments system strategy, vision and work programme, and whether the work programme was in line with the strategic objectives and best practices; and
- ☑ Determine the adequacy of the structure, staffing and other resources to accomplish the function's objectives.

One major audit geared at increasing the Bank's operating effectiveness in Crisis Management was conducted. Crisis management involves strategic planning and responses to unexpected events and threats and assists in preventing, mitigating and responding to various crises. In the increasingly volatile business environment, the Bank must not only prepare for, but accept crises. Since the COVID-19 pandemic, there has been an increased need for organisations to become more resilient in the management of crises. The purpose of the audit was to compare the Bank's Crisis Management Structure with the International Organisation for Standardisation (ISO) 22361:2022 to determine compliance with the international best practices. The results will be discussed with all stakeholders in the upcoming period.

COMPLIANCE AND RISK MANAGEMENT

Compliance

The Bank approved its Compliance Management System (CMS) Framework Policy during the final quarter of the 2022-2023 financial year. The Framework Policy states that the Bank and its management are committed to conducting its business activities in accordance with all applicable laws, regulations, policies and ethical standards. This seeks to ensure individual accountability in a manner that will enhance the Bank's achievement of its strategic goals. The main objectives of the CMS are to establish the procedures required for effective compliance with the laws, regulations, internal policies, and international standards of best practices which govern/guide the operations of the Bank; and minimise any risks and negative impacts associated with non-compliance. The implementation of the compliance management system has commenced and is expected to be completed over this strategic period.

Risk Management

The Bank has commenced preparations for the implementation of the Key Risk Indicator (KRI) Framework to aid in greater clarity in the risk management process.

The KRI framework is an output of the Bank's Risk Management Framework. It is geared at further enhancing the risk management function across the Bank and it is expected to be fully implemented by the second quarter of the upcoming financial year.

Additionally, the Bank has developed an Operational Risk Incident Reporting Framework, which will allow all staff to anonymously report on any event which had, or could have had (near-miss), a negative financial, business or reputational impact on the ECCB.

The Bank also prepared, approved and implemented Recruitment and Selection Policy and Procedures guidelines, as well as Internship

Policy and Procedures. These were intended to effectively guide those processes which impact both internal and external stakeholders. Revised telecommuting and hybrid policies were also approved during the review period.

Business Continuity Management

The Bank commenced the implementation of the IT Recovery Strategy as part of its Business Continuity Management System (BCMS) policy implementation. The final stage was deferred to the last quarter of the upcoming financial year, due to the required testing of a remote access solution on the Bank's new Enterprise Resource Planning System. Once completed, the Bank will undertake the testing and exercising of the Scenario Plans for departments and subsequently finalise the attendant business continuity plans.

The BCMS policy was reviewed and updated to incorporate the requirements from the latest standard for BCMS ISO 22301:2019.

AML/CFT/CPF TRAINING AND SENSITISATION

Quarterly Newsletter

The AML/CFT/CPF Newsletter is an informative platform for engagement on the Bank's AML/CFT/CPF work programme, developing ML, TF and PF risks, as well as providing updates on legislative changes and industry guidance. Among the topics featured in new publications during the 2023-2024 financial year were: medicinal cannabis; virtual assets; deepfake – implications for compliance; cybersecurity awareness; artificial technology; romance fraud; and work programme and legislative updates.

Virtual Learning Campus

As part of its ongoing initiatives towards training and raising ML/TF/PF risk awareness amongst stakeholders, the ECCB launched its AML/CFT/CPF virtual learning campus on 12 September 2023.

The ECCB assigns mandatory webinars for completion by its ECCB Association of Certified Anti-Money Laundering Specialists (ACAMS) Enterprise Members on a quaterly basis. The objective is to ensure that topical areas based on identified deficiencies and new and merging ML/TF/PF risks are covered by enterprise members. LFIs were therefore required to complete webinars for the period September 2023 to March 2024, on a range of topics that dealt with risk assessment components, beneficial ownership, strategies for dealing with high risk customers and sectors, anti-financial crimes and typologies, risk methodologies and prioritisation, and solutions for resolving alert backlogs.

Industry AML/CFT Training

The Bank, in keeping with its AML/CFT/CPF supervisory remit, conducted the following virtual AML/CFT/CPF training sessions:

1. Risk Assessments and AML/CFT Governance Structures (Saint Vincent and the Grenadines);
2. National Risk Assesement and Sectoral Assessment for the Domestic Banking Sector (Saint Vincent and the Grenadines);
3. The Ease of Account Opening – the training outlined measures to be implemented to facilitate the ease of opening bank accounts and measures to facilitate the application of simplified customer due diligence measures; and
4. Virtual Assets Service Providers (VASPs)

and the Role of LFIs – the training defined who are VASPs, discussed LFIs' potential exposure to virtual assets and VASPs, and discussed the the role of LFIs in the management of risk posed by VASPs.

Caribbean Development Bank Mentorship Programme

The ECCB's AML/CFT Mentorship Programme aimed to harmonise the approach to the conduct of risk- based AML/CFT/CPF examinations across the various ECCB member countries and built on the World Bank's risk-based approach to AML/CFT Supervision and Monitoring Toolkit, is ongoing. This programme is funded and supported through the Caribbean Development Bank's (CDB's) technical assistance project, "Improving Integrity and Financial Transparency of the Eastern Caribbean Currency Union".

Montserrat was the sixth ECCB member country to benefit from the ECCB's AML/CFT mentorship Programme, from 10-21 July 2023. The ECCB assisted the Financial Services Commission (FSC) in Montserrat with conducting a risk-based AML/CFT/CPF examination at an LFI. As part of the engagement, the ECCB also conducted training sessions on AML/CFT/CPF governance and core examination areas with the FSC.

Participants of the ECCB's AML/CFT Mentorship Programme held in Montserrat: July 2023

The Commonwealth of Dominica, Saint Lucia, Grenada, Saint Vincent and the Grenadines, Saint Christopher (Kitts) and Nevis, benefited from the mentorship programme in the 2022-2023 financial year.

Strengthening the Supervisory Regime

Mutual Evaluation Assessments

The ECCB contributed towards the 4th Round Caribbean Financial Action Task Force (CFATF) Mutual Evaluation process of ECCU countries. Over the review period, the CFATF completed its 4th Round Mutual Evaluation Report (MEVAL) for Saint Vincent and the Grenadines with a culmination of its on-site assessment over the period 20 – 31 March 2023. The ECCB contributed to the completion of the relevant technical compliance and effectiveness questionnaires, and participated in interviews with the CFATF.

CFATF Re-Ratings

Saint Lucia presented its 3rd follow-up report at the 57th meeting of the CFATF Plenary, held in November 2023. The ECCB currently serves as a member of the National Anti-Money Laundering Oversight Committee (NAMLOC), and contributed to the technical re-ratings for Saint Lucia. Saint Lucia achieved technical compliance re-rating upgrades of 'compliant' and 'largely compliant' for 20 recommendations.

VIEW - More about ECCB's AML/CFT/CPF work

Stakeholder Engagements

Following Montserrat's transfer of supervisory authority for AML/CFT for LFIs to the ECCB, on 26 January 2024, the ECCB facilitated a handover meeting with the Financial Services Commission (FSC) of Montserrat to discuss its supervisory action plan for the domestic banking sector.

In congruence with the immediate outcomes of effectiveness and its collaboration and cooperation mandate, the ECCB continued to engage in various discussions with ECCU national regulators. Over the review period, the ECCB contributed to the work of the NAMLOCs for the respective member countries on which it serves - the Commonwealth of Dominica, Saint Lucia, Saint Vincent and the Grenadines, and Saint Christopher (St Kitts) and Nevis.

NAMLOCs remain vigilant in monitoring the efforts of agencies to address the outstanding deficiencies outlined in the 4th round MEVALs, as the ECCU countries prepare for subsequent CFATF follow-ups and the 5th round MEVALs.

The ECCB also continued to provide policy advice through its representatives on the Boards of the Grenada Authority for the Regulation of Financial Institutions, the AML Commission in Grenada, the Financial Services Regulatory Commission in Saint Christopher (St Kitts) and Nevis, and the Financial Services Authority in Saint Vincent and the Grenadines.

ECONOMIC SURVEILLANCE

The Bank, continued to harness the power of data and data visualisation tools into its outputs and analysis. In that regard, key areas included: Country Surveillance; Publications; Technical Support to Member Countries; and Enhancing Collaboration in Policy-Making.

Country Surveillance

The Bank remained dedicated to promoting balanced growth, economic stability and development in all member countries. It continued to monitor and analyse national, regional and international economic developments to support member countries in designing meaningful policies. The surveillance output continued to contribute to policy discussions and decisions both within the Bank and with member countries. Those insights included presentations and contribution to the Bank's Reserve Management Committee (RMC) meetings, collaboration with counterparts of member countries as well as collaboration with other regional and international colleagues.

The Bank's staff provided technical support to member countries during IMF Article IV missions and staff visits. Given the uncertainty in the global environment from the ongoing Russian-Ukraine conflict and continued geopolitical tensions throughout the financial year, the surveillance function became particularly critical to help the Bank assess the emerging risks, and analyse economic policy challenges to facilitate coordinated policy action.

Publication and Information Dissemination

The ECCB continued to provide the public with access to timely and objective information, to assist with economic decision-making through economic reports. Bi-annual Economic and Financial Reports (EFR) were prepared and published on the Bank's website. The reports sought to present a concise, pertinent and objective account of macroeconomic developments in all eight-member countries and the wider region, which may help citizens and businesses make informed and strategic economic decisions.

Technical Support to Member Countries

The ECCB, as part of its overall mandate for balanced growth and development, through staff missions, continued to engage a range of stakeholders: representatives of banks, civil society and business leaders to gain a deeper appreciation of economic conditions, which would better inform the policy-making at both the national and regional levels.

Bank staff continued to undertake several supportive initiatives by offering technical assistance to member countries, through missions and participation in committees such as Fiscal Responsibility Oversight Committees (FROC) in member countries. Those technical committees are intended to monitor member countries' compliance with national fiscal rules and targets. The technical assistance came in the form of technical advice and support through publications.

Given the risks from fiscal and debt challenges following the COVID-19 pandemic, the Bank also participated in several technical assistance missions geared toward enhancing debt management. Those included Commonwealth Meridian Implementation Missions, aimed at assisting member countries in the migration of their debt databases to the Commonwealth Secretariat's web-based software application. The software is a comprehensive solution that promotes effective debt management by offering new and advance functions and features; and allows for integration, with payment systems Society for Worldwide Interbank Financial Telecommunication (SWIFT) already in use in member countries.

Networking and Collaboration in Policy-Making

The Bank continued to collaborate with country, regional and international partners to inform the policy-making framework. Networking meetings were convened between the Bank and representatives of Policy Units, Inland Revenue and Customs Departments, and Directors of Statistics of member countries and to keep them informed of the economic policies and trends across the ECCU and to allow member countries to share best practices.

The rise of Artificial Intelligence (AI) and other forms of digitalisation has prompted concerns about the future of jobs in both advanced and emerging markets. This has exacerbated labour market issues from the COVID-19 pandemic. Skills and job trends continued to evolve worldwide, with an increasing focus on more technical workers. During the preceding year, inflation also impacted workers' discretionary incomes.

Those emerging trends and policy challenges prompted the Bank to initiate policy discussions and undertake initiatives in those areas with regional policy counterparts, including:

- ☑ a discussion on AI's potential impact on labour market dynamics;
- ☑ An article on strategies to assist member governments in preparing for the AI revolution; and
- ☑ Engagement with stakeholders in Anguilla to explore the policy implications of the fiscal windfall from the sale of .ai domains.

Other areas of focus during the year included training of staff in the IMF's Debt Dynamics Tool (DDT) and the preparation of DDT reports for several member countries. The reports detailed the debt situation within member countries and provided a framework to monitor how member governments are progressing towards the 60 per cent Debt-GDP target by 2035.

Monetary and Financial Statistics

The ECCB continued to provide timely, reliable and accessible monetary and financial statistics to various stakeholders - locally, regionally and internationally. In addition to fulfilling ad hoc data requests, statistics were published on the ECCB's website.

The Bank, as part of its efforts to enhance organisational effectiveness and development in statistics, implemented additional data integrity and variance checks within its statistical enterprise solution. Those measures were put in place to enhance the quality and accuracy of data collected and reported by the ECCB.

The Bank strengthened the capacity of its staff in data related areas, through training in the following:

- ☑ BASEL II/III;
- ☑ Compilation of Financial Soundness Indicators; and
- ☑ GDP Now Casting Framework.

The ECCB also began publishing selected data on individual commercial banks within the ECCU, aimed at empowering data users by allowing them to view and compare statistics across commercial banks as well as against national and ECCU averages.

National Accounts and External Sector Statistics

The External Sector Statistics (ESS) for the period 2022, with projections for 2023 and 2024 were compiled and disseminated. As part of that exercise, surveys were administered to regional and international organisations on behalf of the ECCU countries.

In-country compilation missions were executed from July to November 2023. The missions' estimates were disseminated via the ECCB's website and the IMF's Integrated Collection System (ICS) on 31 December 2023. Quarterly external sector indicators were also published on the Bank's website.

In addition, the Bank prepared and published the External Sector Statistics report for the ECCU on the results of the 2022 survey. Those surveys were conducted by member countries and the ECCB. That report marked the beginning of a series aimed at enriching data insights into the external sector statistics produced for the member countries.

The long-standing, back-casting project to compile the Balance of Payments (BOP) estimates for the period 2000-2013, in accordance with IMF BOP 6th Edition was

> "The Bank, as part of its efforts to enhance organisational effectiveness and development in statistics, implemented additional data integrity and variance checks within its statistical enterprise solution.

completed and published on the ECCB's website, and the IMF's ICS. For clarity and transparency, a technical note on the back-casted estimates was also prepared and published on the ECCB's website.

ECCB staff participated in the CARTAC missions aimed at enhancing the ESS through the training of compilers within the ECCU and through stakeholder engagements to discuss and address existing data gaps and coverage issues. The ECCB also collaborated with partner agencies (OECS Commission, CARICOM and United Nations Conference on Trade and Development-UNCTAD) on trade in services projects in the region, aimed at enhancing statistics for evidence-based policymaking and strengthening economic resilience. Continued collaboration on those projects is anticipated.

Dissemination of revised BOP, International Investment Position Statistics and Trade in Services Statistics, with projections up to 2024, were released in March 2024.

Furthermore, the Bank focused on the revision of the Gross Domestic Product (GDP) forecasts for 2023 to 2025. The Bank collaborated with staff in most of its member countries to host consultative discussions on the GDP forecasts in January 2024 and the roll-out of the rebased GDP with base year 2018. The GDP estimates will be rebased using a 2018 base (reference) year, corresponding to the fixed price structure, to more appropriately reflect the existing structure of ECCU economies. During the financial year Antigua and Barbuda became the third member country to convert its GDP series to base year 2018.

The National Accounts and SAS Team advanced the extensive exercise to incorporate the base year 2018 GDP data into the SAS economic database. During the consultative meetings with the ECCU Directors of Statistics in May 2023, member countries were again encouraged to release their Base Year 2018 GDP estimates on completion.

The Bank, to support macro-economic analysis, conducted the Bi-annual Business Outlook Survey (BOS) in July 2023 and January 2024. The BOS infographic is disseminated to the public via social media and emailed to major stakeholders.

As part of its data dissemination and awareness campaign, the Bank released its monthly infographic on comparative fuel prices in the ECCU. Given the focus and importance of Food Security and the 25 by 25 Agenda in the region, work on the Import Bill Tracker also intensified during the year. The fuel information and the Import Bill tracker data are widely used internally and externally to inform policy discussions.

INFORMATION TECHNOLOGY AND SYSTEMS

Society for Worldwide Interbank Financial Telecommunications (SWIFT) Customer Security Program (CSP) Assessment and Attestation

As part of the SWIFT Customer Security Controls Framework (CSCF), users of SWIFT are required to attest that in-place SWIFT architecture and components align with the CSCF on an annual basis. SWIFT also requires that an independent assessment supports this yearly attestation. In the year under review, an external entity performed this independent assessment allowing ECCB to attest at the end of the calendar year that information security controls implementations were in alignment with what is defined by the SWIFT CSCF.

Enhancement of Backup and Recovery Infrastructure

The Bank upgraded its backup infrastructure to strengthened its cyber security posture and backup infrastructure against cyberattacks, as well as guaranteed that the ECCB Backup and Recovery Policy is fully implemented.

Dedicated Helpdesk

The Bank established the Helpdesk Unit with the purpose of providing first-level IT support. This centralised support model increased operational effectiveness, expedited the resolution of user issues, and enhanced client customer service.

Implementation of IT Policies and Procedures

The Bank has made significant progress on its IT policy framework during the financial year. The ECCB Board of Directors approved five new IT policies. The focus for the coming year will be on fully implementing these policies to improve the Bank's security posture.

Cybersecurity Awareness

To strengthen the Bank's cybersecurity posture, several awareness initiatives were implemented throughout the financial year. Those included: publishing cybersecurity articles in newsletters; delivering targeted training to high-risk groups; and conducting presentations on best practices. The newsletters are circulated to a broad target audience, including key financial institutions stakeholders.

CURRENCY MANAGEMENT

The Bank has maintained its focus on providing a consistent and ample supply of banknotes and coins in various denominations that cater to the needs of the public in its member countries.

As at 31 March 2024, the value of currency in circulation continued its trajectory upwards, to $1,573.27 million. Currency in circulation represents EC notes and coins that have been issued and are in circulation, which the ECCB must stand ready to redeem on demand. Banknotes accounted for $1,438.50 million (91.43 per cent), coins in circulation amounted to $134.77 million (8.57 per cent). The aggregate currency in circulation at the end of the financial year reflected an increase of $81.84 million (5.42 per cent) above the total in the previous financial year.

CHART III - Total Currency in Circulation

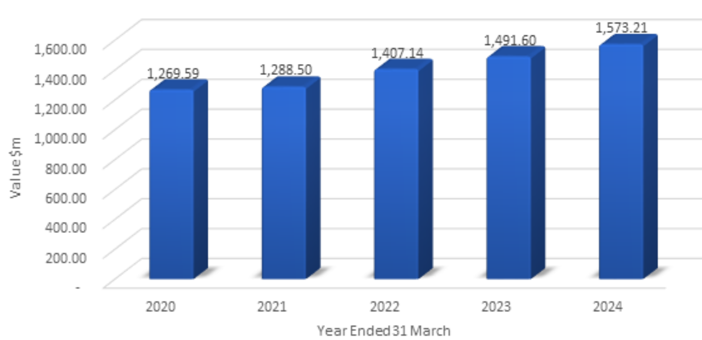
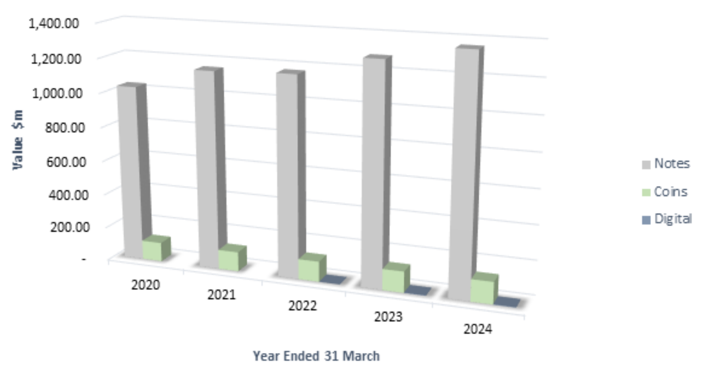


CHART IV - Currency in Circulation - Notes, Coins, Digital



40th Anniversary $2 Commemorative Note

"We hope we can rekindle, through this act, a consciousness about Caribbean Civilisation, self-belief, a sense of purpose and fearlessness as you so ably demonstrated on the field of play."

~ Governor Antoine

The ECCB launched a commemorative circulation $2 banknote, as part of of its 40th anniversary celebrations, during an official ceremony on 1 December 2023 at the Sandals Grande, Antigua and Barbuda.

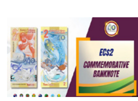
A portrait of the legendary, former West Indies cricketer, Sir Isaac Vivian Alexander Richards, affectionately known in the cricketing world as 'The Master Blaster' is featured on the note. The note also features the latest in currency security and innovation.

This state-of-the art banknote joins the all-polymer series that was first introduced in 2019. It is also the first note to be issued by the Bank without the effigy of the British Monarch.

The ECCB designed and produced the $2 commemorative banknote note in collaboration with its currency partner – De La Rue.

Chairman of the ECCB Monetary Council, Honourable Camillo Gonsalves, presents $2 commemorative note to Sir Vivian "Viv" Richards

L-R: Regional Director, Caribbean and International, De La Rue - Gareth Evans; Chairman, ECCB Monetary Council - Hon Camillo Gonsalves; Sir Vivian "Viv" Richards; Deputy Governor, ECCB - Dr Valda Henry; Governor, ECCB - Timothy N. J. Antoine



VIEW - Launch Ceremony $2 Commemorative Note

The 7th Growth and Resilience Dialogue (GRD), was held on 25 - 26 April, 2023 under the theme: "An Appropriate and Sustainable Model for Healthcare in the ECCU/OECS - Agile Infrastructure, Traditional Medicine and Medicinal Cannabis". The Dialogue provided an extraordinary exploration of experiences, ideas and innovative solutions in health and wellness care which patrons described as insightful, informative, and educational.

The following research papers, which emanating from GRD 2023 have been designed to guide ongoing work that will add value to the region's development and growth agenda:

- "The Cost of Healthcare in the ECCU and the Identification of a Sustainable Framework and Model for the Provision of Affordable Quality Healthcare in the OECS/ECCU Region" - The objective of this research paper is to assess the cost of healthcare within each ECCB member country and identify a sustainable framework for the provision of affordable quality healthcare in the OECS/ECCU region. The research paper is scheduled to be completed by the last quarter of 2024.

- "A Model for the Development of the Cannabis Industry in SIDS that Drives Socio-economic Development and Empowerment of Indigenous Stakeholders" - The objective of the paper is to provide a comprehensive and resilient model for Caribbean governments to guide their cannabis industry development strategies; leveraging a development model that promotes a strong focus on advancing active participation, investment, empowerment and development of indigenous stakeholders/investors (including the diaspora) in the cannabis industry, while mapping out avenues/ options for international private sector agents to collaborate with governments and indigenous stakeholders in the industry and infrastructure investments. The outline of the paper has been completed and the research work is scheduled to start in 2024.

Significant work was also advanced for the 8th Annual Growth and Resilience Dialgogue scheduled for April 2024. The Dialogue will explore the concepts of creative disruption and innovation as pathways for transformative change and socio-economic growth. As a change maker, the ECCB is firm in its belief that in a world pulsating with change, innovation is a necessity not a luxury.

GROWTH AND RESILIENCE Dialogue VIEW - Presentations from 7th Growth Dialogue

Country Outreach Programme

The Bank resumed its Country Outreach Programme in 2022, and continued to engage the ECCU publics in 2023: the Commonwealth of Dominica in May 2023 and Antigua and Barbuda in June 2023. Those two visits culminated the 2022 – 2023 cycle across the eight ECCB member countries.

The Outreach missions were framed by presentations focused on building resilience for growth sustainability. They set the tone using the international economic environment, which was largely influenced by the geopolitical conflicts in the Middle East. These challenges, juxtaposed with regional developments, not only presented threats to the sustainability of the Region, but also opportunities for the individual countries.

Additionally, the presentations provided updates on reforms at the Bank and country level. The mission team engaged numerous stakeholders from various sectors and used the opportunity to solicit the support of the publics in mitigating strategic risks through, inter alia, expeditious passage of critical financial sector legislation.

The Bank reiterated its clarion call for collective action, a requisite for actualising the theatres of transformation for the ECCU. Conversely, stakeholders were able to seek clarification on some policy issues and shared their concerns with the ECCB team. Some issues brought to the fore were: banking sector fees, financial literacy and inclusion, increasing cost of basic commodities and services, energy security and intra-regional transportation. Those areas will feed into the Bank's ongoing policy and strategic work.

Monetary Council Policy Sessions

The Monetary Council launched its Policy Sessions in 2020, in response to the COVID-19 pandemic and to encourage collective action and closer collaboration within the OECS. Council members received and discussed presentations from technical officers of the ECCB and the OECS, on major policy issues confronting the region, and explored solutions for implementation.

The last programme of the Policy Session which discussed "Credit Reporting in the USA," was held in May 2023. Council requested that policy pieces on a number of other pertinent issues be circulated for their information and future consideration. Consequently, the Bank submitted five policy papers for the Monetary Council's attention:

1. Cryptocurrencies;
2. Food and Nutrition Security II;
3. ECCB's Reserve Management Function;
4. Case for More Systematic Labour Market Interventions in the ECCU: Labour Market; Strategies for the Region;
5. Supporting Businesses for Recovery, Resilience, and Transformation of the OECS; and Economies.

Consultative Meetings with ECCU Development Banks and Financial Secretaries

The ECCB, through its networking meetings engaged the ECCU Financial Secretaries and Development Bank Executives. The Bank engaged one of its major stakeholders – Financial Secretaries – in July 2023 on the theme: "An Effective Fuel Tax Regime - Opportunities for Fiscal Coordination in the ECCU." They used that forum to discuss a case study of the fuel price regime in one of the ECCB member countries. Engagements on best practices in fuel pricing and taxation in developing countries were held with the IMF technical team. Emanating from those discussions was a recognition that there was a need to reform the fuel pricing regimes to support fiscal sustainability and climate goals. To that end, the ECCB has been collaborating with the IMF to co-sponsor a regional workshop.

The development banks, which play a pivotal role in the socioeconomic development of the ECCU, form a critical part of the financial landscape. Two consultative meetings were held with these institutions during the period under review. The first, in July 2023, featured presentations and discussions on the sustainability of, and financing opportunities for, the blue economy for economic development all under the theme: "Sustainability Through Development and Financing of the Blue Economy." The second meeting, convened in January 2024, focused on one of ECCB's strategic areas – digital transformation. The presentations and discussions centered on the theme: "Embracing Digital Transformation: Lessons from the Recent Pandemic."

International Monetary Fund 2024 ECCU Common Policies Consultation

The IMF Annual Common Policies Consultation with the ECCB resumed in person for the first time since the pandemic and was held in January - February 2024.

The Bank embraced the opportunity to engage the IMF on several policy issues, pertinent to the ECCU countries. The presentations discussed included:

- Towards Efficient, Fair, and Sustainable Pension Systems in the ECCU; and

"

The ECCU has undergone a strong rebound, led by tourism and investment, and supported by policies that helped moderate the impact from successive external shocks. *~ IMF Concluding Statement on Article IV Mission*

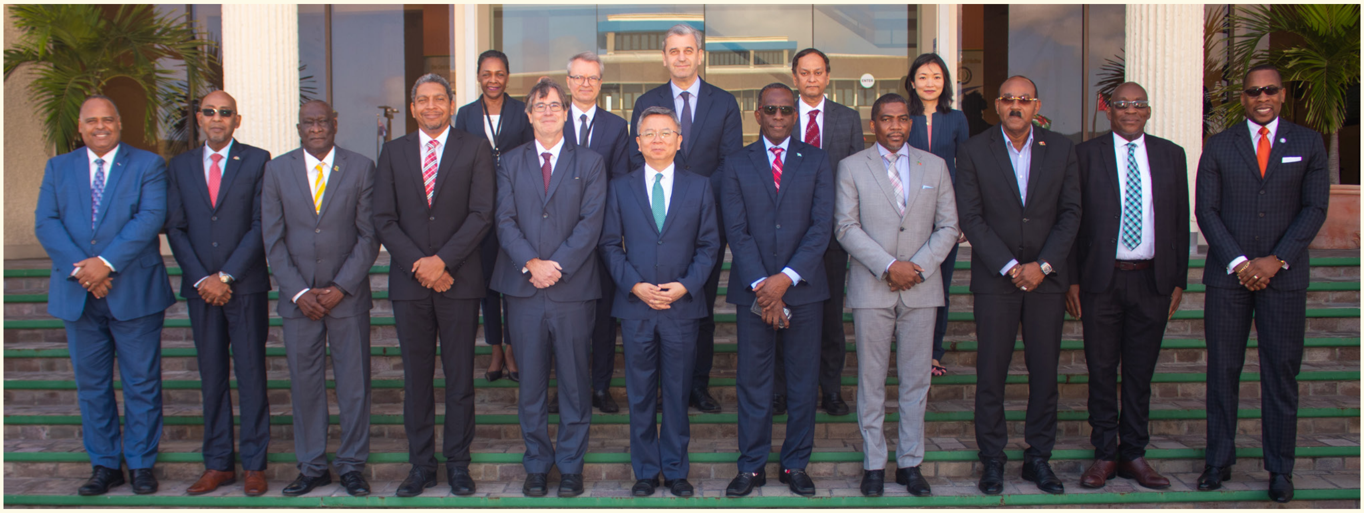
- Harnessing Satellite Data to Improve Social Assistance Targeting in the Eastern Caribbean

The IMF Mission Team pledged its continued support as the ECCU advances its economic transformation process.

The IMF's Mission Concluding Statement on the 2024 ECCU Consultation is accessible to the public on the Fund's website.

READ: IMF Mission Concluding Statement

ECCB Monetary Council Engages in High-Level Discussion with IMF Deputy Managing Director - Bo Li



Members of the ECCB Monetary Council, Governor Antoine along with the Deputy Managing Director and other officers from the IMF at ECCB Headquarters - 16 February 2024

The Bank hosted a high-level engagement between the Monetary Council and the IMF's Deputy Managing Director, Bo Li, at the ECCB Campus on 16 February 2024. The focus of the engagement was climate finance. That engagement presented a valuable opportunity for the Monetary Council to engage and advocate collectively on the critical climate issues that pose an existential threat to the ECCU.

The main outcome of the engagement was a proposal for collaboration between the IMF and the ECCB member countries in two areas: (i) renewable energy and (ii) adaptation finance.

LEGISLATIVE AGENDA

Promulgation and enactment of legislation to enhance the resilience of the ECCU financial sector

Revisions to the ECCB Agreement

Recognising that corporate governance is critical to the achievement of the ECCB's mandate and reputation as a model regional institution, the Bank presented a policy proposal to the Monetary Council to amend the ECCB Agreement. That was with a view to reform its legal structures for autonomy, decision-making, accountability, and transparency, to strengthen the Bank's governance framework to maintain alignment with international best practices. The policy framework is before the Monetary Council for consideration.

The Bank made further advances towards the completion of the implementation of the Legislative Reform Programme, which was aimed at enhancing the resilience of the financial sector of the ECCU. Member countries are finalising the outstanding legislation.

Banking (Amendment) Act

The Bank continued to consult with the remaining member governments on the enactment of the Banking (Amendment) Bill. To date, the Bill has been enacted by seven member countries. Saint Lucia has not yet enacted the Amendment.

Amendments to AML/CFT Legislation

The ECCB continued to support member governments in enacting amendments to the existing Anti-Money Laundering/Counter Financing of Terrorism legislation to facilitate a shift in the supervisory and regulatory responsibility for financial institutions licensed under the Banking Act to the ECCB.

One additional member country enacted the amendments during the 2023/2024 financial year. To date, five member countries have passed the amendments conferring that authority on the Bank.

This initiative was not relevant to Saint Vincent and the Grenadines as under its Anti-Money Laundering and Terrorism Financing Regulations issued under the Proceeds of Crimes Act 2013, the Central Bank was already named as the AML/CFT supervisory authority.

Banking (Licences) Regulations

The ECCB continued to follow up with member governments on the Banking (Licences) Regulations, to operationalise the general provisions under the Act. Those provisions address the application for a license to carry on banking business, and the application for a license for a financial holding company. During the year, the final two remaining member countries issued the Regulations. Consequently, the Regulations have now been issued by all ECCB member countries.

Banking (Abandoned Property) Regulations

All member countries have now issued the Banking (Abandoned Property) Regulations. The Regulations are intended to replace the current regulations, dealing with the administration of abandoned property in safe deposit boxes, where the contents would now be handled by the Ministry of Finance.

Deposit Insurance

The ECCB continued efforts towards the development of a deposit insurance system to protect depositors of licensed financial institutions from the loss of their deposits.

In November 2023, the draft legislation was submitted to key stakeholders including, the Financial Secretaries, Attorneys General, ECCU Banker's Association, Credit Unions and Single Regulatory Units (SRUs)/Financial Services Regulatory Commission (FSRC), for a third round of reviews.

The feedback from stakeholders informed the final draft of the Bill which will be presented to the ECCB Board of Directors in June 2024 and the Monetary Council in July 2024.

Credit Reporting Bill

The remaining two member countries have enacted the Credit Reporting Bill. Since then, the Regulations were published by all member countries. This paves the way for the operationalisation of the credit bureau in the ECCU.

The development of a credit reporting infrastructure would allow for the local credit markets to function more efficiently. This will provide financial institutions and other lending institutions with an additional mechanism to evaluate the creditworthiness of their customers and monitor their credit circumstances.

Development of the Legal and Regulatory Infrastructure to Support the Establishment of a Macro Prudential Risk-Based Policy Framework in the ECCU, Inclusive of Financial Stability Legislation

The Bank engaged its partners to further articulate the policy proposal for the establishment of a macroprudential risk-based policy framework in the ECCU inclusive of Financial Stability Legislation.

Technical assistance was sought from the IMF to review the policy.

It is anticipated that the drafting of legislation will begin on completion of the policy following distillation of the feedback from IMF.

Banking Act Amendments

The Bank commenced the drafting of the legislative amendments to the Banking Act to ensure the creation of a regulatory environment that is consistent with best banking and supervisory practices.

Harmonised Insolvency and Bankruptcy Legislation

The ECCB continued its efforts to promote the development of a modern insolvency and bankruptcy framework in the ECCU. In this regard, the ECCB participated in the review of the CARICOM Draft Model Insolvency Bill which provides for, inter alia, updated provisions relating to the regulation of insolvency and bankruptcy, providing for the appointment of a Supervisor of Insolvency, the licensing of trustees, corporate and individual insolvency, and the rehabilitation of insolvent debtors.

The ECCB also continued to explore avenues for funding capacity building initiatives to member countries.

Virtual Asset Business Bill

The Bank continued to follow up with member governments on the enactment of the Virtual Asset Business Bill. The Bill has now been passed in seven of the eight ECCB member countries.

The Bank also secured technical assistance through the CARDTP and engaged a consultant to review the Virtual Assets Business Act and draft regulations and guidelines for virtual assets business.

The Draft Virtual Assets Business Regulations were finalised during the year and submitted to the member countries in December 2023 for issuance.

Amendments to Payment System-Eastern Caribbean Automated Clearing House System(ECACH) Rules, 2021

The Bank recorded progress in its efforts to widen access to the ECACH by facilitating the participation of other financial institutions such as credit unions. The Amendments to Payment System (Eastern Caribbean Automated Clearing House System) Rules, 2021, which seek to broaden this access, have been published in seven of the member countries.

Registration of DXCD Trademarks

In preparation for the implementation of DCash 2.0, the Bank made significant progress in the registration and protection of the DXCD trademarks in all the ECCB member countries. To date, the trademarks have been registered in all eight member countries.

Financial Results

- ☑ *The ECCB's asset base amounted to $5,783.8 million, representing a decline of $153.7 million*
- ☑ *Foreign Assets fell by $49.9 million (0.9 per cent) to $5,222.5 million*
- ☑ *Domestic Assets declined by $103.8 million (15.6 per cent) to $561.3 million*
- ☑ *The Bank delivered a robust performance, with a profit of $80.2 million*

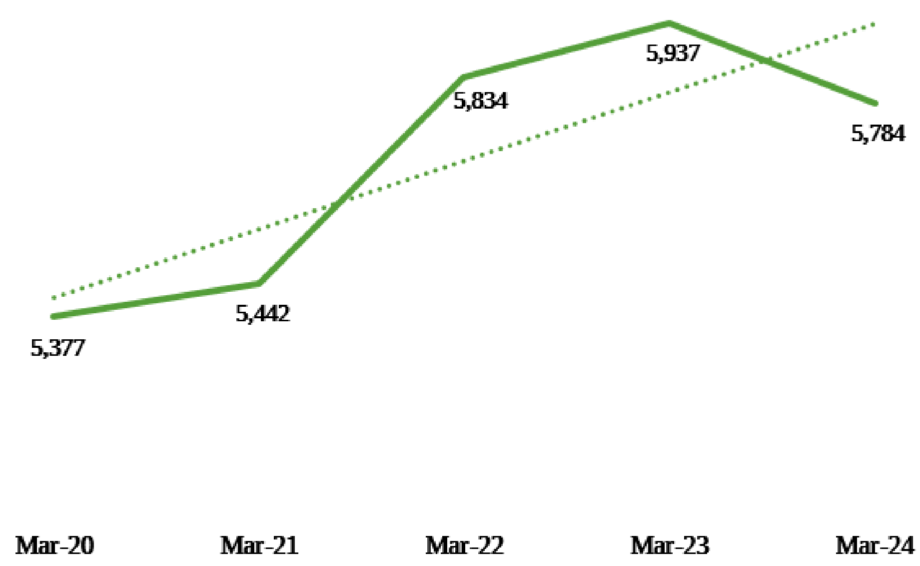
Statement of Financial Position

The Bank's total assets amounted to $5,783.8 million as of 31 March 2024, representing a decline of $153.7 million (2.6 per cent) compared to the previous financial year. The reduction in the asset base was attributable to the decline in foreign and domestic assets.

Foreign assets fell by $49.9 million (0.9 per cent) to $5,222.5 million, primarily due to the net sale of foreign currency balances to commercial banks. The reduction in foreign assets was partially offset by fair value gains on foreign investment securities, inflows from loans issued to member governments by international institutions and the purchase of foreign and regional currencies from commercial banks.

Domestic assets declined by $103.8 million (15.6 per cent) to $561.3 million, attributable to decreases in participating governments' advances, participating governments' securities and investments in associated undertakings moderated by increases in property and equipment and pension asset. Participating governments' advances and participating governments' securities fell by $90.3 million and $12.3 million, respectively, due to the repayment of credit facilities by participating governments. Investments in associated undertakings decreased by $13.9 million, attributable to the recognition of the Bank's share of other comprehensive loss of associates, partly offset by share of profit of associates. Property and equipment increased by $10.8 million, directly attributable to the acquisition of fixed assets. Pension asset rose by $4.4 million, owing to actuarial gains from higher than projected returns on the pension plan's assets.

CHART V - Total Assets ($ Millions)



Total liabilities fell by $289.7 million (5.0 per cent) to $5,467.6 million year-over-year, mainly due to a decrease of $557.4 million in commercial banks' reserve balances. The falloff in commercial banks' reserve balances was attributed to drawdowns of excess reserves by commercial banks. The decrease in total liabilities was offset by increases of $83.3 million and $79.2 million in currency in circulation and participating governments' fixed deposits, respectively.

Total equity expanded by $136.0 million (75.5 per cent) to $316.2 million from $180.2 million the previous year. The growth in equity was due to an increase of $79.4 million in general reserve following the allocation from the increased profit for the year, and a rise of $51.0 million in investment revaluation reserve, primarily due to unrealised valuation gains on foreign investment securities over the year. An increase of $4.4 million in pension reserve due to remeasurement gains on the Bank's defined benefit pension plan also contributed to the upsurge in equity.

Statement of Profit or Loss

The Bank delivered a robust performance, with a profit of $80.2 million for the year ended 31 March 2024, representing a significant increase of $134.7 million compared to the loss of $54.5 million reported in the previous financial year. This turnaround was largely driven by considerably higher revenues earned on the Bank's foreign reserve assets, given the sustained increase in the Federal Reserve's benchmark interest rate throughout the financial year.

CHART VI - Composition of Assets ($ Millions)

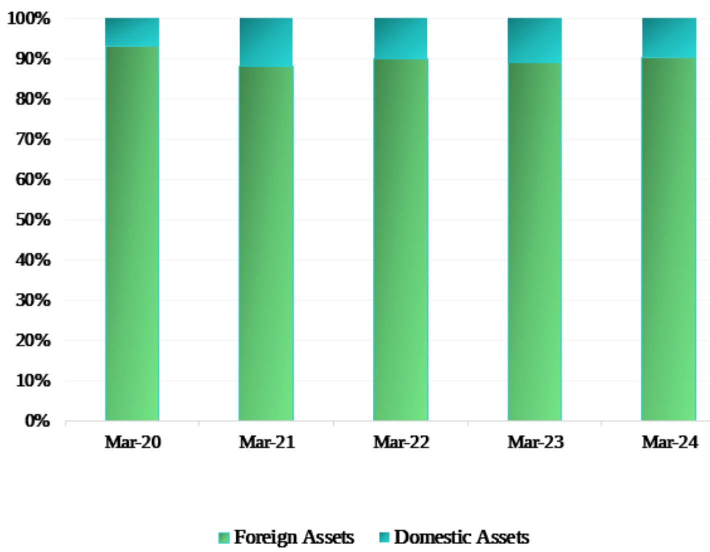
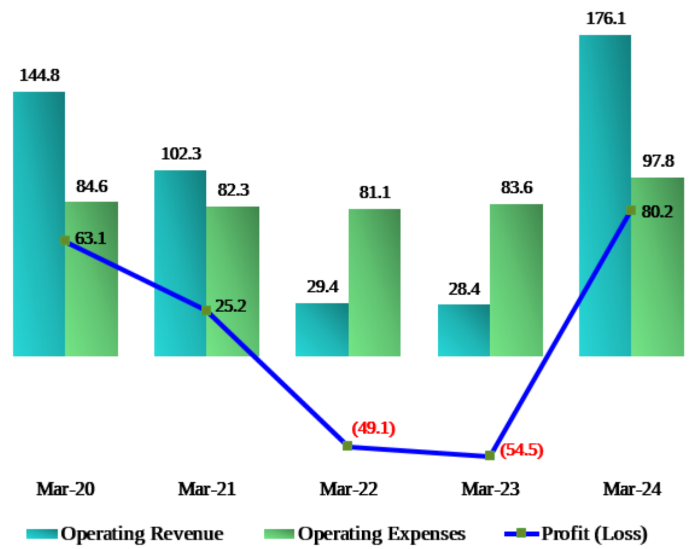


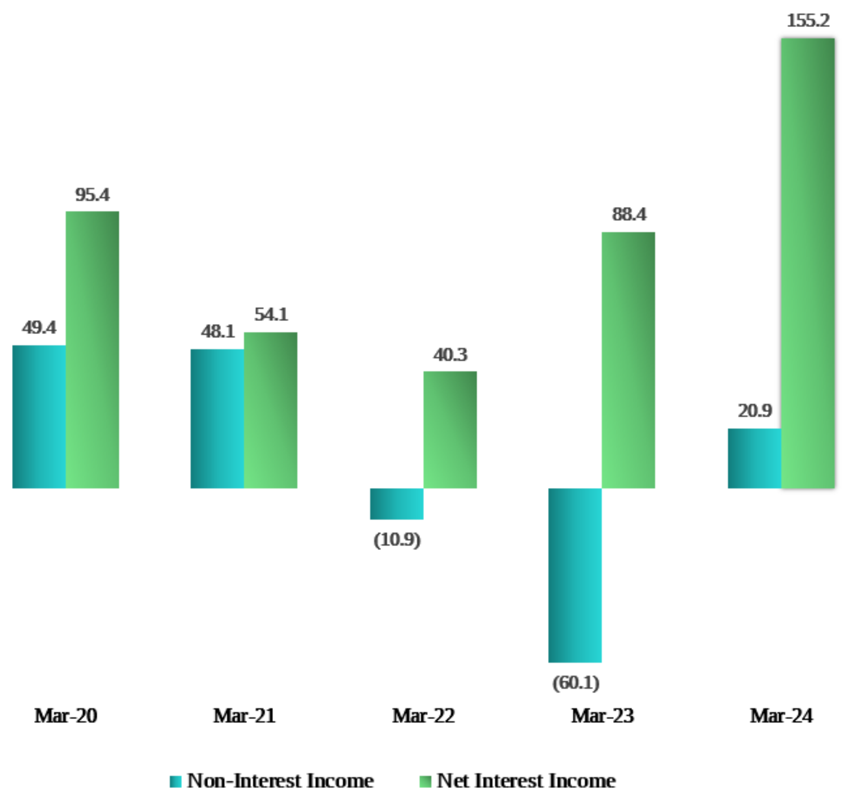
CHART VII - Operating Results ($ Millions)



The Bank recorded revenues of $176.1 million for the year ended 31 March 2024, an increase of $147.7 million (520.6 per cent) year over year. This increase was driven by an upsurge of $69.8 million in interest income, coupled with decreases of $44.1 million and $35.2 million in losses on mortgage-backed securities and losses on disposal of foreign investment securities, respectively. The significant boost in interest income was mainly attributable to higher interest rates on foreign reserves resulting from the Federal Reserve's aggressive monetary policy in response to high inflation in the United States of America. The decrease in losses on disposal of foreign investment securities was due to a shift in strategy, which resulted in a reduction in the sale of foreign investment securities. Losses on the sale mortgage-backed securities declined, as the Bank offloaded the entire portfolio in the previous financial year.

Net interest income increased by $66.7 million to $155.2 million for the year ended 31 March 2024 compared to the previous financial year, mainly on account of higher interest earned on the foreign reserve assets. Interest income on foreign investment securities, and money market instruments and money at call grew by $71.4 million. Interest income of participating governments' securities and advances increased by $3.1 million. The overall growth in net interest income was offset by a decrease of $4.7 million in interest on mortgage-backed securities and an increase of $3.0 million in interest expense.

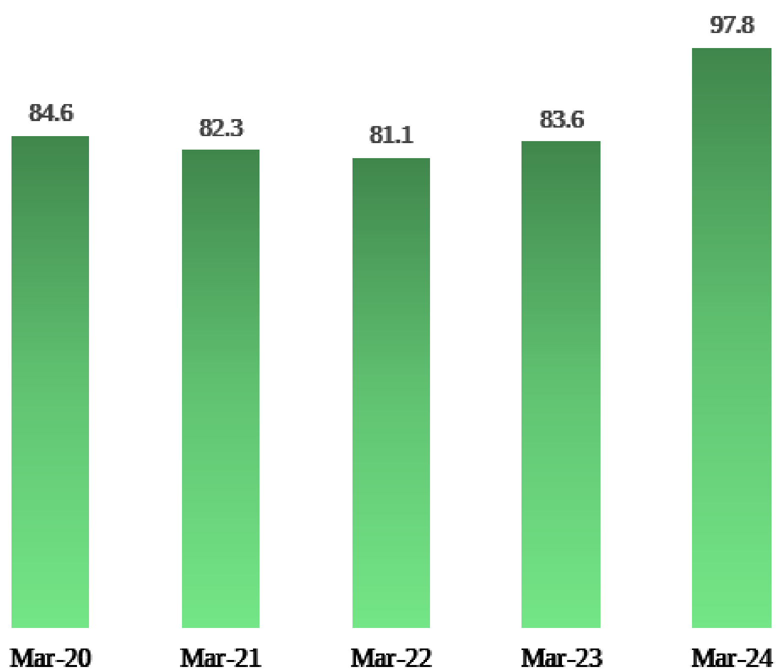
CHART VIII - Operating Revenues ($ Millions)



Operating expenses for the year ended 31 March 2024 totalled $97.8 million, an increase of $14.3 million (17.1 per cent) from $83.6 million in the previous year. The rise in operating expenses was driven by increases of $8.6 million in administrative and general expenses, $3.1 million in salaries, pensions and other staff benefits and $1.4 million in impairment losses on financial assets.

Administrative and general expenses rose due to higher costs for software support and maintenance service contracts and strategic projects and initiatives, such as the DCash Pilot project and ECCB's 40th anniversary activities. The increase in salaries, pensions and other staff benefits was largely due to a rise in net pension costs, which resulted from a one-off past service cost associated with improvements in ECCB's pensioners' benefits. Moreover, the increase in impairment losses on financial assets was due to the rise in the loss allowance on receivables. Notwithstanding the increase in operating expenses, the Bank's cost-to-income ratio improved significantly year on year, indicating that revenues earned, primarily from our foreign reserves more than offset the higher operating expenses.

CHART IX - Operating Expenses ($ Millions)



Areas of Focus 2024 - 2025

The ECCB endeavours to utilise a balanced scorecare approach employing four perspectives to achieve our vision:

- ☑ *People, Growth and Technology*
- ☑ *Business Processes*
- ☑ *Financial Stewardship*
- ☑ *ECCU Citizens and Partners*

FINANCIAL STABILITY

Regulation and Supervision

During the financial year 2024-2025, the Bank will focus on:

1. Further enhancements to the regulatory and supervisory apparatus of LFIs, to address climate related financial risk, cyber risk and other emerging risks.
2. Enhancing the supervisory framework through the operationalisation of the Basel II/III capital adequacy framework including implementation of Pillar 1 and Pillar 2, to bolster the LFIs' capital position and risk management function. The way forward includes: go live reporting by quarter three of 2024, conducting Basel II/III reviews by quarter four of 2024, operationalisation of the Supervisory Review and Evaluation Process, and commencing the implementation of Pillar 3.
3. Continued implementation of the payment system oversight framework including finalising the oversight manuals for the payments and settlement systems. The Bank will conduct on-site inspections to complement the off-site monitoring of Financial Market Infrastructures (FMIs). The overarching objective will be to strengthen the resilience of FMIs to mitigate systemic risk, by ensuring compliance with the CPMI-IOSCO Principles for FMIs.
4. Continued facilitation of the enactment of the Payment System and Services Bill and finalisation of the Payment System and Services (Licensing) Regulations. The Regulations are expected to be issued under the principle bill, immediately following its enactment in June 2024. Other regulations that will operationalise the principle legislation will be identified for development and issuance.
5. Finalisation of the consultancy arrangements for the drafting of the Data Protection and Privacy Bill and stakeholder consultation to achieve consensus on the draft bill.

Development of the legal and regulatory infrastructure to support the establishment of a macro prudential risk based policy framework in the ECCU inclusive of Financial Stability Legislation

The ECCB will advance its efforts towards developing the legal and regulatory infrastructure to support the establishment of a macroprudential risk based policy framework in the ECCU including Financial Stability Legislation.

It is anticipated that the legislation will be drafted and consultations will be held with stakeholders. Once finalised, the legislation will be submitted to member countries for enactment.

Office of Financial Conduct and Inclusion

The ECCB will facilitate the development of the legislative framework to support the establishment of an Office for Financial Conduct and Inclusion (OFC) within the ECCB. The Office is intended to be responsible for, inter alia, regulating and addressing matters relating to financial consumer protection, promoting market integrity, ensuring a competitive market environment, and promoting financial literacy and inclusion.

Facilitate the Establishment of a Modern Insolvency/Bankruptcy Framework in the ECCU

In the upcoming year, the Bank, in collaboration with member governments and regional and international stakeholders, will continue to support initiatives geared towards the development of a modern insolvency and bankruptcy framework in the ECCU. That will be achieved through the establishment of modern legislation and by strengthening capacity among key stakeholders.

Regional Standards Setting Body

The Bank commenced consultation with stakeholders on the establishment of the Regional Standards Setting Body starting with presentations to LFIs under the Banking Act 2015. During the 2024/2025 financial year, consultations will continue with presentations to national regulators, Attorneys General and chief parliamentary councils.

Establishment of ECCU Credit Bureau

The ECCB will support the launch of the Credit Bureau operations throughout the ECCU, provide regulatory oversight of the licensed Credit Bureau's implementation of credit reporting operations, and continue to conduct credit reporting education and awareness activities.

Strengthening AML/CFT Supervisory Framework

The ECCB will continue to assist member countries with their implementation of AML/CFT risk based regulation methodologies, train regulators in beneficial ownership, and facilitate AML/CFT training for the ECCU legal fraternity and law enforcement agencies.

Secured Transaction and Collateral Registry

The ECCB will coordinate with the International Financial Corporation (IFC) to facilitate the ECCU Secured Transaction and Collateral Registry (STCR) initiative across the ECCU. The focus for the period will be on legislative drafting and consultations for the countries. Discussions will also advance on working with Saint Lucia to establish the Regional Collateral Registry.

Integrating Climate-Related Financial Risks in Financial Supervision

Further technical assistance will be provided to the national and regional regulators to design stress testing and scenario analysis, develop the reporting framework and identify the data needs for climate-related financial risks. Additional training and awareness will also be undertaken.

Greening the Financial System Initiative (GFSI)

The Bank is establishing various committees, technical working groups and related task forces as part of the wider regional and national coordinating and delivery mechanisms for the GFSI. Those mechanisms will also support the development and implementation of the green finance strategy and climate risk framework, tools and roadmaps commencing 2024/2025. The execution of those institutional and regional coordination arrangements are also being facilitated via a trilateral Memorandum of Understanding (MoU) partnership agreement to be executed with participation from ministries of environment, ministries of finance/planning, and the ECCB.

The Bank, in partnership with The World Bank, will continue to lead and coordinate dialogue with development partners and member states towards the operationalisation and establishment of the Renewable Energy Infrastructure Investment Facility (REIIF). Work on the project pipeline is also being undertaken in close collaboration with key stakeholders across member states.

In the coming year the next phase of work on climate risk involves: (i) the conduct of a series of training and capacity building sessions for ECCB staff and the ECCU banking sector and (ii) the development of reporting templates and climate risk assessment models.

PAYMENTS MODERNISATION AND FINANCIAL INCLUSION

In terms of the Bank's efforts to upgrade the Payment System Infrastructure, the ECCB will embark on the following:

1. On conclusion of the Caribbean Digital Transformation Project (CARDTP) IPS consultancy, the Bank will develop a cogent policy position on the implementation of an IPS for the ECCU. An IPS will allow for immediate availability of funds to beneficiaries, on a near 24-hour and 7-day basis, using a centralised infrastructure to facilitate payments. Use cases for instant payments are generally accessible via various electronic channels and typically include person to person, person to government, person to business, business to customer, business to business, government to person, government to business, and government to government.
2. Finalising the supply-side survey instrument with assistance from The World Bank and administering the same to service providers across the ECCU. The data garnered will be used to inform policy advice on financial inclusion and related matters.
3. Continued collaboration with Eastern Caribbean Automated Clearing House (ECACH) and Caribbean Confederation of Credit Unions (CCCU) to on-board the credit union sector in a safe, efficient and cost-effective manner, in furtherance of the Bank's open access policy to the ECACH.
4. Continue to support member countries in the development of a supervisory framework for virtual assets regulation and supervision in the ECCU.
5. Enhance the Payment System Oversight Framework under the CARDTP, based on the diagnostic study of the Payment System Oversight Framework undertaken in 2023. That will facilitate a more robust and effective oversight programme to be implemented over the short to medium term.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Social Media Strategy

The Bank is developing a social media strategy towards its goal of enhanced strategic communication. The strategy aims to make the Bank and its work more accessible to the public and to enable the public to, in turn, interact with the Bank in fresh new ways. This strategy is about serving the people of the Region and ensuring simple and easy communication.

ECCB Savings and Investment Course

The Bank will continue to work with the University of the West Indies (UWI) to upgrade the ECCB Savings and Investment Course, to offer a stream of the course where participants can gain a Continuing Education Unit (CEU) from the UWI.

ECCB Campus Greening Initiative

The Bank will begin consultation on its water recycling plant for the campus during the financial year 2024/2025.

DIGITAL AND DATA TRANSFORMATION

Project BOOST

The Bank will continue its assurance work in Project BOOST to assist with the set Go-Live date. Project BOOST is the number one priority of the Bank in the fiscal year 2024/2025.

Data Analytics

During the upcoming financial year, the Bank intends to pursue the development of its data analytics strategy which will broadly provide a roadmap for the full implementation of data analytics across all segments of the audit process. The strategy will examine the systems required, as well as the required competencies for the programme. It is envisaged that with the adoption of the data analytics programme, there will be gains made in the efficiency and effectiveness of the audit function.

The Bank will continue to provide training and technical assistance to financial institutions in the classification of financial accounts, and the requisite protocols for submission of data through its SAS software. This will be aimed at ensuring accurate financial reporting and compliance with submission protocols when using the SAS software.

Artificial Intelligence (AI)

ECCB sponsored camps will focus mainly on Generative AI and Web and App Development. Students will work in groups to provide an end of camp project focused on one of the following areas that have the potential to solve real world problems in the ECCU:

- Using AI to improve customer engagement
- App and Web Development for social good.

ORGANISATIONAL EFFECTIVENESS AND DEVELOPMENT

International Standards

The ECCB will continue efforts towards its readiness for full implementation of the new International Organisation for Standardisation (ISO) standard (ISO20022) by November 2025, by engaging in training and testing the effective implementation of the standard in the new Banking solution.

Capacity Building

The ECCB will continue to strengthen its capacity in core areas with a view to expanding its own work and supporting the efforts of its partners within the region. Those areas for enhancement include climate-related financial risks, data analytics and visualisation, and financial stability.

Monetary and Financial Statistics

The Bank, as part of its Financial Stability mandate, will continue to compile Monetary and Financial Statistics based on international standards.

The Bank will also complete the testing of the Quarterly Statement of Capital, Income and Expenditure form (PR16), and incorporate its data reporting and management into the SAS software.

Work will continue on the implementation of the IMF Financial Soundness Indicators (FSI) 2019 Guide, which is the new compilation framework for compilation of FSIs.

The ECCB will continue development work related to the expansion of the monetary statistics to include data from other financial institutions (ECCB's licensed non-bank financial institutions). This is aimed at enhancing the ECCB's monitoring of the financial sector within its territories.

The Bank will also enhance the Monetary Statistics to include data on the IMF Special Drawing Rights (SDR), which is aimed at ensuring consistency with External Sector Statistics.

National Accounts and External Sector Statistics

The Bank will continue to expand the real and external sector statistics and national account databases through the compilation of the requisite historical statistics and forecasts, and through collaboration with the member countries. Work will also continue with the production and dissemination of the Business Outlook Surveys (BOSs) and data visualisation graphics to better inform policy makers and the public.

Statistics development work will continue, to improve specific datasets such as the tourism and trade statistics, and prices and external sector statistics. The Bank will collaborate with the OECS Commission, CARICOM, and UN Conference on Trade and Development (UNCTAD). This aims to strengthen data collection, quality, analysis, and reporting mechanisms to better understand and enhance the region's trade dynamics, as it relates to Trade in Services statistics. Work will continue with the commercial banks to improve the data submitted on the Prudential Returns (PR) to the ECCB, namely, the PR11 and PR01.

The Bank will also work with member countries to see the conclusion of the rebasing of the GDP in the ECCU and to produce technical notes on the data issues related to trade, visitor expenditure and Foreign Direct Investment (FDI).

On the strategic front, the Bank will collaborate to execute its research agenda with an emphasis on improving the statistics that are produced.

ECCB Blog and Digital Dialogues

Following a short break due to the year-long schedule of activities in commemoration of its 40th anniversary of service to the Region, the ECCB will resume its blog production in the 2024/2025 financial year. The focus of these blogs is to provide timely, impactful pieces that are consistent with relevant policy directions and to provide insights to the ECCU member countries. Additionally, the Bank will seek to re-establish its Digital Dialogue series in 2024/2025, to deliver high-level conversations on contemporary and relevant issues, pertinent to the currency union's populace.

Engagement with Stakeholders

The Bank will persist in its quest to transform the region through collective action. It will continue to utilise its various platforms for bringing together a broad cross-section of stakeholders and partners to participate in the Region's transformative agenda. The consultative meetings with Financial Secretaries and development banks will continue to be key avenues for policy discussion and advice. The Bank also looks forward to the 2025 Common Policies Consultation with the IMF.

ECCB-IMF Workshop on Fuel Pricing and Carbon Taxation

The Bank will co-host a workshop with the IMF, with part sponsorship by the CARTAC on "Fuel Pricing and Carbon Taxation". The workshop targets technical staff from the member countries and will be convened at the ECCB Campus early in the 2024/2025 financial year.

The aim of the workshop is to support the member countries in their efforts to reform their fuel pricing regimes and address challenges they are experiencing, to protect revenues, among other objectives.

Implementation of IT Projects

The Bank will focus on the implementation of the following IT projects:

1. IT Policies and Procedures
2. Content Management Solution
3. Endpoint Threat Detection and Response (EDR) Solution
4. Migration to SWIFT Alliance Cloud
5. New Remote Access Solution
6. Upgrade of Audit Management Software

Audits

The following audits are carded for completion within the new financial year 2024/2025:

1. Data Management;
2. Agency Offices (Antigua and Barbuda, Grenada and Saint Lucia);
3. Projects and Technical Assistance;
4. Bank-wide Contract Process;
5. Capital Projects;
6. Corporate Relations Department; and
7. Research, Statistics and Data Analytics Department.

Further plans are in place to conduct a gap assessment on the new Internal Audit Global Standards, which become effective 9 January 2025. This will enable the Bank to identify any areas where it is not in conformance with the new standards prior to its next external quality assessment. An action plan for implementation of requirements to facilitate the conformance with the new Standards will also be drafted and executed.

Management of Foreign Reserves

The Bank will implement an enhanced foreign currency reserve framework which will involve the following:

- ☑ A shift to a more conservative risk tolerance or appetite for losses;
- ☑ The introduction of a stop-loss policy to aid decision-making during extreme market environments; and
- ☑ Further development of the credit risk management function which will support the measurement and monitoring of credit risk.

Collaborative Efforts

The Bank will continue to connect with subject matter experts in the areas of information technology, cyber security, climate-related financial and environmental risk, and data analytics and visualisation.

Human Resource

During the upcoming year focus will be on onboarding additional members for the Human Resource (HR) team to execute the Bank's HR mandate. Successful completion of the HR component of Project BOOST and Oracle will also feature highly on the Bank's work programme.

The Bank will aim for a strategic and targeted approach to sustained employee engagement and satisfaction of 75.0 per cent or above. Focus will be placed on a change management initiative over the course of the upcoming year.

Full implementation of approved compensation review recommendations will also be given priority with expected completion by the end of the fiscal year 2024-2025.

Risk Management

The Bank will undertake the development of the Key Risk Indicators (KRI) as part of the implementation of the KRI Framework. The framework is expected to be fully implemented by second quarter of the upcoming financial year under supervision of the Management Risk Committee.

In addition, the Bank will launch its Operational Risk Incident Reporting Framework in the second quarter of 2024, which will allow all staff to anonymously report on any event, which has had, or could have had (near-miss), a negative financial, business or reputational impact on the ECCB.

Business Continuity Management

The Bank will continue the implementation of the IT Recovery Strategy as part of its Business Continuity Management System (BCMS) Policy implementation by the final quarter of the upcoming financial year. During the upcoming year, the Bank will undertake the testing and exercising of the Scenario Plans for departments and subsequently finalise the attendant business continuity plans.

Compliance

The ECCB will continue implementation of the Compliance Management System (CMS) Framework Policy during the upcoming financial year; it is expected to be fully implemented over the strategic period, ending March 2026.

LEGISLATIVE AGENDA

Financial Stability

The ECCB will continue and accelerate its efforts towards the drafting of Financial Stability legislation. That legislation will provide ECCB with the explicit mandate for financial stability in the ECCU, and allow for the streamlining of responses to activities, such as crisis resolution across the ECCU's financial space and closer collaboration with national regulators especially on macroprudential matters. Following the drafting of the legislation, a consultative process will be held with stakeholders across the ECCU and culminate with the submission of the Financial Stability Legislation to member countries for enactment.

Deposit Insurance Legislation

In the 2024/2025 financial year, the Bank will seek to accelerate its efforts towards the creation of a deposit insurance system in the ECCU. The Bank anticipates that the final draft of the legislation will be submitted to member countries by the third quarter 2024 for enactment.

The legislation will herald the establishment of a deposit insurance system in the ECCU, which will be a critical element in the risk management infrastructure supporting the ECCU financial sector. It will also be aligned with the prudential supervision of licensees which would result in a robust modern institutional framework that will mitigate the risk levels within the sector.

Amendments to the Banking Act, 2015

Article 4 of the Eastern Caribbean Central Bank Agreement requires the ECCB to "... promote a sound financial structure..." which entails protecting depositors' funds, ensuring the soundness of its licensees, and preserving the integrity of the ECCU financial system. In that regard, the ECCB will continue to pursue a holistic approach to supervision, in order to identify and respond to risks to the financial system in a timely manner.

The Bank will advance the approval of the amendments to the Banking Act for submission to member countries for enactment.

Legislative framework for the establishment of a Regional Standard Setting Body

The ECCB will identify the legislative requirements for the establishment of an ECCU Regional Standard Setting Body (RSSB), for the regulation of the Non-Bank Financial Sector.

The RSSB will, inter alia, support the development of uniform regulatory standards for the supervision of the NBFI sector and, in so doing, reduce regulatory gaps and enhance the regulation of multi-jurisdictional firms and financial conglomerates.

List of Clearing Banks Maintaining Accounts with the ECCB

As at 31 March 2024

ANGUILLA

- National Commercial Bank of Anguilla Ltd
- Republic Bank (Anguilla) Limited

ANTIGUA AND BARBUDA

- Antigua Commercial Bank
- Caribbean Union Bank Ltd
- Eastern Caribbean Amalgamated Bank Limited
- FirstCaribbean International Bank (Barbados) Ltd

COMMONWEALTH OF DOMINICA

- National Bank of Dominica Ltd
- Republic Bank (EC) Limited

GRENADA

- Grenada Co-operative Bank Ltd
- Republic Bank (Grenada) Ltd
- ACB Grenada Bank Ltd

MONTSERRAT

- Bank of Montserrat Ltd

SAINT CHRISTOPHER (ST KITTS) AND NEVIS

- The Bank of Nevis Ltd
- St Kitts-Nevis-Anguilla National Bank Ltd
- Republic Bank (EC) Limited
- First Caribbean International Bank (Barbados) Ltd

SAINT LUCIA

- Bank of Saint Lucia Ltd
- Republic Bank (EC) Limited
- 1st National Bank of St Lucia Ltd
- FirstCaribbean International Bank (Barbados) Ltd

SAINT VINCENT AND THE GRENADINES

- Bank of St Vincent and the Grenadines Ltd
- Republic Bank (EC) Limited
- 1st National Bank of St Lucia Ltd *(St Vincent Branch)*

Independent Auditors' Report and Financial Statements

The financial statements of the Eastern Caribbean Central Bank comprise the statement of financial position as at 31 March 2024, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

The financial statements were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing (ISAs).

Independent auditors' report

To the Participating Governments of Eastern Caribbean Central Bank

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Caribbean Central Bank (the Bank) as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 March 2024;
- the statement of profit or loss for the year then ended;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report for the year ended 31 March 2024 (but does not include the financial statements and our auditors' report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Chartered Accountants
28 June 2024

Eastern Caribbean Central Bank

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Eastern Caribbean Central Bank

Statement of Financial Position

As of 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Notes	**31 March 2024** **$**	31 March 2023 $
Assets			
Foreign assets			
Regional and foreign currencies		**166,233,126**	137,783,494
Balances with other central banks	5	**1,179,342**	17,814,003
Balances with foreign banks	5	**44,863**	1,020,689
Money market instruments and money at call	6	**729,451,069**	1,125,192,909
Derivative financial instruments	7	**60,608**	-
Foreign investment securities	9	**4,325,569,970**	3,990,588,778
		5,222,538,978	5,272,399,873
Domestic assets			
Cash and balances with local banks		**1,074,234**	1,150,207
Domestic investment securities	9	**624,186**	624,186
Participating governments' securities	10	**213,267,867**	225,602,673
Participating governments' advances	11	**61,946,545**	152,201,810
Accounts receivable, prepaid expenses and other assets	12	**28,819,698**	30,401,927
Investments in associated undertakings using the equity method	13	**12,841,673**	26,764,949
Intangible assets	14	**7,402,472**	7,963,998
Property and equipment	15	**197,489,494**	186,706,837
Right-of-use assets	16	**2,460,990**	2,684,546
Pension asset	22	**35,347,000**	30,976,000
		561,274,159	665,077,133
Total Assets		**5,783,813,137**	5,937,477,006
Liabilities			
Demand and deposit liabilities - domestic	17	**5,385,890,262**	5,680,620,668
Demand and deposit liabilities - foreign	18	**77,771,381**	72,055,416
IMF government general resource accounts	19	**1,178,996**	1,176,612
Derivative financial instruments	20	**25,297**	485,367
Lease liabilities	16	**2,721,099**	2,918,573
Total Liabilities		**5,467,587,035**	5,757,256,636
Equity			
General reserve		**214,294,966**	134,889,895
Other reserves	21	**101,931,136**	45,330,475
Total Equity		**316,226,102**	180,220,370
Total Liabilities and Equity		**5,783,813,137**	5,937,477,006

Approved for issue by the Board of Directors on 27 June 2024 and signed on its behalf by:

_______________ Governor _______________ Director, Accounting Department

The accompanying notes are an integral part of these financial statements.

Eastern Caribbean Central Bank

Statement of Profit or Loss

For the year ended 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Interest income	26	**159,829,373**	90,053,738
Interest expense	26	**(4,636,291)**	(1,610,296)
Net interest income		**155,193,082**	88,443,442
Commission income – foreign transactions		**12,526,477**	9,414,149
Commission income – other transactions		**5,289,343**	5,316,992
Net losses on sale of foreign investment securities at fair value through other comprehensive income (FVOCI)	9	**(115)**	(35,247,720)
Net losses on foreign investment securities at fair value through profit or loss (FVTPL)	27	**-**	(44,115,415)
Other income	28	**3,106,807**	4,566,773
Operating income		**176,115,594**	28,378,221
Salaries, pensions and other staff benefits	29	42,082,111	39,024,868
Currency expenses		4,261,638	3,472,368
Amortisation	14	907,112	957,798
Depreciation	15, 16	7,487,059	7,097,894
Administrative and general expenses	31	40,476,605	31,836,379
Net impairment losses on financial assets	30	2,623,122	1,194,873
Operating expenses		**97,837,647**	83,584,180
Operating profit (loss) for the year		**78,277,947**	(55,205,959)
Share of profit of associates	13	**1,884,325**	685,160
Profit (loss) for the year		**80,162,272**	(54,520,799)

The accompanying notes are an integral part of these financial statements.

Eastern Caribbean Central Bank

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Notes	**2024** **$**	2023 $
Profit (loss) for the year		**80,162,272**	(54,520,799)
Other comprehensive income (loss)			
Items that are or may be subsequently reclassified to profit or loss:			
Net gains (losses) from changes in the fair value of foreign debt investments at FVOCI	21	**66,894,961**	(47,368,141)
Losses on sale of foreign debt investment securities at FVOCI recycled to profit or loss	9	**115**	35,247,720
Expected credit losses (reversals) on foreign debt investment securities at FVOCI	21	**(560,043)**	(186,783)
Share of associates fair value losses on investments at FVOCI	13	**(15,342,573)**	-
		50,992,460	(12,307,204)
Items that will not be reclassified to profit or loss:			
Remeasurement gains (losses) on defined benefit pension plan	22	**4,851,000**	(4,409,000)
Total other comprehensive income (loss) for the year		**55,843,460**	(16,716,204)
Total comprehensive income (loss) for the year		**136,005,732**	(71,237,003)

The accompanying notes are an integral part of these financial statements.

Eastern Caribbean Central Bank

Statement of Changes in Equity

For the year ended 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Retained Earnings $	General Reserve $	Capital Reserve $	Revaluation Reserve $	Investment Revaluation Reserve $	Self-Insurance Reserve Fund $	Pension Reserve $	Export Credit Guarantee Fund $	Total $
Balance, 31 March 2023	-	**134,889,895**	**6,537,928**	**118,910,732**	**(127,391,606)**	**14,488,544**	**30,976,000**	**1,808,877**	**180,220,370**
Profit for the year	80,162,272	-	-	-	-	-	-	-	80,162,272
Remeasurement gain on defined benefit pension plan (note 22)	-	-	-	-	-	-	4,851,000	-	4,851,000
Net change in fair value of investment securities at FVOCI	-	-	-	-	66,335,033	-	-	-	66,335,033
Share of associates fair value losses on investment securities at FVOCI	-	-	-	-	(15,342,573)	-	-	-	(15,342,573)
Total comprehensive income	80,162,272	-	-	-	50,992,460	-	4,851,000	-	136,005,732
Allocation to general reserve	(79,405,071)	79,405,071	-	-	-	-	-	-	-
Allocation from pension reserve (note 21)	480,000	-	-	-	-	-	(480,000)	-	-
Allocation to self-insurance reserve fund (note 21)	(1,237,201)	-	-	-	-	1,237,201	-	-	-
Balance, 31 March 2024	-	**214,294,966**	**6,537,928**	**118,910,732**	**(76,399,146)**	**15,725,745**	**35,347,000**	**1,808,877**	**316,226,102**

The accompanying notes are an integral part of these financial statements.

Eastern Caribbean Central Bank

Statement of Changes in Equity *(continued)*

For the year ended 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Retained Earnings $	General Reserve $	Capital Reserve $	Revaluation Reserve $	Investment Revaluation Reserve $	Self-Insurance Reserve Fund $	Pension Reserve $	Export Credit Guarantee Fund $	Total $
Balance, 31 March 2022	-	**190,598,694**	**6,537,928**	**118,910,732**	**(115,084,402)**	**14,488,544**	**34,197,000**	**1,808,877**	**251,457,373**
Loss for the year	(54,520,799)	-	-	-	-	-	-	-	(54,520,799)
Remeasurement loss on defined benefit pension plan (note 22)	-	-	-	-	-	-	(4,409,000)	-	(4,409,000)
Net change in fair value of investment securities at FVOCI	-	-	-	-	(12,307,204)	-	-	-	(12,307,204)
Total comprehensive loss	(54,520,799)	-	-	-	(12,307,204)	-	(4,409,000)	-	(71,237,003)
Allocation from general reserve	55,708,799	(55,708,799)	-	-	-	-	-	-	-
Allocation to pension reserve (note 21)	(1,188,000)	-	-	-	-	-	1,188,000	-	-
Balance, 31 March 2023	-	**134,889,895**	**6,537,928**	**118,910,732**	**(127,391,606)**	**14,488,544**	**30,976,000**	**1,808,877**	**180,220,370**

The accompanying notes are an integral part of these financial statements.

Eastern Caribbean Central Bank

Statement of Cash Flows

For the year ended 31 March 2024

(Expressed in Eastern Caribbean dollars)

	Notes	2024	2023
		$	$
Cash flows from operating activities			
Profit (loss) for the year		**80,162,272**	(54,520,799)
Adjustments for:			
Depreciation of property and equipment	15	**6,531,909**	6,309,524
Depreciation of right-of-use assets	16	**955,150**	788,370
Amortisation of intangible assets	14	**907,112**	957,798
Net losses on sale of foreign investment securities at FVOCI	9	**115**	35,247,720
Share of profit of associates	13	**(1,884,325)**	(685,160)
Net pension cost during the year	29	**3,536,000**	1,701,000
Gain on sale of property and equipment	28	**(2,420)**	(8,631)
Gain on lease modification	28	**(18,857)**	-
Net losses on foreign investment securities at FVTPL	27	**-**	46,937,350
Net impairment losses on financial assets	30	**2,623,122**	1,194,873
Interest income	26	**(159,829,373)**	(90,053,738)
Interest expense on demand and deposit liabilities	26	**4,464,527**	1,457,982
Interest expense on lease liabilities	26	**171,764**	152,314
Cash flows used in operations before changes in operating assets and liabilities		**(62,383,004)**	(50,521,397)
Changes in operating assets and liabilities			
Money market instruments	6	**94,400,066**	167,985,238
Participating governments' securities	10	**12,271,184**	(8,645,491)
Participating governments' advances	11	**90,156,379**	(60,759,671)
Accounts receivable and prepaid expenses	12	**(1,451,031)**	(886,343)
Derivative financial asset	7	**(60,608**)	60,473
Derivative financial liabilities	20	**(460,070)**	(1,109,982)
Demand and deposit liabilities - domestic and foreign	17, 18	**(289,465,667)**	175,557,329
IMF government general resource accounts	19	**2,384**	(80,258)
Cash (used in) generated from operations before interest and pension contributions		**(156,990,367)**	221,599,898
Interest received		**159,690,656**	87,459,663
Interest paid		**(4,185,065)**	(1,610,296)
Pension contributions paid		**(3,056,000)**	(2,889,000)
Net cash (used in) generated from operating activities		**(4,540,776)**	304,560,265
Cash flows from investing activities			
Acquisition of property and equipment	15	**(17,315,377)**	(9,292,781)
Acquisition of intangible assets	14	**(345,586)**	(2,665,156)
Proceeds from sale of property and equipment		**3,231**	9,750
Proceeds from sales and maturities of foreign investment securities at FVOCI		**5,527,510,805**	2,655,464,534
Purchase of foreign investment securities at FVOCI		**(5,796,210,505)**	(2,684,596,821)
Purchase of foreign investment securities at FVTPL		-	(120,795,390)
Principal collections on foreign investment securities at FVTPL		-	30,491,473
Proceeds from sale of foreign investment securities at FVTPL		-	325,146,786
Dividends received from associates	13	**465,028**	612,366
Net cash (used in) generated from investing activities		**(285,892,404)**	194,374,761

Cash flows from financing activities			
Repayment of lease liabilities	16	**(910,211)**	(759,280)
Net cash used in financing activities		**(910,211)**	(759,280)
Net (decrease) increase in cash and cash equivalents		**(291,343,391)**	498,175,746
Cash and cash equivalents, beginning of year	25	**1,187,677,979**	689,502,233
Cash and cash equivalents, end of year	25	**896,334,588**	1,187,677,979

The accompanying notes are an integral part of these financial statements.

1. Incorporation and principal activity

The Eastern Caribbean Central Bank ("ECCB" or the "Bank") was established under the Eastern Caribbean Central Bank Agreement Act 1983 (the "Act") on July 5, 1983 with the ratification of the Act by Governments participating in the Eastern Caribbean Currency Authority (the "Authority"). In accordance with Article 54(2) of the Act, the ECCB was formally established on October 1, 1983 on which date the Authority ceased to exist. Effective from that date, all the assets and liabilities of the Authority, together with all its rights and obligations that are consistent with the provisions of the Act were deemed to have been transferred to and vested in the Bank.

The principal activity of the ECCB is to issue, manage and safeguard the international value of the Eastern Caribbean currency, to regulate the availability of money and credit, to promote and maintain monetary stability and a sound financial structure, and to promote economic development in the territories of the Participating Governments.

The Participating Governments include Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia and Saint Vincent and the Grenadines, which also compose the Eastern Caribbean Currency Union ("ECCU").

The primary office of the ECCB is at Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis and its agency offices are located in the other seven member territories.

2. Material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention, except for the following:

- Financial assets measured at fair value through other comprehensive income;
- Financial assets and liabilities measured at fair value through profit or loss;
- Land and buildings measured at fair value.

On the statement of financial position, domestic assets and liabilities are those which are located within the Eastern Caribbean Currency Union, and include certain regional assets and liabilities, which are located within other Caribbean territories. Foreign assets and liabilities are those which are located outside of the Caribbean.

The financial statements were authorised for issue by the Board of Directors on 27 June 2024.

Neither the Bank's member governments nor others have the power to amend the financial statements after issue.

2. **Material accounting policies** *(continued)*

a) **Basis of preparation** *(continued)*

New standards, interpretations and amendments to existing standards effective in the current financial year

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

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023). The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support the amendments to IAS 1, the IASB also amended IFRS Practice Statement 2, Making Materiality Judgements", to provide guidance on the concept of materiality and its application to accounting policy disclosures.

The adoption of this amendment and Practice Statement have no impact on the measurement or presentation of any items in the financial statements of the Bank, but impact the disclosure of accounting policies of the Bank.

Amendments to IAS 8 - Definition of Accounting Estimates, (effective for annual period beginning on or after 1 January 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments also clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments had no effect on the financial statements of the Bank.

2. Material accounting policies *(continued)*

a) Basis of preparation *(continued)*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued, which are not yet effective and have not been early-adopted by the Bank. The ECCB has assessed and determined that the following new and amended standards and interpretations are relevant to its operations.

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, will apply retrospectively for annual reporting periods beginning on or after 1 January 2024. The amendments promote consistency in application and clarify the requirements in determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

The amendments are not expected to have a significant impact the Bank's financial statements.

Amendments to IAS 1FRS 16, Leases – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after January 1, 2024). The amendments require a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows:

- On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.

- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.

Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

The Bank does not expect the amendments to have a significant impact on its financial statements.

2. Material accounting policies *(continued)*

a) Basis of preparation *(continued)*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted *(continued)*

Amendment to IAS 7 and IFRS 7 - Supplier finance, (effective for annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year). The amendments require additional disclosures that complement the existing disclosures in these two Standards. The disclosures enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendments to IAS 21 - Lack of Exchangeability, (effective for annual periods beginning on or after 1 January 2025 (with transitional reliefs in the first year). The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. The amendments:

- Introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability.
- Provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable.
- Require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process.

The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, effective for annual reporting periods beginning on or after January 1, 2024, (with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied).

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

2. Material accounting policies *(continued)*

a) Basis of preparation *(continued)*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted *(continued)*

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information *(continued)*

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee sustainability-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Bank is assessing the impact of this standard on its financial statements.

IFRS S2, Climate-related Disclosures, (effective for annual reporting periods beginning on or after January 1, 2024). (with earlier application permitted as long as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is also applied).

IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity’s cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as ‘climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects’). IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity.

IFRS S2 sets out the requirements for disclosing information about an entity’s climate-related risks and opportunities. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee climate-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Bank is assessing the impact of this standard on its financial statements.

2. Material accounting policies *(continued)*

b) Associates

Associates are all entities over which the Bank has significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

The Bank's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income or loss is recognised in other comprehensive income or loss with a corresponding adjustment to the carrying amount of the investment.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit (loss) of associates' in the statement of profit or loss.

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For the preparation of the financial statements, common accounting policies for similar transactions and other events in similar circumstances are used. Dilution gains and losses in associates are recognised in the statement of profit or loss.

2. Material accounting policies *(continued)*

c) Fair value measurement

The Bank measures financial instruments, such as investment securities, certain money market instruments and derivatives at fair value at each financial reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

IFRS 13 requires that the fair value of a liability or equity instrument of the entity be determined under the assumption that the instrument would be transferred on the measurement date, but would remain outstanding. Accordingly, the fair value of a liability must take account of non-performance risk, including the entity's own credit risk.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described in Note 3(e).

d) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Actual results may differ from those estimates.

2. Material accounting policies *(continued)*

d) Use of judgements and estimates *(continued)*

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the ECCB operates (the "functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the ECCB's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Changes in fair value of monetary securities denominated in foreign currency are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income or loss.

All foreign exchange gains and losses recognised in the statement of profit or loss are presented net. Foreign exchange gains and losses on other comprehensive income or loss items are presented in other comprehensive income or loss.

f) Comparative information

The Bank's financial statements provide comparative information in respect of the preceding period for all amounts reported in the current period. Except when an IFRS permits or requires otherwise, comparative information shall be disclosed in respect of the preceding period for all amounts reported in the financial statements. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities

(i) Initial recognition and measurement of financial assets and liabilities

A financial instrument (financial asset or financial liability) is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially recognised on the settlement date, which is the date that an asset is delivered to or by the Bank. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue of the instrument, such as fees and commissions. Subsequent measurement of financial assets and financial liabilities is described below.

(ii) Classification and measurement of financial assets

The Bank classifies its financial assets in the following measurement categories based on the business model for managing the assets and the assets' contractual cash flow characteristics under IFRS 9:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other equity investments are classified as measured at FVTPL.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ii) *Classification and measurement of financial assets* (continued)

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(iii) *Business model assessment*

Business model assessment entails a determination of the way financial assets are managed in order to generate cash flows. There are three business models available under IFRS 9:

- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest form the counterparty.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity elects to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: all those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

The assessment of business model requires judgement based on facts and circumstances at the date of initial application. The business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios per instrument type and is based on observable factors.

The Bank determines its business model at the portfolio level (foreign reserves and domestic assets portfolios) as this best reflects the way the Bank manages its financial assets to achieve its business objective. The Bank's business model assessment considers the following qualitative and observable factors:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolios is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how asset managers are compensated (e.g. whether compensation is based on the fair value of the asset managed or the contractual cash flows collected); and

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(iii) Business model assessment *(continued)*

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

(iv) Assessment of whether contractual cash flows are solely payments of principal and interest

The second criteria in the classification process is the Bank's assessment of the contractual terms of financial assets to determine whether they meet the solely payments of principal and interest (SPPI) test. Contractual cash flows that represent solely payments of principal and interest on the principal amount outstanding are consistent with basic lending arrangements.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial asset for a particular period of time, and a profit margin that is consistent with a basic lending arrangement.

If a financial asset is held in either a 'Hold to Collect' or a 'Hold to Collect and Sell' business model, then assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition is required to determine the classification. The SPPI test is performed on an individual instrument basis.

In assessing whether the contractual cash flows are SPPI, the Bank considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument, which could affect whether the instrument is considered to meet the SPPI test. If the SPPI test is failed, such financial assets are measured at FVTPL with interest earned recognised in other interest income.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(v) Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost. Interest income on these instruments is recognised in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of expected credit losses (ECL) in the statement of financial position.

(vi) Debt instruments measured at FVOCI

The Bank measures debt investment securities at FVOCI when both of the following categories are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt investment securities are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(vii) Equity instruments

Equity instruments are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL); or
- Designated at fair value through other comprehensive income (FVOCI).

Equity instruments measured at Fair value through profit or loss (FVTPL)

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognised immediately in profit or loss. Subsequent to initial recognition the changes in fair value are recognised in the statement of profit or loss. Equity instruments at FVTPL are primarily assets held for trading.

Equity instruments measured at FVOCI (designated)

The Bank made an irrevocable election to classify certain equity instruments at FVOCI when they are not held for trading as these investments are expected to be held for the long-term and for strategic purposes. This election is made on an instrument-by-instrument basis and is not available for equity instruments that are held for trading purposes. Gains and losses on these instruments including when derecognised/sold are recorded in OCI and are not subsequently reclassified to the statement of profit or loss. As such, there is no specific impairment requirement. Dividends received are recorded in profit or loss. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to profit or loss on sale of the security.

(viii) Financial assets at fair value through profit or loss

Groups of financial assets for which the business model is other than held to collect and held to collect and sell are measured at FVTPL. Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets

IFRS 9 requires the Bank to record ECLs on all debt instruments measured at amortised cost or FVOCI.

The Bank conducted ECL assessment for the following categories of financial assets:

- Financial assets measured at amortised cost; and
- Financial assets measured at FVOCI.

Equity investment securities are not subject to impairment testing under IFRS 9.

The Bank measures loss allowances at an amount equal to 12-month ECL on the following:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Expected credit loss impairment model

The Bank applies a three-stage approach to measure the allowance for credit losses as required under IFRS 9. The ECL allowance is based on credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 3(b)(iii). The 12-month ECL is the portion of lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime and 12-month expected credit losses are calculated on an individual basis.

The Bank has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, at the end of each reporting period. This is undertaken by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Expected credit loss impairment model *(continued)*

Based on the above process, the Bank classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

<u>Stage 1: 12 months ECL</u>
The Bank assesses ECLs on financial assets where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. When financial assets are first recognised and continue to perform in accordance with the contractual terms and conditions at initial recognition, the Bank recognises a loss allowance based on 12 months ECLs. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date.

<u>Stage 2: Lifetime ECL – not credit impaired</u>
The Bank collectively assesses ECLs on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the Bank recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

<u>Stage 3: Lifetime ECL – credit impaired</u>
The Bank identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. If the asset is no longer credit impaired, then the calculation of the interest income reverts to the gross basis.

Financial instruments within the scope of the impairment requirements of IFRS 9 are classified into one of the above three stages. Unless purchased or originated credit impaired, newly originated assets are classified as Stage 1 and remain in that stage unless there is considered to have been a significant increase in credit risk since initial recognition, at which point the asset is reclassified to Stage 2.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Measurement of expected credit losses (ECL)

The Bank derives ECLs from probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD – The Probability of Default (PD) is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.

EAD – The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Measurement of expected credit losses (ECL) *continued)*

The mechanics of the ECL method are summarised below:

Stage 1
The 12 months ECL is calculated as the portion of the lifetime expected credit losses that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

Stage 2
When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3
For financial assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Purchased or originated credit-impaired (POCI) assets are financial instruments that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted effective interest rate. Expected credit losses are recognised to the extent that there is a subsequent change where ECLs are calculated based on lifetime expected credit loss. Once the financial asset is recognised as POCI, it retains this status until derecognised.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Measurement of expected credit losses (ECL) *(continued)*

Macroeconomic factors

The standard requires incorporation of macroeconomic factors in models for ECLs. In its models, the Bank utilises an automated solution which incorporates an assessment of a broad range of forward-looking economic information as possible inputs, such as: GDP growth, unemployment rates, inflation and interest rates.

Incorporation of forward looking information

IFRS 9 requires the incorporation of forward looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk. It considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Definition of default

The Bank considers a financial asset to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Financial assets classified as 'default' are transferred to stage 3 and impairment loss is measured based on lifetime expected credit losses.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Measurement of expected credit losses (ECL) *(continued)*

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganization;
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that secure the loan;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise.

Significant increase in credit risk

A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on historical experience and credit risk assessment. As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

IFRS 9 also requires that (other than for purchased or originated credit impaired financial instruments) if a significant increase in credit risk that had taken place since initial recognition, has reversed by a subsequent reporting period then the loss allowance reverts from lifetime ECL to 12-month.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(ix) Impairment of financial assets *(continued)*

Measurement of expected credit losses (ECL) *(continued)*

Write-offs

Financial assets and the related impairment allowances, are written off, either partially or in full, when there is no realistic prospect of recovery.

Presentation of allowance for ECL

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Debt instruments measured at fair value through OCI - the ECLs are not recognised in the statement of financial position because the carrying amounts of these assets remain their fair values. However, the loss allowance is disclosed and is recognised in the fair value reserve in equity with a corresponding charge to the statement of profit or loss. The accumulated loss recognised in OCI is recycled to profit or loss upon derecognition of the financial assets.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(x) Financial Liabilities

Initial recognition and measurement

The Bank classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Other financial liabilities are initially recognised at fair value net of any transaction costs. After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(xi) Derecognition of financial assets and financial liabilities

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(xi) Derecognition of financial assets and financial liabilities *(continued)*

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expire.

(xii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

— fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

— other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(xii) Modification of financial assets and financial liabilities *(continued)*

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(xiii) Measurement and gains and losses

The ‘foreign investment securities’ caption in the statement of financial position includes:

- debt securities measured at FVOCI;
- U.S. Government Agency Residential Mortgage-Backed Securities measured at FVTPL;
- equity investment securities designated as at FVOCI; and
- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(xiii) Measurement and gains and losses *(continued)*

The Bank elects to present in OCI, changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(xiv) Other financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with other banks, short-term highly-liquid funds and investments with original maturities of 90 days or less from the date of acquisition that are readily convertible to know amounts of cash, and which are subject to an insignificant risk of changes in value.

Accounts receivable

Trade and other receivables are measured at amortised cost, less expected credit loss.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of the Bank's derivative instruments are recognised immediately in the statement of profit or loss.

The best evidence of the fair value of a derivative at initial recognition is the transaction price that is, the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Bank’s derivative financial instruments are foreign currency forward contracts and “to-be-announced” (TBA) contracts. Derivative financial instruments are measured at fair value and disclosed in Notes 7 and 20. None of the Bank's derivative instruments have been designated as hedging instruments.

2. Material accounting policies *(continued)*

g) Financial assets and financial liabilities *(continued)*

(xiv) Other financial instruments *(continued)*

Demand and deposit liabilities - domestic

Demand and deposit liabilities – domestic are the Bank's Eastern Caribbean dollar obligations to clients/institutions in the Organisation of Eastern Caribbean States (OECS) settled on demand and are measured at amortised cost. Note 2(p) sets out information regarding notes and coins in circulation.

Demand and deposit liabilities - foreign

Demand and deposit liabilities – foreign are the Bank's obligations to clients/institutions outside of the OECS that are settled on demand and are measured at amortised cost.

IMF government general resource accounts

The ECCB acts as fiscal agent of the participating governments in their transactions with the International Monetary Fund (IMF). To facilitate its role as fiscal agent, governments IMF general resource accounts are held at the ECCB. The accounts with the IMF, which records all transactions with the IMF, have been included in these financial statements. Participating governments position in the general resource accounts is reported on a net asset or net liability basis. IMF related assets and liabilities accounts are measured at amortised cost.

Other liabilities and payables

Other liabilities and payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(xv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

2. Material accounting policies *(continued)*

h) Property and equipment

Property and equipment are initially recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are subsequently carried at fair value, based on periodic independent valuations by a professional qualified valuer. These revaluations are carried out with sufficient regularity to ensure that the carrying value of land and buildings does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

At the date of revaluation, the accumulated depreciation on the revalued property is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method at rates estimated to write down the cost or valuation of such assets to their residual values over their estimated useful lives as follows:

Buildings	50 years;
Furniture and Equipment	5 – 15 years;
Motor vehicles	5 – 7 years;
Land improvements	10 years;
Building improvements	10 years;
Computer systems	3 – 5 years.

Land is not depreciated. Donated property is recorded at fair value at the time of receipt.

Property and equipment are periodically reviewed for impairment or when indicators exist that there may be impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. No property and equipment were impaired as at 31 March 2024 (2023: nil).

Gains and losses on the disposal of property and equipment are determined by comparing proceeds with carrying amount and are taken into account in determining operating profit. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2. Material accounting policies *(continued)*

i) Intangible assets

Intangible assets are substantially comprised of acquired computer software programmes. These are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. The Bank chooses to use the cost model for the measurement after recognition. These costs are amortised using the straight-line method on the basis of the expected useful life of three years. Generally, the identified intangible assets of the Bank have a definite useful life. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

At each reporting date, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

j) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

k) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. Material accounting policies *(continued)*

l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Bank recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Bank's activities, as described below.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of profit or loss for all instruments measured at amortised cost, FVOCI and FVTPL using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

Commissions' income

Commissions income are generally charged on transactions with commercial banks and other institutions except participating governments, and are generally recognised when the Bank transfers control of a product or service to a customer. Transactions that attract commissions include purchase and sale of foreign currency notes and balances and issue and redemption of Eastern Caribbean currency notes. Revenue related to transactions is recognised at the point in time when the transaction takes place.

Other income

Licence fees due under the Banking Act, are fixed and non-cancellable and are recorded in profit or loss when due. Pension fund administrative and management fees are charged for administrative and investment management services on behalf of the scheme, and are recognised as the related services are performed. Income from banking licence fees and pension fund administrative and management fees are reported in the statement of profit or loss in the 'other income' grouping.

2. Material accounting policies *(continued)*

m) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. The Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;

2. Material accounting policies (*continued)*

m) Leases (*continued)*

As a lessee (*continued)*

- the exercise price under a purchase option that the Bank is reasonably certain to exercise;
- lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases as lessor

Operating lease

The Bank leases out office spaces to associated institutions under operating leases with rentals payable monthly. These leases are classified as operating leases, as they do not transfer all of the risks and rewards incidental to ownership of the assets. Note 28 sets out information about the operating leases.

n) Employee benefits

Staff pension plan

The Bank operates a defined benefit pension plan for its eligible employees. The assets of the plan are held in a single trustee administered fund, established by the Eastern Caribbean Central Bank. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee.

2. Material accounting policies (*continued)*

n) Employee benefits *(continued)*

Staff pension plan *(continued)*

An asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. An approximate value of the defined benefit obligation is calculated every year by independent actuaries using the projected unit credit method based on detailed calculations carried out for the most recent triennial funding valuation. Under this method, the cost of providing pensions is charged to the statement of profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income. Net interest expense and other expense related to defined benefit plan are recognised in profit or loss. Past-service costs are recognised immediately in the statement of profit or loss. The pension plan is funded by payments from employees and the Bank, taking into account the recommendations of independent qualified actuaries.

Prepaid employee short term benefit

The Bank facilitates loans to its staff at rates that are relatively low in comparison to the normal market rates in the Eastern Caribbean Currency Union (ECCU). These loans are recognised at fair value using a normal market rate, and the difference between the fair value and the consideration given to the employees is recorded as a pre-paid short term employee benefit. The pre-paid short-term employee benefit is amortised through the statement of profit or loss over the expected service life of the relevant individual employees or the expected life of the relevant individual loans, whichever is shorter.

o) Commemorative coins

The nominal value of commemorative coins sold is excluded from the balance of ‘Notes and Coins in circulation’ while the net proceeds from sales are included in the statement of profit or loss.

p) Currency in circulation

In accordance with the ECCB Agreement Act, the Bank is the sole authority to issue currency notes and coins for circulation in the Eastern Caribbean Currency Union. Bank notes and coins in circulation are non-interest bearing and are redeemable on demand.

2. Material accounting policies *(continued)*

p) Currency in circulation *(continued)*

DCash in circulation

The Digital Eastern Caribbean Dollar (DCash) was a securely minted digital version of the Eastern Caribbean dollar issued by the ECCB. The DCash Pilot platform concluded on 12 January 2024. Thus, DCash issued during the pilot phase is no longer accepted as legal tender.

The values of notes and coins in circulation and DCash in circulation are disclosed in Note 17.

q) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity, in this case, the Bank").

(a) A person or a close member of that person's family is related to the Bank if that person:

- (i) has control or joint control over the Bank;
- (ii) has significant influence over the Bank; or
- (iii) is a member of the key management personnel of the Bank or of a parent of the Bank.

(b) An entity is related to the Bank if any of the following conditions applies:

- (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity or its parent is provided with key management personnel services by the management entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

r) Taxation

In accordance with Article 50 (8) (a) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank's income is exempt from any form of taxation.

3. Financial risk management

a) Introduction and overview

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. By its nature, the Bank's activities are principally related to the use of financial instruments. The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

The strategy for using financial instruments is embedded in the mission of the Bank to maintain the stability of the Eastern Caribbean Dollar and the integrity of the banking system in order to facilitate the balanced growth and development of member states.

The activities of the Bank require the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. In executing its duties as a central bank, there are significant inherent risks, which the Bank faces, both at the macro and micro levels of its operations. These risks arise primarily through the Bank's execution of its reserve management function, the provision of banking services to governments and commercial banks and from the broad areas of monetary policy, financial sector stability, management of the payment system and the daily operational tasks undertaken to support these functions.

The Bank's aim is therefore to achieve an appropriate balance between risk and the objectives of its reserve management function which are: (i) preservation of capital, (ii) meeting liquidity requirements and (iii) realizing a satisfactory return. The Bank also seeks to minimise potential adverse effects on the Bank's financial performance.

Risk Management Structure

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices. In addition, the Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their role and obligations.

The Bank's Board of Directors has overall responsibility for the establishment of the Bank's risk management framework. The Board has established committees for managing and monitoring risks.

3. Financial risk management (*continued)*

a) Introduction and overview *(continued)*

Risk Management Structure (*continued)*

The key committees for managing risks are as follows:

Board Audit and Risk Committee

The Board Audit and Risk Committee (BARC) assists the Board in relation to the oversight of the Bank's governance, risk, internal controls and the Bank's financial reporting processes. The BARC reviews the Bank's risk appetite in line with strategy, identifies and monitors risk exposure and the risk management infrastructure, oversees the implementation of strategy to address risk, and assesses the strength and effectiveness of the risk management and internal control framework. Additionally, the BARC monitors the integrity of the financial statements and is responsible for oversight of both the Internal Audit and Enterprise Risk Management functions and reports back to the Board. The BARC reviews the effectiveness of the policies, procedures and systems in place related to, among others, operational risks, compliance, Information Technology (IT) (including cyber-security) and internal security.

Board Investment Committee

The purpose of the Board Investment Committee (BIC) is to assist the Board in fulfilling its responsibilities in the management of the foreign reserves as per Part VI of the ECCB Agreement. The BIC is responsible for submitting recommendations to the Board for approval regarding the following:

(i) Changes to the Foreign Reserve Investment Policy;
(ii) Changes to the Strategic Asset Allocation;
(iii) The retention and termination of asset managers and custodian; and
(iv) Changes to the Terms of Reference for the Reserve Management Committee.

The BIC also receives and considers periodic reports on the following:

(i) Compliance of the external fund managers and the internal fund manager with the Investment Guidelines;
(ii) Performance of the external fund money managers and the internal fund manager; and
(iii) A review of the custodian's performance.

3. Financial risk management *(continued)*

a) Introduction and overview *(continued)*

Risk Management Structure (*continued)*

The Bank has also established internal committees and departments for managing and monitoring risks.

Executive Committee

The Executive Committee of the Bank has the responsibility to ensure that efficient and effective risk management mechanisms are in place. Key to the management of risk within the context of the reserve management function is the reserve management framework, which embodies the Bank's risk tolerance. Included in this framework are the Bank's Investment Policy, Strategic Asset Allocation and investment guidelines, which establish the parameters within which the reserve management function is executed. The Board approves the written policies for overall risk management as well as specific policies relating to the reserve management function. Additionally, the provision of banking services is governed by policy decisions of the Board.

Office of Corporate Strategy and Risk Management

The Office of Corporate Strategy and Risk Management (OCSRM) has responsibility for designing and implementing an Enterprise Risk Management Framework, development and monitoring of the Bank's strategic plan and management of the Bank's Business Continuity Management System (BCMS). The Office reports on risk matters, including the review of risk management and the controls environment, to the Executive Committee and the Board Audit and Risk Committee.

Internal Audit Department

The Internal Audit Department is responsible for providing independent assurance that the Bank's risk management, internal control and governance processes are adequately designed and operating effectively. The Internal Audit Department discusses the results of all assessments with the Executive Committee, and reports its findings and recommendations to the Board Audit and Risk Committee. The Internal Audit Department also monitors the departments' implementation of audit recommendations and reports progress to the Executive Committee and the BARC.

3. Financial risk management *(continued)*

b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer, client or counterparty to a financial instrument fail to meet its contractual obligations. The Bank is exposed to credit risk primarily on account of its reserve management activities. These exposures arise mainly through investments in debt securities of international governments, government agencies, supranational agencies and official institutions. The Bank also has exposures through investments in debt securities of participating governments and through lending to governments and commercial banks.

Management of credit risk

The Bank manages and controls credit risk in the foreign reserves at the issuer level by specification of minimum rating levels according to international rating agencies in the Foreign Reserves Investment Policy. Credit risk is also managed via Investment Guidelines, which stipulate issue and issuer concentration limits and by monitoring exposures in relation to such limits. Credit risk is important to the Bank's business; therefore, management carefully manages the Bank's exposure to credit risk. As it relates to lending to Member Governments and commercial banks, credit risk is managed based on strict adherence to exposure limits outlined in the ECCB agreement Act and the ECCB Board approved policy decision on the matter.

The estimation of credit risk of a portfolio of assets entails estimations as to the likelihood of defaults The Bank measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The Bank manages the credit risk on items exposed to such risk as follows:

Debt investment securities at FVOCI

The Bank manages credit risk by placing limits on its exposure to international governments, government agencies, supranational agencies and official institutions. It places limits on the amount of risk accepted in relation to one borrower and country. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The investment policy and guidelines approved by the Board of Directors, stipulate the limits on the level of credit risk by borrower, product, industry, sector and country. They also stipulate the minimum required ratings issued by Moody's, Standard & Poor's (S&P) or Fitch for its international investments. The Bank further manages this risk by ensuring that business is only conducted with approved banks and by monitoring those banks' deposit ratings via the aforementioned rating agencies. The activities of the global custodian are also monitored daily and their overall performance is periodically reviewed.

The Bank's debt investment securities at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. Foreign investment securities measured at fair value through other comprehensive income (FVOCI) include listed securities. PDs and LGDs for traded instruments were based on the global credit ratings assigned to the instruments or the country for sovereign exposures.

3. Financial risk management (*continued)*

b) Credit risk (*continued)*

Debt investment securities at FVOCI *(continued)*

Management considers 'low credit risk' for listed securities to be an investment grade credit rating from Moody's, S&P or Fitch.

Debt investment securities at Amortised Cost

Other debt instruments (including unlisted participating government securities) are considered to be low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. PDs and LGDs for non-traded instruments were based on proxy ratings where they existed.

Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management considers as strong and there is no significant concentration. Balances with other central banks, balances with foreign banks, cash and balances with local banks and term deposits are short-term funds and the Bank therefore considers the risk of default to be very low.

Accounts receivable

Exposure to credit risk is managed by regular analysis of the ability of customers and other counter parties to meet repayment obligations.

3. Financial risk management (*continued)*

b) Credit risk (*continued)*

(i) Credit quality of financial assets

The credit quality of financial assets is managed by the Bank through external credit ratings used in ECL calculations. The table below shows internal and external grades used in ECL calculation.

<table>
<tr><th>Moody's</th><th>S&P</th><th>Fitch</th><th>Grade Description</th></tr>
<tr><td>Aaa</td><td>AAA</td><td>AAA</td><td rowspan="7">Investment Grade</td></tr>
<tr><td>Aa1</td><td>AA+</td><td>AA+</td></tr>
<tr><td>Aa2</td><td>AA</td><td>AA</td></tr>
<tr><td>Aa3</td><td>AA-</td><td>AA-</td></tr>
<tr><td>A1</td><td>A+</td><td>A+</td></tr>
<tr><td>A2</td><td>A</td><td>A</td></tr>
<tr><td>A3</td><td>A-</td><td>A-</td></tr>
<tr><td>Baa1</td><td>BBB+</td><td>BBB+</td><td rowspan="9">Standard Grade</td></tr>
<tr><td>Baa2</td><td>BBB</td><td>BBB</td></tr>
<tr><td>Baa3</td><td>BBB-</td><td>BBB-</td></tr>
<tr><td>Ba1</td><td>BB+</td><td>BB+</td></tr>
<tr><td>Ba2</td><td>BB</td><td>BB</td></tr>
<tr><td>Ba3</td><td>BB-</td><td>BB-</td></tr>
<tr><td>B1</td><td>B+</td><td>B+</td></tr>
<tr><td>B2</td><td>B</td><td>B</td></tr>
<tr><td>B3</td><td>B-</td><td>B-</td></tr>
<tr><td>Caa1</td><td>CCC+</td><td>CCC</td><td rowspan="5">Low Grade</td></tr>
<tr><td>Caa2</td><td>CCC</td><td></td></tr>
<tr><td>Caa3</td><td>CCC-</td><td></td></tr>
<tr><td rowspan="2">Ca</td><td>CC</td><td>CC</td></tr>
<tr><td>C</td><td>C</td></tr>
<tr><td>C</td><td>D</td><td>D</td><td>Default</td></tr>
</table>

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments without taking into account collateral or other credit enhancement. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 2(g)(ix).

Foreign Investment Debt Securities at FVOCI

	2024				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased Credit-Impaired**	**Total**
	$	**$**	**$**	**$**	**$**
Foreign Investment Debt Securities at FVOCI					
Investment grade	**4,325,491,765**	**-**	**-**	**-**	**4,325,491,765**
Gross carrying amount	**4,325,491,765**	**-**	**-**	**-**	**4,325,491,765**
Loss allowance (recognised in other comprehensive income)	**(399,806)**	**-**	**-**	**-**	**(399,806)**
Carrying amount - fair value	**4,325,491,765**	**-**	**-**	**-**	**4,325,491,765**

	2023				
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired	Total
	$	$	$	$	$
Foreign Investment Debt Securities at FVOCI					
Investment grade	3,990,510,573	-	-	-	3,990,510,573
Gross carrying amount	3,990,510,573	-	-	-	3,990,510,573
Loss allowance (recognised in other comprehensive income)	(959,849)	-	-	-	(959,849)
Carrying amount - fair value	3,990,510,573	-	-	-	3,990,510,573

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) Credit quality analysis *(continued)*

Money Market Instruments at FVOCI

The Bank held no money market instruments at FVOCI as at 31 March 2024.

	2023				
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired	Total
	$	$	$	$	$
Money Market Instruments at FVOCI					
Investment grade	254,367,980	-	-	-	254,367,980
Gross carrying amount	254,367,980	-	-	-	254,367,980
Loss allowance (recognised in other comprehensive income)	(40,276)	-	-	-	(40,276)
Carrying amount	254,367,980	-	-	-	254,367,980

Money Market Instruments at Amortised Cost

	2024				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased Credit-Impaired**	**Total**
	$	**$**	**$**	**$**	**$**
Money Market Instruments at Amortised Cost					
Investment grade	**630,727,955**	**-**	**-**	**-**	**630,727,955**
Unrated	**98,731,257**	**-**	**-**	**-**	**98,731,257**
Gross carrying amount	**729,459,212**	**-**	**-**	**-**	**729,459,212**
Loss allowance	**(8,143)**	**-**	**-**	**-**	**(8,143)**
Carrying amount	**729,451,069**	**-**	**-**	**-**	**729,451,069**

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) Credit quality analysis *(continued)*

Money Market Instruments at Amortised Cost *(continued)*

	2023				
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired	Total
	$	$	$	$	$
Money Market Instruments at Amortised Cost					
Investment grade	785,777,420	-	-	-	785,777,420
Unrated	85,059,946	-	-	-	85,059,946
Gross carrying amount	870,837,366	-	-	-	870,837,366
Loss allowance	(12,437)	-	-	-	(12,437)
Carrying amount	870,824,929	-	-	-	870,824,929

Participating Governments' Securities at Amortised Cost

	2024				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased Credit-Impaired**	**Total**
	$	**$**	**$**	**$**	**$**
Participating Governments' Securities at Amortised Cost					
Standard grade	**213,899,438**	**-**	**-**	**-**	**213,899,438**
Gross carrying amount	**213,899,438**	**-**	**-**	**-**	**213,899,438**
Loss allowance	**(631,571)**	**-**	**-**	**-**	**(631,571)**
Carrying amount	**213,267,867**	**-**	**-**	**-**	**213,267,867**

	2023				
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired	Total
	$	$	$	$	$
Participating Governments' Securities at Amortised Cost					
Standard grade	226,075,491	-	-	-	226,075,491
Gross carrying amount	226,075,491	-	-	-	226,075,491
Loss allowance	(472,818)	-	-	-	(472,818)
Carrying amount	225,602,673	-	-	-	225,602,673

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) Credit quality analysis *(continued)*

Participating Governments' Advances at Amortised Cost

	2024				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased Credit-Impaired**	**Total**
	$	**$**	**$**	**$**	**$**
Participating Governments' Advances at Amortised Cost					
Standard grade	**61,997,897**	**-**	**-**	**-**	**61,997,897**
Gross carrying amount	**61,997,897**	**-**	**-**	**-**	**61,997,897**
Loss allowance	**(51,452)**	**-**	**-**	**-**	**(51,452)**
Carrying amount	**61,946,445**	**-**	**-**	**-**	**61,946,445**

	2023				
	Stage 1	Stage 2	Stage 3	Purchased Credit-Impaired	Total
	$	$	$	$	$
Participating Governments' Advances at Amortised Cost					
Standard grade	152,257,816	-	-	-	152,257,816
Gross carrying amount	152,257,816	-	-	-	152,257,816
Loss allowance	(56,006)	-	-	-	(56,006)
Carrying amount	152,201,810	-	-	-	152,201,810

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) **Credit quality analysis** *(continued)*

Investment securities and money market instruments and money at call

The table below sets out the credit quality of the Bank's foreign debt securities (note 9) and money market instruments and money at call (note 6) by rating agency designation at 31 March 2024 and 31 March 2023, based on Moody's, S&P or Fitch:

Foreign investment securities

Rated (Moody's, S&P or Fitch) **Foreign debt securities**	**2024** **$**	**2023** **$**
Aaa	**4,099,310,109**	3,585,624,333
Aa1	**31,540,260**	40,409,547
Aa2	**40,008,985**	117,994,909
Aa3	**111,306,154**	142,797,500
AA+	**31,898,414**	70,725,412
AA-	**-**	21,452,083
	4,314,063,922	3,979,003,784

Unrated	**2024** **$**	**2023** **$**
Foreign equity securities at FVOCI	**78,205**	78,205
Domestic equity securities at FVOCI	**624,186**	624,186
	702,391	702,391

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(ii) **Credit quality analysis** *(continued)*

Investment securities and money market instruments and money at call (continued)

Money market instruments and money at call

Rated (Moody's and S&P) Commercial paper, certificate of deposits, term deposits and money at call	**2024** **$**	2023 $
Aa1	**177,342,273**	109,223,246
Aa2	**221,761,007**	309,575,268
Aa3	**84,657,592**	135,939,679
A1	-	212,204,762
AA+	**90,180,000**	262,710,001
A+	**55,130,894**	9,062,227
	629,071,766	1,038,715,183

Unrated	**2024** **$**	2023 **$**
Term deposits	**98,731,257**	85,059,946
Total rated and unrated money market instruments And money at call	**727,803,023**	1,123,775,129

Participating governments advances

Advances are based on Board approved credit allocation limits. Requests for advances by member governments are reviewed to ensure that the amounts are within the approved allocated limits. These approved limits are calculated and assigned to the governments annually.

Due from local banks

Advances are granted to commercial banks in accordance with Part VIII, Article 31(2) and Part IIa, Article 5B of the ECCB Agreement Act 1983. Under Part VIII, Article 31(2), the borrowing bank must pledge collateral with the Central Bank and can only borrow ninety per cent of the collateral amount pledged. As at 31 March 2024 and 2023, the Bank did not grant any advances to commercial banks; hence, there was no collateral pledged with the ECCB.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(iii) **Amounts arising from ECL**

(i) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to below for a description of how the Bank determines when a significant increase in credit risk has occurred.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The key inputs, judgements and assumptions adopted by the Bank in addressing the requirements of the standard are set out below:

a) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and third party policies including forward-looking information.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(iii) Amounts arising from ECL *(continued)*

(i) Expected credit loss measurement *(continued)*

a) Significant increase in credit risk (continued)

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- external credit ratings;
- qualitative indicators; and
- a backstop of 30 days past due.

Credit risk grades:

The Bank uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. For debt securities, external rating agency credit grades are used. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

Determining whether credit risk has been increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

The Bank continuously monitors foreign and domestic financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank applies credit rating grades to determine whether there has been a significant increase in credit risk. Movements within investment grade are not construed as significant increases in credit. The Bank considers that there is a significant increase in credit risk for an investment security when there is a decrease in credit rating as follows: a three-notch downgrade from investment grade to standard grade; a two-notch downgrade within or outside the standard grade; or a one-notch downgrade within or outside the low grade bucket, as set out in Note 3(b)(i).

When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(iii) Amounts arising from ECL *(continued)*

(i) Expected credit loss measurement *(continued)*

a) Significant increase in credit risk (continued)

Determining whether credit risk has been increased significantly (continued)

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up to-date payment performance against the modified contractual terms.

In assessing whether a borrower is in default, the Bank considers indicators that are:
- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

b) Incorporation of forward-looking information

The Bank incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in the measurement of expected credit losses (ECL). The Bank has performed analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The Bank applied judgment to select macroeconomic factors that would most likely impact credit risk. Forecasts of these macroeconomic variables are provided through the Bank's ECL solution on a frequent basis and provides the best and worst view of economic conditions based on the expected impact of macro-economic factors, including but are not limited to the following:

- Gross domestic product (GDP) per capita;
- GDP growth rate;
- Interest rates;
- Unemployment rates;
- Inflation.

PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 expected credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are closely correlated with credit losses in the relevant portfolios.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(iii) Amounts arising from ECL *(continued)*

(i) Expected credit loss measurement *(continued)*

b) Incorporation of forward-looking information (continued)

The Bank formulates three macroeconomic scenarios: a base case, which is the median scenario, one upside scenario and one downside scenario. The base case scenario captures our view of the most likely economic future outcome and is assigned the highest weighting. The upside and downside scenarios are set relative to the base scenario based on reasonably possible alternative macroeconomic conditions. Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes. After the ECL calculation has been generated for each scenario, a probability weight is applied to each scenario based on the likelihood of occurrence to arrive at a final probability-weighted ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Incorporating forward-looking information increases the degree of judgement required as to how changes in these macroeconomic factors will affect ECLs. Hence, the methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

c) Computation of the expected credit losses

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

LGD is the magnitude of the likely loss if there is a default. LGD’s are determined based on the factors which impact the recoveries made post default. Theses vary by product type. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

(iii) Amounts arising from ECL *(continued)*

(i) Expected credit loss measurement *(continued)*

c) Computation of the expected credit losses (continued)

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. EAD is computed as the sum of the amortised amount and accrued interest to reflect contractual cash flows.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to on-balance sheet financial assets is as follows:

	As of 31 March	
	2024	**2023**
Assets	**$**	**$**
Foreign assets		
Balances with other central banks	**1,179,342**	17,814,003
Balances with foreign banks	**44,863**	1,020,689
Money market instruments and money at call	**729,451,069**	1,125,192,909
Derivative financial instruments	**60,608**	-
Foreign investment securities	**4,325,569,970**	3,990,588,778
	5,056,305,852	5,134,616,379
Domestic assets		
Cash and balances with local banks	**1,074,234**	1,150,207
Participating governments' securities	**213,267,867**	225,602,673
Participating governments' advances	**61,946,545**	152,201,810
Accounts receivable	**2,680,829**	3,995,102
Domestic investment securities	**624,186**	624,186
	279,593,661	383,573,978
Total on-balance sheet credit risk	**5,335,899,513**	5,518,190,357

The above table represents a worst-case scenario of credit risk exposure as at 31 March 2024 and 2023 without taking account of any collateral held or other credit enhancements attached.

For statement of financial position assets, the exposures set out in the above table are net of loss allowance as reported in the statement of financial position.

As depicted in the table above, 81.07% (2023 – 72.32%) of the total on-balance sheet exposure is derived from foreign investment securities and 13.67% (2023 – 20.39%) represents money market instruments and money at call.

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

The following tables break down the Bank's main credit exposure at the carrying amounts, as categorised by geographical regions as of 31 March 2024 and 31 March 2023. In these tables, the Bank has allocated exposure to regions based on the country of domicile of the counterparties.

Geographical concentration of financial assets

	Eastern Caribbean Currency Union $	United States of America and Canada $	Europe and other territories $	Regional states $	Total $
As of 31 March 2024					
Balances with other central banks	-	821,277	217,765	140,300	1,179,342
Balances with foreign banks	-	44,863	-	-	44,863
Money market instruments and money at call	-	435,915,597	293,535,472	-	729,451,069
Derivative financial instruments	-	60,608	-	-	60,608
Foreign investment securities	-	3,926,597,910	398,972,060	-	4,325,569,970
Cash and balances with local banks	1,074,234	-	-	-	1,074,234
Participating governments' securities	213,267,867	-	-	-	213,267,867
Participating governments' advances	61,946,545	-	-	-	61,946,545
Accounts receivable	2,680,829	-	-	-	2,680,829
Domestic investment securities	202,500	-	-	421,686	624,186
	279,171,975	**4,363,440,255**	**692,725,297**	**561,986**	**5,335,899,513**

3. Financial risk management *(continued)*

b) Credit risk *(continued)*

Geographical concentration of financial assets *(continued)*

	Eastern Caribbean Currency Union $	United States of America and Canada $	Europe and other territories $	Regional states $	Total $
As of 31 March 2023					
Balances with other central banks	-	1,017,358	264,346	16,532,299	17,814,003
Balances with foreign banks	-	1,020,689	-	-	1,020,689
Money market instruments and money at call	-	471,491,035	653,701,874	-	1,125,192,909
Foreign investment securities	-	3,389,563,896	601,024,882	-	3,990,588,778
Cash and balances with local banks	1,150,207	-	-	-	1,150,207
Participating governments' securities	225,602,673	-	-	-	225,602,673
Participating governments' advances	152,201,810	-	-	-	152,201,810
Accounts receivable	3,995,102	-	-	-	3,995,102
Domestic investment securities	202,500	-	-	421,686	624,186
	383,152,292	**3,863,092,978**	**1,254,991,102**	**16,953,985**	**5,518,190,357**

3. Financial risk management *(continued)*

c) Market risk

The Bank is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Bank's reserve management mandate permits investment in a number of instruments. The Bank is exposed to general and specific market movements and volatility of market rates and prices such as interest rates, credit spreads and foreign exchange rates. The Bank enters into currency forward contracts to manage its exposure to fluctuations in foreign exchange rates for non-USD securities. The Bank also has a structured management process, which entails the following:

- Careful monitoring of the international market and taking positions to achieve objectives;
- Regular reporting to internal management committees and to the Board of Directors.

i) Interest rate risk

The Bank invests in securities and money market instruments and maintains demand deposit accounts as a part of its normal course of business. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of loss arising from changes in prevailing interest rates. The Bank manages this risk by monitoring interest rates daily, and seeks to minimize the exposure by devising a comprehensive risk assessment and tolerance strategy known as "Customised benchmarking". The effect of this tool is to reflect the risk tolerance level of the Bank and to measure the performance of portfolio managers. The table below provides the weighted average effective interest rates for each class of financial asset and financial liability:

	2024	2023
	%	%
Foreign Assets		
Money market instruments and money at call	5.03	2.78
Foreign investment securities	2.02	1.18
Domestic Assets		
Balances with local banks	2.00	2.00
Participating governments' securities	4.35	3.37
Participating governments' advances	3.00	2.00
Liabilities		
Fixed deposits, call and operating accounts	1.43	0.81

3. Financial risk management *(continued)*

c) Market risk *(continued)*

i) Interest rate risk (continued)

The Bank's investments in foreign securities, money market instruments and money at call for which rates vary with market movements, exposed the Bank to cash flow and fair value interest rate risk.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments, categorised by the earlier of contractual repricing or maturity dates.

As of 31 March 2024	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 year $	Over 5 years $	Non-Interest bearing $	Total $
Financial assets							
Regional and foreign currencies	-	-	-	-	-	166,233,126	166,233,126
Balances with other central banks	-	-	-	-	-	1,179,342	1,179,342
Balances with foreign banks	-	-	-	-	-	44,863	44,863
Money market instruments and money at call	674,320,176	-	-	-	-	55,130,893	729,451,069
Derivative financial instruments	-	-	-	-	-	60,608	60,608
Foreign investment securities	729,649,749	1,278,315,563	1,345,748,823	971,777,630	-	78,205	4,325,569,970
Cash and balances with local banks	1,074,234	-	-	-	-	-	1,074,234
Participating governments' securities	1,932,808	6,265,196	23,659,469	88,343,800	93,066,594	-	213,267,867
Participating governments' advances	8,501,723	22,128,395	31,316,427	-	-	-	61,946,545
Accounts receivable	4,707	9,756	43,903	18,579	-	2,603,884	2,680,829
Domestic investment securities	-	-	-	-	-	624,186	624,186
	1,415,483,397	**1,306,718,910**	**1,400,768,622**	**1,060,140,009**	**93,066,594**	**225,955,107**	**5,502,132,639**

3. Financial risk management *(continued)*

c) Market risk *(continued)*

i) Interest rate risk (continued)

As of 31 March 2024	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest bearing $	Total $
Financial liabilities							
Demand and deposit liabilities - domestic	129,319,035	79,303,657	-	-	-	5,177,267,570	5,385,890,262
Lease liabilities	78,546	158,173	660,176	1,753,845	70,359	-	2,721,099
Demand and deposit liabilities - foreign	-	-	-	-	-	77,771,381	77,771,381
Derivative financial instruments	-	-	-	-	-	25,297	25,297
IMF Government general resource accounts	-	-	-	-	-	1,178,996	1,178,996
	129,397,581	**79,461,830**	**660,176**	**1,753,845**	**70,359**	**5,256,243,244**	**5,467,587,035**
Total interest sensitivity gap	**1,286,085,816**	**1,227,257,080**	**1,400,108,446**	**1,058,386,164**	**92,996,235**	**(5,030,288,137)**	**34,545,604**
Cumulative gap	**1,286,085,816**	**2,513,342,896**	**3,913,451,342**	**4,971,837,506**	**5,064,833,741**	**34,545,604**	**-**

3. Financial risk management *(continued)*

c) Market risk *(continued)*

i) Interest rate risk (continued)

As of 31 March 2023	**Up to 1 month** $	**1 to 3 months** $	**3 months to 1 year** $	**1 to 5 years** $	**Over 5 years** $	**Non-Interest bearing** $	**Total** $
Financial assets							
Regional and foreign currencies	-	-	-	-	-	137,783,494	137,783,494
Balances with other central banks	-	-	-	-	-	17,814,003	17,814,003
Balances with foreign banks	-	-	-	-	-	1,020,689	1,020,689
Money market instruments and money at call	881,971,722	56,247,378	177,911,581	-	-	9,062,228	1,125,192,909
Foreign investment securities	85,897,338	178,205,907	946,797,103	2,779,610,225	-	78,205	3,990,588,778
Cash and balances with local banks	1,150,207	-	-	-	-	-	1,150,207
Participating governments' securities	1,258,546	5,524,107	21,916,338	92,728,578	104,175,104	-	225,602,673
Participating governments' advances	85,744,511	34,398,008	32,059,291	-	-	-	152,201,810
Accounts receivable	7,328	14,997	62,197	93,492	-	3,817,088	3,995,102
Domestic investment securities	-	-	-	-	-	624,186	624,186
	1,056,029,652	**274,390,397**	**1,178,746,510**	**2,872,432,295**	**104,175,104**	**170,199,893**	**5,655,973,851**

3. Financial risk management *(continued)*

c) Market risk *(continued)*

i) Interest rate risk (continued)

As of 31 March 2023	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest bearing $	Total $
Financial liabilities							
Demand and deposit liabilities - domestic	145,792,690	-	-	-	-	5,534,827,978	5,680,620,668
Lease liabilities	67,567	136,065	634,094	1,756,650	324,197	-	2,918,573
Demand and deposit liabilities - foreign	-	-	-	-	-	72,055,416	72,055,416
Derivative financial instruments	-	-	-	-	-	485,367	485,367
IMF Government general resource accounts	-	-	-	-	-	1,176,612	1,176,612
	145,860,257	**136,065**	**634,094**	**1,756,650**	**324,197**	**5,608,545,373**	**5,757,256,636**
Total interest sensitivity gap	**910,169,395**	**274,254,332**	**1,178,112,416**	**2,870,675,645**	**103,850,907**	**(5,438,345,480)**	**(101,282,785)**
Cumulative gap	**910,169,395**	**1,184,423,727**	**2,362,536,143**	**5,233,211,788**	**5,337,062,695**	**(101,282,785)**	**-**

3. Financial risk management *(continued)*

c) Market risk *(continued)*

i) Interest rate risk (continued)

Sensitivity to interest rate movements

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on profit or loss and other components of equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the variable rate non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate FVOCI financial assets for the effects of the assumed changes in interest rates.

	2024	
	Impact on profit	**Impact on other components of equity**
	$	$
Interest rates - increase by 100 basis points	7,121,242	(23,295,945)
Interest rates - decrease by 50 basis points	(3,560,621)	11,647,973

	2023	
	Impact on profit	**Impact on other components of equity**
	$	$
Interest rates - increase by 100 basis points	13,463,131	(52,920,750)
Interest rates - decrease by 50 basis points	(6,731,566)	26,460,375

3. Financial risk management *(continued)*

c) Market risk *(continued)*

ii) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Bank is exposed to foreign currency risk due to fluctuations in the prevailing foreign currency exchange rates on transactions and balances denominated in currencies other than the USD. Management seeks to manage this risk by setting limits on the level of exposure by currency, which are monitored daily.

Foreign investment securities

The Bank's investment guidelines require that all non-US dollar securities be hedged back to the US dollar. As of 31 March 2024, the non-US securities in the foreign securities portfolio was nil (2023: nil). The investment managers have entered into forward contracts to sell the non-USD positions forward on a periodic rolling basis. All gains and losses arising from currency revaluation of these assets and the forward contracts are reported in the statement of profit or loss as they occur.

Regional and foreign currencies

The Bank facilitates the repatriation of foreign currency notes collected by member banks during their normal course of operations. The notes are purchased from the commercial banks and shipped to Bank of America on a monthly basis. To manage the foreign currency risk of holding these notes, the Bank forward sells these notes on the same day of purchase for value on the date that the counterparty receives them.

Sensitivity to foreign exchange rate movements

The Bank's exposure to foreign exchange risk is limited to the minimum balances held on non-USD demand accounts and investment in non-USD foreign securities. A 5 per cent (2023: 5 per cent) change in exchange rates would have increase or decrease profit or loss and equity by $2,090,891 (2023: $1,285,229). This analysis assumes that all other variables, in particular, interest rates, remain constant.

3. Financial risk management *(continued)*

c) Market risk *(continued)*

ii) Currency risk *(continued)*

The table below analyses assets and liabilities of the Bank into the respective currency positions as of 31 March 2024:

	Eastern Caribbean Dollar $	United States Dollar $	British Pound $	Euro $	Other $	Total $
Financial assets						
Regional and foreign currencies	-	124,768,080	4,262,916	11,663,893	25,538,237	166,233,126
Balances with other central banks	-	861,873	217,765	-	99,704	1,179,342
Balances with foreign banks	-	44,863	-	-	-	44,863
Money market instruments and money at call	-	729,451,069	-	-	-	729,451,069
Derivative financial instruments	-	-	13,991	46,079	538	60,608
Foreign investment securities	-	4,325,569,970	-	-	-	4,325,569,970
Cash and balances with local banks	1,074,234	-	-	-	-	1,074,234
Participating governments' securities	213,267,867	-	-	-	-	213,267,867
Participating governments' advances	61,946,545	-	-	-	-	61,946,545
Accounts receivable	2,680,829	-	-	-	-	2,680,829
Domestic investment securities	624,186	-	-	-	-	624,186
	279,593,661	**5,180,695,855**	**4,494,672**	**11,709,972**	**25,638,479**	**5,502,132,639**
Financial liabilities						
Demand and deposit liabilities – domestic	5,385,890,262	-	-	-	-	5,385,890,262
Lease liabilities	2,721,099	-	-	-	-	2,721,099
Demand and deposit liabilities – foreign	77,738,825	32,556	-	-	-	77,771,381
Derivative financial instruments	-	-	6,675	5,298	13,324	25,297
IMF government general resource accounts	1,178,996	-	-	-	-	1,178,996
	5,467,529,182	**32,556**	**6,675**	**5,298**	**13,324**	**5,467,587,035**
Net assets (liabilities)	**(5,187,935,521)**	**5,180,663,299**	**4,487,997**	**11,704,674**	**25,625,155**	**34,545,604**

3. Financial risk management *(continued)*

c) Market risk *(continued)*

ii) Currency risk *(continued)*

The table below analyses assets and liabilities of the Bank into the respective currency positions as of 31 March 2023:

	Eastern Caribbean Dollar $	United States Dollar $	British Pound $	Euro $	Other $	Total $
Financial assets						
Regional and foreign currencies	-	111,956,580	4,475,570	11,975,834	9,375,510	137,783,494
Balances with other central banks	-	17,450,971	264,346	-	98,686	17,814,003
Balances with foreign banks	-	1,020,689	-	-	-	1,020,689
Money market instruments and money at call	-	1,125,192,909	-	-	-	1,125,192,909
Foreign investment securities	-	3,990,588,778	-	-	-	3,990,588,778
Cash and balances with local banks	1,150,207	-	-	-	-	1,150,207
Participating governments' securities	225,602,673	-	-	-	-	225,602,673
Participating governments' advances	152,201,810	-	-	-	-	152,201,810
Accounts receivable	3,995,102	-	-	-	-	3,995,102
Domestic investment securities	624,186	-	-	-	-	624,186
	383,573,978	**5,246,209,927**	**4,739,916**	**11,975,834**	**9,474,196**	**5,655,973,851**
Financial liabilities						
Demand and deposit liabilities – domestic	5,680,620,668	-	-	-	-	5,680,620,668
Lease liabilities	2,918,573	-	-	-	-	2,918,573
Demand and deposit liabilities – foreign	71,101,412	954,004	-	-	-	72,055,416
Derivative financial instruments	-	-	127,837	306,718	50,812	485,367
IMF government general resource accounts	1,176,612	-	-	-	-	1,176,612
	5,755,817,265	**954,004**	**127,837**	**306,718**	**50,812**	**5,757,256,636**
Net assets (liabilities)	**(5,372,243,287)**	**5,245,255,923**	**4,612,079**	**11,669,116**	**9,423,384**	**(101,282,785)**

3. Financial risk management *(continued)*

d) Liquidity risk

Liquidity risk is the risk that the Bank is unable to provide adequate liquidity support for the financial system to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. It also refers to the risk of financial loss associated with the conversion of assets to cash to meet financial obligations. This would result in the Bank's failure to maintain monetary and financial stability. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits. Liquidity is a key criterion in determining the composition of the Bank's foreign reserves portfolio. The liquidity tranche is closely monitored in accordance with a cash flow management policy. Additionally, there is consistent monitoring and checking for compliance with approved portfolio diversification, asset allocation and asset quality.

The liquidity management process forms part of the Bank's wider mandate for reserve management and is carried out in accordance with approved guidelines by the Reserve Management Committee and monitored by management. The liquidity tranche is comprised of highly marketable assets that can easily be liquidated to meet unexpected demands. The process entails the following:

- Daily monitoring of balances on the Bank's call accounts to ensure that adequate funds are available to meet current and future requirements.
- Projections of cash inflows and outflows based on historical trends.
- Laddering of money market instruments in the liquidity tranche to ensure that adequate funds are available to meet current liquidity needs.
- Assets held to manage liquidity risk include balances with other central banks, balances with foreign banks, money market instruments and money at call, derivative financial instruments, foreign investment securities and cash and balances with local banks. At the reporting date, the Bank held $5,057,380,086 (2023: $5,133,766,586) of these instruments that are expected to readily generate cash inflows.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

3. Financial risk management *(continued)*

d) Liquidity risk *(continued)*

Maturities of liabilities and assets, 31 March 2024	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Total $
Financial Liabilities						
Demand and deposit liabilities – domestic	5,306,586,605	79,303,657	-	-	-	5,385,890,262
Lease liabilities	78,546	158,173	660,176	1,753,844	70,360	2,721,099
Demand and deposit liabilities – foreign	77,771,381	-	-	-	-	77,771,381
Derivative financial instruments	25,297	-	-	-	-	25,297
IMF government general resource accounts	1,178,996	-	-	-	-	1,178,996
	5,385,640,825	**79,461,830**	**660,176**	**1,753,844**	**70,360**	**5,467,587,035**
Financial Assets						
Regional and foreign currencies	166,233,126	-	-	-	-	166,233,126
Balances with other central banks	1,179,342	-	-	-	-	1,179,342
Balances with foreign banks	44,863	-	-	-	-	44,863
Money market instruments and money at call	729,451,069	-	-	-	-	729,451,069
Derivative financial instruments	60,608	-	-	-	-	60,608
Foreign investment securities	729,649,749	1,278,315,563	1,345,748,823	971,777,630	78,205	4,325,569,970
Cash and balances with local banks	1,074,234	-	-	-	-	1,074,234
Participating governments' securities	1,932,808	6,265,196	23,659,469	88,343,800	93,066,594	213,267,867
Participating governments' advances	8,501,723	22,128,395	31,316,427	-	-	61,946,545
Accounts receivable	2,538,531	13,938	48,696	79,664	-	2,680,829
Domestic investment securities	-	-	-	-	624,186	624,186
	1,640,666,053	**1,306,723,092**	**1,400,773,415**	**1,060,201,094**	**93,768,985**	**5,502,132,639**
Net assets/(liabilities)	**(3,744,974,772)**	**1,227,261,262**	**1,400,113,239**	**1,058,447,250**	**93,698,625**	**34,545,604**

3. Financial risk management *(continued)*

d) Liquidity risk *(continued)*

Maturities of liabilities and assets, 31 March 2023	**Up to 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Over 5 years $**	**Total $**
Financial Liabilities						
Demand and deposit liabilities – domestic	5,680,620,668	-	-	-	-	5,680,620,668
Lease liabilities	67,567	136,065	634,094	1,756,650	324,197	2,918,573
Demand and deposit liabilities – foreign	72,055,416	-	-	-	-	72,055,416
Derivative financial instruments	485,367	-	-	-	-	485,367
IMF government general resource accounts	1,176,612	-	-	-	-	1,176,612
	5,754,405,630	**136,065**	**634,094**	**1,756,650**	**324,197**	**5,757,256,636**
Financial Assets						
Regional and foreign currencies	137,783,494	-	-	-	-	137,783,494
Balances with other central banks	17,814,003	-	-	-	-	17,814,003
Balances with foreign banks	1,020,689	-	-	-	-	1,020,689
Money market instruments and money at call	891,033,950	56,247,378	177,911,581	-	-	1,125,192,909
Foreign investment securities	85,897,338	178,205,907	946,797,103	2,779,610,225	78,205	3,990,588,778
Cash and balances with local banks	1,150,207	-	-	-	-	1,150,207
Participating governments' securities	1,258,546	5,524,107	21,916,338	92,728,578	104,175,104	225,602,673
Participating governments' advances	85,744,511	34,398,008	32,059,291	-	-	152,201,810
Accounts receivable	3,752,101	16,817	62,197	163,987	-	3,995,102
Domestic investment securities	-	-	-	-	624,186	624,186
	1,225,454,839	**274,392,217**	**1,178,746,510**	**2,872,502,790**	**104,877,495**	**5,655,973,851**
Net assets/(liabilities)	**(4,528,950,791)**	**274,256,152**	**1,178,112,416**	**2,870,746,140**	**104,553,298**	**(101,282,785)**

3. **Financial risk management** *(continued)*

d) **Liquidity risk** *(continued)*

Derivative cash flows

The following table shows the derivative financial instruments (forward contracts) that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

At 31 March 2024

Derivatives (Currency forwards)

	0-3 Months $	3-6 Months $	Total $
Foreign exchange derivatives			
- Outflow	(8,380,417)	-	(8,380,417)
- Inflow	10,447,765	-	10,447,765

At 31 March 2023

Derivatives (Currency forwards)

	0-3 Months $	3-6 Months $	Total $
Foreign exchange derivatives			
- Outflow	(18,852,066)	-	(18,852,066)
- Inflow	-	-	-

3. Financial risk management *(continued)*

e) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value of a liability must take account of non-performance risk, including the entity's own credit risk.

Determination of fair value

The following methods and assumptions have been used to estimate the fair value of each class of financial instrument for which it is practical to estimate a value:

- Short-term financial assets and liabilities: The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of regional and foreign currencies, balances with other central banks, balances with foreign banks, money market instruments and money at call, treasury bills, balances with local banks, due from participating governments, interest receivable, and accounts receivable. Short-term financial liabilities are comprised of demand and deposit liabilities – domestic and foreign, interest payable and certain other liabilities.

- Long-term financial instruments: The estimated fair value of long-term loans and receivables is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining terms to maturity. Some of the financial assets included in participating governments' securities and accounts receivable are long term.

3. Financial risk management *(continued)*

e) Fair value *(continued)*

(i) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented in the Bank's statement of financial position at their fair value:

	Carrying value		Fair value	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Financial assets				
Balances with other central banks	**1,179,342**	17,814,003	**1,179,342**	17,814,003
Balances with foreign banks	**44,863**	1,020,689	**44,863**	1,020,689
Money market instruments and money at call	**729,451,069**	870,824,928	**729,451,069**	870,824,928
Cash and balances with local banks	**1,074,234**	1,150,207	**1,074,234**	1,150,207
Participating governments' securities	**213,267,867**	225,602,673	**213,267,867**	225,602,673
Participating governments' advances	**61,946,545**	152,201,810	**61,946,545**	152,201,810
Account receivable	**2,680,829**	3,995,102	**2,680,829**	3,995,102
	1,009,644,749	1,272,609,412	**1,009,644,749**	1,272,609,412
Financial liabilities				
Demand and deposit liabilities – domestic	**5,385,890,262**	5,680,620,668	**5,385,890,262**	5,680,620,668
Lease liabilities	**2,721,099**	2,918,573	**2,721,099**	2,918,573
Demand and deposit liabilities – foreign	**77,771,381**	72,055,416	**77,771,381**	72,055,416
IMF government general resource accounts	**1,178,996**	1,176,613	**1,178,996**	1,176,613
	5,467,561,738	5,756,771,270	**5,467,561,738**	5,756,771,270

3. Financial risk management *(continued)*

e) Fair value *(continued)*

(i) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 March 2024

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	$	$	$	$	$
Financial assets					
Balances with other central banks	-	1,179,342	-	1,179,342	1,179,342
Balances with foreign banks	-	44,863	-	44,863	44,863
Money market instruments and money at call	-	729,451,069	-	729,451,069	729,451,069
Cash and balances with local banks	-	1,074,234	-	1,074,234	1,074,234
Participating governments' securities	-	-	213,267,867	213,267,867	213,267,867
Participating governments' advances	-	-	61,946,545	61,946,545	61,946,545
Accounts receivable	-	-	2,680,829	2,680,829	2,680,829
Financial liabilities					
Demand and deposit liabilities – domestic	-	5,385,890,262	-	5,385,890,262	5,385,890,262
Lease liabilities	-	2,721,099	-	2,721,099	2,721,099
Demand and deposit liabilities – foreign	-	77,771,381	-	77,771,381	77,771,381
IMF government general resource accounts	-	1,178,996	-	1,178,996	1,178,996

3. Financial risk management *(continued)*

e) Fair value *(continued*

(i) Financial instruments not measured at fair value (continued)

31 March 2023

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	$	$	$	$	$
Financial assets					
Balances with other central banks	-	17,814,003	-	17,814,003	17,814,003
Balances with foreign banks	-	1,020,689	-	1,020,689	1,020,689
Money market instruments and money at call	-	870,824,928	-	870,824,928	870,824,928
Cash and balances with local banks	-	1,150,207	-	1,150,207	1,150,207
Participating governments' securities	-	-	225,602,673	225,602,673	225,602,673
Participating governments' advances	-	-	152,201,810	152,201,810	152,201,810
Accounts receivable	-	-	3,995,102	3,995,102	3,995,102
Financial liabilities					
Demand and deposit liabilities – domestic	-	5,680,620,668	-	5,680,620,668	5,680,620,668
Lease liabilities	-	2,918,573	-	2,918,573	2,918,573
Demand and deposit liabilities – foreign	-	72,055,416	-	72,055,416	72,055,416
IMF government general resource accounts	-	1,176,613	-	1,176,613	1,176,613

3. Financial risk management *(continued)*

e) Fair value *(continued)*

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in valuations where possible.

The following table presents the Bank's financial assets and liabilities that are measured at fair value at 31 March 2024:

	Level 1 $	Level 2 $	Level 3 $
Financial assets			
Derivative financial instruments	-	60,608	-
Foreign investment securities	3,874,774,533	450,717,232	78,205
Domestic investment securities	-	-	624,186
	3,874,774,533	**450,777,840**	**702,391**

	Level 1 $	Level 2 $	Level 3 $
Financial liabilities			
Derivative financial instruments	-	25,297	-

3. Financial risk management *(continued)*

e) Fair value *(continued)*

Fair value hierarchy *(continued)*

The following table presents the Bank's financial assets and liabilities that are measured at fair value at 31 March 2023:

	Level 1 $	Level 2 $	Level 3 $
Financial assets			
Commercial paper	-	254,367,980	-
Foreign investment securities	3,179,042,521	811,468,052	78,205
Domestic investment securities	-	-	624,186
	3,179,042,521	**1,065,836,032**	**702,391**

	Level 1 $	Level 2 $	Level 3 $
Financial liabilities			
Derivative financial instruments	-	485,367	-

There has been no transfer in/out from level 3.

f) Capital risk management

The Bank's objectives when managing capital are:

- Safeguard the Bank's ability to continue as a going concern;
- Manage and safeguard the value of the Eastern Caribbean currency; and
- Maintain a strong capital base to support its developmental activities.

The Bank manages capital through the maintenance of a general reserve according to prescribed guidelines as mandated in the ECCB Agreement Act 1983.

General reserve

For the year ended 31 March 2024, an amount of $79,405,071 was allocated from net profit to General Reserve. In 2023, an amount of $54,520,799 was transferred from General Reserve to cover the net loss position of the Bank. As of 31 March 2024, the general reserve ratio stood at 3.92% (2023: 2.34%), which was 1.08% (2023: 2.66%) below the 5% target. As at 31 March 2024, the general reserve was $214,294,966 (2023: $134,889,895).

3. Financial risk management *(continued)*

f) Capital risk management *(continued)*

Foreign reserve assets

Under Article 24 (2) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank is required to maintain a reserve of external assets not less than 60% of its notes and coins in circulation, and other demand liabilities. The percentage of foreign reserve assets to demand liabilities at 31 March 2024 was 95.54% (2023: 91.60%).

g) Operational risk

Operational risk is the risk of direct or indirect loss in both financial and non-financial terms arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure. It may also arise from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all departments. Managing operational risk in the Bank is seen as an integral part of day-to-day operations and management, which includes explicit consideration of both the opportunities and the risks of all business activities. The Bank's objective is to manage operational risk so as to balance an avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management team of each department. This responsibility is supported by bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various Bank activities.

Compliance with corporate policies and departmental control systems are managed by:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of the controls and procedures to assess the risks identified;
- Development and periodic testing of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective;
- Weekly reporting to the senior management;
- Quarterly management affirmation by each department's Risk Liaison Officer that corporate policies and departmental internal control systems have been complied with; and
- A structured induction program for new employees.

3. Financial risk management *(continued)*

g) Operational risk *(continued)*

Compliance with the Bank's Standards is supported by a programme of periodic reviews undertaken by the Internal Audit Department. The results of the reviews are discussed with the management of the department to which they relate and summaries are submitted to the Board Audit and Risk Committee and Executive Committee of the Bank.

h) Strategic risk

The ECCB's Strategic Plan 2022-2026 guides the Bank's operation. The Strategic Plan 2022-2026 hinges on five (5) strategic themes, which reflect the purpose of the Bank, namely:

a. Financial stability;
b. Payment systems improvement and financial inclusion;
c. Digital transformation;
d. Organizational effectiveness and development; and
e. Environmental, social and corporate governance.

The effective delivery of the strategic initiatives as contained in the plan is heavily dependent on the supporting policies and operations, which have attendant risks. These risks may be influenced by a wide range of internal and external factors, including an inappropriate use of resources or a fundamental change in the circumstances on which the assumptions were predicated. The Bank has therefore identified specific monitoring frameworks and reporting lines to minimize any negative impact of a perceived or actual failure to deliver on its strategic objectives.

4. Critical accounting estimates and judgements in applying accounting policies

The Bank's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which have to be made in the course of preparation of the financial statements. All estimates and assumptions required are in conformity with IFRS Accounting Standards and are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management also exercises judgement in applying the Bank's accounting policies. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated pension obligation

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the pension asset.

4. Critical accounting estimates and judgements in applying accounting policies *(continued)*

Estimated pension obligation *(continued)*

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations.

The Bank considers the interest rates of high-quality instruments, normally long-term government bonds that are denominated in Eastern Caribbean currency which is the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Refer to Note 22 for further details.

Impairment of financial assets

The measurement of expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. In determining ECL, management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 2 (g) (ix).

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- The Bank's criteria for determining if there has been a significant increase in credit risk with qualitative factors integrating the wider macroeconomic environment;
- Selecting appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios for each type of product or market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP growth, unemployment rates and inflation, and the effect on PDs, EADs and LGDs.

Revaluation of land and buildings

The Bank measures its land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Bank utilises independent valuation specialists to determine fair value of its land and buildings. The valuation specialist uses judgment in the application of valuation techniques. Valuations are determined through the application of different valuation methods, which are all sensitive to the underlying assumptions chosen.

5. Balances with other central banks and foreign banks

	2024 $	2023 $
Balances with other central banks		
Balances with Regional central banks	**140,300**	16,532,299
Balances with European central banks	**217,765**	264,346
Balances with North American central banks	**821,277**	1,017,358
Total balances with other central banks	**1,179,342**	17,814,003
Balances with foreign banks		
Current accounts denominated in United States dollars	**44,863**	1,020,689
Current	**1,224,205**	18,834,692

These balances are non-interest bearing.

6. Money market instruments and money at call

By currency	2024 $	2023 $
Balances denominated in United States dollars	**727,803,023**	1,123,775,129
Interest receivable	**1,656,189**	1,430,217
Total money market instruments and money at call	**729,459,212**	1,125,205,346
Less: allowance for impairment	**(8,143)**	(12,437)
Total money market instruments and money at call, net	**729,451,069**	1,125,192,909

By financial instrument type

Money market instruments with original maturities of 90 days or less:

	2024 $	2023 $
Term deposits	**582,492,129**	597,634,921
Commercial paper	**-**	160,502,437
Money at call	**145,310,894**	271,772,228
Included in cash and cash equivalents (note 25)	**727,803,023**	1,029,909,586

6. Money market instruments and money at call *(continued)*

Money market instruments with original maturities after 90 days:	2024 $	2023 $
Commercial paper	-	93,865,543
	-	93,865,543
Interest receivable	**1,656,189**	1,430,217
Total money market instruments and money at call	**729,459,212**	1,125,205,346
Less: allowance for impairment	**(8,143)**	(12,437)
Total money market instruments and money at call, net	**729,451,069**	1,125,192,909

Money market instruments include commercial paper purchased at discounts, term deposits and certificate of deposits with interest rates ranging from 4.19% to 5.67% (2023: 0.19% to 5.17%) during the year.

Money at call includes cash balances available to the Bank's money managers and funds held at the United States Federal Reserve Bank for the day-to-day operations of the Bank. These balances earned interest at 0.0% to 5.30% (2023: 0.0% to 4.80%) during the year.

7. Derivative financial instruments

Foreign currency forward contracts

Currency forwards represent commitments to purchase foreign currency. These contracts are initially recognised at fair value on the date that a derivative contract is established and are subsequently remeasured at fair value.

The following is an analysis of the currency forwards held with positive fair value as at 31 March 2024:

Currency sold /purchased	Notional value of contracts	Notional value of contracts EC$ equivalent	Value date of contracts	Fair value of contracts $
CAD	259,200	516,716	8 April 2024	**231**
CHF	6,000	18,282	8 April 2024	**307**
EUR	2,437,700	7,140,931	8 April 2024	**46,079**
GBP	808,930	2,771,836	8 April 2024	**13,991**
		10,447,765		**60,608**

The Bank held no foreign currency forwards with positive fair value as of 31 March 2023.

8. Financial instruments

a) Classification of financial assets and liabilities

The accounting policies for financial assets and liabilities are set out in note 2(g) above.

The Bank has assessed which business models apply to the financial assets and has classified its financial instruments into the appropriate classification and measurement categories.

(i) Financial assets measured at FVOCI

<u>Money market instruments</u>

Money market instruments consists of commercial paper, certificate of deposits held in the Bank's foreign reserves core portfolio. Money market instruments also includes term deposits, which are held in the liquidity portfolio. The Bank has assessed its business model at the portfolio level as described in note 2 (g) (iii). The Bank concluded the following:

- Money market instruments held in the core foreign reserves portfolio are managed within a business model to hold to collect and sell financial assets and meet the SPPI criteria.

<u>Investment securities other than equity instruments</u>

Foreign debt investment securities are managed within a business model of collecting contractual cash flows and selling the financial assets and meet the SPPI criteria. Accordingly, these investments are classified and measured at FVOCI.

<u>Equity investment instruments</u>

The Bank has elected to irrevocably designate equity investment securities as fair value through other comprehensive income as permitted under IFRS 9.

(ii) Financial assets measured at amortised cost

<u>Money market instruments</u>

Money market instruments (term deposits) held in the liquidity portfolio are managed within a business model of held to collect the contractual cash flows and meet the SPPI criteria.

<u>Domestic financial assets</u>

Financial assets in the domestic portfolio are managed within a business model to collect contractual cash flows and meet the SPPI criteria.

8. Financial instruments *(continued)*

a) Classification of financial assets and liabilities *(continued)*

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments as at 31 March 2024:

Financial assets	Mandatorily at FVTPL	Designated at FVTPL	FVOCI - debt instruments	FVOCI - equity instruments	Amortised cost	Total carrying amount
Regional and foreign currencies	-	-	-	-	166,233,126	166,233,126
Balances with other central banks	-	-	-	-	1,179,342	1,179,342
Balances with foreign banks	-	-	-	-	44,863	44,863
Money market instruments and money at call	-		-	-	729,451,069	729,451,069
Derivative financial instruments	60,608	-	-	-	-	60,608
Foreign investment securities	-	-	4,325,491,765	78,205	-	4,325,569,970
Cash and balances with local banks	-	-	-	-	1,074,234	1,074,234
Domestic investment securities	-	-	-	624,186	-	624,186
Participating governments securities	-	-	-	-	213,267,867	213,267,867
Participating governments advances	-	-	-	-	61,946,545	61,946,545
Accounts receivable	-	-	-	-	2,680,829	2,680,829
Total Financial Assets	60,608	-	4,325,491,765	702,391	1,175,877,875	5,502,132,639
Demand and deposit liabilities – domestic	-	-	-	-	5,385,890,262	5,385,890,262
Lease liabilities	-	-	-	-	2,721,099	2,721,099
Demand and deposit liabilities – foreign	-	-	-	-	77,771,381	77,771,381
Derivative financial instruments	25,297	-	-	-	-	25,297
IMF government general resource accounts	-	-	-	-	1,178,996	1,178,996
Total Financial Liabilities	25,297	-	-	-	5,467,561,738	5,467,587,035

8. Financial instruments *(continued)*

a) Classification of financial assets and liabilities *(continued)*

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments as of 31 March 2023:

Financial assets	Mandatorily at FVTPL	Designated at FVTPL	FVOCI - debt instruments	FVOCI - equity instruments	Amortised cost	Total carrying amount
Regional and foreign currencies	-	-	-	-	137,783,494	137,783,494
Balances with other central banks	-	-	-	-	17,814,003	17,814,003
Balances with foreign banks	-	-	-	-	1,020,689	1,020,689
Money market instruments and money at call	-		254,367,980	-	870,824,929	1,125,192,909
Foreign investment securities	-	-	3,990,510,573	78,205	-	3,990,588,778
Cash and balances with local banks	-	-	-	-	1,150,207	1,150,207
Domestic investment securities	-	-	-	624,186	-	624,186
Participating governments securities	-	-	-	-	225,602,673	225,602,673
Participating governments advances	-	-	-	-	152,201,810	152,201,810
Accounts receivable	-	-	-	-	3,995,102	3,995,102
Total Financial Assets	-	-	4,244,878,553	702,391	1,410,392,907	5,655,973,851
Demand and deposit liabilities – domestic	-	-	-	-	5,680,620,668	5,680,620,668
Lease liabilities	-	-	-	-	2,918,573	2,918,573
Demand and deposit liabilities – foreign	-	-	-	-	72,055,416	72,055,416
Derivative financial instruments	485,367	-	-	-	-	485,367
IMF government general resource accounts	-	-	-	-	1,176,612	1,176,612
Total Financial Liabilities	485,367	-	-	-	5,756,771,269	5,757,256,636

9. Investment securities

	2024 $	2023 $
Foreign investment securities measured at fair value through other comprehensive income		
Debt securities		
- quoted, at fair value	**4,314,063,922**	3,979,003,784
Interest receivable	**11,427,843**	11,506,789
Total foreign debt securities at fair value through other comprehensive income	**4,325,491,765**	3,990,510,573
Equity securities designated at fair value through other comprehensive income		
Society for Worldwide Interbank Financial Telecommunication (SWIFT) 5 (2023: 5) ordinary shares of $15,641 each - unquoted	**78,205**	78,205
Total foreign investment securities	**4,325,569,970**	3,990,588,778
Domestic investment securities		
Equity securities designated at fair value through other comprehensive income		
Caribbean Information and Credit Rating Agency Services Ltd. 156,180 (2023: 156,180) ordinary shares of $2.70 each - unquoted	**421,686**	421,686
Eastern Caribbean Automated Clearing House Services Inc. (2023: 20,500) ordinary shares of $10.00 each - unquoted	**202,500**	202,500
	624,186	624,186
Total investment securities	**4,326,194,156**	3,991,212,964

	2024 $	2023 $
Current	**3,353,714,135**	1,210,900,348
Non-current	**972,480,021**	2,780,312,616
	4,326,194,156	3,991,212,964

9. Investment Securities *(continued)*

Allowance for impairment losses on investment securities at FVOCI

The loss allowance on investment securities at FVOCI is recognised in other comprehensive income as the carrying amount of these investments is their fair value.

The following table shows the allowance for impairment losses on investment securities measured at FVOCI:

	2024				2023
	12-month ECL	Lifetime ECL not Credit-impaired	Lifetime ECL credit-impaired	Total	Total
Debt securities at FVOCI					
Balance at 1 April 2023	959,849	-	-	**959,849**	1,146,632
Decrease in loss allowance recognised in profit or loss during the year	(560,043)	-	-	**(560,043)**	(186,783)
Balance as at 31 March 2024	**399,806**	-	-	**399,806**	959,849

The movement in investment securities measured at FVOCI is summarised as follows:

	Domestic Securities $	**Foreign Investment Securities $**
Balance as of 31 March 2022	624,186	3,997,720,535
Additions	-	2,684,596,821
Sales, maturities and redemptions	-	(2,690,712,280)
Net loss transfer from equity	-	(12,601,292)
Balance as of 31 March 2023	624,186	3,979,003,784
Additions	-	5,796,210,505
Sales, maturities and redemptions	-	(5,527,510,920)
Net gain transfer to equity	-	66,360,553
Balance as of 31 March 2024	**624,186**	**4,314,063,922**

The Bank transferred losses of $115 (2023: $35,247,720) from equity into the statement of profit or loss.

9. Investment securities *(continued)*

Gains (losses) from investment securities comprise:

	2024 $	2023 $
Net realised losses from disposal of foreign investment securities	**(115)**	(35,247,720)

10. Participating governments' securities

Participating government securities measured at amortised cost

	Nominal value 2024 $	Amortised cost 2024 $	Nominal value 2023 $	Amortised cost 2023 $
Government of Antigua and Barbuda				
Debenture maturing 2027	**28,537,308**	**28,537,308**	35,078,863	35,078,863
Debenture maturing 2025	**23,345,724**	**21,717,505**	38,274,609	36,646,390
Debenture maturing 2027	**8,819,274**	**8,819,274**	10,000,000	10,000,000
Debenture maturing 2028	**10,000,000**	**10,000,000**	-	-
Debenture maturing 2028	**4,300,000**	**4,300,000**	-	-
Government of the Commonwealth of Dominica				
Debenture maturing 2034	**23,266,916**	**22,196,820**	25,154,231	24,084,134
Government of Saint Lucia				
Debenture maturing 2035	**54,000,000**	**51,018,608**	54,000,000	51,018,608
Government of Saint Vincent and the Grenadines				
Debenture maturing 2030	**8,896,436**	**8,542,191**	10,000,000	9,645,755
Debenture maturing 2035	**14,070,860**	**13,552,249**	15,000,000	14,481,389
Debenture maturing 2036	**17,500,000**	**17,500,000**	17,500,000	17,500,000
Debenture maturing 2037	**25,000,000**	**25,000,000**	25,000,000	25,000,000
	217,736,518	**211,183,955**	230,007,703	223,455,139
Interest receivable	**-**	**2,715,483**	-	2,620,352
Total participating governments' securities: debentures, gross	**217,736,518**	**213,899,438**	230,007,703	226,075,491
Less: allowance for impairment losses	**-**	**(631,571)**	-	(472,818)
Total participating governments' securities: debentures, net	**217,736,518**	**213,267,867**	230,007,703	225,602,673

10. Participating governments' securities *(continued)*

Participating government securities measured at amortised cost *(continued)*

	2024 $	2023 $
Current	**31,857,473**	28,698,991
Non-Current	**181,410,394**	196,903,682
	213,267,867	225,602,673

During the year, the Government of Antigua and Barbuda issued debentures to the ECCB totalling $14,300,000 (2023: $35,000,000) through the member governments' access to their long-term credit allocation at the Bank.

The movement in participating governments' securities may be summarized as follows:

	Debentures $
Balance as of 31 March 2022	**214,809,648**
Additions	35,000,000
Payment of principal	(22,546,815)
Net effect of modification of debentures	(3,807,694)
Balance as of 31 March 2023	**223,455,139**
Additions	14,300,000
Payment of principal	(26,571,184)
Balance as of 31 March 2024	**211,183,955**

During the year, participating governments' securities accrued interest at rates ranging from 2% to 4.5% (2023: 2% to 3.5%).

11. Participating governments' advances

Participating government advances measured at amortised cost

	2024 $	2023 $
Operating accounts:		
- Government of Saint Lucia	**5,737,350**	85,744,510
Interest receivable	**24,741**	-
Total operating accounts	**5,762,091**	85,744,510
Temporary advances		
- Government of Antigua and Barbuda	**43,500,000**	50,290,000
- Government of Saint Vincent and the Grenadines	**12,303,312**	15,662,531
	55,803,312	65,952,531
Interest receivable	**432,594**	560,775
Total temporary advances	**56,235,906**	66,513,306
Total participating governments' advances	**61,997,997**	152,257,816
Less: allowance for impairment losses	**(51,452)**	(56,006)
Total participating governments' advances, net	**61,946,545**	152,201,810
Current	**61,946,545**	152,201,810

Amounts due from participating governments for temporary advances and operating account overdraft balances are unsecured and accrued interest at rates ranging from 2.0% to 3.0% per annum (2023: 0.0% to 2.0%).

12. Accounts receivable, prepaid expenses and other assets

	2024 $	2023 $
Accounts receivable	**15,319,605**	13,499,549
Staff loans	**76,945**	178,014
Prepaid expenses	**5,888,538**	8,217,174
Notes and coins inventory	**20,250,331**	18,189,651
	41,535,419	40,084,388
Less: Allowance for impairment on receivables	**(12,715,721)**	(9,682,461)
	28,819,698	30,401,927
Current	**12,521,269**	14,923,003
Non-current	**16,298,429**	15,478,924
	28,819,698	30,401,927

Staff loans accrue interest at a rate of 4% per annum with variable repayment terms. As the loans are granted at a preferential interest rate, this has given rise to a short-term employee benefit asset in the amount of $10,756 (2023: $39,074) at the statement of financial position date. This amount is included in prepaid expenses.

The cost of notes and coins inventory includes cost of the production of notes and coins by printers/minters, freight and other related charges.

The Bank's receivables have been assessed for indicators of impairment as required by IFRS 9. The Bank applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure ECL on a collective basis, receivables are grouped on similar credit risk and ageing. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, and a failure to make contractual payments for a period of greater than 90 days past due.

As of 31 March 2024, receivables had lifetime expected credit losses of $12,715,721 (2023: $9,682,461).

Allowance for impairment on accounts receivable

The movement in allowance for impairment on accounts receivable is as follows:

	2024 $	2023 $
Balance, beginning of year	**9,682,461**	8,269,965
Allowance during the year	**3,033,260**	1,412,496
Balance at end of year	**12,715,721**	9,682,461

13. Investments in associated undertakings using the equity method

Article 42 (1) of the Eastern Caribbean Central Bank Agreement Act 1983 empowers the Bank, with the approval of the Monetary Council, to administer or participate in corporations or schemes established for the purpose of promoting the development of money, capital or securities markets in the territories of participating governments.

Article 42 (2) of the Eastern Caribbean Central Bank Agreement Act 1983 authorises the Bank, with the approval of the Monetary Council, to subscribe to hold and sell shares of a corporation organised with the approval or under the authority of the participating governments for any of the purposes specified in Article 42 (1). The following are institutions, which were established under Article 42 (1):

Eastern Caribbean Home Mortgage Bank (ECHMB)
The Bank holds 24.8% (2023: 24.8%) of the share capital of the ECHMB – 25,000 Class "A" shares at a cost of $100 each and 41,812 Class "A" shares at a cost of $160 each. The Company was established as a vehicle to foster the development of the money market and secondary market for mortgages in the territories of the participating governments of the ECCB Agreement Act 1983. The ECHMB's principal place of business is Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis.

Eastern Caribbean Securities Exchange (ECSE)
The Bank holds 32.74% (2023: 32.74%) of the share capital of the ECSE – 327,419 Class "A" shares at a cost of $10 each. The ECSE was established to enhance and increase investment opportunities, and to foster the development of a securities market in the territories of participating governments of the ECCB Agreement Act 1983. The Eastern Caribbean Central Securities Depository Limited (ECCSD) is a wholly owned subsidiary of the ECSE. The ECSE's principal place of business is Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis.

Organisation of Eastern Caribbean States Distribution and Transportation Company (ODTC)
The Bank holds 20% of the share capital of the ODTC – 2,001 Class "A" shares at a cost of $10 each. The Company was established as a vehicle to foster the development of the distribution and transportation sector in the territories of the participating governments of the ECCB Agreement Act 1983. The company has not commenced operations as of 31 March 2024. The company's secretariat is located at Bird Rock, Basseterre, Saint Christopher (St Kitts) and Nevis.

13. Investments in associated undertakings using the equity method *(continued)*

The Bank's investments in associates are detailed below:

	2024 $	2023 $
Eastern Caribbean Home Mortgage Bank (ECHMB)		
Balance at beginning of year	**22,032,920**	21,938,502
Share of profit for the year	**1,259,700**	428,478
Dividend received in year	**(334,060)**	(334,060)
Share of other comprehensive loss	**(15,342,573)**	-
Balance at end of year	**7,615,987**	22,032,920
Eastern Caribbean Securities Exchange (ECSE)		
Balance at beginning of year	**4,712,019**	4,733,643
Share of profit for the year	**624,625**	256,682
Dividend received during the year	**(130,968)**	(278,306)
Balance at end of year	**5,205,676**	4,712,019
OECS Distribution and Transportation Company (ODTC)		
Balance at beginning and end of year	**20,010**	20,010
Total investments in associated undertakings	**12,841,673**	26,764,949
Non-current	**12,841,673**	26,764,949

The total share of profit of associates recognised in the statement of profit or loss was $1,884,325 (2023: $685,160).

13. Investments in associated undertakings using the equity method *(continued)*

The Bank's interest in its principal associates, both of which are unlisted, is as follows as of 31 March 2024:

Entity	Assets $	Liabilities $	Revenues $	Profit $	% Interest held %
ECHMB	491,170,001	(418,991,286)	11,286,623	5,079,435	24.80
ECSE	97,766,626	(80,837,097)	6,157,188	1,907,836	32.74

The Bank's interest in its principal associates, both of which are unlisted, is as follows as of 31 March 2023:

Entity	Assets $	Liabilities $	Revenues $	Profit $	% Interest held %
ECHMB	480,827,247	(423,221,520)	4,944,177	1,735,318	24.80
ECSE	78,207,820	(62,792,001)	5,297,437	835,543	32.74

The Bank's interest has been determined on the basis of the unaudited financial statements for these entities, as the timing for receipt of the audited financial statements is after the scheduled date for finalization of the ECCB's accounts. The 2023 comparatives represent audited financial results for these entities, which were not materially different to the unaudited amounts used in the preparation of the Bank's financial statements for the year ended 31 March 2023.

14. Intangible assets

	Computer software $
Cost	
Balance at 1 April 2022	**24,837,332**
Additions	2,665,156
Transfers	265,458
Balance at 31 March 2023	**27,767,946**
Balance at 1 April 2023	**27,767,946**
Additions	345,586
Balance at 31 March 2024	**28,113,532**
Accumulated amortisation	
Balance at 1 April 2022	18,846,150
Amortisation	957,798
Balance at 31 March 2023	19,803,948
Balance at 1 April 2023	**19,803,948**
Amortisation	907,112
Balance at 31 March 2024	**20,711,060**
Net book value	
At 31 March 2022	5,991,182
At 31 March 2023	7,963,998
At 31 March 2024	**7,402,472**

15. Property and equipment

	Land $	Buildings $	Furniture and equipment $	Computer systems $	Land improvements $	Building improvements $	Motor vehicles $	Capital work in progress $	Total $
Cost									
Balance at 1 April 2022	21,826,175	140,500,651	36,530,299	11,270,453	1,401,564	676,097	1,462,672	7,755,216	221,423,127
Transfers	-	-	4,198,079	468,141	-	415,875	-	(5,082,095)	-
Additions	-	-	6,459,527	180,545	-	580,794	-	2,071,915	9,292,781
Derecognition/disposals	-	-	(116,218)	(152,735)	-	-	-	(265,458)	(534,411)
Balance at 31 March 2023	**21,826,175**	**140,500,651**	**47,071,687**	**11,766,404**	**1,401,564**	**1,672,766**	**1,462,672**	**4,479,578**	**230,181,497**
Cost									
Balance at 1 April 2023	21,826,175	140,500,651	47,071,687	11,766,404	1,401,564	1,672,766	1,462,672	4,479,578	230,181,497
Transfers	-	-	219,186	353,107	-	433,086	-	(1,005,379)	-
Additions	1,373,403	-	1,578,556	97,099	830,759	381,362	96,500	12,957,698	17,315,377
Derecognition/disposals	-	-	(1,039,845)	(24,483)	-	-	-	-	(1,064,328)
Balance at 31 March 2024	**23,199,578**	**140,500,651**	**47,829,584**	**12,192,127**	**2,232,323**	**2,487,214**	**1,559,172**	**16,431,897**	**246,432,546**

15. Property and equipment *(continued)*

	Land $	Buildings $	Furniture and equipment $	Computer systems $	Land improvements $	Building improvements $	Motor vehicles $	Capital work in progress $	Total $
Accumulated depreciation									
Balance at 1 April 2022	-	3,034,440	25,535,102	7,713,459	92,716	29,566	1,027,687	-	37,432,970
Depreciation charge	-	2,893,855	1,719,297	1,325,725	140,521	106,855	123,271	-	6,309,524
Depreciation write-back	-	-	(115,099)	(152,735)	-	-	-	-	(267,834)
Balance at 31 March 2023	-	5,928,295	27,139,300	8,886,449	233,237	136,421	1,150,958	-	43,474,660
Balance at 1 April 2023	-	5,928,295	27,139,300	8,886,449	233,237	136,421	1,150,958	-	43,474,660
Depreciation charge		2,893,855	2,183,577	990,235	153,342	212,887	98,013	-	6,531,909
Depreciation write-back	-	-	(1,039,845)	(23,672)	-	-	-	-	(1,063,517)
Balance at 31 March 2024	**-**	**8,822,150**	**28,283,032**	**9,853,012**	**386,579**	**349,308**	**1,248,971**	**-**	**48,943,052**
Net book value									
At 1 April 2022	**21,826,175**	**137,466,211**	**10,995,197**	**3,556,994**	**1,308,848**	**646,531**	**434,985**	**7,755,216**	**183,990,157**
At 31 March 2023	**21,826,175**	**134,572,356**	**19,932,387**	**2,879,955**	**1,168,327**	**1,536,345**	**311,714**	**4,479,578**	**186,706,837**
At 31 March 2024	**23,199,578**	**131,678,501**	**19,546,552**	**2,339,115**	**1,845,744**	**2,137,906**	**310,201**	**16,431,897**	**197,489,494**

15. Property and equipment *(continued)*

The following is the historical cost carrying amount of land and buildings as of 31 March 2024:

	Land $	Buildings $	Total $
Cost	9,693,033	82,884,163	92,577,196
Accumulated depreciation	-	(63,133,619)	(63,133,619)
Net book value	9,693,033	19,750,544	29,443,577

The following is the historical cost carrying amount of land and buildings as of 31 March 2023:

	Land $	Buildings $	Total $
Cost	8,319,630	82,884,163	91,203,793
Accumulated depreciation	-	(60,239,763)	(60,239,763)
Net book value	8,319,630	22,644,400	30,964,030

15. Property and equipment *(continued)*

Measurement of fair values

Valuation techniques and significant unobservable inputs

The last independent valuation of the Bank's land and buildings was performed as at 31 March 2021. The properties were stated at fair market value, as appraised by the independent valuer. The values for the properties were determined using the following methodologies which best reflect the nature of the property: the comparable sales approach and the cost approach.

Land and buildings shown at revalued amounts are included in in Level 3 on the fair value hierarchy.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Category	Valuation techniques	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land	Sales Comparable Approach	• Adjustment to price based on land sales in the area – EC$20 to EC$30 per square foot for commercial; EC$20 to EC$25 per square foot for residential	The estimated fair value would increase /(decrease) if: • Sales value of comparable properties were higher/(lower) • Comparability adjustment were higher/(lower)
Commercial Property	Cost Approach	• Condition of building • Construction cost per square foot - EC$1,800 to EC$2,200 • Mark-up based on standard scale	The estimated fair value would increase /(decrease) if: • the estimated costs of construction for buildings were higher/(lower)
Residential Property	Sales Comparable Approach	• Details of sales of comparable properties – Sale price EC$1.5m to EC$1.8m for the area • Comparable adjustment	The estimated fair value would increase /(decrease) if: • Sales value of comparable properties were higher/(lower) • Comparability adjustment were higher/(lower)

16. Leases

The Bank leases properties mainly for its Agency Offices operations with lease terms ranging from 1 to 10 years. The leases include an option to renew for the same or shorter duration after the end of the contract term, which the Bank is expected to exercise. The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and leases for which the lease term ends within 12 months.

Information about leases for which the Bank is a lessee is presented below:

***(a)* Amounts recognised in the statement of financial position:**

(i) Right-of-use asset

The carrying amounts of right-of-use assets recognised and movements during the year are as follows:

	Buildings
	$
At 1 April 2023	**2,684,546**
Effect of modification of lease	**731,594**
Depreciation	**(955,150)**
Balance at 31 March 2024	**2,460,990**

	Buildings
	$
At 1 April 2022	2,209,083
Effect of modification of lease	1,263,833
Depreciation	(788,370)
Balance at 31 March 2023	2,684,546

(ii) Lease liabilities

The carrying amounts of lease liabilities and movements during the year are as follows:

	Buildings
	$
At 1 April 2023	**2,918,573**
Effect of modification of lease	**712,737**
Interest expense	**171,764**
Lease payments	**(1,081,975)**
Balance at 31 March 2024	**2,721,099**

16. Leases *(continued)*

(a) Amounts recognised in the statement of financial position *(continued)*

(ii) Lease liabilities *(continued)*

	Buildings
	$
At 1 April 2022	2,414,020
Effect of modification of lease	1,263,833
Interest expense	152,314
Lease payments	(911,594)
Balance at 31 March 2023	2,918,573

	2024	**2023**
	$	**$**
Maturity analysis of contractual undiscounted cash flows of lease liability		
Less than one year	**1,005,564**	977,395
One to five years	**2,146,837**	1,984,446
More than five years	**71,169**	335,677
	3,223,570	3,297,518
Current	**1,005,564**	977,395
Non-current	**2,218,006**	2,320,123
	3,223,570	3,297,518

(b) Amounts recognised in profit or loss

The following amounts are recognised in profit or loss:

	2024	**2023**
	$	**$**
Depreciation charge on right-of-use assets	**955,150**	788,370
Interest expense on lease liabilities	**171,764**	152,314
Expenses relating to short-term leases	**75,000**	238,450
	1,201,914	1,179,134

17. Demand and deposit liabilities - domestic

	2024 $	2023 $
Bankers' reserves - current accounts	**2,891,428,228**	3,448,830,595
Currency in circulation	**1,569,875,648**	1,486,583,458
Bankers' collateral account	**361,001,037**	334,561,371
Bankers' dormant accounts	**127,919,572**	119,587,165
Participating governments' call accounts	**102,354,690**	83,532,638
Participating governments' fixed deposits accounts	**79,190,639**	-
Participating governments' operating accounts	**71,673,830**	23,598,664
Participating governments' fiscal reserve tranche II	**55,995,679**	55,995,679
Eastern Caribbean Securities Exchange accounts	**39,611,409**	24,678,090
Eastern Caribbean Partial Credit Guarantee Corporation	**21,088,157**	19,790,974
Accounts payable, accruals and provisions	**11,933,104**	7,747,776
Participating governments' drug service accounts	**9,697,534**	9,556,835
Participating governments' sinking fund call accounts	**9,423,493**	7,922,411
Bankers' call accounts	**9,044,533**	4,943,758
Participating governments' fiscal tranche I call accounts	**6,345,154**	6,355,938
BAICO Recapitalisation Holding account	**4,463,848**	4,463,848
British American Liquidity Support	**3,310,371**	3,417,002
British Caribbean Currency Board Coins in Circulation	**2,564,130**	2,564,824
ECHMB operating account	**1,812,957**	19,439,281
Organisation of Eastern Caribbean States operating accounts	**1,606,109**	996,219
Commemorative coins in circulation	**1,379,972**	1,379,972
Eastern Caribbean Automated Clearing House	**1,223,390**	7,052,742
British Caribbean Currency Board Residual Fund	**833,626**	833,628
Eastern Caribbean Asset Management Corporation (formerly Resolution Trust Corporation)	**600,799**	2,876,255
Improving AML/CFT frameworks within ECCU	**473,646**	1,048,319
Eastern Caribbean Asset Management Corporation	**198,950**	198,950
Statutory and legislative bodies' operating accounts	**92,920**	33,503
ECSRC crowdfunding development fund account	**79,844**	31,611
Government of Antigua and Barbuda Road Infrastructure	**75,692**	75,351
Participating governments' debt restructuring escrow accounts	**72,227**	6,168
Government of Antigua & Barbuda Recovery & Reconstruction Project	**45,468**	45,263
OECS Distribution and Transportation Company Limited	**22,380**	22,380
DCash in circulation	**-**	2,450,000
Demand and deposit liabilities - domestic	**5,385,439,036**	5,680,620,668
Interest payable	**451,226**	-
Total demand and deposit liabilities - domestic	**5,385,890,262**	5,680,620,668
Current	**5,385,890,262**	5,680,620,668

17. Demand and deposit liabilities – domestic *(continued)*

During the year, the following balances earned interest at 0.40% to 2.90% (2023: 0.0% to 1.40%): fiscal tranche I, bankers' call accounts and fixed deposits, participating governments' and statutory bodies' fixed deposits and ECHMB's operating accounts.

Participating governments' fiscal reserve tranche II

The Monetary Council has approved the establishment of a fiscal reserve fund. In accordance with the Bank's profit distribution policy, forty per cent (40%) of the annual share of distributable profits to member governments' is transferred to the participating governments' fiscal tranche II call account. There was no allocation from profit to the fund in the current financial year (2023: nil).

	2024 $	2023 $
Balance at beginning of year	**55,995,679**	56,495,679
COVID-19 grant	-	(500,000)
Balance at end of year	**55,995,679**	55,995,679

Participating governments' fiscal tranche I call accounts

These accounts earn interest at the prevailing call rate offered by the Bank and are readily accessible by the respective governments.

	2024 $	2023 $
Balance at beginning of year	**6,355,938**	12,410,745
Transfers	**800,000**	900,000
Interest on account	**89,216**	75,193
Withdrawals	**(900,000)**	(7,030,000)
Balance at end of year	**6,345,154**	6,355,938

18. Demand and deposit liabilities - foreign

	2024 $	2023 $
Caribbean Development Bank accounts	**1,198,912**	5,155,523
Caribbean Financial Services Corporation account	**147,928**	105,608
Regional central banks and agency accounts	**32,556**	82,034
Other regional and international organisations	**76,391,985**	66,712,251
Total demand and deposit liabilities – foreign	**77,771,381**	72,055,416
Current	**77,771,381**	72,055,416

These balances earned interest at 1.40% to 2.40% (2023: 0.0% to 1.40%) during the year.

19. IMF government general resource accounts

	2024 $	2023 $
Saint Lucia	**427,642**	426,780
Antigua and Barbuda	**227,288**	226,830
Grenada	**166,660**	166,321
Saint Christopher (St Kitts) and Nevis	**124,037**	123,786
Commonwealth of Dominica	**116,768**	116,531
Saint Vincent and the Grenadines	**116,601**	116,364
Total IMF government general resource accounts	**1,178,996**	1,176,612
Current	**1,178,996**	1,176,612

20. Derivative financial instruments

Foreign currency forward contracts

The following is an analysis of the currency forwards held with negative fair value as of 31 March 2024:

Currency sold/ purchased	**Notional value of contracts**	**Notional value of contracts EC$ equivalent**	**Value date of contracts**	**Fair value of contracts $**
CAD	**1,168,700**	**2,315,439**	**8 April 2024**	**13,324**
EUR	**1,570,800**	**4,566,469**	**8 April 2024**	**5,298**
GBP	**450,400**	**1,498,509**	**8 April 2024**	**6,675**
		8,380,417		**25,297**
			Current	**25,297**

The following is an analysis of the currency forwards held with negative fair value as of 31 March 2023:

Currency sold/ purchased	**Notional value of contracts**	**Notional value of contracts EC$ equivalent**	**Value date of contracts**	**Fair value of contracts $**
CAD	1,472,400	2,883,784	11 April 2023	50,518
CHF	3,000	8,554	11 April 2023	294
EUR	4,053,100	11,611,365	4 and 11 April 2023	306,718
GBP	1,340,300	4,348,363	11 April 2023	127,837
		18,852,066		485,367
			Current	485,367

21. Other reserves

	2024 $	2023 $
Revaluation reserve	**118,910,732**	118,910,732
Pension reserve	**35,347,000**	30,976,000
Self-insurance reserve fund	**15,725,745**	14,488,544
Capital reserve	**6,537,928**	6,537,928
Export Credit Guarantee fund	**1,808,877**	1,808,877
Investment revaluation reserve	**(76,399,146)**	(127,391,606)
Total reserves	**101,931,136**	45,330,475

Export Credit Guarantee Fund

Under Article 42 (1) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank is empowered to administer or participate in an export credit guarantee scheme. In exercise of this power, the Bank has assigned to one of its departments, the objective of providing pre-shipment export credit guarantees to commercial banks in respect of advances made to exporters from the Organisation of Eastern Caribbean States. Article 42 (4) of the Eastern Caribbean Central Bank Agreement Act 1983 provides for the Bank to make discretionary contributions out of its profits towards a guarantee fund for administering the Export Credit Guarantee Scheme. The Board of Directors have agreed to maintain the fund at a minimum of $1,000,000.

Capital reserve

Capital reserve includes the land (8.3568 acres) on which the Bank's headquarters (phase I and II) are constructed, which was donated by the Government of St. Kitts and Nevis. The land was independently valued at $629,528 in 1991 for phase I and $2,720,000 in 2001 for phase II. In 2003 the Government of St. Kitts and Nevis donated an additional 0.61 acres to the Bank, which was independently valued at $498,400. In 2005, the Government of St. Kitts and Nevis donated an additional 2 acres of land, which was independently valued at $2,690,000.

Self-insurance reserve

The Board of Directors has agreed to appropriate annually to the Self-insurance reserve, from net income, such amount equivalent to the quoted premium from an insurance carrier, to cover potential catastrophe in respect of the Bank's headquarters buildings and full coverage for the other properties. It also agreed to a funded cap of 20% of the replacement value of the relevant buildings (determined by independent valuation).

Pension reserve

The Board of Directors has decided to make appropriations annually to or from net income for the amounts necessary to maintain a pension reserve equivalent to the pension asset.

21. Other Reserves *(continued)*

Revaluation reserve

This reserve represents the carrying amount arising on revaluation of land and buildings recognised in other comprehensive income.

Investment revaluation reserve

The investment revaluation reserve represents the net unrealised fair value gains/(losses) on the revaluation of the Bank's financial assets classified and measured at FVOCI and expected credit losses thereon.

The movements of the investment revaluation reserve as a result of changes in the fair values are as follows:

	Investment securities $	Money market instruments $	Total $
Balance at 31 March 2022	(114,069,008)	(1,015,394)	(115,084,402)
Revaluation of investments	(47,849,012)	480,871	(47,368,141)
Revaluation transfer to profit or loss on disposal of foreign securities	35,247,720	-	35,247,720
Impairment of investment securities at FVOCI	(186,783)	-	(186,783)
Balance at 31 March 2023	(126,857,083)	(534,523)	(127,391,606)
Revaluation of investments	66,360,438	534,523	66,894,961
Revaluation transfer to profit or loss on disposal of foreign securities	115	-	115
Impairment of investment securities at FVOCI	(560,043)	-	(560,043)
	(61,056,573)	-	(61,056,573)
Share of associates fair value losses on investments at FVOCI	(15,342,573)	-	(15,342,573)
Balance at 31 March 2024	**(76,399,146)**	**-**	**(76,399,146)**

22. Pension asset

The Bank contributes to a defined benefit pension plan (Eastern Caribbean Central Bank or ECCB Pension Plan/Fund) covering substantially all full-time employees. The assets of the ECCB Pension Plan are held separately in an independent trustee administered fund. The pension plan is valued every three years by a firm of independent qualified actuaries, Bacon Woodrow & de Souza Limited – Actuaries and Consultants. The latest available full valuation of the Pension Fund was at 31 March 2022; it used the projected unit credit method, and showed that the fair value of the Fund's assets at 31 March 2022 represented 119% of the benefits that had accrued to members as at that date. The fair value of the Fund's assets at that time was $135.8 million (2019: $115.3 million) and the required future service contribution rate was 20.8% (2019: 20.5%) of pensionable salaries. The actuary performed a roll-forward of the valuation to 31 March 2024. The next detailed full valuation will be conducted as at 31 March 2025.

	2024 $	2023 $
Net asset in the statement of financial position:		
Fair value of plan assets	**142,514,000**	127,734,000
Present value of defined benefit obligation	**(105,043,000)**	(96,758,000)
Surplus	**37,471,000**	30,976,000
Effect of asset ceiling	**(2,124,000)**	-
Net defined benefit asset recognised in the statement of financial position	**35,347,000**	30,976,000

	2024 $	2023 $
Reconciliation of amount reported in the statement of financial position:		
Pension asset, beginning of year	**30,976,000**	34,197,000
Net pension costs during the year	**(3,536,000)**	(1,701,000)
Remeasurements recognised in other comprehensive income	**4,851,000**	(4,409,000)
Bank's contributions paid to pension plan	**3,056,000**	2,889,000
Pension asset, end of year	**35,347,000**	30,976,000

Effective April 1, 2007, the Bank adjusted its contribution to the Pension Fund from 16% to 12% to benefit from the current overfunded position of the pension fund and as prescribed by rule 4(3) of the Pension Fund Trust Deed and Rules (1992).

22. Pension asset *(continued)*

	2024 $	2023 $
Movement in present value of defined benefit obligation over the year is as follows:		
Beginning of year	**96,758,000**	101,633,000
Current service cost	**3,776,000**	3,970,000
Interest cost	**7,112,000**	6,912,000
Contributions by plan participants	**764,000**	722,000
Past service cost	**1,925,000**	-
Experience adjustments	**(404,000)**	(4,235,000)
Actuarial losses from changes in financial assumptions	**-**	(6,365,000)
Benefits paid	**(4,888,000)**	(5,879,000)
Defined benefit obligation at end of year	**105,043,000**	96,758,000

The defined benefit obligation is allocated between the Plan's members as follows:	2024 %	2023 %
Active members	**64**	66
Deferred members	**-**	-
Pensioners	**36**	34

The weighted average duration of the defined benefit obligation at the year end	**13.4 years**	14.0 years

96% of the benefits for active members are vested.

32% of the defined benefit obligation for active members is conditional on future salary increases.

	2024 $	2023 $
Movement in fair value of plan assets over the year		
Plan assets at start of year	**127,734,000**	135,830,000
Interest income	**9,531,000**	9,422,000
Return on plan assets, excluding interest income	**6,571,000**	(15,009,000)
Bank's contributions	**3,056,000**	2,889,000
Members' contributions	**764,000**	722,000
Benefits paid	**(4,888,000)**	(5,879,000)
Expense allowance	**(254,000)**	(241,000)
Fair value of plan assets at end of year	**142,514,000**	127,734,000

22. Pension asset *(continued)*

Expense recognised in the statement of profit or loss:	**2024**	2023
	$	$
Current service cost	**3,776,000**	3,970,000
Net interest on net defined benefit liability (asset)	**(2,419,000)**	(2,510,000)
Past service cost	**1,925,000**	-
Administration expenses	**254,000**	241,000
Net pension cost included in staff costs (note 29)	**3,536,000**	1,701,000

	2024	2023
	$	$
Remeasurements recognised in other comprehensive income		
Experience gains (losses)	**6,975,000**	(4,409,000)
Effect of asset ceiling	**2,124,000**	-
Remeasurement gain (loss) recognised in other comprehensive income	**4,851,000**	(4,409,000)

	2024	2023
	%	%
The principal actuarial assumptions used were as follows:		
Discount rate	**7.5**	7.5
Average individual salary increases	**5.0**	5.0
Future pension increases	**0.0**	0.0

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligations as at 31 March 2024 are as follows:

	2024	2023
Life expectancy at age 60 for current pensioners in years		
Male	**22.0**	21.9
Female	**26.2**	26.2
Life expectancy at age 60 for current members age 40 in years		
Male	**22.8**	22.8
Female	**27.1**	27.1

Plan assets are comprised as follows:

	2024	2023
	$	**$**
Developed market equities	**61,410,000**	54,288,000
EC Government issued nominal bonds and treasury bills	**4,309,000**	8,309,000
USD denominated bonds	**75,861,000**	66,764,000
USD cash and cash equivalents	**2,128,000**	1,058,000
Net current assets	**(1,194,000)**	(2,685,000)
Fair value of plan assets at end of year	**142,514,000**	127,734,000

22. Pension asset *(continued)*

The largest proportion of the Plan's assets is invested in debt instruments. Overseas equities in developed markets and USD denominated bonds have quoted prices.

The Plan's assets are invested based on a strategy agreed with the Trustees. There are no asset-liability matching strategies used by the Plan.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises the sensitivity of the defined benefit obligation to changes in the assumptions used:

	2024 Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		$	$
Discount rate	**1%**	**(11,861,000)**	**14,529,000**
Future salary increases	**1%**	**5,961,000**	**(5,310,000)**
Life expectancy	**1 year**	**1,170,000**	**-**

	2023 Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		$	$
Discount rate	1%	(11,419,000)	14,082,000
Future salary increases	1%	5,816,000	(5,173,000)
Life expectancy	1 year	1,119,000	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan asset recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

22. Pension asset *(continued)*

Funding

The Bank meets the balance of the cost of funding the defined benefit Pension Plan and must contribute at least 12% of members' salaries to the Plan. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above.

The estimated pension contributions to be paid into the defined benefit plan during the next (2025) financial year amounts to $3.0 million (2024: $3.0 million).

23. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank considers the participating governments, board of directors and key management personnel as related parties.

Participating governments

The receivables from and payables to participating governments arise mainly from the Bank carrying out one of its key roles as banker to participating governments as provided for in part nine (ix) of the ECCB Agreement Act 1983.

The year-end balances arising from transacting with participating governments are as follows:

	2024 $	2023 $
Due from participating governments		
Participating governments' securities (note 10)	**213,267,867**	225,602,673
Participating governments' advances (note 11)	**61,946,545**	152,201,810
Due to participating governments (note 17)		
Participating governments' call accounts	**102,354,690**	83,532,638
Participating governments' fixed deposits accounts	**79,190,639**	-
Participating governments' operating accounts	**71,673,830**	23,598,664
Participating governments' fiscal reserve tranche II	**55,995,679**	55,995,679
Participating governments' drug service accounts	**9,697,534**	9,556,835
Participating governments' sinking fund call accounts	**9,423,493**	7,922,411
Participating governments' fiscal tranche I call accounts	**6,345,154**	6,355,938
Participating governments' debt restructuring escrow accounts	**72,227**	6,168

Interest income earned on participating governments securities and advances during the year was $9,564,632 (2023: $6,459,084). These accounts carry interest rates of 2.0% to 4.5% (2023: 2.0% to 3.5%) during the year.

23. Related party balances and transactions *(continued)*

Participating governments *(continued)*

Interest expense on participating governments demand accounts during the year was $4,464,527 (2023: 1,457,982). These accounts carry interest rate of 0.40% to 2.90% (2023: 0.0% to 1.40%) during the year.

Eastern Caribbean Central Bank Pension Plan

The Bank provides management, investment and administrative support to the Pension Plan. Services in the amount of $204,976 were fully recovered from the Pension Plan during the year (2023: $594,966). Disclosures related to the Bank's post-employment benefit plans are included in Note 22.

Key management personnel and compensation

The key management personnel responsible for planning, directing and controlling the activities of the Bank are the members of the Executive, the Senior Management and the Board of Directors.

The compensation of key management personnel is presented in the following table. Short-term employee benefits and post-employment benefits apply to Bank employees only.

	2024 **$**	**2023** **$**
Salaries and other short-term employee benefits	**4,586,203**	4,222,114
Board of Directors' fees	**240,000**	240,000
Post-employment benefits	**171,942**	169,595
	4,998,145	4,631,709

The value of other transactions during the year and outstanding balances related to key management personnel as of 31 March 2024 was nil (2023: nil).

Transactions and balances with associated undertakings

	2024 **$**	**2023** **$**
Rental income	**300,000**	300,000
Dividends from associates	**465,028**	621,366
Demand and deposit liability accounts (note 17)		
Eastern Caribbean Securities Exchange	**39,611,409**	24,678,090
Eastern Caribbean Home Mortgage Bank	**1,812,957**	19,439,281
OECS Distribution and Transportation Company Limited	**22,380**	22,380

24. Commitments and contingencies

Commitments

Capital commitments

As at 31 March 2024, commitments for capital expenditure amounted to $7,634,166 (2023: 16,624,910). No provision has been made in these financial statements for the unexpended capital commitments as at reporting date although appropriate funding has been approved.

Credit limits to participating governments

Article 40 (1) of the ECCB Agreement Act 1983 stipulates that "the Bank may, subject to such terms and conditions as the Board may prescribe, make temporary advances to each Participating Government to meet its seasonal needs…". This can take the form of ECCB's direct investment in government securities, overdrafts on operating accounts and temporary advances.

The approved credit limits to participating governments for the current financial year is $840,000,000 (2023: $780,000,000). The details are presented in the table below:

	2024 $	2023 $
Government of Saint Lucia	**164,615,000**	156,245,000
Government of Saint Christopher (St Kitts) and Nevis	**164,934,000**	152,112,000
Government of Antigua and Barbuda	**148,933,000**	142,297,000
Government of Grenada	**119,036,000**	111,254,000
Government of Saint Vincent and the Grenadines	**102,749,000**	94,573,000
Government of Commonwealth of Dominica	**90,081,000**	81,129,000
Government of Anguilla	**41,353,000**	34,585,000
Government of Montserrat	**8,299,000**	7,805,000
Total credit limit	**840,000,000**	780,000,000

The total credit available to participating governments as of 31 March 2024 amounts to $560,723,000 (2023: $398,424,000). The details are presented in the table below:

	2024 $	2023 $
Government of Saint Christopher (St Kitts) and Nevis	**164,934,000**	152,112,000
Government of Grenada	**119,036,000**	111,254,000
Government of Saint Lucia	**104,878,000**	16,629,000
Government of Commonwealth of Dominica	**66,814,000**	55,975,000
Government of Anguilla	**41,353,000**	34,585,000
Government of Antigua and Barbuda	**30,431,000**	8,654,000
Government of Saint Vincent and the Grenadines	**24,978,000**	11,410,000
Government of Montserrat	**8,299,000**	7,805,000
Total credit available	**560,723,000**	398,424,000

24. Commitments and contingencies *(continued)*

Commitments *(continued)*

Credit limits to participating governments *(continued)*

The Board has approved a total credit limit to participating governments for the 2024/25 financial year in the amount of $847,500,000.

Contingencies

Pending litigations

The Bank is subject to various claims, disputes and legal proceedings, in the normal course of business. There are several legal claims which have been brought against the Bank. Provision is made for such matters when, in the opinion of management as advised by the Bank's Legal Counsel, it is probable that a payment will be made by the Bank, and the amount can be reasonably estimated.

In respect of claims asserted against the Bank for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are without merit and can be successfully defended.

25. Cash and cash equivalents

	2024	**2023**
	$	**$**
Money market instruments and money at call (note 6)	**727,803,023**	1,029,909,586
Regional and foreign currencies	**166,233,126**	137,783,494
Balances with other central banks (note 5)	**1,179,342**	17,814,003
Balances with local banks	**1,074,234**	1,150,207
Balances with foreign banks (note 5)	**44,863**	1,020,689
Total cash and cash equivalents	**896,334,588**	1,187,677,979

26. Net interest income

	2024	**2023**
	$	**$**
Interest income (calculated using the effective interest method)		
Foreign investment securities (net of amortisation)	**98,125,115**	53,512,398
Money market instruments and money at call	**52,085,329**	25,322,139
Participating governments' securities and advances	**9,564,632**	6,459,084
Other interest income	**54,297**	61,077
Mortgage-backed securities	**-**	4,699,040
	159,829,373	90,053,738

26. Net interest income *(continued)*

	2024 $	2023 $
Interest expense		
Demand liabilities: domestic	**4,464,527**	1,457,982
Lease liabilities	**171,764**	152,314
	4,636,291	1,610,296
Net interest income	**155,193,082**	88,443,442

27. Net losses on foreign investment securities at fair value through profit or loss (FVTPL)

	2024 $	2023 $
Unrealised gains on investment securities at FVTPL	**-**	17,081,000
Realised losses on investment securities at FVTPL	**-**	(61,196,415)
	-	(44,115,415)

28. Other income

	2024 $	2023 $
Income from banking licence fees and penalties	**3,358,667**	3,538,334
Rental income	**322,800**	322,800
Pension fund administrative and management fees	**204,975**	594,966
Other income	**138,150**	127,673
Gain on lease modification	**18,857**	-
Gain on disposal of property and equipment	**2,420**	8,631
Gain on futures contracts	**-**	970,530
Loss on foreign exchange	**(939,062)**	(996,161)
Total other income	**3,106,807**	4,566,773

Rental income results from rental of office space to affiliate institutions, namely, ECHMB, ECSE and ECPCGC, which are covered by leasehold rental contracts.

29. Salaries, pensions and other staff benefits

	2024 $	2023 $
Salaries, wages and other benefits	**36,896,360**	35,658,612
Pension (note 22)	**3,536,000**	1,701,000
Social security	**1,224,472**	1,228,644
Vacation leave	**400,436**	403,934
Prepaid employee benefit	**24,843**	32,678
Total salaries, pensions and other staff benefits	**42,082,111**	39,024,868

30. Net impairment losses on financial assets

During the financial year, the following losses (gains) were recognised in the statement of profit or loss in relation to impaired financial assets

	2024 $	2023 $
Impairment loss on financial assets at FVOCI	**-**	40,276
Impairment loss on financial assets at amortised cost	**158,753**	12,437
Impairment loss on receivables	**3,033,260**	1,412,497
Reversal of previous impairment losses on financial assets	**(568,891)**	(270,337)
Net impairment losses on financial assets	**2,623,122**	1,194,873

31. Administrative and general expenses

	2024 $	2023 $
General supplies and services	**15,091,652**	11,426,058
Special projects	**7,547,767**	2,321,477
Professional, legal and consulting fees	**3,954,021**	6,867,936
Other staff expenses and amenities	**1,751,891**	576,999
Travel expenses	**1,598,079**	1,040,903
Conference and meetings	**1,304,374**	965,125
Training, recruitment and resettlement	**1,163,234**	1,005,655
Community outreach	**1,069,611**	374,597
Contribution to Eastern Caribbean Securities Regulatory Commission	**842,537**	1,125,276
Telephone expense	**853,435**	864,097
Utilities expenses	**859,617**	1,066,746
Insurance expense	**795,991**	684,087
Affiliate groups	**739,486**	201,976
Service grant	**605,595**	658,089
Repairs and maintenance	**626,047**	1,247,940
Audit Fees	**555,000**	393,900
Subscriptions and fees	**378,218**	400,029
Directors' travel and other expenses	**226,858**	22,640
Public education and communication	**197,043**	141,249
Other expenses	**122,875**	109,786
Contribution to staff association	**96,256**	72,695
Rental expense	**75,000**	238,450
Printing and postage expenses	**20,148**	29,427
Advertising and promotion	**1,870**	1,242
Total administrative and general expenses	**40,476,605**	31,836,379

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