Financial Statements of

Eastern Caribbean Asset Management Corporation

March 31, 2019

Eastern Caribbean Asset Management Corporation

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INDEPENDENT AUDITORS' REPORT

To the Participating Governments of Eastern Caribbean Asset Management Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eastern Caribbean Asset Management Corporation ("the Corporation"), which comprise the statement of financial position as at March 31, 2019, the statements of changes in equity, profit or loss and other comprehensive income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 are independent of the Corporation in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Participating Governments of Eastern Caribbean Asset Management Corporation

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, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Participating Governments of Eastern Caribbean Asset Management Corporation

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Corporation'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 Corporation'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 Corporation 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.

KPMG

Chartered Accountants
December 14, 2020

St. John's, Antigua

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Financial Position

As at March 31, 2019
With comparatives as at March 31, 2018

(Expressed in Eastern Caribbean dollars)

	Notes		2019	2018
Assets				
Cash and cash equivalents	8	$	24,682,109	11,938,655
Investments	9		14,151,314	-
Accounts receivable			-	249,677
Prepayments			37,360	32,874
Property and equipment	10		67,325	89,134
Total assets		$	38,938,108	12,310,340
Liabilities and Equity				
Liabilities				
Accounts payable	11	$	748,297	1,422,546
Accrued expenses	12		228,270	114,910
Total liabilities			976,567	1,537,456
Equity				
Contributed capital	13 (a)		40,410,289	12,000,000
Accumulated deficit			(2,448,748)	(1,227,116)
Total equity			37,961,541	10,772,884
Total liabilities and equity		$	38,938,108	12,310,340

See accompanying notes to the financial statements.

Approved for issue by the Board of Directors on the 14th day of December, 2020 and signed on its behalf by:

Whitfield Harris (Deputy Chairman) **Director**

Denise Edwards **Director**

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Changes in Equity

For the year ended March 31, 2019
With comparatives for the year ended March 31, 2018

(Expressed in Eastern Caribbean dollars)

	Notes		Contributed capital	Accumulated deficit	Total
Balance at March 31, 2017		$	9,000,000	(72,125)	8,927,875
Capital contributions	13		3,000,000	-	3,000,000
Comprehensive loss for the year			-	(1,154,991)	(1,154,991)
Balance at March 31, 2018			12,000,000	(1,227,116)	10,772,884
Capital contributions	13		28,410,289	-	28,410,289
Comprehensive loss for the year			-	(1,221,632)	(1,221,632)
Balance at March 31, 2019		$	40,410,289	(2,448,748)	37,961,541

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2019
With comparatives for the year ended March 31, 2018

(Expressed in Eastern Caribbean dollars)

	Notes		2019	2018
Revenue:				
Receiver fees – ABI Bank Ltd.		$	360,000	249,677
Investment income			249,441	-
Total revenue			609,441	249,677
Expenses:				
Payroll and related costs	14		1,051,263	1,036,277
Other expenses	15		706,182	358,260
Expected credit losses	9		51,819	-
Depreciation	10		21,809	10,131
Total expenses			1,831,073	1,404,668
Loss for the year, being total comprehensive loss for the year		$	(1,221,632)	(1,154,991)

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Cash Flows

For the year ended March 31, 2019
With comparatives for the year ended March 31, 2018

(Expressed in Eastern Caribbean dollars)

	Notes		2019	2018
Cash flows from operating activities				
Net loss for the year		$	(1,221,632)	(1,154,991)
Adjustments for:				
Depreciation	10		21,809	10,131
Interest income			(249,441)	-
Expected credit losses	9		51,819	-
Cash flows used in operating activities before changes in operating assets and liabilities			(1,397,445)	(1,144,860)
Change in accounts receivable			249,677	(249,677)
Change in prepayments			(4,486)	(32,874)
Change in accounts payable			(850,649)	1,350,421
Change in accrued expenses			113,360	114,910
Cash flows (used in)/from operating activities before interest			(1,889,543)	37,920
Interest received			196,184	-
Net cash (used in)/from operating activities			(1,693,359)	37,920
Cash flows from investing activities				
Purchase of property and equipment	10		-	(99,265)
Change in investments			(278,319)	-
Net cash used in investing activities			(278,319)	(99,265)
Cash flows from financing activity				
Capital contributions	13		14,500,000	3,000,000
Net cash from financing activity			14,500,000	3,000,000
Net increase in cash and cash equivalents			12,528,322	2,938,655
Cash transferred from the RTC [Note 13 (b)]			215,132	-
Cash and cash equivalents at beginning of year			11,938,655	9,000,000
Cash and cash equivalents at end of year	8	$	24,682,109	11,938,655

See accompanying notes to the financial statements.

1. Reporting entity

Eastern Caribbean Asset Management Corporation ("the Corporation") was established under the statute of the Eastern Caribbean Asset Management Corporation Act, 2015 ("the Act") which was passed in each of the eight territories comprising the Eastern Caribbean Currency Union (ECCU). The eight ECCU territories are Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Federation of St. Christopher and Nevis, Grenada, Montserrat, Saint Lucia and St. Vincent and the Grenadines.

The purpose of the Corporation is to:

a) Carry on the business of asset management including acquiring the whole or any part of, dealing with, managing, and disposing of assets or liabilities of approved financial institutions in an expeditious manner; and

b) Act as the receiver of a financial institution whenever appointed by the Central Bank under the Eastern Caribbean Central Bank Agreement or the Banking Act.

The Corporation was established on July 22, 2016 in Antigua and Barbuda, in accordance with Article 105 of the Eastern Caribbean Asset Management Corporation Act, 2015 and commenced operations effective July 21, 2017.

The Corporation is domiciled in Antigua and Barbuda and its principal office location is Suite 6, 7 & 8, Woods Centre, Friar's Hill Road, St. John's, Antigua.

Prior to the establishment of the Corporation, there existed the Resolution Trust Corporation Limited which was established under the Companies Act of St. Kitts and Nevis and registered as an external Corporation under the Laws of Antigua and Barbuda. Upon the establishment of the Eastern Caribbean Asset Management Corporation, all the assets and liabilities of the Resolution Trust Corporation Limited, together with all its rights and obligations was to have been transferred to and vested in the Corporation. As at September 30, 2018, certain assets and liabilities of the Resolution Trust Corporation Limited was transferred to the Eastern Caribbean Asset Management Corporation, see note 13(b). As at March 31, 2019, and as at the date of approval of these financial statements, the Resolution Trust Corporation Limited has not been liquidated.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors on December 14, 2020.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention.

2. Basis of preparation (continued)

(c) ***Functional and presentation currency***
These financial statements are presented in Eastern Caribbean dollars, which is the Corporation's functional currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

(d) ***Use of estimates and judgements***
The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Estimated useful lives on property and equipment - Note 3 (c)
- Classification of financial assets: assessment of the business model within which the financial assets are held and assessment of whether the contractual terms of the cash flows from the financial assets solely represent payments of principal and interest (SPPI) on the outstanding principal amount - Note 6.
- Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit losses and selection and approval of models used to measure expected credit losses - Note 6.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) ***Foreign currency translation***
Assets and liabilities denominated in currencies other than Eastern Caribbean dollars are translated into the functional currency at the exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Eastern Caribbean dollars at the rates approximating those in effect at the transaction date. Exchange differences, if any, resulting from translation are generally recognised in profit or loss.

3. Significant accounting policies (continued)

(b) ***Revenue recognition***

Revenue is income that arises in the course of the ordinary activities of the Corporation. The Corporation recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits associated with the item will flow to the entity.

(c) ***Property and equipment***

Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Corporation. Ongoing repairs and maintenance is expensed as incurred in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Furniture and fittings	5 years
Equipment	5 years
Computer hardware	5 years
Computer software	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) ***Impairment***

The carrying amounts of the Corporation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

3. Significant accounting policies (continued)

(e) ***Cash and cash equivalents***

Cash and cash equivalents comprise of cash at bank, non-mandatory deposits with the Eastern Caribbean Central Bank, treasury bills and other short-term highly liquid investments with a maturity within 90 days from the date of acquisition that are readily convertible into known amounts of cash.

(f) ***Prepayments***

Prepayments are stated at cost.

(g) ***Operating leases***

Payments made under operating leases are recognised in profit or loss on a straight line basis over the life of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the life of the lease.

4. Changes in accounting policies

New standards, amendments and interpretations mandatory for the first time for the financial year

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2018 and have been applied in preparing these financial statements. None of these had a significant effect on the financial statements except IFRS 9 as disclosed below.

IFRS 9 *Financial Instruments*

In 2014, the IASB issued IFRS 9, *Financial Instruments* replacing IAS 39, *Financial Instruments*: *Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets, a forward-looking 'expected credit loss' model ("ECL model") for assessing the impairment of financial assets and a new general hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and has therefore been applied by the Corporation from April 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

4. Changes in accounting policies (continued)

New standards, amendments and interpretations mandatory for the first time for the financial year, (cont'd)

IFRS 9 *Financial Instruments, continued*

The Corporation has used the exemption not to restate comparative information for prior periods with respect to classification and measurement including impairment requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at April 1, 2018. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9, but rather those of IAS 39.

The main impact of IFRS 9 has been an increase in expected credit losses on the Corporation's investments and additional disclosures related to IFRS 9.

The table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as at April 1, 2018. There was no impact on adopting IFRS 9 on the carrying amounts of financial assets at April 1, 2018.

	Classification under IAS 39	**Classification under IFRS 9**		**Carrying Amount under IAS 39**	**Carrying Amount under IFRS 9**
Financial Assets					
Cash and cash equivalents	Loans and receivables	Amortised cost		11,938,655	11,938,655
Accounts receivable	Loans and receivables	Amortised cost		249,677	249,677
Total Financial Assets			**$**	**12,188,332**	**12,188,332**
Financial Liabilities					
Accounts payable	Amortised cost	Amortised cost		1,422,546	1,422,546
Accrued expenses	Amortised cost	Amortised cost		114,910	114,910
Total Financial Liabilities			**$**	**1,537,456**	**1,537,456**

As shown above the only impact is the reclassification of the financial assets from the loans and receivables category to amortised cost.

4. Changes in accounting policies (continued)

New standards, amendments and interpretations mandatory for the first time for the financial year, (cont'd)

IFRS 9 *Financial Instruments, continued*

The impact on the measurement of these financial assets under IAS 39 as at March 31, 2018 compared to the measurement under IFRS 9 as at April 1, 2018 is shown in the following table:

		IAS 39 carrying amount March 31, 2018	Re-classification	Re-measurement	IFRS 9 carrying amount April 1, 2018
Cash and cash equivalents	$	11,938,655	-	-	11,938,655
Accounts receivable		249,677	-	-	249,677
		12,188,332	-	-	12,188,332

IFRS 15 *Revenue from Contracts with Customers*

On April 1, 2018, the Corporation adopted IFRS 15 *Revenue from Contracts with Customers* as issued in May 2014. IFRS 15 defines principles for recognising revenue and is applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases continues to fall outside the scope of IFRS 15 and is regulated by the other applicable standards (e.g., IFRS 9 and IFRS 16 *Leases*).

Revenue under IFRS 15 must be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The adoption of IFRS 15 did not impact the timing or amount of income from contracts with customers and the related assets and liabilities recognised by the Corporation.

5. New standards, amendments and interpretations not yet adopted

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Corporation are as follows:

- IFRS 16 *Leases* – effective January 1, 2019
- IFRIC 23 *Uncertainty over Income Tax Treatments* – effective January 1, 2019
- Annual improvements to IFRS Standards 2015 – 2017 Cycle various standards – effective January 1, 2019
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation – effective January 1, 2019
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement – effective January 1, 2019
- Amendments to IFRS 3 - Definition of a Business – effective January1, 2020
- Amendments to References to Conceptual Framework in IFRS Standards – effective January 1, 2020
- Amendments to IAS 1 and IAS 8 - Definition of Material - effective January 1, 2020

Further information on IFRS 16 is provided below.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers,* is also adopted.

  The Corporation is assessing the potential impact on its 2020 financial statements resulting from the application of IFRS 16.

6. Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss, for which transaction costs are recognised in profit or loss as incurred. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Non-derivative financial assets – Classification and subsequent measurement - Policy applicable from April 1, 2018

The Corporation classifies its financial assets into the amortised cost category.

Financial assets measured at amortised cost
The Corporation's non-derivative financial assets measured at amortised cost comprise cash and cash equivalents, accounts receivable, term deposits and sovereign debt securities. The Corporation measures these assets at amortised cost as its business model is to hold them to collect contractual cash flows and the contractual terms give rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified and measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprise of accounts payable and other liabilities.

6. Financial Instruments (continued)

Non-derivative financial assets – Classification and subsequent measurement - Policy applicable from April 1, 2018 (cont'd)

Business model assessment
The Corporation makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- 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 portfolio is evaluated and reported to the Corporation'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; and
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)
In assessing whether the contractual cash flows are SPPI, the Corporation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Corporation considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Corporation's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The objective of the Corporation's business model is to hold financial assets to collect the contractual cash flows rather than sell the instrument prior to its contractual maturity to realise its fair value changes and the related cash flows meet the SPPI criterion. It can therefore be determined that financial assets will be measured at amortised cost (net of any write down for impairment).

6. Financial Instruments (continued)

Non-derivative financial assets-Impairment- Policy applicable from April 1, 2018

The Corporation's financial assets which are measured at amortised cost are evaluated for expected credit losses (ECL) as of 1st April 2018, and subsequent dates. A loss allowance is recognized on these financial assets at each reporting date with the amounts based on 12-months expected credit losses and lifetime expected credit losses using the three stage impairment models as follows:

- Stage 1, *12-months expected credit losses* if there is no significant increase in the credit risk since the initial recognition;
- Stage 2, *lifetime expected credit losses* if there is a significant increase in credit risk since the initial recognition; and
- Stage 3, *lifetime expected credit losses* if the financial asset is credit impaired.

The allowance of the ECL is shown net of the gross carrying amount of the related financial assets in the statement of financial position.

Significant increase in credit risk
The Corporation determines that there is significant increase in the credit risk of a financial instrument since initial recognition by incorporating quantitative and qualitative forward looking information in its assessment. The Corporation will use historical data, economic information, along with qualitative indicators and weighted probability scenarios to determine the ECL with the supporting information to assess credit risk being relevant and easily available by the Corporation. Professional judgement will be applied to determine how the economic variables will impact the financial assets. A backstop is applied when there is a significant increase in the credit risk of a financial instrument if a receivable is 30 days past due and the investment grade of sovereign/corporate debt has been downgraded more than one notch outside of the current grade.

Definition of default
Default is defined by the Corporation as any event that would cause a loss in the estimated cash flows of a financial instrument after its initial recognition date. The criteria that the Corporation will use to determine and reliably estimate the impact on the financial instrument includes the following events:

- A decrease in the estimated future cash flows from a receivable or its underlying security that could be reasonably measured;
- Delinquency or default in interest and/or principal payments;
- The borrower experiencing significant financial difficulty; and
- The likelihood that the borrower will enter bankruptcy or a financial reorganization.

6. Financial Instruments (continued)

Non-derivative financial assets-Impairment- Policy applicable from April 1, 2018, (cont'd)

Credit impaired 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. For CDs and investments, the Corporation considers that a default has occurred and classifies the financial asset as credit impaired when the counterparty fails to pay principal and/or interest when payment falls due.

In addition, a receivable that is overdue for 90 days or more is considered credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Corporation considers the following when assessing whether sovereign debt is credit-impaired:

- The market's assessment of credit worthiness as reflected in the yields;
- The rating agencies' assessment of creditworthiness;
- The country's ability to access the capital markets for new debt issuance; and
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

Classification and Subsequent Measurement and Impairment of Financial Assets - Policy applicable before April 1, 2018

Financial assets are classified into the following category upon initial recognition:

- Loans and receivables

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which is described below.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

6. Financial Instruments (continued)

Classification and Subsequent Measurement and Impairment of Financial Assets - Policy applicable before April 1, 2018 (cont'd)

Loans and receivables:
Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. The Corporation's cash and cash equivalents and accounts receivable fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific party will default.

Held-to-maturity investments:
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity. The Corporation currently holds investments with maturities in excess of 90 days designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in the statement of profit or loss and other comprehensive income.

Classification and subsequent measurement of financial liabilities:
The Corporation's financial liabilities include accounts payable and accrued expenses. These are measured at amortised cost.

The Corporation does not engage in any significant transactions which are speculative in nature.

7. Financial Risk Management

(i) Interest Rate Risk Exposure:
The Corporation does not have any significant exposure to interest rate risk.

(ii) Credit Risk Exposure:
Credit risk arises from the possibility that counterparties may default on their obligations to the Corporation. The maximum credit risk exposure of financial assets recognised in the statement of financial position is represented by the carrying amounts of the financial assets.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Corporation's performance to developments affecting a particular industry or geographical location.

7. Financial Risk Management (continued)

Maximum exposure

(ii) Credit Risk Exposure: (cont'd)

Credit risk exposures relating to on-balance sheet assets are as follows:

	2019	2018
Financial Assets:		
Term deposits	6,948,372	-
Treasury bills	15,270,946	-
Cash at bank	16,520,296	11,938,655
Accounts receivable	-	249,677

(iii) Fair Value:

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, many of the financial instruments lack an available trading market and, therefore, it is not possible to determine independently the estimated fair values. The fair values of financial instruments are considered to approximate their book values.

All non-financial instruments are excluded from fair value disclosure and, accordingly, the total fair value amounts cannot be aggregated to determine the underlying value of the Corporation.

(iv) Liquidity risk:

In order to manage liquidity risks, management seeks to maintain sufficient levels of cash and cash equivalents to meet reasonable expectations of its short term obligations.

The table below analyses the Corporation's financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

Financial Assets		**Due within 1 Year**	**Total**
Year ended March 31, 2019			
Cash and cash equivalents	$	24,682,109	24,682,109
Investments		14,203,133	14,203,133
	$	38,885,242	38,885,242
Year ended March 31, 2018			
Cash and cash equivalents	$	11,938,655	11,938,655
Accounts receivable		249,677	249,677
	$	12,188,332	12,188,332

7. Financial Risk Management (continued)

(iv) Liquidity risk (cont'd):
The table below analyses the Corporation's financial liabilities 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.

		Due within 1 Year	1 Year to 5 Years	Over 5 Years	Total
Financial Liabilities					
Year ended March 31, 2019					
Accounts payable	$	748,297	-	-	748,297
Accrued expenses		120,436	107,834	-	228,270
	$	868,733	107,834	-	976,567
Year ended March 31, 2018					
Accounts payable	$	1,422,546	-	-	1,422,546
Accrued expenses		67,342	47,568	-	114,910
	$	1,489,888	47,568	-	1,537,456

(v) Capital management:
The Corporation's policy is to maintain a strong capital base to encourage investor, creditor and market confidence, and to sustain future development of the Corporation. There were no changes to the way in which the Corporation managed its capital during the year. Article 93 of the Eastern Caribbean Asset Management agreement requires at the end of each quarter the minimum capital to be greater than two percent (2%) of total assets.

8. Cash and cash equivalents

		2019	2018
Eastern Caribbean Central Bank ('ECCB')	$	14,884,603	9,937,800
Treasury bills *[maturing in May – June 2019]*		6,661,813	-
Eastern Caribbean Amalgamated Bank ('ECAB')		1,635,693	2,000,855
Term deposit *[maturing in May 2019]*		1,500,000	-
	$	24,682,109	11,938,655

Amounts held with the ECCB and ECAB are non-interest bearing. Interest rates on treasury bills and term deposit held during the year ranges from 1.9% to 2.0%.

9. Investments

	Nominal quantity	2019	2018
Amortised cost			
Government of St. Lucia Treasury bills:			
- Interest at 2.7502% maturing April 15, 2019	2,500,000	$ 2,466,093	-
- Interest at 2.9563% maturing July 22, 2019	1,350,000	1,330,318	-
Government of Antigua Treasury bills:			
- Interest at 2.9563% maturing May 20, 2019	2,250,000	2,217,197	-
- Interest at 4.0003% maturing October 26, 2019	1,325,000	1,271,996	-
Government of Grenada Treasury bill:			
- Interest at 1.9608% maturing October 15, 2019	1,350,000	1,323,529	-
St. Kitts-Nevis-Anguilla National Bank certificate of deposit:			
- Interest at 1.000% maturing July 15, 2019	1,327,587	1,327,587	-
National Bank of Dominica certificate of deposit:			
- Interest at 2.050% maturing February 28, 2020	1,218,940	1,218,940	-
Bank of St. Lucia certificate of deposit:			
- Interest at 1.750% maturing August 9, 2019	1,260,000	1,260,000	-
Bank of St. Vincent and the Grenadines certificate of deposit:			
- Interest at 1.500% maturing October 30, 2019	1,161,845	1,161,845	-
Antigua Commercial Bank certificate of deposit:			
- Interest at 1.200% maturing June 18, 2019	480,000	480,000	-
		$ 14,057,505	-
Interest receivable		145,628	-
Less: expected credit losses		(51,819)	-
		$ 14,151,314	-

9. Investments (continued)

The movement in the expected credit loss allowance is as follows:

		2019	2018
Balance at beginning of year	$	-	-
Impact of IFRS 9 adoption		-	-
Increase in ECL during the year		51,819	-
Balance at end of year	$	51,819	-

The Corporation's investment portfolio as at March 31, 2019 is shown below in stages.

	Stage 1	Stage 2	Stage 3	Total
Certificates of Deposit	5,448,372	-	-	5,448,372
Treasury Bills	8,754,761	-	-	8,754,761
Gross Investments	14,203,133	-	-	14,203,133
Less: ECL Allowance	(51,819)	-	-	(51,819)
	14,151,314	-	-	14,151,314

10. Property and equipment

Property and equipment comprise the following:

		Equipment	Furniture and fittings	Computer hardware	Computer software	Total
Cost						
Balance as at April 1, 2018	$	22,973	38,717	22,904	14,671	99,265
Additions		-	-	-	-	-
Balance as at March 31, 2019	$	22,973	38,717	22,904	14,671	99,265
Accumulated depreciation						
Balance as at April 1, 2018	$	1,795	3,219	2,672	2,445	10,131
Charge for the year		4,594	7,744	4,581	4,890	21,809
Balance at March 31, 2019	$	6,389	10,963	7,253	7,335	31,940
Net book value						
At March 31, 2019	$	16,584	27,754	15,651	7,336	67,325
At April 1, 2018	$	21,178	35,498	20,232	12,226	89,134

11. Accounts payable

		2019	2018
Eastern Caribbean Central Bank	$	458,697	988,625
Directors' and Corporate Secretary fees		207,542	45,472
ABI Bank Ltd. in Receivership		82,058	387,090
Vertex Holdings Limited		-	1,359
	$	748,297	1,422,546

12. Accrued expenses

		2019	2018
Gratuities	$	107,834	47,568
Vacation		49,381	34,253
Audit fees		59,100	25,000
Other		11,955	8,089
	$	228,270	114,910

13. Contributed capital

		2019	2018
Authorised Capital 10,000 shares at $10,000 each	$	100,000,000	100,000,000

(a) Contributed capital consists of contributions from Participating Governments of the Eastern Caribbean Currency Union. Capital contributions comprise of the following:

		2019	2018
Amount at the beginning of the year	$	12,000,000	9,000,000
Contributions during the year		-	3,000,000
Contributions during the year – fiscal reserve allocation		14,500,000	-
Contributions in kind during the year		13,910,289	-
Amount at year end	$	40,410,289	12,000,000

13. Contributed capital (continued)

(b) During the year, the Corporation received a $14,500,000 contribution, representing an allocation from the fiscal reserve account of the Participating Governments. This allocation was divided equally amongst the governments (i.e. $1,812,500 was assigned to each government). The contribution received in 2018 was $3,000,000 in cash directly from the particular Participating Government.

During the year, the Corporation also received a $13,910,289 contribution in kind which represents the fair value of the Resolution Trust Corporation Limited's (RTC) net assets acquired as at September 30, 2018.

The fair values of the assets and liabilities of the Resolution Trust Corporation Limited (RTC), as at September 30, 2018 that were transferred to the Corporation are as follows:

Cash at ECCB	$	215,132
Investments		13,871,557
Total assets		14,086,689
Directors' fees payable		(176,400)
Net assets		**13,910,289**

The net assets of $13,910,289 were allocated to the Participating Governments based on their contribution in the RTC as at September 30, 2018. Their contribution as at September 30, 2018 and the subsequent allocation was as follows:

	Percentage allocation	RTC contributed capital	Allocation of net assets
Anguilla	9.94%	1,250,000	1,382,360
Antigua and Barbuda	13.35%	1,679,065	1,856,858
Dominica	13.35%	1,680,104	1,858,007
Grenada	13.33%	1,676,801	1,854,354
Montserrat	13.35%	1,679,731	1,857,595
St. Lucia	13.35%	1,678,827	1,856,595
St. Kitts and Nevis	13.39%	1,683,859	1,862,160
St. Vincent and the Grenadines	9.94%	1,250,000	1,382,360
Total		**12,578,387**	**13,910,289**

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13. Contributed capital (continued)

(b) *(cont'd)*

As at March 31, 2019, the amount of each Participating Government's contribution to the contributed capital of the Corporation is as follows:

	2019	2018
Anguilla	4,694,860	1,500,000
Antigua and Barbuda	5,169,358	1,500,000
Dominica	5,170,508	1,500,000
Grenada	5,166,854	1,500,000
Montserrat	5,170,095	1,500,000
St. Lucia	5,169,094	1,500,000
St. Kitts and Nevis	5,174,660	1,500,000
St. Vincent and the Grenadines	4,694,860	1,500,000
Total	**40,410,289**	**12,000,000**

Article 95 of the Eastern Caribbean Asset Management Corporation Act, 2015 states that shares of the Corporation shall be allotted to the Participating Governments in proportion to their respective contribution to share capital. As at March 31, 2019, and as at the date of approval of these financial statements, shares have not been issued to the Participating Governments based on their aggregated contribution as at the reporting date.

14. Payroll and related costs

		2019	2018
Salaries	$	755,316	661,100
Allowances		151,533	129,438
Benefits		60,266	47,568
Statutory contributions		50,440	43,030
Vacation accrual		15,128	34,253
Other staff costs		18,580	120,888
	$	1,051,263	1,036,277
Number of employees		4	4

In accordance with Article 99 (4) (e) of the Eastern Caribbean Asset Management Corporation Act, 2015, no tax shall be levied on or in respect of salaries and emoluments, including pensions and gratuities, paid by the Corporation to the appointed directors, chief executive officer, officers and employees of the Corporation. However, management has elected to make social security and medical benefits contributions.

15. Other expenses

		2019		2018
Lease	$	143,208	$	107,406
Consultancy expenses		136,985		9,797
Directors' fees		97,700		88,900
Audit fees		59,631		25,000
Service agreements		48,000		-
Professional fees		36,909		-
Travel expenses		27,801		15,578
Corporate secretariat		25,555		7,501
Brokerage fees		24,382		-
Electricity		18,970		11,589
Software		18,737		12,961
Office expenses		17,244		17,081
Repairs and maintenance		13,745		26,734
Subscription		12,735		-
Cleaning		9,000		5,750
Bank charges		5,056		844
Sundry expenses		3,442		1,738
Internet		2,646		1,264
Telephone		2,170		787
Security expenses		1,679		1,586
Water		299		114
Postage expenses		175		385
Directors' expenses		113		9,185
Advertising and promotion		-		13,560
Legal expenses		-		500
	$	706,182		358,260

16. Related party balances and transactions

Related party definition

A related party is a person or entity that is related to the Corporation.

(a) A person or a close member of that person's family is related to the Corporation if that person:

(i) has control or joint control of the Corporation;

(ii) has significant influence over the Corporation; or

(iii) is a member of the key management personnel of the Corporation or of a parent of the Corporation.

(b) An entity is related to the Corporation if any of the following conditions applies:

(i) The entity and the Corporation 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 Corporation or an entity related to the Corporation.

(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 any member of a group of which it is a part, provides key management personnel services to the Corporation or to the parent of the Corporation.

A related party transaction is a transfer of resources, services or obligations between related entities regardless of whether a price is charged.

16. Related party balances and transactions (continued)

Related party transactions

Significant transactions with related parties during the year were as follows:

ABI Bank Ltd. in Receivership
The Corporation was appointed receiver of ABI Bank Ltd. with effect from July 21, 2017. Staff members of ABI Bank Ltd. in Receivership provide support to the Corporation in the administration of the finance and asset management functions.

		2019	2018
Due to ABI Bank Ltd. in Receivership	$	82,058	387,090

Directors' Fees
The Directors' fees for the year ended March 31, 2019 was $97,700 (2018: $88,900). Amounts payable at the reporting date are included in accounts payable in the statement of financial position.

Key management personnel compensation
Key management personnel compensation comprised of the following:

		2019	2018
Salaries and other short-term benefits	$	965,689	815,856

17. Commitments

Lease Commitments

The Corporation entered into a rental contract on July 24, 2017 with Vertex Holdings Limited, for a period of three (3) years, for the rental of its office space, which expires on July 23, 2020. The agreed monthly office space rental is $11,934 tax exclusive.

As at March 31, 2019, the future minimum lease payments are as follows:

		2019	2018
Less than a year	$	143,208	143,208
Between one and five years		35,802	179,010

18. Taxation exemption

The Corporation was granted an exemption from all taxes by virtue of Article 99. (4) of the Eastern Caribbean Asset Management Corporation Act, 2015.

19. Subsequent events

(I) Under Article 10 (6) of the Eastern Caribbean Asset Management Act, it states that the acquisition of assets under the Agreement is limited to a period of two (2) years from the date of commencement of operations. However, as at March 31, 2019, the Corporation had not acquired any assets from approved financial institutions.

At the 96th meeting of the Monetary Council held on July 24th, 2020, the Monetary Council approved an extension of the deadline for the ECAMC's acquisition of assets to October 31, 2021, and of its initial life to July 31, 2025.

(II) The World Health Organisation declared COVID-19 to be a global pandemic on March 11, 2020. It has since spread rapidly around the globe and has impacted companies both directly and indirectly. Within the Eastern Caribbean Currency Union, cases of the virus were first reported from March 2020. While it is not possible to reliably estimate the duration and full consequences of this pandemic, at this stage, it can be determined that the ECAMC will not be severely impacted financially and there are no current threats to our ability to function and provide services. Management will continuously be monitoring this assessment for any changes during this crisis. Specific attention will be focused on the impacts on the financial markets, the overall economies of the shareholder governments and the various financial institutions across the ECCU which we serve, all of which are highly uncertain and cannot be predicted.