Financial Statements of

Eastern Caribbean Asset Management Corporation

March 31, 2021

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, 2021, 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, 2021, 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.

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
St. John's, Antigua
July 15, 2022

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Financial Position

As at March 31, 2021
With comparatives as at March 31, 2020

(Expressed in Eastern Caribbean dollars)

	Notes		2021	2020
Assets				
Cash and cash equivalents	7	$	30,564,911	24,161,965
Investments	8		5,196,806	13,209,819
Accounts receivable			72,659	5,870
Prepayments			39,570	37,506
Property and equipment	9		44,248	49,340
Right-of-use asset	10		-	46,737
Total assets		$	35,918,194	37,511,237
Liabilities and Equity				
Liabilities				
Accounts payable	11	$	235,349	449,774
Accrued expenses	12		338,521	378,765
Lease liability	10		-	47,439
Total liabilities			573,870	875,978
Equity				
Contributed capital	13 (a)		40,410,289	40,410,289
Accumulated deficit			(5,065,965)	(3,775,030)
Total equity			35,344,324	36,635,259
Total liabilities and equity		$	35,918,194	37,511,237

See accompanying notes to the financial statements.

Approved for issue by the Board of Directors on July 14, 2022 and signed on its behalf by:

Director **Director**

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Changes in Equity

For the year ended March 31, 2021
With comparatives for the year ended March 31, 2020

(Expressed in Eastern Caribbean dollars)

	Notes		Contributed capital	Accumulated deficit	Total
Balance at March 31, 2019		$	40,410,289	(2,448,748)	37,961,541
Comprehensive loss for the year			-	(1,326,282)	(1,326,282)
Balance at March 31, 2020		$	40,410,289	(3,775,030)	36,635,259
Balance at April 1, 2020		$	40,410,289	(3,775,030)	36,635,259
Comprehensive loss for the year			-	(1,290,935)	(1,290,935)
Balance at March 31, 2021		$	40,410,289	(5,065,965)	35,344,324

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, 2021
With comparatives for the year ended March 31, 2020

(Expressed in Eastern Caribbean dollars)

	Notes		2021	2020
Revenue:				
Receiver fees – ABI Bank Ltd.		$	360,000	360,000
Investment income			385,279	504,649
Total revenue			745,279	864,649
Expenses:				
Payroll and related costs	14		1,233,520	1,354,007
Interest expense – lease liability	10		297	3,700
Other expenses	15		735,688	683,454
Provision for (Recovery of) expected credit losses	8		10	(11,404)
Depreciation	9		19,962	20,964
Depreciation – right-of-use asset	10		46,737	140,210
Total expenses			2,036,214	2,190,931
Loss for the year, being total comprehensive loss for the year		$	(1,290,935)	(1,326,282)

See accompanying notes to the financial statements.

EASTERN CARIBBEAN ASSET MANAGEMENT CORPORATION

Statement of Cash Flows

For the year ended March 31, 2021
With comparatives for the year ended March 31, 2020

(Expressed in Eastern Caribbean dollars)

	Notes		2021	2020
Cash flows from operating activities				
Loss for the year		$	(1,290,935)	(1,326,282)
Adjustments for:				
Depreciation	9		19,962	20,964
Depreciation – right-of-use asset	10		46,737	140,210
Interest income			(385,279)	(504,649)
Interest expense – lease liability	10		297	3,700
Loss on disposal of property and equipment			-	4,583
Provision for (recovery of) expected credit losses	8		10	(11,404)
Cash flows used in operating activities before changes in operating assets and liabilities			(1,609,208)	(1,672,878)
Change in accounts receivable			(66,789)	(5,870)
Change in prepayments			(2,064)	(146)
Change in accounts payable			(214,425)	(298,523)
Change in accrued expenses			(40,244)	150,495
Cash flows used in operating activities before interest			(1,932,730)	(1,826,922)
Interest received			484,703	483,286
Net cash used in operating activities			(1,448,027)	(1,343,636)
Cash flows from investing activities				
Purchase of property and equipment	9		(14,870)	(7,562)
Purchase of investments			(7,157,121)	(349,267)
Sale of investments			15,070,700	1,323,529
Net cash from investing activities			7,898,709	966,700
Cash flows from financing activity				
Payment of lease liability	10		(47,736)	(143,208)
Net cash used in financing activity			(47,736)	(143,208)
Net increase (decrease) in cash and cash equivalents			6,402,946	(520,144)
Cash and cash equivalents at beginning of year			24,161,965	24,682,109
Cash and cash equivalents at end of year	7	$	30,564,911	24,161,965

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 Act was subsequently amended in 2018.

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.

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, 2021, 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. Subsequently, at the 100th meeting of the Monetary Council held on October 22, 2021, the Monetary Council approved a third and final extension of the deadline for the ECAMC's acquisition of assets to July 20, 2023. The Corporation is currently in the process of active negotiations with approved financial institutions and commenced the acquisition of loans effective April 2021.

The Corporation is domiciled in Antigua and Barbuda and its principal office location is Suite 23, 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, 2021, the Resolution Trust Corporation (RTC) Limited was not liquidated. The wind-up procedures for the RTC commenced in October 2018 and concluded on July 20, 2021, with the Eastern Caribbean Central Bank (ECCB) filing the Statement of Solvency along with a Balance Sheet as of July 20, 2016, with the Financial Services Regulatory Commission in St. Kitts and Nevis.

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 July 14, 2022.

(b) ***Basis of measurement***
These financial statements have been prepared under the historical cost convention.

(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 5.

- 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 5.

2. Basis of preparation (continued)

(e) *Going concern*

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption were not appropriate, then adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and the balance sheet classifications used would be necessary.

During the year ended March 31, 2021, the Corporation recorded a loss of EC$1,290,935 (2020: $1,326,282) and as at March 31, 2021, had an accumulated deficit of EC$5,065,965 (2020: $3,775,030). As stated in Note 1, under Article 10 (6) of the Eastern Caribbean Asset Management Act, one of the Corporation's core planned activities for the acquisition of assets under the Agreement was limited to a period of two (2) years from the date of commencement of operations. However, as at March 31, 2021, the Corporation had not acquired any assets from approved financial institutions. This has therefore impacted its ability to generate related revenues to March 31, 2021, as this is expected to be the core revenue generating activity via receipt of principal and interest payments and proceeds from disposal of related collateral.

To provide sufficient time for the Corporation to commence this core function, at the 96th meeting of the Monetary Council held on July 24, 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. Subsequently, at the 100th meeting of the Monetary Council held on October 22, 2021, the Monetary Council approved a further third and final extension of the deadline for the ECAMC's acquisition of assets to July 20, 2023. The Corporation is currently in the process of active negotiations with approved financial institutions and during the period April 2021 to date purchased delinquent loans with a total purchase price of EC$9,106,000.

As at March 31, 2021, management has made an assessment and based on the cash and cash equivalents balance of EC$30,564,911, has concluded that the Corporation has adequate resources to continue in operation for at least the next 12 months from the end of the reporting period and to meet its current obligations as and when they fall due. In addition, the Corporation has received commitments relative to securing external financing to effect the purchase of additional assets. However, this has not materialized to date as the Corporation has not had the level of acquisitions which required external financing. Hence, all assets that have been acquired to date were funded using the Corporation's cash.

Based on the above, management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern and has prepared the financial statements on a going concern basis as it has been determined that this basis remains appropriate.

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.

(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.

3. Significant accounting policies (continued)

(d) ***Impairment of non-financial assets***

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.

(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) ***Leases***

The Corporation as a lessee

At commencement or on modification of a contract that contains a lease component, the Corporation 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 Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Corporation 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 Corporation 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.

3. Significant accounting policies (continued)

(g) Leases, continued

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 Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The Corporation 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; and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation 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 Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation 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 Corporation 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 Corporation 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 Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. 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:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – effective April 1, 2021
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective January 1, 2021
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) – effective April 1, 2021
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – effective January 1, 2022
- Annual Improvements to IFRS Standards 2018-2020 effective January 1, 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – effective January 1, 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective January 1, 2022
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective January 1, 2023
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2) – effective January 1, 2023
- Definition of Accounting Estimate (Amendments to IAS 8) – effective January 1, 2023

5. 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.

5. Financial Instruments (continued)

Non-derivative financial assets – Classification and subsequent measurement

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.

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).

5. Financial Instruments (continued)

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).

Non-derivative financial assets - Impairment

The Corporation's financial assets which are measured at amortised cost are evaluated for expected credit losses (ECL). 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.

5. Financial Instruments (continued)

Non-derivative financial assets - Impairment (cont'd)

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.

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 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.

6. 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.

Maximum exposure

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

	2021	2020
Financial Assets:		
Term deposits	4,513,120	7,363,463
Treasury bills	9,766,875	15,251,789
Cash at bank	21,454,580	14,629,956
Accounts receivable	72,659	5,870

(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:

6. Financial Risk Management (continued)

(iv) Liquidity risk (cont'd):

Financial Assets		**Due within 1 Year**	**Total**
Year ended March 31, 2021			
Cash and cash equivalents	$	30,564,911	30,564,911
Investments		5,237,231	5,237,231
	$	35,802,142	35,802,142
Year ended March 31, 2020			
Cash and cash equivalents	$	24,161,965	24,161,965
Investments		13,250,234	13,250,234
	$	37,412,199	37,412,199

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.

Financial Liabilities		**Due within 1 Year**	**1 Year to 5 Years**	**Over 5 Years**	**Total**
Year ended March 31, 2021					
Accounts payable	$	235,349	-	-	235,349
Accrued expenses		298,271	40,250	-	338,521
	$	533,620	40,250	-	573,870
Year ended March 31, 2020					
Accounts payable	$	449,774	-	-	449,774
Accrued expenses		367,155	11,610	-	378,765
	$	816,929	11,610	-	828,539

(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.

7. Cash and cash equivalents

		2021	2020
Eastern Caribbean Central Bank ('ECCB')	$	21,091,608	12,301,971
Treasury bills *[maturing in April – June 2021]*		7,555,051	8,001,783
Eastern Caribbean Amalgamated Bank ('ECAB')		362,972	2,327,985
Term deposit *[maturing in April - June 2021]*		1,555,280	1,530,226
	$	30,564,911	24,161,965

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 1.39% to 3.47%.

8. Investments

	Nominal quantity		2021	2020
Amortised cost				
Government of St. Lucia Treasury bills:				
			-	2,451,640
			-	1,323,886
Government of Antigua Treasury bills:				
- Interest at 3.4406% maturing June 14, 2021	2,250,000		2,211,824	2,195,856
			-	1,278,624
St. Kitts-Nevis-Anguilla National Bank certificate of deposit			-	1,642,355
National Bank of Dominica certificate of deposit:				
- Interest at 2.050% maturing February 25, 2022	1,269,289		1,269,289	1,243,860
Bank of St. Lucia certificate of deposit			-	1,281,990
Bank of St. Vincent and the Grenadines certificate of deposit:				
- Interest at 1.500% maturing October 29, 2021	1,196,962		1,196,962	1,179,272
Antigua Commercial Bank certificate of deposit:				
- Interest at 1.200% maturing June 17, 2021	491,589		491,589	485,760
		$	5,169,664	13,083,243

8. Investments (continued)

		2021	2020
	$	5,169,664	13,083,243
Interest receivable		67,567	166,991
Less: expected credit losses		(40,425)	(40,415)
Balance at end of year	$	5,196,806	13,209,819

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

		2021	2020
Balance at beginning of year	$	40,415	51,819
Change in ECL during the year		10	(11,404)
Balance at end of year	$	40,425	40,415

The Corporation's investment portfolio as at March 31, 2021 and March 31, 2020 is shown below in stages.

	Stage 1	Stage 2	Stage 3	Total
Certificates of Deposit	2,957,840	-	-	2,957,840
Treasury Bills	2,279,391	-	-	2,279,391
Gross Investments	5,237,231	-	-	5,237,231
Less: ECL Allowance	(40,425)	-	-	(40,425)
	5,196,806			5,196,806

	Stage 1	Stage 2	Stage 3	Total
Certificates of Deposit	5,963,930	-	-	5,963,930
Treasury Bills	7,286,304	-	-	7,286,304
Gross Investments	13,250,234	-	-	13,250,234
Less: ECL Allowance	(40,415)	-	-	(40,415)
	13,209,819			13,209,819

9. Property and equipment

Property and equipment comprise the following:

		Equipment	Furniture and fittings	Computer hardware	Computer software	Total
Cost						
Balance as at April 1, 2020	$	25,560	38,986	23,027	14,671	102,244
Additions		2,875	-	6,254	5,741	14,870
Disposals		-	-	-	-	-
Balance at March 31, 2021	$	28,435	38,986	29,281	20,412	117,114
Accumulated depreciation						
Balance as at April 1, 2020	$	11,957	18,706	10,016	12,225	52,904
Charge for the year		5,113	7,797	4,606	2,446	19,962
Balance at March 31, 2021	$	17,070	26,503	14,622	14,671	72,866
Net book value						
At March 31, 2021	$	11,365	12,483	14,659	5,741	44,248
At April 1, 2020	$	13,603	20,280	13,011	2,446	49,340

10. Leases

The Corporation mainly leases office space used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options.

The Corporation assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Corporation reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

Set out below, are the carrying amounts of the Corporation's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-Use Property $	Lease Liability $
Balance at April 1, 2020	46,737	47,439
Depreciation expense	(46,737)	-
Interest expense	-	297
Principal payments	-	(47,736)
As at March 31, 2021	-	-

Additions to the right-of-use asset during the period were $nil. The current lease expired on 23rd July 2020 and was not renewed at the year end, as the Corporation was in the process of finding a larger office space and hence the Corporation entered into a monthly short-term lease. The office was subsequently relocated, and a new lease agreement was entered into on 1st April 2021.

The following table provides details of our lease expense:

	March 31, 2021	March 31, 2020
Included in operating costs:		
Operating lease costs	-	-
Amortization of right-of-use assets	46,737	140,210
Short-term lease expense	95,472	-
	142,209	140,210
Included in finance expense – interest expense on lease obligations	297	3,700
Total lease expense	142,506	143,910

11. Accounts payable

		2021	2020
Eastern Caribbean Central Bank	$	-	98,697
Directors' and Corporate Secretary fees		85,800	211,100
ABI Bank Ltd. in Receivership		146,298	138,715
Other		3,251	1,262
	$	235,349	449,774

12. Accrued expenses

		2021	2020
Gratuities	$	99,117	233,480
Vacation		-	34,476
Audit fees		171,664	75,500
Other		67,740	35,309
	$	338,521	378,765

13. Contributed capital

		2021	2020
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:

		2021	2020
Amount at the beginning of the year	$	40,410,289	40,410,289
Contributions during the year		-	-
Amount at year end	$	40,410,289	40,410,289

13. Contributed capital (continued)

(b) 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 follow:

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**

As at March 31, 2021, the amount of each Participating Government's contribution to the contributed capital of the Corporation is as follows:

		2021	2020
Anguilla	$	4,694,860	4,694,860
Antigua and Barbuda		5,169,358	5,169,358
Dominica		5,170,508	5,170,508
Grenada		5,166,854	5,166,854
Montserrat		5,170,095	5,170,095
Saint Lucia		5,169,094	5,169,094
St. Kitts and Nevis		5,174,660	5,174,660
St. Vincent and the Grenadines		4,694,860	4,694,860
	$	40,410,289	40,410,289

13. Contributed capital (continued)

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, 2021, shares have not been issued to the Participating Governments; however, shares were subsequently issued in January 2022 based on their aggregated contribution as at the reporting date.

14. Payroll and related costs

		2021	2020
Salaries	$	826,382	883,123
Allowances		187,754	159,451
Benefits		127,734	204,931
Statutory contributions		65,964	83,681
Vacation accrual		2,960	4,398
Other staff costs		22,726	18,423
	$	1,233,520	1,354,007
Number of employees		5	5

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

		2021	2020
Lease	$	95,472	-
Consultancy expenses		10,350	119,974
Directors' fees		126,600	108,400
Audit fees		96,164	77,293
Service agreements		48,000	48,000
Professional fees		216,850	132,996
Travel expenses		-	37,188
Corporate secretariat		-	1,785
Brokerage fees		30,321	45,985
Electricity		24,829	24,067
Software		10,465	7,740
Office expenses		12,879	10,811
Repairs and maintenance		20,879	19,454
Subscription		-	556
Cleaning		9,000	9,000
Bank charges		2,051	3,691
Sundry expenses		1,189	2,571
ICT communication expenses		3,377	2,386
Telephone		1,328	2,034
Security expenses		1,926	1,604
Water		459	185
Postage expenses		1,180	194
Directors' expenses		-	16,192
Legal expenses		14,313	11,348
Acquisition expense		4,621	-
Relocation expenses		3,435	-
	$	735,688	683,454

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 the Corporation and a related party, 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.

		2021	2020
Due to ABI Bank Ltd. in Receivership	$	146,298	138,715

Directors' Fees
The Directors' fees for the year ended March 31, 2021 was $126,600 (2020: $108,400). 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:

		2021	2020
Salaries and other short-term benefits	$	1,021,183	1,160,575

17. 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.

18. COVID-19

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.

19. Subsequent events

(i) To date, the Corporation has purchased several portfolios of non-performing loans (NPLs) from various Approved Financial Institutions (AFIs) with a total acquisition price of EC$9,106,000. These were onboarded as follows:

- September 2021 – The non-performing loans of six debtors were onboarded at an acquisition price of EC$4,146,000 from National Bank of Dominica.
- March 2022 - The non-performing loans of four debtors were onboarded at an acquisition price of EC$1,580,000 from Bank of St. Lucia.
- March 2022 - The non-performing loans of six debtors were onboarded at an acquisition price of EC$2,944,000 from Bank of St. Vincent & the Grenadines.
- March 2022 – The non-performing loan of one debtor was onboarded at an acquisition price of EC$436,000 from TDC Financial Services (St. Kitts).

The Corporation continues to hold discussions with various AFIs to acquire additional assets.

(ii) At a meeting of the Monetary Council held on October 22, 2021, a third and final extension of the deadline to acquire assets of July 20, 2023 was approved.

19. Subsequent events (continued)

(iii) On January 19th, 2022, shares of the Corporation were allotted to the Participating Governments in proportion to their respective contribution to share capital as follows:

Participating Government	Total Capital Contributed	Capital contributed in excess of par value	Capital contributed at par value	Par value of shares ($)	Number of shares issued
Antigua and Barbuda	5,169,358.09	9,358.09	5,160,000	10,000	516
Dominica	5,170,507.77	507.77	5,170,000	10,000	517
St. Kitts and Nevis	5,174,659.51	4,659.51	5,170,000	10,000	517
St. Lucia	5,169,094.34	9,094.34	5,160,000	10,000	516
Grenada	5,166,854.40	6,854.40	5,160,000	10,000	516
Montserrat	5,170,094.82	94.82	5,170,000	10,000	517
St. Vincent and the Grenadines	4,694,860.03	4,860.03	4,690,000	10,000	469
Anguilla	4,694,860.03	4,860.03	4,690,000	10,000	469
Total	40,410,288.99	40,288.99	40,370,000		4,037