



ANNUAL REPORT **2023**

Driving Growth, Managing Change

WHO WE ARE AND WHAT WE DO

+ **OUR VISION** is to be your Bank of Choice and Financial Partner for Life.

+ **OUR MISSION** is to create Value for our Stakeholders.

+ **OUR MANTRA** is to Get It Right the First Time, Every Time.

+ **OUR STRATEGIC INTENT** is Operational Efficiency.

+ The operations of the Bank have been built on the **CULTURAL PILLARS** of Customer Intimacy, Service Excellence and Employee Engagement. These pillars will distinguish ECAB as the Bank of Choice and Financial Partner for Life.

+ **OUR VALUE STATEMENTS**
Honesty and integrity are the overriding guiding principles.

All employees are regarded as critical to the success of the institution. The proficiency, expertise, knowledge and vision of everyone are highly valued and mutual respect and trust are greatly emphasized.

All customers are regarded as critical to the success of the institution. Bank staff is therefore very customer-focused, responsive and driven to exceed customers' expectations.

The reputation of the Bank and the integrity, sincerity and transparency that staff demonstrate every day are held in the highest regard.

Continuous learning is valued, reinforced by a commitment of the staff to listen to customers and to each other in order to institutionalize the discipline, processes and methodologies that offer the greatest reliability and quality of banking services.

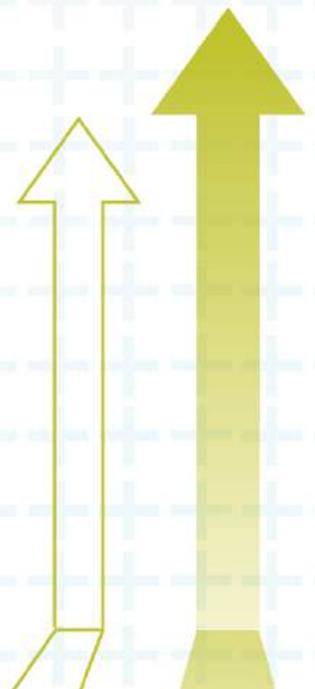
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+ NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Eastern Caribbean Amalgamated Bank Limited will be held virtually on Friday, the 11th day of July, 2025 commencing at 1:00pm.

AGENDA

1. *Call to Order*
2. *Prayers*
3. *Adoption of Agenda*
4. *Chairman's Remarks*
5. *Consider and confirm the Minutes of Twelfth Annual General Meeting held on July 3, 2024*
6. *Consider the matters arising from Minutes of Twelfth Annual General Meeting held on July 3, 2024*
7. *Presentation of Chairman's Report*
8. *Presentation of Directors' Report*
9. *Consider Auditors' Report and Financial Statements for the year ended September 30, 2023*
10. *Declare a Dividend for the Financial Year ended September 30, 2023*
11. *Ratification of Appointment of External Auditors for the year ending September 30, 2024 and authorize the Board to fix their remuneration*
12. *Election of Directors*
13. *Transact any other business that may properly be brought before an Annual General Meeting of Shareholders*

Dated the 3rd day of June, 2025

BY ORDER OF THE BOARD OF DIRECTORS



TRACY BENN-ROBERTS
Corporate Secretary

CHAIRMAN'S REPORT

+ *Embracing a culture of innovation and change*



2023 was a year of unprecedented growth and significant change. Changes included the successful integration of the former-Scotiabank accounts into our banking system following the acquisition of the Scotiabank operations at the end of the 2021 financial year. This was our third transaction involving acquisition of another bank's deposit and loan portfolios since the establishment of ECAB in 2010. Each of these and the most recent in particular came with their own peculiar and unpredictable challenges. Despite some post integration challenges inherent in undertakings of this magnitude, the Scotiabank integration was completed successfully. Our current focus includes ensuring that the changes and growth resulting from the acquisition are managed effectively to nurture our momentum and stability.

With our corporate social responsibility we continue to strive to fulfill our mission of creating value for our stakeholders including those in education, sports, culture, the culinary arts, healthcare, and the environment. Our philanthropy in these areas underlines our belief

that the relationship with our stakeholders should be a partnership. As the Bank grows, so too should our stakeholders – our partners for life – hand in hand, step by step creating wealth and welfare for all.

Economic Overview

The IMF's October 2023 World Economic Outlook reported that global economic recovery in the wake of COVID-19 and the Russia-Ukraine conflict remained slow at 3.0 percent down from 2022 with projections of 2.9 percent for 2024.

For advanced economies, the 2.6 percent growth experienced in 2022 was expected to slowdown to 1.5 percent in 2023 and 1.4 percent in 2024; the results of 2023 being heavily influenced by stronger-than-expected US momentum with growth projections of 2.1 percent; but weaker-than-expected growth in Europe with the UK reportedly at 0.5 percent.

Emerging markets and developing economies are projected to experience modest declines in growth from 4.1 percent in 2022 to 4.0 percent in 2023 and 3.9 percent in 2024.

The ECCB's Annual Economic and Financial Review of December 2023 for the Eastern Caribbean Currency Union (ECCU) indicated that the performance of the regional economy reflected in GDP grew by 4.3 percent in 2023. It also indicated that Antigua and Barbuda's performance was more or less on par with the ECCU, with growth of 3.9 percent in 2023 compared to 4.8 percent in 2022. This third consecutive year of growth represents a continuation of the post-pandemic economic recovery, sustained by resilient hospitality and construction sectors which grew by 14.6 and 10.0 percent respectively.



*The hospitality and construction sectors grew by **14.6** and **10.0%** respectively.*

Compared to 2022, consumers got a little reprieve in respect of the cost of living as reflected in the consumer price index, which rose by 3.3 per cent in 2023, compared to an increase of 9.3 per cent in 2022.

Continued economic buoyancy and tempering of inflation, augurs well for consumer confidence. ECAB's doors remain open to welcome existing and new customers to take advantage of our tailored products and services as we continue to drive growth, manage change and fulfill the financial needs of our customers and the nation of Antigua and Barbuda.

Driving Growth – Our Performance

Despite the challenges and some uncertainty, Our Bank reported net income of \$33.1 million, representing a 404.9 percent increase from the previous year's performance. This is the largest profit ever achieved in Our Bank's 14-year history. On the income side, the major contributor to this outcome was the favourable movement in US stock prices which led to a \$16.0 million unrealized gain in the valuation of our Visa shares. In addition, our net interest income rose by \$11.0 million or 16.6 percent albeit down from the \$26.4 million or 65.8 percent growth in the previous year. This level of net interest income was achieved despite the loan portfolio remaining relatively flat in 2023, registering a \$13.6 million or 1.26 percent decrease from the 2022. This was offset by an increase of \$11.5 million or 263.4 percent in interest income from investment securities. Loans currently constitute slightly less than half of the bank's total assets at 47.1 percent but investments as a percentage of total assets increased by 11.9 percentage points to 27.5 percent. The prudent balance between loans and investments is a critical factor which we continue to manage and has reaped dividends as evidenced in our performance this year.

Total assets closed at \$2.3 billion experiencing a slight decrease of \$67.8 million or 2.9 percent from the previous year. Similarly, deposits dropped by \$109.8 million or 5.3 percent. On the expense side, personnel costs increased by \$1.6 million or 5.8 percent as we sought to fill new roles in our revised structure. This increase was significantly less than the previous year's 61.2 percent connected to the integration of staff. General and administrative expenses leveled off with a \$0.9 million or 3.1 percent decrease, after having doubled in the previous year due to higher professional fees related to the integration.

+ FINANCIAL HIGHLIGHTS

Net Income **\$33.1M**

Total Assets **2.3 B**

Capital Adequacy Ratio **21%**

Loans-to-deposits ratio of **58.1%**



The Bank's capital stands strong to support any potential losses with a capital adequacy ratio of 21 percent, significantly above the statutory minimum of 8 percent. Our liquidity remained solid with the loans-to-deposits ratio of 58.1 percent, which is comfortably below ECCB's benchmark of 75-85 percent. We continue to seek opportunities to deploy these excess funds in sound income-generating loans to grow our portfolio and enhance interest income, being always mindful of the prudent balance between liquidity and profitability.

The 2023 operating results put an exclamation point on our theme of driving growth, managing change. We did not relax our efforts, but forged ahead to continue to organically grow the Bank, generating profits while adding stakeholder value in a continuously changing environment.

+ *The 2023 operating results put an exclamation point on our theme of driving growth, managing change.*

Looking Ahead

As we move forward, we remain committed to driving sustainable growth, embracing change and delivering value for our stakeholders. We will continue to invest in innovation, enhance operational resilience and deepen our customer relations. With a clear strategic direction and a strong foundation, we are confident that we remain well positioned to navigate future challenges and seize new opportunities.

Acknowledgements

On behalf of the Board of Directors, I take this opportunity to acknowledge all of our customers and express deep gratitude for your business. To our staff, your commitment and contribution are invaluable and appreciated. Together we can fully embrace our Vision to be your Bank of Choice and Financial Partner for Life. Indeed, we are inspired to be a part of a life-long partnership for growth and prosperity as we create a better future together.

Thank you

Craig J. Walter
Chairman
Board of Directors

+ OUR BOARD OF DIRECTORS



C. Davidson Charles
.....

Deputy Chairman
Antigua Commercial Bank Limited



Rasona Davis-Crump
.....

Government of Antigua and Barbuda



Craig Walter
.....

Antigua Commercial Bank Limited
Chairman



Estherlita Cumberbatch
.....

East Caribbean Financial Holding Company Limited



Bennie Stapleton
.....

Bank of St. Vincent and the Grenadines Ltd.



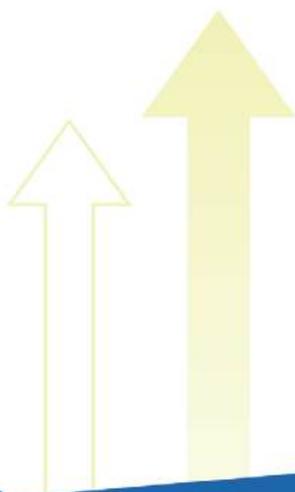
Hezron Seraphin
.....

National Bank of Dominica Ltd.



Carol Boddie
.....

St. Kitts-Nevis-Anguilla National Bank Limited



Our **BOARD OF DIRECTORS** plays a crucial role in overseeing and guiding the Bank, encompassing strategic planning, ensuring compliance, and representing shareholder interests, while also managing resources and overseeing management.

DIRECTORS' REPORT

+ *Embracing a culture
of innovation and
change*



The Board of Directors has played a critical role in the governance and strategic direction of the Bank. During the 2022/2023 period, the Board focused more attention on enhancing growth and performance, risk management, oversight and accountability. It also worked closely with Management to strengthen adherence to legal and regulatory requirements. Further, the Board continued its collaboration with Management to bring about improved employee and customer satisfaction.

BOARD EFFECTIVENESS

The Board of Directors is well-structured. There is diversity in gender, skills, background, experience and independence which has significantly helped to foster richer debates and better decision-making. While the Board does not involve itself in the daily management of the Bank, which remains the primary function of the General Manager and the Management, it consistently monitors, evaluates and provides feedback on Management performance. This ensures that Management remains in alignment with the Board's strategic direction.

With the increased size of the Bank following the acquisitions and the general growing complexities in the global business environment, the Board's fiduciary duty has evolved. There are now broader responsibilities that extend beyond the traditional oversight to ensure that the best interest of the Bank and all its stakeholders are continually safeguarded. The duty to exercise reasonable care, skill and diligence, to act in good faith and consider the long-term consequences of decisions and its impact on the Bank, shareholders, employees, customers and other stakeholders are always at the forefront of each Director's mind.

During the 2022/2023 period, the Board focused more attention on enhancing growth and performance, risk management, oversight and accountability.

During the 2022/2023 financial year, the Board's role can be summarized as being dynamic and indispensable. Through its effective leadership, competence and vision coupled with the hard work and commitment of Management and Staff, there has been sustainable growth in the Bank. Overall, the set targets and goals continue to be achieved thereby safeguarding Our Future Our Bank.

BOARD COMPOSITION

Clause 4.2 of our By-Laws provides for a minimum of seven (7) and a maximum of eleven (11) directors. Our Board is currently comprised of (7) non-executive directors who represent our six (6) shareholders as outlined in the table below.

NAMES OF DIRECTORS	NAMES OF SHAREHOLDERS	NO. OF COMMON SHARES OWNED
Rasona Davis-Crump	Government of Antigua and Barbuda	60,000
Estherlita Cumberbatch	East Caribbean Financial Holding Company Ltd.	48,000
Carol Boddie	St. Kitts-Nevis-Anguilla National Bank Ltd.	38,400
Craig Walter C. Davidson Charles	Antigua Commercial Bank Ltd.	37,200
Hezron Seraphin	National Bank of Dominica Ltd.	37,200
Bennie Stapleton	Bank of St. Vincent and the Grenadines Ltd.	19,200

Notes: (i) The Government of Antigua and Barbuda also owns 100,000 non-voting preference shares; (ii) No Director personally owns shares in ECAB.

BOARD OF DIRECTORS' TRAINING

Given the rapidly changing business, regulatory and technological landscape, the need for continued Director training is important. Thus, much value is placed on ongoing training to ensure that Directors understand the current governance standards, financial regulations and industry-specific requirements. Training, therefore, helps the Board to sharpen its mind and stay abreast of emerging market dynamics which are needed in charting the strategic direction for the Bank. It also helps to nurture stronger collaborations, accountability and communication within the Board and with Management. Attendance at training sessions is mandatory.

disclosure relates to a member's personal interest in financial, professional or relational matters which may interfere with their duty to act in the best interest in the Bank. The policy requires all Directors to promptly disclose the interest and recuse themselves from any discussions or consideration of the matter. During the period under review, each Director has complied with the Policy and the declarations as to interests were recorded.

BOARD OF DIRECTORS' CONFLICT OF INTEREST POLICY

The Bank's Conflict of Interest Policy helps to protect the best interests of the Bank. Each Director is required to disclose 'potential, actual or perceived conflicts of interest' at each meeting or when considering Bank material. The

BOARD SUB-COMMITTEES

There are four (4) existing sub-committees which work to support and enhance the Board's function. They are as follows:

- i. *Corporate Governance Committee;*
- ii. *Credit Committee;*
- iii. *Audit & Risk Committee; and*
- iv. *Human Resource Committee*

The composition of the Committees is shown in the table below:

NAMES OF BOARD COMMITTEES	NAMES OF COMMITTEE MEMBERS
Corporate Governance	Directors Craig Walter (Chairman), C. Davidson Charles, Estherlita Cumberbatch and Carol Boddie
Credit	Directors C. Davidson Charles (Chairman), Craig Walter, Estherlita Cumberbatch, Rasona Davis-Crump, Carol Boddie, Bennie Stapleton and Hezron Seraphin
Audit & Risk	Directors Rasona Davis-Crump (Chairman), Estherlita Cumberbatch, Carol Boddie and Hezron Seraphin
Human Resource	Directors C. Davidson Charles (Chairman), Rasona Davis-Crump, Carol Boddie and Bennie Stapleton

THE CHAIRMAN OF THE BOARD

Clause 11 of the By-Laws provides that: 'The directors shall as often as may be required' appoint a Chairman and a Deputy Chairman. The By-Laws also provide that the Chairman shall, when present, "preside at all meetings of the directors and any committee of the directors or the shareholders." Similarly, if the Chairman is absent or is unable or refuses to act, the Deputy Chairman shall, when present, "preside at all meetings of the directors and any committee of the directors or the shareholders."

During the financial year ended September 30, 2023, Director Craig Walter held the position of Chairman and Director C. Davidson Charles held the position of Deputy Chairman.

The Chairman effectively exercised the key leadership responsibility and oversaw the efficient functioning of the Board. The Chair made sure that the Board fulfilled its fiduciary, oversight and risk management responsibilities

as well as promoted the highest standards of corporate governance and board ethics. Additionally, the Chairman fostered a strong Board/Management relationship within the Bank while ensuring that the Board added good value to the overall development of the Bank.

BOARD MEETINGS AND ATTENDANCE

During the financial year ended September 30, 2023, there were twelve (12) meetings of the Board of Directors. The following table records the attendance of the Directors:

DIRECTORS (IN ORDER OF TENURE)	ATTENDANCE		PERCENTAGE
	Required	Actual	
Craig Walter	12	12	100%
Rasona Davis-Crump	12	9	75%
Carol Boddie	12	12	100%
C. Davidson Charles	12	11	91.6%
Estherlita Cumberbatch	12	11	91.6%
Bennie Stapleton	12	11	91.6%
Hezron Seraphin	12	11	91.6%

DIRECTORS' TENURE

Clause 4.4 of the By-Laws of ECAB provide as follows:

"Unless his tenure is sooner determined, a director shall hold office from the date from which he is elected or appointed until the close of the annual meeting of the shareholders next following but shall be eligible for re-election if qualified."

Pursuant to the above-mentioned clause, all Directors are eligible for re-election for the financial year ending September 30, 2024 namely, Craig Walter, C. Davidson Charles, Rasona Davis-Crump, Carol Boddie, Estherlita Cumberbatch, Bennie Stapleton and Hezron Seraphin

DIRECTORS' REMUNERATION

Directors' remuneration is generally determined by the company's financial performance, key stakeholder interests and industry standards. The Board of Directors considers the matter annually and makes recommendation to the Shareholders for approval. In addition to the salary, Directors are also entitled to have any travel

accommodation and other expenses reasonably incurred in the performance of ECAB's duties and responsibilities covered by the Bank. There is no recommendation for an increase.

VOTING BY SHAREHOLDERS

In accordance Clause 12.6 of the By-Laws of ECAB, shareholders shall vote at the election "in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a ballot."

Accordingly, each shareholder or proxy holder or individual authorized to represent a shareholder is entitled to one vote at every meeting at which he is entitled to vote. (Clause 12.6.1 of the By-Laws of ECAB).

PROPOSED DIVIDEND PAYOUT

Financial year ended September 30, 2023

3.5% of par value to the preferred shareholder

\$27.45 for each unit of common share

DIVIDEND

In accordance with Clause 15 of the By-Laws of ECAB, “the directors may from time to time by resolution declare and the Company may pay dividends on the issued and outstanding shares of the capital of the Company...”

For the financial year ended September 30, 2023, the Board of Directors recommends the payment of dividend of 3.5% of par value to the preferred shareholder on record as at September 30, 2023 and dividends of \$27.45 for each unit of common share to the shareholders on record as at September 30, 2023.

EXTERNAL AUDITORS

The External Auditors, Grant Thornton, retired at the financial year ended September 30, 2023. The Auditors are eligible for re-appointment pursuant to approval received from the Eastern Caribbean Central Bank and have offered themselves for re-appointment for the year ending September 30, 2024. The Board of Directors recommends their re-appointment.

BY ORDER OF THE BOARD OF DIRECTORS



Tracy Benn-Roberts
Corporate Secretary

+ OUR EXECUTIVE MANAGEMENT



Michael Spencer

General Manager



Tracy Benn-Roberts

General Counsel/Corporate Secretary



Donna Cort

Chief Financial Officer



Sonya Roberts-Carter

Senior Manager Operations



Sophie Thomas-Durand

Chief Information Systems Officer



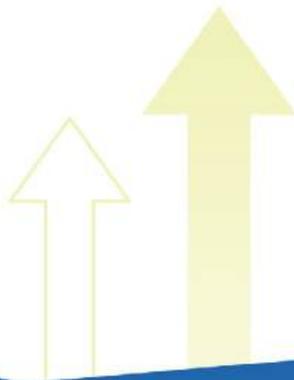
Peter Quinn

Internal Auditor



Adrian McLean

Senior Manager
Retail and Commercial Lending



Our **EXECUTIVE MANAGEMENT** team oversees the Banks developmental, strategic and financial decisions and is responsible for the smooth operation of functions within their departments.

MANAGEMENT DISCUSSION AND ANALYSIS

+ *Embracing a culture
of innovation and
change*



BUSINESS OVERVIEW

We are pleased to share our 2023 Annual Report with you, our valued stakeholders. As we reflect on 2023, ECAB stands at a pivotal moment in its journey after the successful migration of the former Scotiabank Antigua operations on to ECAB Platform. The migration involved transferring customers' loans and advances, credit cards, deposit portfolios, accounting and regulatory reporting systems from Scotiabank to ECAB systems and the expansion of staff complement to handle the additional workload. The migration came with its degree of challenges which the Bank was able to successfully navigate while, at the same time, staying true to our core values of honesty, integrity, transparency, and customer focus. The Bank faced other challenges from shifting global economic conditions including inflationary pressures to evolving customer expectations. We have emerged stronger, more agile, and well positioned for the future as we continue to embrace a culture of innovation and change. Our strategic initiatives of growth and managing change have not only produced positive financial results but also re-enforced our role as a forward-thinking, customer-centric financial institution as we shape a more prosperous future for our customers, employees, communities and shareholders.

Over the past year, we have remained committed to enhancing customer experience, embracing digital transformation, and expanding product and service offerings. The establishment of our Customer Support and Digital Banking (CSDB) Department has allowed us to respond to customer inquiries more efficiently, providing quicker resolutions with greater accuracy. This Department operates daily, Monday to Friday as well as on weekends from 8:00 am to 10:00 pm and on holidays from 8:00 am to 3:00 pm. Customer feedback gathered through the CSDB Department has played a key role in us taking steps to continuously improve our services. As a result, our customer satisfaction scores have steadily increased, strengthening customer loyalty and contributing to our overall growth in 2023. To further enhance service delivery, we have expanded the number of customer service representatives across branches, which was geared towards reducing wait-times for new account openings. Additionally, our relationship officers continue to provide premium and business customers with personalized service and tailored financial advice.

Our Bank recognizes that our employees are our greatest asset, and their continuous development is vital to our long-term success. In 2023, we prioritized cross-functional workshops to ensure that the former Scotiabank employees were adequately trained in our policies and procedures and equipped to adapt to their new roles following the migration. We expanded our e-learning platform to allow staff to access training materials at their convenience and our Education Assistance Policy subsidized tuition costs for employees pursuing business degrees. Employees also attended several short courses pertinent to their job functions. Our commitment to staff development not only enhances employee satisfaction and retention but also ensures that we remain agile and competitive in an ever-evolving financial landscape.

At ECAB, we strive to make a positive impact on the communities we serve. In 2023, our social responsibility initiatives focused on local educational programs to include the Summer Math Camp for primary school students, culinary arts Junior Chef competition and the Wadadli Music Camp which encourages young talent to pursue careers in music. We remain dedicated to fostering a sustainable future for the communities that we serve through our financing of green energy initiatives aimed at reducing our carbon footprint. Our relationship officers worked closely with small business owners to understand their challenges and offer personalized support. By empowering small business owners with the capital they need, we are not only fostering local economic development, but also reinforcing our commitment to nurturing the next generation of industry leaders.

We remained focused on increasing shareholders' value through a combination of strategic growth initiatives, operational efficiency, and a commitment to long-term sustainability. Our disciplined approach to cost management, risk mitigation, and capital allocation further strengthened our financial position, allowing us to return value to shareholders through consistent dividends. Our commitment to environmentally friendly, socially conscious, and prudent governance practices has positioned us as a responsible and forward-thinking institution. As a result, we continue to deliver robust financial performance, reinforcing our goal of maximizing value for our shareholders over the long term.

We remained focused on increasing shareholders' value through a combination of strategic growth initiatives, operational efficiency, and a commitment to long-term sustainability.

ECONOMIC AND BUSINESS ENVIRONMENT

The year 2023 was characterized by global economic uncertainty, with inflationary pressures, rising interest rates and geopolitical tensions affecting markets. Antigua and Barbuda's economy continued to recover following the sharp contraction experienced during the COVID19 pandemic. Real economic activity is estimated to expand by 3.9 percent in 2023 as reported by the Eastern Caribbean Central Bank (ECCB) driven by significant contributions from the hotels and restaurants and construction sectors compared with growth of 4.8 percent for 2022. According to the ECCB monetary statistics, liquid assets to total assets in Antigua and Barbuda decreased from 44.0 percent at September 2022 to 42.4 percent at September 2023. Loans and advances increased from \$2.93 billion at September 2022 to \$2.97 billion at September 2023, while customer deposits increased from \$4.66 billion at September 2022 to \$4.67 billion at September 2023. The non-performing loans ratio decreased to 6.3 percent at September 2023 from 6.9 percent at September 2022; still above the ECCB benchmark of 5 percent. Regulatory capital to risk-weighted assets (CAR) dropped from 25.0 percent at September 2022 to 24.2 percent at September 2023. The average interest rate spread decreased to 5.8 percent at September 2023 from 6.0 percent at September 2022.

PERFORMANCE HIGHLIGHTS

For the year ended September 30, 2023, the Bank recorded profit after tax of \$33.1 million; an increase of \$26.5 million or 404.9 percent over the 2022 result of \$6.6 million. The increase was largely influenced by increases in stock market price for the Bank's fair value through profit and loss (FVTPL) investments which recorded an unrealized gain of \$16.0 million compared to a loss of \$15.0 million for the previous year, coupled with an increase of \$11.5 million in interest income from investment securities moderated by increases of \$7.1 million in impairment charges and \$10.5 million in income tax expense.

HIGHLIGHTS OF FINANCIAL OPERATIONS

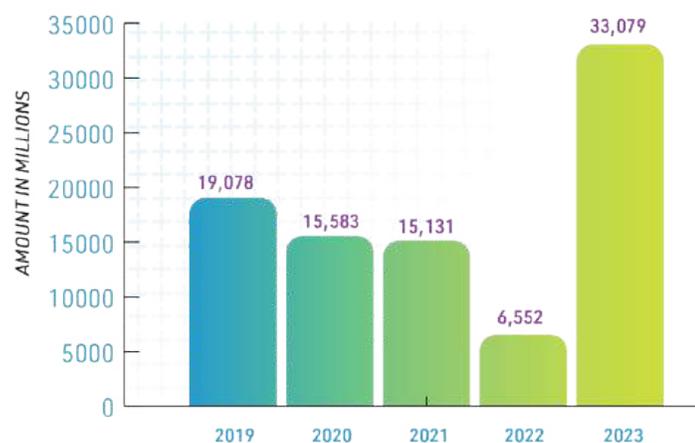
(In Thousands of Dollars)

For the year	2023	2022	2021	2020	2019
Interest Income	100,835	88,756	52,404	49,192	47,575
Interest Expense	23,268	22,231	12,270	11,302	10,949
Loan Impairment Charges	13,602	6,498	9,870	11,946	5,047
Net Fee Income	25,813	24,969	13,106	13,207	13,706
Operating Expenses	65,909	64,852	35,090	29,632	29,003
Profit for the Year	33,079	6,552	15,131	15,583	19,078
Yield on Interest Earning Assets	6.5%	6.4%	5.8%	6.0%	6.1%
Cost of Funds	1.1%	1.2%	1.3%	1.4%	1.4%
Spread	5.4%	5.2%	4.5%	4.6%	4.7%
Efficiency Ratio	58.8%	72.8%	62.4%	56.9%	52.3%

At year end	2023	2022	2021	2020	2019
Loans & Advances	1,072,257	1,085,890	1,127,362	570,894	546,412
Investments	626,242	364,963	261,284	261,481	260,258
Total Assets	2,275,331	2,343,085	2,110,442	1,070,451	969,023
Total Deposits	1,971,743	2,081,560	1,837,582	851,579	768,301
Total Shareholders' Equity	231,693	201,579	195,385	182,864	170,113
Return on Assets	1.4%	0.3%	1.0%	1.5%	1.9%
Return on Equity	15.3%	3.3%	8.0%	8.8%	11.7%
Capital Adequacy Ratio	21%	17%	16%	43%	46%

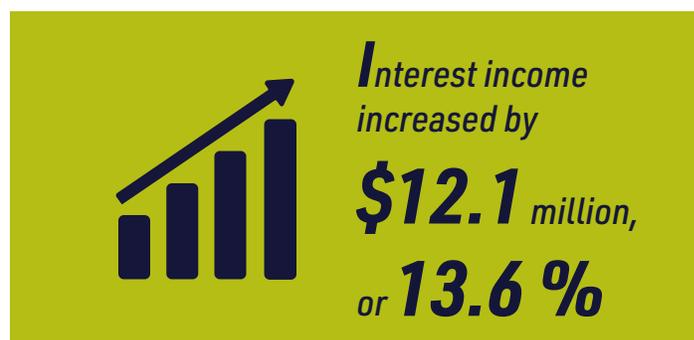
As at September 30, 2023, total assets decreased by \$67.8 million or 2.9 percent to \$2.28 billion from \$2.34 billion recorded at September 30, 2022. This was driven by a decrease in cash and balances with other financial institutions by \$304.2 million, of which \$254.1 million was invested in term deposits net reduction of \$9.2 million in money market funds.

PROFIT FOR THE YEAR



INTEREST INCOME

Interest income increased by \$12.1 million, or 13.6 percent to \$100.8 million from the prior year's value of \$88.8 million. This was attributed to \$11.5 million earned on investment securities as roll-overs and new term deposits on the international market were at improved rates. Yields from interest earning assets recorded a marginal increase of 6.5 percent for the current fiscal.



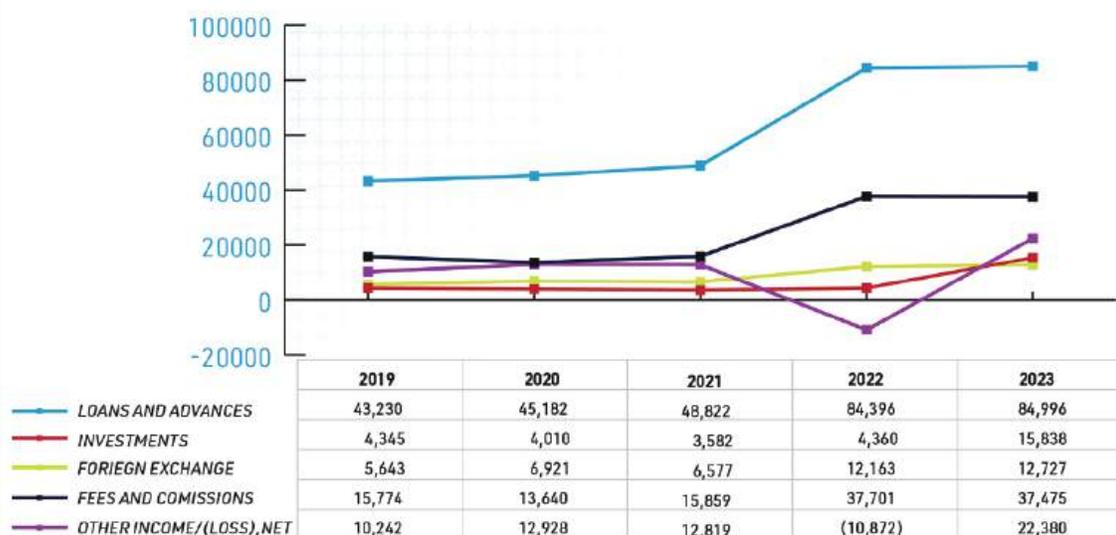
INTEREST EXPENSE

Interest expense increased by \$1.0 million, or 4.7 percent, which was attributed mainly to interest paid on savings accounts. Funding costs continued to be closely monitored resulting in a slight decrease in the cost of funds ratio to 1.1 percent as at September 30, 2023 from 1.2 percent for the previous fiscal.

IMPAIRMENT CHARGES

Impairment charges for 2023 were \$13.6 million compared to \$6.5 million the previous fiscal. The increase was mainly attributed to an expected credit loss (ECL) provision of \$6.3 million made for certain assets acquired from Scotiabank and \$1.8 million made on investment securities partly off-set by a reduction of \$1.0 million in ECL provision for loans and advances. The non-performing loans ratio decreased to 5.4 percent at September 30, 2023 from 5.9 percent at September 30, 2022, but remained above the ECCB benchmark of 5 percent.

SOURCES OF INCOME



NET FEE INCOME

Net fee income increased by \$0.8 million or 3.4 percent to \$25.8 million in 2023 compared to \$25.0 million for 2022. Fee income increased by \$0.3 million driven by increases of \$0.9 million in service charge and other fees and commissions, \$0.6 million in foreign exchange gains and \$0.2 million in credit related fees moderated by a decrease of \$1.4 million in credit card fees. Following the migration, ECAB's fee structure was fully implemented for all former Scotiabank customers. Also, at migration, cardholder accounts that were dormant/inactive or delinquent for ninety days or more were excluded from the active cards' portfolio. In addition, the Bank's credit card processor could not facilitate certain E commerce payment processing solutions required by some credit card merchants prompting those customers to make alternative banking arrangements. Fee expense decreased by \$0.5 million, attributed to increases in credit card expenses of \$1.0 million moderated by a reduction of \$1.5 million in bank charges and other fee expenses.

OTHER INCOME/ (Loss)

The other income of \$22.4 million for the current year was driven by mark-to-market gains of \$16.0 million on FVTPL investments as the stock market rebounded in 2023 countering an unrealized loss of \$15.0 million recorded for the previous year. The Bank also recovered \$4.1 million from loans and credit cards previously written-off and \$1.4 million from the sale of Visa shares.

OPERATING EXPENSES

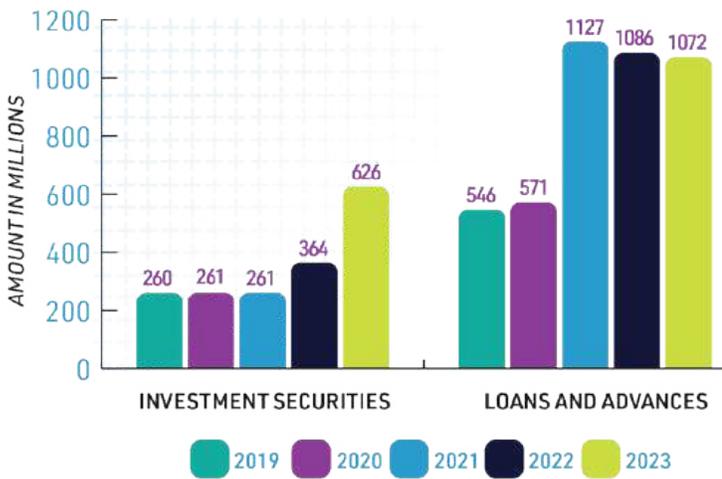
Operating expenses increased by \$1.1 million or 1.6 percent to \$65.9 million for 2023 from \$64.8 million for 2022. This was driven primarily by an increase of \$1.6 million or 5.8 percent in personnel expenses associated with increased staff complement moderated by a reduction of \$0.9 million or 3.1 percent in administrative expenses which included a reduction in professional fees by \$3.3 million off-set by increases in information technology costs by \$1.0 million, telecommunications by \$0.5 million and printing and stationery cost by \$0.5 million. The efficiency ratio improved to 58.8 percent, demonstrating greater operational efficiency.

ASSETS

Total assets contracted by \$67.8 million to \$2.28 billion as at September 30, 2023 from \$2.34 billion the previous year. The contraction was reflected mainly in decreases in cash and balances with the Central Bank by \$118.1 million, due from banks and other financial institutions by \$186.1 million, loans and advances to customers by \$13.6 million and other assets by \$8.3 million moderated by an increase of \$261.3 million in investment securities.

The Bank invested surplus funds in term deposits at better yields than the previous fiscal due to continued hikes in the Federal Reserve interest rate which it used as a strategy to combat inflation in the United States. The

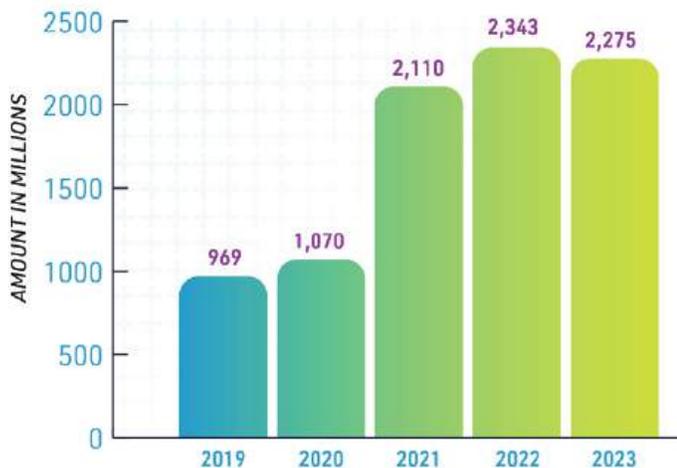
INTEREST EARNING ASSETS



Bank will continue to place surplus funds in term deposits at minimal risk along with placement in other viable interest yielding investments.

The net decrease of \$13.6 million in loans and advances was driven by decreases of \$23.6 million in Stage 2 loans and \$7.4 million in Stage 3 loans moderated by an increase of \$21.0 million in Stage 1 loans. The loans to deposit ratio increased to 58.1 percent at September 30, 2023 from 55.6 percent for the previous fiscal.

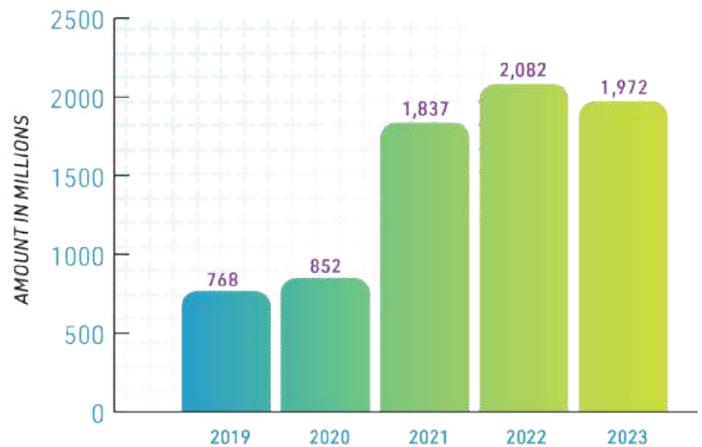
TOTAL ASSETS



CUSTOMER DEPOSITS

Customer deposits decreased by \$109.8 million or 5.3 percent to \$2.0 billion at September 30, 2023 from \$2.1 billion at the previous year end. All categories reflected decreases; demand accounts decreased by \$21.8 million, savings accounts by \$61.6 million and time deposits by \$26.4 million. At the migration from Scotiabank's system, based on the product category code, some customer accounts were reclassified from savings to demand accounts; this partly accounted for the decline in savings account balances. In addition, during the fiscal certain transient deposits held by customers for specific projects/purposes were withdrawn for the intended purposes. This latter activity had its biggest impact on demand deposits.

TOTAL DEPOSITS



LIQUIDITY AND REGULATORY CAPITAL MANAGEMENT

The Bank maintained a strong liquidity position throughout the year. The Bank also maintained a strong capital adequacy ratio which ensures that the Bank can withstand external shocks, and economic downturns and continue its growth trajectory. The 21 percent capital adequacy ratio as at September 30, 2023, up from the 17 percent from the previous year is indicative of the Bank's continuing financial resilience.



Our capital adequacy ratio moved from
17% to 21%



Moongate Halfmoon Bay project, financed by ECAB

REGULATORY ENVIRONMENT

The Bank continued to comply with all regulatory requirements, including capital adequacy, anti-money laundering (AML), and Know Your Customer (KYC) regulations.

OUTLOOK

Looking ahead, the Bank remains cautiously optimistic about the economic outlook for 2024. Antigua and Barbuda's economy is expected to expand by 4.8 percent in 2024 driven by an uptick in international travel and inflows from foreign direct investments used to fuel construction activity. Thus, providing the driver for increased growth and profitability of our Bank.

As we move into 2024, we remain committed to delivering innovative financial solutions that enhance customer experience, drive profitability, and position the Bank for continued success in a changing world.

We will continue to monitor potential risks such as inflationary pressures and geopolitical uncertainties. The Bank's strong capital position and prudent risk management will allow it to navigate these challenges effectively.

We extend our deepest gratitude to our dedicated staff, whose unwavering commitment and professionalism have been instrumental in driving our success. We sincerely thank our valued customers for their continued trust and loyalty, which inspires us to consistently deliver exceptional service and innovative solutions.

We acknowledge the challenges experienced by some of our customers during the migration period and express our gratitude for the continued loyalty and patience during the year.

To our Board of Directors and shareholders, we appreciate your confidence and support, which empower our growth and strategic progress. We also acknowledge the contributions of our partners, regulators, and broader stakeholders, whose collaboration and guidance have been vital in navigating challenges and seizing opportunities. Together, we look forward to building an even stronger and more resilient future.

Michael Spencer
General Manager

+ OUR MANAGEMENT TEAM



V. Alicia Gardner

Manager
 Retail Lending



Jamil Edwards- Spencer

Manager
 Projects



Carol Martin

Manager
 Card Services



K. Michele Marshall

Manager
 Marketing and Communications



Sharon Williams-Potter

Manager
 Small Business Banking



Lorraine Perry

Manager
 Banking Services



Carolyn Walter

Manager
 Administration



Debra Williams

Manager
 Risk & Compliance



Hyasis Mullin

Manager
 Finance & Accounting



Kevin Joseph

Manager
 Information Systems



Garfield Nelson

Manager
 Retail Banking



Morlon Charles

Manager
 Support Services



Janice Benjamin

Manager
 Credit risk & Administration



Stosh Browne

Manager
 Customer Support & Digital Banking

Our **MANAGEMENT** team creates guidelines, goals, checkpoints, and objectives for employees to improve productivity while also providing support and motivation.

A YEAR OF RESILIENCE, GROWTH, AND IMPACT

+ Reflections on ECAB's Fiscal 2023



2023 was a year of transformation for the Eastern Caribbean Amalgamated Bank (ECAB). It was defined by ambitious integration efforts, innovative product launches, and an unwavering commitment to community engagement. This period of growth required meticulous planning, tireless execution, and immense teamwork to navigate inevitable challenges and achieve significant accomplishments. As we reflect on this journey, we celebrate the milestones reached and the resilience displayed by our organization.

INTEGRATION OF NEW CUSTOMERS

The fiscal year began with intense preparations to onboard new customers onto ECAB's banking platform following the acquisition of Scotiabank's local operations. These preparations culminated on January 23rd, officially marked as integration day. Months of groundwork included enhancements to banking systems, extensive staff training, and communication efforts to keep both employees and customers informed. Central to these efforts was the launch of the Integration Hub, an online portal designed to educate customers about new services, banking procedures and product features.

Through coordinated campaigns across radio, email, social media, and television, customers were informed about critical changes such as operational changes and their transition to the MOREBanking platform for online and mobile banking. Detailed updates covered the

issuance of new account numbers and routing codes, the replacement of old cheque books, expanded ATM locations, and improvements to point-of-sale terminals. The transition process also included the Visa My Rewards program, offering new cardholders valuable benefits.

To simplify the distribution of debit and credit cards, collection points were organized across branch locations and categorized alphabetically. Customers were supported with help videos and tutorials on setting up PINs, paying cards online, and accessing exclusive rewards, to ensure a smooth transition and minimize disruptions.



+ **THE INTEGRATION HUB**-designed to educate customers about new services, banking procedures and product features.

INNOVATIVE PRODUCT LAUNCHES

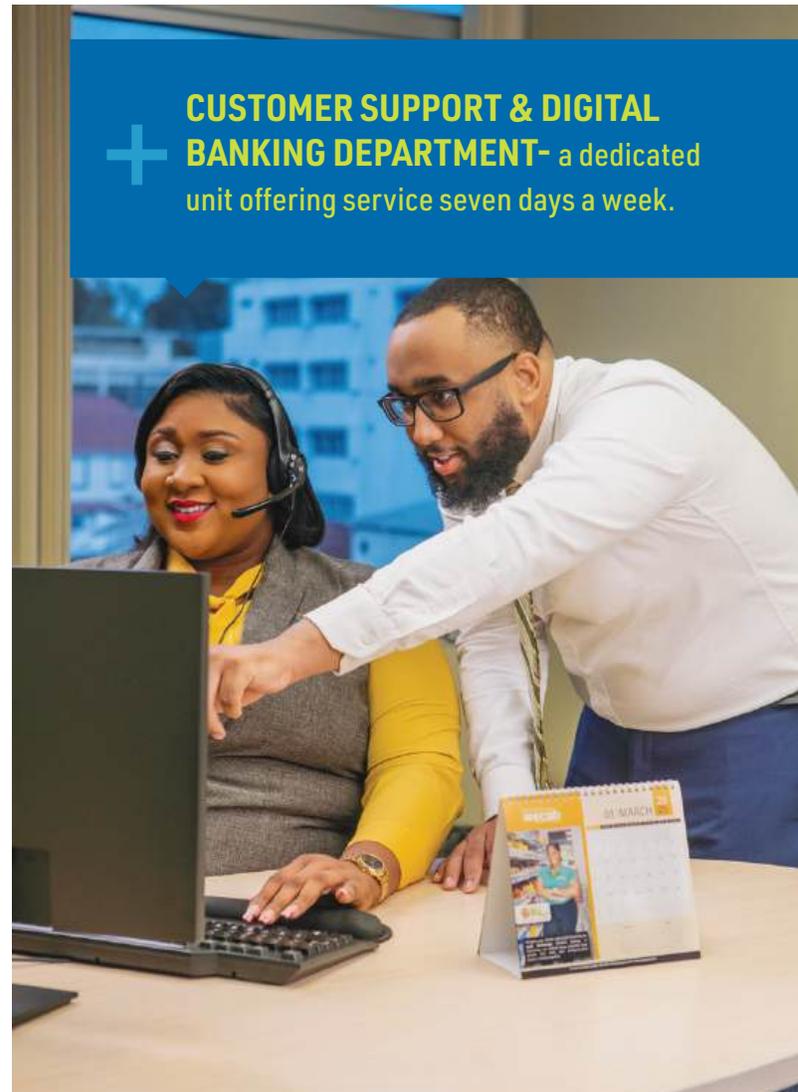
Throughout the year, ECAB prioritized customer-centric innovations to enhance the banking experience. The MOREBanking platform was upgraded, enabling EC Dollar credit cardholders to access instant credit updates and view account summaries online. These enhancements provided greater transparency and convenience. Additionally, the roll-out of the co-branded Visa AAdvantage Credit Card allowed customers to retain access to the popular American Airlines Miles program, maintaining a valuable benefit for frequent travelers. The introduction of the Digital Banking Account provided proactive customers with a reduced-fee option that allowed for seamless banking outside traditional branch settings through ECAB's digital services.

OVERCOMING CHALLENGES WITH RESILIENCE

Like any large-scale integration, the transition was not without its challenges. System glitches temporarily disrupted banking transactions, testing the organization's resilience. However, these difficulties united departments in collaborative problem-solving, fostering teamwork and innovation. To address these issues, ECAB extended branch hours, including Saturday openings, to facilitate the collection and setup of cards.

+ These difficulties united departments in collaborative problem-solving, fostering teamwork and innovation.

To further support customers, the Bank launched the Customer Support & Digital Banking Department, a dedicated unit offering service seven days a week. Accessible via telephone, email, and live chat, this department provided assistance with card queries, loan inquiries, and online banking issues. These proactive measures restored customer confidence and reinforced ECAB's commitment to reliability.



Despite the significant focus on integration, ECAB resumed momentum in driving revenue growth through targeted campaigns. The Kick Start Campaign provided financing of up to \$750,000 for micro, small, and medium enterprises, supporting entrepreneurship and business growth. Meanwhile, the 'Tis the Season Campaign catered to customers' end-of-year financial needs by offering unsecured loans and vehicle financing, helping them meet personal goals or treat themselves to long-awaited purchases. These initiatives demonstrated ECAB's focus on providing meaningful financial solutions.



+ Culinary arts were also spotlighted through the sponsorship of the Taste of Wadadli Junior Chef Competition

COMMITMENT TO COMMUNITY DEVELOPMENT

ECAB's dedication to Antigua and Barbuda's development was evident through a series of impactful corporate social responsibility (CSR) initiatives. The Bank's sponsorship of the Christ the King High School Volleyball Camp provided 24 participants with the opportunity to develop physical and mental wellness through sports. In education, ECAB supported a Summer Math Camp to prepare primary school students for the Grade Six National Assessment and partnered with the University of the West Indies for its 75th Anniversary Lecture Series, highlighting critical topics such as environmental concerns and reparations discourse.

Culinary arts were also spotlighted through the sponsorship of the Taste of Wadadli Junior Chef Competition, where 18 students re-imagined local dishes for international appeal. ECAB donated \$10,000 to the

winning school to upgrade its Home Economics facilities, emphasizing the importance of career development in tourism and hospitality.

Music and cultural initiatives further highlighted ECAB's community impact. The Wadadli Music Camp received \$10,000 in sponsorship, allowing children to explore music education through workshops and masterclasses. This program encouraged young talent to pursue careers in music, culminating in a showcase of performances that celebrated creativity and growth.

Healthcare and cultural enrichment also remained priorities for ECAB. Events like A Night of Stachel, a jazz under-the-stars fundraiser, provided support for St. John's Hospice an elderly home. These initiatives demonstrated ECAB's holistic approach to community support, addressing both social and health needs.

+ The Wadadli Music Camp allows children to explore music education through workshops and masterclasses.



FINAL REFLECTION

2023 was a year of remarkable growth, resilience, and collaboration. ECAB's ability to navigate challenges, deliver innovative solutions, and engage meaningfully with the community highlights the strength of its vision and values. Through continuous learning and a commitment to listening and adapting, the Bank reinforced its dedication to providing reliable, customer-focused services.

As ECAB looks to the future, it remains steadfast in its mission to make banking accessible, innovative, and impactful while fostering growth and development across the Eastern Caribbean.



+ FINANCIAL STATEMENTS

September 30, 2023

[Expressed in Eastern Caribbean Dollars]

The financial statements provide a report from our independent auditors along with detailed information and notes on our income, balance sheet, cash flows and changes in equity.

INDEPENDENT AUDITORS REPORT

To the Shareholders of
Eastern Caribbean Amalgamated Bank

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Eastern Caribbean Amalgamated Bank Limited

Opinion

We have audited the accompanying financial statements of **Eastern Caribbean Amalgamated Bank Limited** (the "Bank") which comprise the statement of financial position as of September 30, 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of September 30, 2023, and its financial performance and its statement of cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Accountants

St. John's, Antigua

February 28, 2025

Eastern Caribbean Amalgamated Bank Limited

Statement of Financial Position

As of September 30, 2023

(expressed in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
Assets			
Cash and balances with the Central Bank	8	205,860,720	324,018,428
Due from banks and other financial institutions	9	280,597,601	466,654,202
Investment securities	10	626,242,065	364,963,148
Loans and advances to customers	11	1,072,256,914	1,085,889,516
Other assets	12	14,278,426	22,578,823
Property, plant and equipment	13	40,893,381	39,201,185
Right-of-Use asset	31	2,301,282	3,245,888
Intangible assets	14	32,900,939	36,533,772
Total assets		2,275,331,328	2,343,084,962
Liabilities			
Customers' deposits	15	1,971,743,043	2,081,559,930
Other liabilities and accrued expenses	16	44,368,956	35,137,717
Income taxes payable	29	16,197,064	17,847,334
Lease liability	31	2,431,592	3,339,948
Deferred tax liability	29	8,898,161	3,621,028
Total liabilities		2,043,638,816	2,141,505,957
Equity			
Common shares	17	24,000,000	24,000,000
Preference shares	17	47,869,339	47,869,339
Revaluation reserve	19	2,190,935	1,560,592
Other reserves	19	29,100,326	27,209,863
Retained earnings		128,531,912	100,939,211
Total equity		231,692,512	201,579,005
Total liabilities and equity		2,275,331,328	2,343,084,962

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

Approved by the Board of Directors on February 26, 2025.



Director



Director

Eastern Caribbean Amalgamated Bank Limited

Statement of Comprehensive Income For the year ended September 30, 2023

(expressed in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
Operating income			
Interest income	23	100,834,808	88,756,234
Interest expense	23	(23,268,214)	(22,231,354)
Net interest income		77,566,594	66,524,880
Impairment charges	28	(13,602,384)	(6,497,768)
Net interest income after impairment charges		63,964,210	60,027,112
Fee and commission income	24	50,202,207	49,864,542
Fee and commission expense	24	(24,388,970)	(24,895,710)
Net fee income		25,813,237	24,968,832
Other income/(loss), net	25	22,380,355	(10,872,434)
Net interest, fee, commission and other income		112,157,802	74,123,510
Operating expenses			
Personnel expenses	26	29,051,359	27,469,877
General and administrative expenses	27	28,780,654	29,715,576
Depreciation of property, plant and equipment	13	2,607,508	2,363,558
Depreciation of right-of-use asset	31	1,245,552	1,249,298
Amortisation of intangible assets	14	4,224,359	4,053,532
Total operating expenses		65,909,432	64,851,841
Profit for the year before tax		46,248,370	9,271,669
Income tax expense	29	(13,169,779)	(2,719,512)
Profit for the year after tax		33,078,591	6,552,157
Other comprehensive income			
Unrealised gains/(losses) on investment securities, net of tax	19	630,343	(357,855)
Comprehensive income for the year		33,708,934	6,194,302

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

Eastern Caribbean Amalgamated Bank Limited

Statement of Cash Flows

For the year ended September 30, 2023

(expressed in Eastern Caribbean dollars)

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Operating profit for the year before tax		46,248,370	9,271,669
Adjustments for items not affecting cash:			
Interest income	23	(100,834,808)	(88,756,234)
Interest expense	23	23,268,214	22,231,354
Depreciation	13	2,607,508	2,363,558
Unrealised (gain)/loss on FVTPL investments	25	(15,988,117)	14,988,425
Gain on disposal of plant and equipment		(65,660)	—
Realised gain on FVTPL investments	25	(1,413,450)	—
Amortisation of intangible assets	14	4,224,359	4,053,532
Provision for impairment charges	28	13,602,384	6,497,768
Other non-cash items		248,343	584,696
Cash flows used in operating activities		(28,102,857)	(28,765,232)
Net increase/(decrease) in operating assets			
Loans and advances to customers		7,214,960	4,944,874
Other assets		2,029,251	(8,262,899)
Right-of-Use Asset		944,606	(628,350)
Mandatory deposits with the Central Bank		(21,605,465)	(13,173,739)
Net (decrease)/increase in operating liabilities			
Customers' deposits		(109,826,370)	243,853,633
Other liabilities and accrued expenses		9,231,239	(20,721,506)
Lease liability		(908,356)	591,842
Cash (used in)/ generated from operations		(141,022,992)	177,838,623
Income tax paid	29	(9,753,030)	—
Interest received		94,935,007	117,641,982
Interest paid		(23,258,731)	(22,106,652)
Net cash (used in)/generated from operating activities		(79,099,746)	273,373,953
Cash flows from investing activities			
Purchase of plant and equipment	13	(4,299,704)	(89,576)
Purchase of investment securities	10	(362,920,381)	(327,988,662)
Disposal of investment securities		109,176,476	203,314,973
Purchase of intangible assets	14	(591,526)	—
Proceeds from disposal of plant and equipment		65,660	—
Net cash generated used in investing activities		(258,569,475)	(124,763,265)
Cash flows from financing activities			
Dividends paid to shareholders	33	(3,595,427)	—
Net cash used in financing activities		(3,595,427)	—

Eastern Caribbean Amalgamated Bank Limited

Statement of Cash Flows...*continued*

For the year ended September 30, 2023

(expressed in Eastern Caribbean dollars)

	Note	2023 \$	2022 \$
Net (decrease)/increase in cash and cash equivalents		(341,264,648)	148,610,688
Exchange gains on cash and cash equivalents		(248,343)	(584,696)
Cash and cash equivalents at beginning of year		<u>698,774,872</u>	<u>550,748,880</u>
Cash and cash equivalents at end of year	22	<u>357,261,881</u>	<u>698,774,872</u>

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

Eastern Caribbean Amalgamated Bank Limited

Statement of Changes in Equity For the year ended September 30, 2023

(expressed in Eastern Caribbean dollars)

	Note	Common shares \$	Preference shares \$	Revaluation reserve \$	Other reserves \$	Retained earnings \$	Total \$
Balance as of September 30, 2021		24,000,000	47,869,339	1,918,447	24,881,003	96,715,914	195,384,703
Profit for the year		—	—	—	—	6,552,157	6,552,157
Other comprehensive loss for the year		—	—	(357,855)	—	—	(357,855)
Total comprehensive income for the year		—	—	(357,855)	—	6,552,157	6,194,302
Reserve for interest recognised on impaired loans	19	—	—	—	1,018,427	(1,018,427)	—
Statutory reserve transfer	19	—	—	—	1,310,433	(1,310,433)	—
Transactions with owners		—	—	—	—	—	—
Balance as of September 30, 2022		24,000,000	47,869,339	1,560,592	27,209,863	100,939,211	201,579,005
Profit for the year		—	—	—	—	33,078,591	33,078,591
Other comprehensive income for the year		—	—	630,343	—	—	630,343
Total comprehensive income for the year		—	—	630,343	—	33,078,591	33,708,934
Reserve for interest recognised on impaired loans	19	—	—	—	2,251,346	(2,251,346)	—
Statutory reserve adjustment	19	—	—	—	(360,883)	360,883	—
Transactions with owners		—	—	—	—	—	—
Dividends paid	33	—	—	—	—	(3,595,427)	(3,595,427)
Balance as of September 30, 2023		24,000,000	47,869,339	2,190,935	29,100,326	128,531,912	231,692,512

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

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

1 Nature of operations

The principal activity of Eastern Caribbean Amalgamated Bank Limited (the “Bank”) is the provision of commercial banking services. The Bank is licensed to carry on banking business in Antigua and Barbuda and is regulated by the Eastern Caribbean Central Bank in accordance with the Banking Act No. 10 of 2015 and the Eastern Caribbean Central Bank Act No. 10 of 1983.

2 General information and statement of compliance with IFRS Accounting Standards

Eastern Caribbean Amalgamated Bank Limited is a limited liability company incorporated on July 16, 2009 in Antigua and Barbuda under the provisions of the Companies Act 1995. On October 18, 2010, the Bank purchased certain assets and liabilities from Bank of Antigua Limited and began trading on that date. On November 27, 2015, the Bank also acquired certain assets and liabilities from ABI Bank Limited. On September 1, 2021, the Bank acquired certain assets and liabilities of the Bank of Nova Scotia, Antigua branch operations. The Bank’s registered office is located at 1000 Airport Boulevard, Coolidge, Antigua.

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations as issued by the International Accounting Standards Board (IASB). They have been prepared on the going concern basis.

3 Changes in material accounting policies

3.1 New and revised standards that are effective for the Bank’s annual periods beginning on or after October 1, 2022

Standards and amendments that are effective for the first time on October 1, 2022 are as follows:

- IFRS 12-Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)

These amendments do not have a material impact on these separate financial statements and therefore the disclosures have not been made.

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

At the date of authorisation of these separate financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Bank.

Management anticipates that all of the relevant pronouncements will be adopted in the Bank’s accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Bank’s financial statements.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

4 Material accounting policy information

4.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-mandatory deposits with the ECCB and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.3 Financial instruments

4.3.1 Classification and measurement

The Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

(a) Debt instruments

Debt instruments are those instruments that contain contractual obligations to pay the instrument holder certain cash flows, such as government and corporate bonds, loans and receivables.

Classification and subsequent measurement of debt instruments depend on:

- the Bank’s business model for managing the asset; and
- the cash flow characteristics of the asset.

Business model test:

The business model reflects the objective of the Bank holding different assets. That is, whether the Bank’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are held for speculative purposes and are measured at FVTPL.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

(a) Debt instruments ... *continued*

Solely payments of principal and interest test (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest on the amount outstanding that is consistent with a basic lending arrangement. In this context, 'principal' is the fair value of the financial asset on initial recognition and 'interest' is consideration for the time value of money and credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin. In making this assessment, the Bank considers whether interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Bank classifies its debt instruments as amortised cost. These are financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

The Bank reclassifies debt investments when, and only when, its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent, and none occurred during the period.

(b) Equity instruments

Equity instruments are instruments that do not contain contractual obligations to pay the instrument holder and that evidence a residual interest in the issuer's net assets. The Bank subsequently measures all equity investments at FVTPL, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

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4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

Expected credit loss (ECL) measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- **Stage 1: 12-month ECL (Performing, not credit-impaired)**
A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’. Financial instruments in Stage 1 have their expected credit losses (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve (12) months.
- **Stage 2: Lifetime ECL (Under performing, not credit-impaired)**
If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. Instruments in Stages 2 have their ECL measured based on expected credit losses on a lifetime basis. Lifetime ECLs are the ECL resulting from all possible default events over the expected life of the financial instrument. Credit risk is continuously monitored by the Bank.
- **Stage 3: Lifetime ECL (Non-performing, credit-impaired)**
If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’. Instruments in Stage 3 have their ECL measured based on expected credit losses on a lifetime basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

For debt securities, the Bank examines the issuer’s capital adequacy, financial performance, liquidity position, and credit rating to assess whether the issuer has experienced a significant increase in credit risk since the origination of the assets. When no external credit rating is available, the Bank assigns internal credit ratings based on internal risk criteria. The Bank also considers if there is any negative press or adverse market information that may indicate changes in credit risk.

For loans and advances to customers and other receivables delinquency status is utilised as the main indicator for changes in credit risk. Credit management actions are triggered by movement in days past due. Other qualitative factors are considered, which include but are not limited to:

- Early signs of cash flow/liquidity problems;
- In short-term forbearance;
- Known adverse change in financial conditions; and
- Known adverse changes in business or economic conditions in which the borrower operates.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

Expected credit loss (ECL) measurement ... *continued*

Significant increase in credit risk (SICR)

The Bank assesses when a Significant Increase in Credit Risk (“SICR”) has occurred based on quantitative and qualitative assessments.

The Bank considers a financial instrument to have experienced a SICR if:

- An obligor’s external or internal credit rating is downgraded to below investment grade (BB+/Ba1, its internal equivalent or lower) compared to the rating at initial recognition;
- A below investment grade instrument is lowered by 2 or multiple notches; or
- Payment of principal and/or interest is more than 30 days past due.

If one or more of the above conditions are satisfied, the financial asset is transferred to Stage 2 from Stage 1. The assignment of a financial instrument to Stage 3 will be based on the status of the obligor being in default. Assets in Stage 2 or 3 will be transferred back to Stage 1 or 2 once the criteria for significant increase in credit risk or impairment are no longer met.

The staging assessment requires the Bank to monitor credit risk through regular credit reviews or other monitoring at a counterparty level. All loans and investment securities held by the Bank are allocated to a credit quality rating or risk grade (internal or external) based on the most recent review, forward-looking or other available information on an annual basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by management.

Backstop

A backstop is applied and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

If an asset is in investment grade at reporting date, it will be in Stage 1 irrespective of its origination rating. With respect to loans and advances to customers however, the Bank has not used the low credit risk exemption for any of those financial instruments in the year ended September 30, 2023.

Default

For debt securities, default is defined as the failure to meet contractual payment of principal or interest. For loans and advances to customers and other receivables, the Bank defines default based on the following criteria:

Quantitative criteria

- The borrower is more than 90 days past due on its contractual payments.

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4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

Expected credit loss (ECL) measurement... *continued*

Default...continued

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. Examples of these instances are:

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent; or
- The borrower is in breach of financial covenants.

The criteria above are consistent with the definition of default used for internal credit risk management purposes.

Write-offs

The Bank directly reduces the gross carrying amount for financial assets when the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Measurement of credit risk exposure

The Bank assesses on a forward-looking basis the ECL associated with its loans and advances to customers carried at amortised cost and with the exposure arising from loan commitments. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The estimation of credit risk exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Details of these statistical parameters/inputs are as follows:

PD – The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months, or over the remaining lifetime of the obligation. PD is generated based on historical default data of each portfolio.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

Expected credit loss (ECL) measurement... *continued*

EAD – The exposure at default is based on the amount the Bank expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. EAD is assessed based on contractual terms of the debt instrument.

LGD – The loss given default represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, availability of collateral or other credit support, and historical recovery information. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

ECL is determined by projecting the PD, LGD and EAD for future periods and for each individual exposure or collective segment. These three components are multiplied together and discounted. For expected credit loss provisions modelled on a collective basis, a group of exposures is assessed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous.

Forward-looking macroeconomic information

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The measurement of expected credit losses for each stage and the assessment of Significant Increase in Credit Risk (SICR) considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

When incorporating forward looking information, such as macroeconomic forecasts, into the determination of expected credit losses, the Bank considers the relevance of the information for each specific group of financial instruments. The macroeconomic indicators utilised include, but are not limited to, growth of gross domestic product, balance of payments, tourism, construction and rate of inflation and unemployment. These variables and their associated impact on the ECL varies by financial instrument.

In addition to the base economic scenario, the Bank also incorporated upside and downside scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each product type to ensure non-linearities are captured. The attributes of scenarios are reassessed at each reporting date. The scenario weightings take account of the range of possible outcomes of which each chosen scenario is representative.

Segmentation

IFRS 9 requires that exposures be approximately grouped into homogenous segments based on shared credit characteristics that are expected to react to the current environment, forward-looking information (FLI) and macro-economic factors in a similar way with respect to changes in the level of credit risk.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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4 Material accounting policy information ... *continued*

4.3 Financial instruments ... *continued*

4.3.1 Classification and measurement ... *continued*

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting financial instruments

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

4.4 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes or other claims are recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Bank and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Any reimbursement that the Bank can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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4 Material accounting policy information ... *continued*

4.5 Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Bank's management.

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

As no finite useful life for land can be determined, related carrying amounts are not depreciated. Depreciation of other assets is recognised on a straight-line basis to write down the cost less estimated residual values of the assets. The following useful lives are applied:

Buildings	50 years
Furniture and fixtures	3 – 10 years
Equipment	3 – 10 years
Computer equipment	3 – 5 years
Motor vehicles	3 – 5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within 'other income' or 'other expenses'.

Leases

At inception of a contract, the Bank assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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4 Material accounting policy information ... *continued*

4.5 Property, plant and equipment and depreciation ... *continued*

The Bank as a lessee

The Bank mainly leases office space used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which are described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the standalone prices stated in the contracts.

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.

The Bank applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Bank recognises a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Bank. Estimates of any costs to dismantle and remove the asset at the end of the lease are not made as these costs are deemed to be immaterial. Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist. The Bank does not revalue any of its right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments (including in-substance fixed payments).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

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4 Material accounting policy information ... continued

4.6 Intangible assets

Computer software

Computer software licences acquired in a business combination are recognised at fair value at the acquisition date. Other acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Customer list intangible

The customer list intangible is an intangible asset that represents the intrinsic value that is contained in the customer deposit base acquired in a business combination. It is recognised because it is separable and the fair value can be reliably measured. The value of the customer list acquired in the business combination is generally determined using income approach methodologies such as the discounted cash flow method. The customer list intangible is recognised at fair value at the acquisition date, which is the deemed cost of the asset. It has a finite useful life and is carried at cost less amortisation and provisions for impairment, if any, plus reversals of impairment, if any. The asset is amortised over its estimated useful life based on the expected life of the customer relationship.

Subsequent measurement

Any intangible assets that are not acquired through a business combination are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, generally not exceeding 20 years, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4.7. The following useful lives are applied:

Software	1 – 5 years
Customer list	8 – 11 years

Amortisation of intangible assets has been reported separately within the expenses in the statement of comprehensive income. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the statement of comprehensive income within ‘other income’ or ‘other expenses’.

4.7 Impairment of non-financial assets

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Bank’s latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management’s assessment of respective risk profiles, such as market and asset-specific risks factors.

Eastern Caribbean Amalgamated Bank Limited

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4 Material accounting policy information ... *continued*

4.7 Impairment of non-financial assets ... *continued*

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.8 Equity and reserves

Share capital represents the issue price of shares that have been issued. Any transaction costs associated with the issuing of shares are shown in equity as a deduction, net of any related income tax benefits. Preference shares that do not exhibit any debt characteristics, and ordinary shares are classified as equity.

Other components of equity include the following:

- Other reserves which comprise statutory and regulatory reserves loan loss as stipulated by the Banking Act No. 10 of 2015 and the Eastern Caribbean Central Bank (note 19);
- Revaluation reserve for FVOCI equity investment securities comprises unrealised gains/losses relating to these types of financial instruments; and
- Retained earnings, which includes all current and prior periods' retained profits or losses.

4.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.10 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Eastern Caribbean Dollars, which is also the functional currency of the Bank.

Foreign currency transactions and balances

Foreign currency transactions are translated into Eastern Caribbean Dollars using the closing rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.11 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method ("EIR"). The Bank calculates interest income on financial assets, other than those considered impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired as set out in note 5.1.3 it is regarded as "Stage 3", the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures as outlined in note 5.1.3 it is no longer credit-impaired, and the Bank reverts to calculating interest income on a gross basis.

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4 Material accounting policy information ... *continued*

4.11 Interest income and expense ... *continued*

The Effective Interest Rate (EIR) method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Bank calculates interest income on financial assets, other than those considered impaired, by applying the EIR to the gross carrying amount of the financial asset.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.12 Fee and commission income

Fees and commissions are generally recognised on the accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised using the effective interest method over the term of the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or have retained a part at the same effective interest rate as the other participants.

For the financial year ended September 30, 2023, the Bank recognised fees and commission revenue based on a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

4.13 Employee benefits

Post-employment benefit plan

The Bank provides post-employment benefits through a defined contribution plan. The Bank pays fixed contributions into a privately administered staff retirement savings plan for individual employees. The Bank has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Prepaid employee short term benefit

The Bank facilitates loans to its staff at rates that are relatively low in comparison to the normal market rates in the Eastern Caribbean Currency Union (ECCU). These loans are recognised at fair value using a normal market rate, and the difference between the fair value and the consideration given to the employees is recorded as a pre-paid short term employee benefit. The pre-paid short-term employee benefit is amortised through the statement of comprehensive income over the expected service life of the relevant individual employees or the expected life of the relevant individual loans, whichever is shorter.

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4 Material accounting policy information ... *continued*

4.13 Employee benefits ... *continued*

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in other liabilities and accrued expenses, measured at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

4.14 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IFRS 15, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the statement of comprehensive income within 'operating expenses'.

4.15 Current and deferred income taxes

Tax expense recognised in operating income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Antigua and Barbuda.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Bank's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax assets and liabilities are offset only when the Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Eastern Caribbean Amalgamated Bank Limited

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4 Material accounting policy information ... *continued*

4.15 Current and deferred income taxes ... *continued*

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of assets) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.16 Related party transactions and relationship

Related party transactions are transfers of resources, services or obligations between the Bank and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include:

- (a) individuals or entities that control the Bank, either directly or indirectly through one or more intermediaries, or are controlled by, or under common control with the Bank;
- (b) associates; and
- (c) individuals or entities owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

4.17 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Bank in exchange for control of the business.

Acquired assets and liabilities assumed are measured at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Bank obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Goodwill arising in a business combination is recognised as an asset at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is subsequently carried at cost less accumulated impairment losses.

Negative goodwill in a business combination occurs when the consideration transferred is less than the net of the acquisition-date amounts of the identifiable assets acquired, and liabilities assumed. Negative goodwill is recorded as a “gain on acquisition” or “gain on bargain purchase”. The resulting gain is recognized in profit or loss on the acquisition date.

Eastern Caribbean Amalgamated Bank Limited

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4 Material accounting policy information ... *continued*

4.18 Events after reporting date

Any post-year-end event that provides additional information about the Bank's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

5 Financial risk management

The Bank's business activities involve taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management policies and procedures are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank defines risk as the possibility of losses, or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Bank's Asset and Liability Management Committee (ALCO) under policies approved by the Board of Directors. The ALCO committee identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating departments. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are financial risks, which include credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

5.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit. The Bank is also exposed to other credit risks arising from investments in debt securities.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control including risk on debt securities, cash, loans and advances, credit cards and loan commitments are monitored by the ALCO and the Credit committees, which report to the Board of Directors regularly.

5.1.1 Credit risk measurement

(a) *Loans and advances (including loan commitments and guarantees)*

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of the counterparty. They have been developed based on the Eastern Caribbean Central Bank's guidelines. Customers of the Bank are segmented into five rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Eastern Caribbean Amalgamated Bank Limited

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5 Financial risk management ... continued

5.1.1 Credit risk measurement ... continued

(a) Loans and advances (including loan commitments and guarantees) ... continued

This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The ratings tools are kept under review and upgraded as necessary.

Bank's rating	Description of the grade
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

(b) Debt securities

The Bank's portfolio of debt securities and other bills consists of bonds and treasury bills issued by Governments within the Organisation of Eastern Caribbean States (OECS) and corporate bonds. The bonds are quoted but not traded in an active market. The Bank assesses the risk of default on these instruments by regularly monitoring the performance of the respective Governments through published government data, information received directly from government departments and information published by international agencies such as the International Monetary Fund (IMF) and the World Bank. The risk of default on regional corporate debt is assessed by continuous monitoring of the performance of these companies through published financial information, and other data gleaned from various sources.

5.1.2 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified, in particular to individual counterparties and groups, and to industries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to regular review by the Board of Directors.

The exposure to any one borrower, including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored, on an ongoing basis. (see note 5.1.4)

Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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5 Financial risk management ... *continued*

5.1.2 Risk limit control and mitigation policies ... *continued*

Some other specific control and mitigation measures are outlined below:

(a) *Collateral*

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are as follows:

- Mortgages over properties
- Charges over business assets, primarily the premises
- Hypothecation of deposits

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally secured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as there are impairment indicators for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

(b) *Financial guarantees (for credit related commitments)*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipment of goods to which they relate, and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter term commitments.

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies

The internal rating system described in Note 5.1.1 focuses on expected credit losses – that is, taking into account the risk of future events giving rise to loss. The largest component of the impairment allowance for expected credit losses comes from the pass grade. The table below shows the percentage of the Bank's loans and advances and the associated impairment allowance for each of the Bank's rating categories.

	Loans and advances		Expected Credit Loss		Net total
	\$	%	\$	%	
At September 30, 2023					
Pass	998,739,767	87	(39,832,661)	49	958,907,106
Special mention	75,522,157	7	(7,704,307)	10	67,817,850
Substandard	29,070,339	3	(10,884,310)	14	18,186,029
Doubtful	13,052,238	1	(8,421,457)	10	4,630,781
Loss	28,438,778	2	(13,603,942)	17	14,834,836
Gross loans and advances	1,144,823,279	100	(80,446,677)	100	1,064,376,602
Interest receivable	8,486,294	–	–	–	8,486,294
Deferred loan origination fees	(605,982)	–	–	–	(605,982)
	1,152,703,591	100	(80,446,677)	100	1,072,256,914

	Loans and advances		Expected Credit Loss		Net total
	\$	%	\$	%	
At September 30, 2022					
Pass	925,052,081	80	(34,846,131)	45	890,205,950
Special mention	171,394,582	15	(11,123,778)	14	160,270,804
Substandard	48,039,161	4	(23,354,111)	30	24,685,050
Doubtful	698,954	–	(681,568)	1	17,386
Loss	9,622,785	1	(7,727,587)	10	1,895,198
Gross loans and advances	1,154,807,563	100	(77,733,175)	100	1,077,074,388
Interest receivable	9,421,110	–	–	–	9,421,110
Deferred loan origination fees	(605,982)	–	–	–	(605,982)
	1,163,622,691	100	(77,733,175)	100	1,085,889,516

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ...continued

The internal rating system described in Note 5.1.1 is further analysed using the ECL staging model as follows:

	Loans and advances		Expected Credit Loss		Net total
	\$	%	\$	%	\$
At September 30, 2023					
Stage 1	1,042,559,767	91	(33,669,757)	42	1,008,890,010
Stage 2	19,488,279	2	(4,787,227)	6	14,701,052
Stage 3	82,775,233	7	(41,989,693)	52	40,785,540
Gross loans and advances	1,144,823,279	100	(80,446,677)	100	1,064,376,602
Interest receivable	8,486,294	—	—	—	8,486,294
Deferred loan origination fees	(605,982)	—	—	—	(605,982)
	1,152,703,591	100	(80,446,677)	100	1,072,256,914

	Loans and advances		Expected Credit Loss		Net total
	\$	%	\$	%	\$
At September 30, 2022					
Stage 1	1,021,539,634	88	(25,379,793)	33	996,159,841
Stage 2	43,135,391	4	(10,773,668)	14	32,361,723
Stage 3	90,132,538	8	(41,579,714)	53	48,552,824
Gross loans and advances	1,154,807,563	100	(77,733,175)	100	1,077,074,388
Interest receivable	9,421,110	—	—	—	9,421,110
Deferred loan origination fees	(605,982)	—	—	—	(605,982)
	1,163,622,691	100	(77,733,175)	100	1,085,889,516

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Loans and advances to customers and investment securities

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk through various approaches using PD, EAD and LGD or a loss rate approach. The approaches used for the purposes of measuring ECL under IFRS 9 are probability of default for the government loans and all investments. The loss rate approach was used for all remaining financial assets.

Credit risk grading

The Bank uses various strategies to grade and assess credit risk of its counterparties and/or borrowers. With respect to its counterparties with which it holds investment securities, the Bank uses external credit ratings and the corresponding historical default statistics to determine the probability of default of individual counterparties. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The Bank relies on external ratings as provided by various credit rating agencies. The Bank employs a correlation or mapping based on these external rating agencies as follows:

S&P	Moody's	Fitch	CariCRIS
AAA to AA-	Aaa to Aa3	AAA to AA-	AAA
A+ to A-	A1 to A3	A+ to A-	AAA
BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	AA+ to AA-
BB+ to BB-	Ba1 to Ba3	BB+ to BB-	A+ to A-
B+ to B-	B1 to B3	B+ to B-	BBB+ to BBB-
CCC+ and below	Caa1 and below	CCC+ and below	BB+ and below
Unrated	Unrated	Unrated	Unrated

Expected credit loss measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), the exposure at default ("EAD") and the loss given default ("LGD"). The loss rate ("LR") and the discount rate ("DR") are subcomponents of the LGD.

The Bank currently uses each loan contractual interest rate as an approximation of the effective interest rate ("EIR") as the difference is considered immaterial.

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Expected credit loss measurement ... continued

The PD, LGD, and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas such as the (Caribbean, North America and Europe). Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The impairment model under IFRS 9 makes use of a three-stage approach in determining credit losses. The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgement.

Management relies on data from external rating agencies in determining the probability of defaults in the case of the government loans and investment securities. The Bank has chosen to assess the risk of credit loss using a PD approach that approximates the country's credit risk rating. The credit risk of Antigua and Barbuda is not rated by entities such as Moody's, S&P and CariCris. As a result, the Bank has identified a proxy for Antigua and Barbuda. Management assumes that all countries in the Caribbean are comparable as they are all developing countries.

Forward looking information incorporated in the ECL models

The estimation and application of forward-looking information will require significant judgment of PD, LGD, LR, DR and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances and are modelled based on the macroeconomic variables (or changes in macroeconomic variables), that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, gross domestic product, balance of payments, tourism, construction, inflation rate and unemployment rate.

For defaulted financial assets, management's assessment of the provision for expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the allowance for loan loss. The resulting allowance for loan loss is the higher of the computed ECL and the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. The ECL related to these financial assets is always measured on a lifetime basis (Stage 3). The Bank does not have any purchased or originated credit-impaired financial assets.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. An explanation of how the Bank has incorporated this in its ECL models is included in note 4.3.1.

Eastern Caribbean Amalgamated Bank Limited

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Macroeconomic variable assumptions

The significant period-end assumptions and scores used for ECL estimates as of September 30, 2023, and 2022 are set out below.

		Weighting 2023	Weighting 2022
Antigua and Barbuda GDP growth	Upside	0.25	0.25
	Base	0.25	0.25
	Downside	0.31	0.31
Antigua and Barbuda balance of payments	Upside	0.19	0.25
	Base	0.25	0.25
	Downside	0.25	0.31
Antigua and Barbuda tourism	Upside	0.15	0.15
	Base	0.15	0.20
	Downside	0.20	0.25
Antigua and Barbuda construction	Upside	0.15	0.15
	Base	0.15	0.20
	Downside	0.20	0.20
USA inflation rate	Upside	0.05	0.04
	Base	0.05	0.05
	Downside	0.06	0.06
USA employment rate	Upside	0.05	0.04
	Base	0.05	0.05
	Downside	0.06	0.06

The macroeconomic variable outlook multiplier assigned to each economic scenario were as follows:

	Upside	Base	Downside
September 30, 2023	0.84	0.90	1.09
September 30, 2022	0.86	1.00	1.20

The macroeconomic variable weightings assigned to ECL estimate were as follows:

	2023	2022
Antigua and Barbuda GDP growth	25%	25%
Antigua and Barbuda balance of payments	25%	25%
Antigua and Barbuda tourism	20%	20%
Antigua and Barbuda construction	20%	20%
USA inflation rate	5%	5%
USA employment rate	5%	5%
	100%	100%

Eastern Caribbean Amalgamated Bank Limited

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Macroeconomic variable assumptions ... continued

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

	Change in credit quality since initial recognition		
	Stage 1	Stage 2	Stage 3
Risk Assessment	Initial recognition or credit risk is considered low	Significant increase in credit risk since initial recognition	Credit-impaired assets
Expected credit losses	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk if:

- Movement from stage 1 to stage 2: Significant increase in credit risk (SICR) - credit rating dropped by 2 notches.
- Movement from stage 1 or 2 to stage 3: Ratings of “SD” – selected default as per S&P or “C” as per Moody’s.
- In the absence of Moody’s credit rating, the Bank would use CariCris then S&P. The ratings are then converted to the equivalent ratings as per the mapping table.

a) Stage 1 includes those financial instruments that were not credit impaired on initial recognition or that have low credit risk at the reporting date. The expected credit loss for these instruments is measured by default events that are possible within twelve (12) months after the reporting date. It is not the expected cash shortfalls over the twelve (12)-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next twelve (12) months. Such facilities identified as:

- a) Loan repayments current or not more than 30 days past due;
- b) Credit cards current or not more than 30 days past due;
- c) Loans rescheduled and up to date for more than 12 months;
- d) Financial instruments with a low risk of default;
- e) Overdraft facilities with deposits over the last 30 days equal to, or in excess of the interest accrued on the facility;
- f) Facilities where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- g) Moratorium loans current or not more than 30 days past due.

Eastern Caribbean Amalgamated Bank Limited

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Significant increase in credit risk (SICR) ... continued

- b) The groupings used in performing the collective assessment are as follows:
- a) Personal loans
 - b) Corporate loans
 - c) Government loans
 - d) Overdraft – Commercial
 - e) Overdraft – Personal
 - f) Credit Cards
- c) Stage 2 includes those financial instruments where a significant increase in credit risk (SICR) has occurred since initial recognition, but not yet deemed to be credit-impaired. For Stage 2 assets assessed as having low credit risk, lifetime expected credit losses are recognised, but interest is still calculated on the gross carrying amount of the assets. Currently, facilities with any one or more of the following characteristics are identified as those displaying a significant increase in credit risk:
- a) Loans up to date but evidence suggests that certain factors could in the future affect the borrower's ability to service the loan properly or impair the collateral;
 - b) Inadequate credit documentation to support borrowings or other deviation from prudent lending practices;
 - c) Loan repayments in arrears, for between 31-89 days and /or non-compliance with other terms of the loan;
 - d) Credit card repayments in arrears, for between 31-89 days and/or non-compliance with other term of the facility agreement;
 - e) Collateral not fully in place or loan up to date but inadequately secured;
 - f) Loans which could deteriorate because of market conditions affecting the sector;
 - g) Rescheduled or refinanced loans which are up to date and adequately secured, for a minimum of 1 year after rescheduling;
 - h) Overdraft facilities exceeding the approved limit for more than 60 consecutive days; and
 - i) Moratorium loans, any loans in any industry where management has deemed a significant increase in credit risk has occurred.
- d) Stage 3 includes those financial instruments that are considered be in default or credit-impaired. A rebuttable presumption is applied, and a financial instrument is considered to be credit impaired if the borrower is more than 90 days past due on the contractual payments. The Bank also considers other qualitative criteria is determining default as they are indicators of the unlikelihood that the loan will be repaid such as:
- a) Delinquent restructured loans;
 - b) Overdraft facilities with no deposits over the last 90 days and funds insufficient to cover the interest accrued thereon;
 - c) All unauthorised overdrawn accounts without an approved limit; and
 - d) All credit card accounts that have been transferred to recoveries for collection.

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Significant increase in credit risk (SICR) ... continued

The above criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The expected credit loss for these instruments is measured on a lifetime basis on an individual basis. The loss given default is calculated for each instrument and the expected credit loss is discounted back to the reporting date using the original effective interest rate. Forward looking information is also incorporated in determining the loss given default. These include the following:

- a) Property and land values;
- b) Interest rate forecasts; and
- c) Inflation forecasts.

The staging assessment requires the Bank to monitor credit risk through regular credit reviews or other monitoring at a counterparty level. All loans and investment securities held by the Bank are allocated to a credit quality rating or risk grade (internal or external) based on the most recent review, forward-looking or other available information on an annual basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by Management.

Definition of default and credit-impaired assets

The Bank defines default as the occurrence of one or more of the following events:

- The obligor is unlikely to pay its debt obligations (principal, interest or fees) in full;
- The occurrence of a credit loss event with any obligation of the obligor, such as a charge-off, specific provision, or distresses restructuring involving forgiveness or postponement of principal, interest or fees;
- The obligor is past due more than 90 days on any credit obligation; or
- The obligor has filed for bankruptcy or similar protection from creditors.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the (PD), (EAD) and (LGD) throughout the Bank's expected loss calculations. The Bank has not rebutted and maintains that default takes place when a financial asset is 90 days past due given its contractual obligations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six (6) months. This period of six (6) months has been determined based on consideration given to historical performance of the financial instrument returning to default status after cure.

Eastern Caribbean Amalgamated Bank Limited

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5 Financial risk management ... *continued*

5.1.3 Impairment and provisioning policies ... *continued*

Expected credit loss measurement

Maximum exposure to credit risk – Financial instruments subject to impairment

The following tables contain an analyses of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

Summary of loans and advances to customers ECL Staging 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	September 30, 2023 Total	September 30, 2022 Total
	\$	\$	\$	\$	\$
Personal Loans	549,003,223	15,743,501	68,501,711	633,248,435	630,400,577
Government	278,593,258	–	–	278,593,258	286,559,663
Corporate Loans	140,139,721	2,560,950	6,838,659	149,539,330	158,255,902
Overdrafts	39,955,879	7,239	238,143	40,201,261	31,839,769
Credit card advances	34,867,686	1,176,589	7,196,720	43,240,995	47,751,652
Gross carrying amount	1,042,559,767	19,488,279	82,775,233	1,144,823,279	1,154,807,563
Provision for expected credit losses	(33,669,757)	(4,787,227)	(41,989,693)	(80,446,677)	(77,733,175)
Carrying amount	1,008,890,010	14,701,052	40,785,540	1,064,376,602	1,077,074,388

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Expected credit loss measurement ... continued

The table below contains the analysis of ECL allowance per credit risk exposure on loans and advances to customers both on-balance sheet and off-balance sheet.

	2023	2022
	\$	\$
Personal loans	48,222,960	47,397,894
Corporate loans	16,428,463	22,255,526
Credit card advances	11,476,925	6,286,068
Government	2,438,130	15,147
Overdrafts	1,880,199	1,778,540
	<hr/>	<hr/>
Total provision for expected credit losses (ECL)	80,446,677	77,733,175

Summary of Investment Securities ECL Staging – amortised cost

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	September 30, 2023 Total \$	September 30, 2022 Total \$
Term deposits	449,542,575	–	–	449,542,575	188,916,050
Treasury bills	42,045,669	–	–	42,045,669	39,980,452
Bonds/fixed rate notes	36,466,187	5,093,973	–	41,560,160	43,999,867
Money market	19,179,295	–	–	19,179,295	28,335,385
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross carrying amount	547,233,726	5,093,973	–	552,327,699	301,231,754
Provision for expected credit losses	(2,309,176)	(218,016)	–	(2,527,192)	(678,781)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	544,924,550	4,875,957	–	549,800,507	300,552,973

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5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

The table below contains the analysis of ECL allowance per credit risk exposure on investment securities (see note 10).

	2023	2022
	\$	\$
Bonds/Fixed rate notes	1,091,735	485,622
Term deposits	850,112	106,318
Treasury bills	585,345	86,841
Total provision for expected credit losses (ECL)	2,527,192	678,781

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stages 1, 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Eastern Caribbean Amalgamated Bank Limited

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Expected credit loss measurement ... continued

Loss allowance...continued

Summary of Loans and Advances to Customers Loss Allowance - Loans at amortised cost

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Loss allowance as of September 30, 2022	25,379,793	10,773,668	41,579,714	77,733,175
Movements with P&L impact:				
<i>Transfers:</i>				
Transfers from Stage 1 to Stage 2	(776,465)	776,465	–	–
Transfers from Stage 1 to Stage 3	(4,886,598)	–	4,886,598	–
Transfers from Stage 2 to Stage 1	7,305,811	(7,305,811)	–	–
Transfers from Stage 2 to Stage 3	–	(2,708,008)	2,708,008	–
Transfers from Stage 3 to Stage 1	3,171,866	–	(3,171,866)	–
Transfers from Stage 3 to Stage 2	–	510,934	(510,934)	–
New financial assets originated or purchased	9,082,733	1,178,479	821,565	11,082,777
Financial assets derecognised during the year	(3,938,571)	(218,013)	(1,480,980)	(5,637,564)
Changes in PDs LGDs/EADs	(1,668,812)	1,779,513	(73,087)	37,614
	33,669,757	4,787,227	44,759,018	83,216,002
Other movements with no P&L impact				
Write-offs	–	–	(2,769,325)	(2,769,325)
Loss allowance as of September 30, 2023	33,669,757	4,787,227	41,989,693	80,446,677

The write-offs were as follows:

	2023 \$	2022 \$
Personal loans	2,477,754	–
Credit card advances	260,922	5,519,860
Overdraft accounts	30,649	–
	2,769,325	5,519,860

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

IFRS 9 carrying values

The following tables explain the changes in the carrying value between the beginning and the end of the year. The gross carrying amounts of investments below represent the Bank's maximum exposure to credit risk on these assets.

Treasury Bills

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
	39,980,452	—	—	39,980,452
	—	—	—	—
	—	—	—	—
	—	—	—	—
	67,796,497	—	—	67,796,497
	(67,845,747)	—	—	(67,845,747)
	2,114,469	—	—	2,114,469
	42,045,671	—	—	42,045,671

Gross carrying amount as of September 30, 2023

Bonds/fixed rate notes

Gross carrying amount as at September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
	38,899,374	5,100,493	—	43,999,867
	—	—	—	—
	—	—	—	—
	—	—	—	—
	10,000,000	—	—	10,000,000
	(10,000,000)	—	—	(10,000,000)
	(2,433,187)	(6,520)	—	(2,439,707)
	36,466,187	5,093,973	—	41,560,160

Gross carrying amount as of September 30, 2023

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Money market

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
	28,335,385	—	—	28,335,385
	—	—	—	—
	—	—	—	—
	7,023,884	—	—	7,023,884
	(16,200,000)	—	—	(16,200,000)
	20,026	—	—	20,026
	19,179,295	—	—	19,179,295

Gross carrying amount as of September 30, 2023

Term deposits

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

	188,916,050	—	—	188,916,050
	—	—	—	—
	—	—	—	—
	—	—	—	—
	278,100,000	—	—	278,100,000
	(24,300,000)	—	—	(24,300,000)
	6,826,523	—	—	6,826,523
	449,542,573	—	—	449,542,573

Gross carrying amount as of September 30, 2023

Eastern Caribbean Amalgamated Bank Limited

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September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Personal – amortised cost

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 1

Transfers from Stage 2 to Stage 3

Transfers from Stage 3 to Stage 1

Transfers from Stage 3 to Stage 2

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

Write-offs

Gross carrying amount as of September 30, 2023

Corporate – amortised cost

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 1

Transfers from Stage 3 to Stage 1

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

Gross carrying amount as of September 30, 2023

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
	524,517,036	28,616,122	77,267,419	630,400,577
	(9,143,440)	9,143,440	–	–
	(8,681,228)	–	8,681,228	–
	13,664,495	(13,664,495)	–	–
	–	(6,811,125)	6,811,125	–
	4,235,162	–	(4,235,162)	–
	–	947,322	(947,322)	–
	57,835,948	447,257	1,213,806	59,497,011
	(18,034,399)	(533,091)	(1,613,464)	(20,180,954)
	(15,390,351)	(2,401,929)	(16,167,516)	(33,959,796)
	–	–	(2,508,403)	(2,508,403)
	549,003,223	15,743,501	68,501,711	633,248,435
	139,019,729	13,309,415	5,926,758	158,255,902
	(119,309)	119,309	–	–
	(21,333)	–	21,333	–
	11,029,523	(11,029,523)	–	–
	717,553	–	(717,553)	–
	–	(1,929,799)	1,929,799	–
	66,543,633	2,441,642	–	68,985,275
	(43,437,118)	(11,158)	(139,020)	(43,587,296)
	(33,592,957)	(338,936)	(182,658)	(34,114,551)
	140,139,721	2,560,950	6,838,659	149,539,330

Eastern Caribbean Amalgamated Bank Limited

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September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Government – amortised cost

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 3

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

Gross carrying amount as of September 30, 2023

Overdrafts – amortised cost

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2

Transfers from Stage 1 to Stage 3

Transfers from Stage 2 to Stage 1

Transfers from Stage 2 to Stage 3

Transfers from Stage 3 to Stage 1

Transfers from Stage 3 to Stage 2

New financial assets originated or purchased

Financial assets derecognised during the year

Changes in principal and interest

Gross carrying amount as of September 30, 2023

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Government – amortised cost				
Gross carrying amount as of September 30, 2022				
<i>Transfers:</i>				
Transfers from Stage 1 to Stage 2	286,559,663	–	–	286,559,663
Transfers from Stage 1 to Stage 3	–	–	–	–
Transfers from Stage 2 to Stage 3	–	–	–	–
New financial assets originated or purchased	–	–	–	–
Financial assets derecognised during the year	–	–	–	–
Changes in principal and interest	(7,966,405)	–	–	(7,966,405)
Gross carrying amount as of September 30, 2023	278,593,258	–	–	278,593,258
Overdrafts – amortised cost				
Gross carrying amount as of September 30, 2022				
<i>Transfers:</i>				
Transfers from Stage 1 to Stage 2	27,789,136	253,960	3,796,673	31,839,769
Transfers from Stage 1 to Stage 3	(1,245)	1,245	–	–
Transfers from Stage 2 to Stage 1	(31,146)	–	31,146	–
Transfers from Stage 2 to Stage 3	2,456,049	(2,456,049)	–	–
Transfers from Stage 3 to Stage 1	–	(34,122)	34,122	–
Transfers from Stage 3 to Stage 2	319,106	–	(319,106)	–
New financial assets originated or purchased	–	236	(236)	–
Financial assets derecognised during the year	2,930,619	4,379	2,466	2,937,464
Changes in principal and interest	(1,374,594)	(319,642)	(387,189)	(2,081,425)
	7,867,954	2,557,232	(2,919,733)	7,505,453
Gross carrying amount as of September 30, 2023	39,955,879	7,239	238,143	40,201,261

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial risk management ... continued

5.1.3 Impairment and provisioning policies ... continued

Credit card advances – amortised cost

Gross carrying amount as of September 30, 2022

Transfers:

Transfers from Stage 1 to Stage 2
Transfers from Stage 1 to Stage 3
Transfers from Stage 2 to Stage 1
Transfers from Stage 2 to Stage 3
Transfers from Stage 3 to Stage 1
Transfers from Stage 3 to Stage 2

New financial assets originated or purchased
Financial assets derecognised during the year
Changes in principal and interest
Write-offs

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
	43,654,070	955,894	3,141,688	47,751,652
	(1,055,219)	1,055,219	–	–
	(4,173,456)	–	4,173,456	–
	373,924	(373,924)	–	–
	–	(276,548)	276,548	–
	659,080	–	(659,080)	–
	–	77,437	(77,437)	–
	1,053,817	33,051	332,172	1,419,040
	(369,065)	(4,190)	(90,054)	(463,309)
	(5,275,465)	(290,350)	360,349	(5,205,466)
	–	–	(260,922)	(260,922)
	34,867,686	1,176,589	7,196,720	43,240,995

Gross carrying amount as of September 30, 2023

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... continued

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	2023	2022
	\$	\$
Credit risk exposures relating to on-balance sheet assets:		
Loans and advances to customers	1,072,256,914	1,085,889,516
Investment securities at amortised cost	549,800,507	300,552,973
Due from banks and other financial institutions	280,597,601	466,654,202
Other financial assets	1,955,054	1,719,320
	<u>1,904,610,076</u>	<u>1,854,816,011</u>
Credit risk exposures relating to off-balance sheet items:		
Loan commitments and other credit related facilities	112,466,667	167,661,367
Financial guarantees	4,050,000	4,050,000
	<u>116,516,667</u>	<u>171,711,367</u>
Total credit exposure	<u>2,021,126,743</u>	<u>2,026,527,378</u>

The previous table represents a worst-case scenario of credit risk exposures to the Bank as of September 30, 2023, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above 53% (2022: 54%) of the total maximum exposure is derived from loans and advances to customers and 27% (2022: 15%) is derived from investment securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loans and advances portfolio and debt securities based on the following:

- In 2023, 94% (2022: 95%) of the loans and advances portfolio are categorised in the top two grades of the internal rating system, being Pass and Special mention;
- In 2023, 4% (2022: 5%) of loans and advances are considered impaired.

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table analyses the Bank's main credit exposure at their carrying amounts, (without taking into account any collateral held or other credit support) as categorised by geographical region as of September 30, 2023. For all classes of assets, the Bank has allocated exposures to regions based on the country of domicile of the counterparties.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... continued

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements ... continued

Concentration of risks of financial assets with credit risk exposure ... continued

As of September 30, 2023

	Antigua & Barbuda \$	Other Caribbean \$	North America \$	Europe \$	Total \$
Credit risk exposures relating to on-balance sheet assets:					
Due from banks and other financial institutions	2,566,475	8,727,156	252,689,424	16,614,546	280,597,601
Investment securities at amortised cost	17,495,856	109,664,586	417,197,426	5,442,639	549,800,507
Loans and advances to customers	1,022,259,665	33,939,662	5,332,556	10,725,031	1,072,256,914
Other financial assets	1,955,054	—	—	—	1,955,054
	1,044,277,050	152,331,404	675,219,406	32,782,216	1,904,610,076
Credit exposures relating to off-balance sheet items:					
– Financial guarantees	4,050,000	—	—	—	4,050,000
– Loan commitments and other credit related facilities	112,466,667	—	—	—	112,466,667
Total	1,160,793,717	152,331,404	675,219,406	32,782,216	2,021,126,743

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements ... *continued*

Concentration of risks of financial assets with credit risk exposure ... continued

As of September 30, 2022

	Antigua & Barbuda \$	Other Caribbean \$	North America \$	Europe \$	Total \$
Credit risk exposures relating to on-balance sheet assets:					
Due from banks and other financial institutions	1,681,363	23,639,103	432,615,931	8,717,805	466,654,202
Investment securities at amortised cost	17,890,759	111,125,423	146,999,696	24,537,095	300,552,973
Loans and advances to customers	1,084,066,183	1,823,333	—	—	1,085,889,516
Other financial assets	1,719,320	—	—	—	1,719,320
	1,105,357,625	136,587,859	579,615,627	33,254,900	1,854,816,011
Credit exposures relating to off-balance sheet items:					
— Financial guarantees	4,050,000	—	—	—	4,050,000
— Loan commitments and other credit related facilities	167,661,367	—	—	—	167,661,367
Total	1,277,068,992	136,587,859	579,615,627	33,254,900	2,026,527,378

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... continued

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements ... continued

Concentration of risks of financial assets with credit risk exposure ... continued

(a) *Economic risk concentrations within the customer loan portfolio were as follows:*

	2023		2022	
	\$	%	\$	%
Personal	629,817,976	55.0%	639,912,815	55.4%
Public sector	294,260,669	25.7%	297,075,259	25.7%
Tourism	72,846,394	6.4%	62,609,104	5.4%
Construction/Real Estate	46,011,224	4.0%	45,752,328	4.0%
Credit card advances	43,240,995	3.8%	47,751,652	4.1%
Distributive Trade	24,263,158	2.1%	14,864,704	1.3%
Transportation/storage	17,336,249	1.5%	16,680,376	1.4%
Other industries	7,117,379	0.6%	23,238,291	2.0%
Manufacturing	5,427,704	0.5%	5,068,514	0.5%
Professional/Services	4,501,531	0.4%	1,854,520	0.2%
Total	1,144,823,279	100%	1,154,807,563	100%

The public sector loans within the Bank's loan portfolio are 100% comprised of lending to the Government of Antigua and Barbuda, representing a significant concentration of risk exposure for the Bank to this one customer.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

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5 Financial instruments risk ... continued

5.1.5 Debt securities

There is no formal rating of the credit quality of bonds, treasury bills and equity investments. A number of qualitative and quantitative factors are considered in assessing the risk associated with each investment. However, there is no hierarchy of ranking. There are no external ratings of securities at the year end. The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation as of September 30, 2023.

As of September 30, 2023

	Amortised cost \$	FVOCI debt securities \$	FVTPL debt Securities \$	Total \$
Unrated	549,800,507	–	–	549,800,507
Total	549,800,507	–	–	549,800,507

As of September 30, 2022

	Amortised cost \$	FVOCI debt securities \$	FVTPL debt Securities \$	Total \$
Unrated	300,552,973	–	–	300,552,973
Total	300,552,973	–	–	300,552,973

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.2 Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank's exposure to market risk is from non-trading portfolios.

Non-trading portfolios market risk primarily arises from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios market risk also includes equity price risks arising from the Bank's investment securities.

5.2.1 Price risk

Though the Bank's investment portfolio includes securities that are quoted on the Eastern Caribbean Securities Exchange, its exposure to securities price risk is minimal because the total of these securities is insignificant in relation to its statement of financial position, and because of limited volatility in this market. The Bank does however hold securities that are quoted on the world's major securities markets. This exposes the Bank to price risk.

5.2.2 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Most of the Bank's assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.7 = US\$1.00 since 1974. Therefore, there is no significant exposure to foreign exchange risk.

The following table summarises the Bank's exposure to foreign currency exchange risk as of September 30, 2023. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5	Financial instruments risk ... <i>continued</i>	XCD	USD	EUR	GBP	Other	Total
		\$	\$	\$	\$	\$	\$
5.2.2	Foreign exchange risk ... <i>continued</i>						
	As of September 30, 2023						
	Cash and balances with the Central Bank	203,719,522	1,764,247	106,954	136,105	133,892	205,860,720
	Due from banks and financial institutions	5,499,623	271,567,048	1,683,925	1,127,500	719,505	280,597,601
	<i>Investment securities:</i>						
	– Amortised cost	114,034,993	435,765,514	–	–	–	549,800,507
	– FVOCI	3,228,467	2,982,390	–	–	–	6,210,857
	– FVTPL	–	70,230,701	–	–	–	70,230,701
	Loans and advances to customers	982,565,296	89,691,618	–	–	–	1,072,256,914
	Other financial assets	1,955,054	–	–	–	–	1,955,054
	Total financial assets	1,311,002,955	872,001,518	1,790,879	1,263,605	853,397	2,186,912,354
	Liabilities						
	Customers' deposits	1,624,637,300	347,105,743	–	–	–	1,971,743,043
	Other liabilities and accrued expenses	39,779,473	–	–	–	–	39,779,473
	Total financial liabilities	1,664,416,773	347,105,743	–	–	–	2,011,522,516
	Net on-balance sheet position	(353,413,818)	524,895,775	1,790,879	1,263,605	853,397	175,389,838
	Credit commitments	112,466,667	4,050,000	–	–	–	116,516,667

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... continued

5.2.2 Foreign exchange risk ... continued

As of September 30, 2022

Cash and balances with the Central Bank
Due from banks and financial institutions
Investment securities:
– Amortised cost
– FVOCI
– FVTPL
Loans and advances to customers
Other financial assets

	XCD \$	USD \$	EUR \$	GBP \$	Other \$	Total \$
	322,895,944	933,938	63,352	57,958	67,236	324,018,428
	25,609,984	437,862,218	1,640,364	1,147,114	394,522	466,654,202
	116,621,240	183,931,733	–	–	–	300,552,973
	3,228,467	2,141,933	–	–	–	5,370,400
	–	59,039,775	–	–	–	59,039,775
	996,796,187	89,093,329	–	–	–	1,085,889,516
	1,719,320	–	–	–	–	1,719,320
Total financial assets	1,466,871,142	773,002,926	1,703,716	1,205,072	461,758	2,243,244,614

Liabilities

Customers' deposits
Other liabilities and accrued expenses

	1,574,257,576	507,302,354	–	–	–	2,081,559,930
	32,514,635	–	–	–	–	32,514,635
Total financial liabilities	1,606,772,211	507,302,354	–	–	–	2,114,074,565
Net on-balance sheet position	(139,901,069)	265,700,572	1,703,716	1,205,072	461,758	129,170,049
Credit commitments	167,661,367	4,050,000	–	–	–	171,711,367

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the ALCO Committee.

The following table summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Eastern Caribbean Amalgamated Bank Limited

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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.2.3 Interest rate risk ... *continued*

As of September 30, 2023	Under 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Non-interest Bearing \$	Total \$
Assets							
Cash and balances with the Central bank	—	—	—	—	—	205,860,720	205,860,720
Due from banks and other financial institutions	—	—	—	—	—	280,597,601	280,597,601
<i>Investment securities:</i>							
– Amortised cost	30,879,779	61,705,437	441,786,050	5,602,156	9,827,085	—	549,800,507
– FVOCI investments	—	—	—	—	—	6,210,857	6,210,857
– FVTPL investments	—	—	—	—	—	70,230,701	70,230,701
Loans and advances to customers	109,329,086	13,036,019	15,666,327	176,663,448	757,562,034	—	1,072,256,914
Other financial assets	—	—	—	—	—	1,955,054	1,955,054
Total financial assets	140,208,865	74,741,456	457,452,377	182,265,604	767,389,119	564,854,933	2,186,912,354
Liabilities							
Customers' deposits	1,679,776,973	55,900,498	229,974,623	3,061,601	3,029,348	—	1,971,743,043
Other liabilities and accrued expenses	39,779,473	—	—	—	—	—	39,779,473
Total financial liabilities	1,719,556,446	55,900,498	229,974,623	3,061,601	3,029,348	—	2,011,522,516
Total interest repricing gap	(1,579,347,581)	18,840,958	227,477,754	179,204,003	764,359,771	564,854,933	175,389,838

Eastern Caribbean Amalgamated Bank Limited

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5 Financial instruments risk ... continued

5.2.3 Interest rate risk ... continued

As of September 30, 2022

Assets

	Under 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Non- interest Bearing \$	Total \$
Cash and balances with the Central bank	—	—	—	—	—	324,018,428	324,018,428
Due from banks and other financial institutions	—	—	—	—	—	466,654,202	466,654,202
<i>Investment securities:</i>							
– Amortised cost	40,785,070	59,866,752	188,454,406	4,028,310	7,418,435	—	300,552,973
– FVOCI investments	—	—	—	—	—	5,370,400	5,370,400
– FVTPL investments	—	—	—	—	—	59,039,775	59,039,775
Loans and advances to customers	107,437,605	4,778,264	18,801,556	128,308,091	826,564,000	—	1,085,889,516
Other financial assets	—	—	—	—	—	1,719,320	1,719,320
Total financial assets	148,222,675	64,645,016	207,255,962	132,336,401	833,982,435	856,802,125	2,243,244,614

Liabilities

Customers' deposits	1,777,247,648	61,368,405	233,677,902	6,611,235	2,654,740	—	2,081,559,930
Other liabilities and accrued expenses	32,514,635	—	—	—	—	—	32,514,635
Total financial liabilities	1,809,762,283	61,368,405	233,677,902	6,611,235	2,654,740	—	2,114,074,565
Total interest repricing gap	(1,661,539,608)	3,276,611	(26,421,940)	125,725,166	831,327,695	856,802,125	129,170,049

Eastern Caribbean Amalgamated Bank Limited

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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.2.3 Interest rate risk ... *continued*

Because of limited volatility in the securities markets in which the Bank's debt investments are held, the Bank is not unduly exposed to fair value interest rate risk.

Cash flow interest rate risk arises from loans and advances to customers, and other interest bearing assets at variable rates. The interest rates on loans are generally fixed hence there is no undue exposure to cash flow interest rate risk.

5.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments.

The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

5.3.1 Liquidity risk management process

The Bank's liquidity management process is carried out by the Bank's Board of Directors and Executive Management team. Oversight includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining the liquidity ratios of the statement of financial position against internal and regulatory requirements;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement, and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The ALCO Committee also monitors unmatched medium term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

5.3.2. Funding approach

Sources of liquidity are regularly reviewed by Management and the Board of Directors in order to maintain a wide diversification by currency, geography, provider, product and term.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.3.3 Non derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash flows.

The Bank does not anticipate any shortfalls during the next 12 months since its customers generally roll-over their term deposits at maturity and no major withdrawals are anticipated for customer demand and savings accounts. Also, refer to the liquidity risk management process in note 5.3.1.

	Under 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	Over 5 years \$	Total \$
As of September 30, 2023						
Customers' deposits	1,679,776,973	55,900,498	229,974,623	3,061,601	3,029,348	1,971,743,043
Other liabilities and accrued expenses	39,779,473	—	—	—	—	39,779,473
Total financial liabilities (contractual maturity dates)	1,719,556,446	55,900,498	229,974,623	3,061,601	3,029,348	2,011,522,516
Assets held for managing liquidity risk (contractual maturity dates)	639,416,841	106,862,157	569,357,620	517,564,851	917,307,293	2,750,508,762

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.3.3 Non derivative financial liabilities and assets held for managing liquidity risk ... *continued*

	Under 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	Over 5 years \$	Total \$
As of September 30, 2022						
Customers' deposits	1,777,247,648	61,368,405	233,677,902	6,611,235	2,654,740	2,081,559,930
Other liabilities and accrued expenses	32,514,635	—	—	—	—	32,514,635
Total financial liabilities (contractual maturity dates)	1,809,762,283	61,368,405	233,677,902	6,611,235	2,654,740	2,114,074,565
Assets held for managing liquidity risk (contractual maturity dates)	930,442,561	52,492,759	327,720,482	492,927,229	886,052,305	2,689,635,336

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.3.4 Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality financial assets to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise of the following:

- Unrestricted cash and balances due from banks;
- Loans and receivables investment securities; and
- Unimpaired loans and advances.

5.3.5 Off balance sheet items

(a) *Credit commitments*

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit to extend credit to customers and other facilities are summarised in the table below.

(b) *Financial guarantees*

The Bank's financial guarantees are also included in the table below based on the earliest contractual maturity date.

	Up to 1 year \$	1 to 5 years \$	Total \$
As of September 30, 2023			
Financial guarantees	4,050,000	–	4,050,000
Credit commitments	112,466,667	–	112,466,667
	116,516,667	–	116,516,667

As of September 30, 2022

Financial guarantees	4,050,000	–	4,050,000
Credit commitments	167,661,367	–	167,661,367
	171,711,367	–	171,711,367

	Up to 1 year \$	1 to 5 years \$	Total \$
(c) <i>Operating Lease Commitments</i>			
As of September 30, 2023	–	–	–
As of September 30, 2022	–	–	–

(d) *Capital commitments*

The Bank had no contractual capital commitments as of September 30, 2023 or September 30, 2022.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.4 Fair value of financial assets and liabilities

(a) *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and fair values of the Bank's financial assets and liabilities not presented on the statement of financial position at their fair values.

	Carrying Value		Fair Value	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial assets				
Due from banks and other financial institutions	280,597,601	466,654,202	280,597,601	466,654,202
Investment securities at amortised cost	549,800,507	300,552,973	549,800,507	300,552,973
Loans and advances to customers	1,072,256,914	1,085,889,516	852,005,847	915,464,325
Other financial assets	1,955,054	1,719,320	1,955,054	1,719,320
	1,904,610,076	1,854,816,011	1,684,359,009	1,684,390,820
Financial liabilities				
Customers' deposits	1,971,743,043	2,081,559,930	1,973,440,462	2,083,850,568
Other liabilities and accrued expenses	39,779,473	32,514,635	39,779,473	32,514,635
	2,011,522,516	2,114,074,565	2,013,219,935	2,116,365,203

Eastern Caribbean Amalgamated Bank Limited

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(expressed in Eastern Caribbean dollars)

5 Financial instruments risk ... *continued*

5.4 Fair value of financial assets and liabilities ... *continued*

(a) *Financial instruments not measured at fair value ... continued*

(i) *Due from banks and other financial institutions*

Amounts due from banks and other financial institutions include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(ii) *Loans and advances to customers*

The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) *Investment securities*

The fair value for loans and receivables and held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated for the debt investment securities based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

(iv) *Deposits from banks and due to customers and other borrowings*

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

5.4.1 Fair value measurement

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes debt instruments listed on exchanges.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability. This level includes equity investments and debt instruments with significant unobservable components.

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5 Financial instruments risk ... *continued*

5.4.2 Assets and liabilities measured at fair value

As of September 30, 2023

	Level 2	Level 3	Total
	\$	\$	\$
Financial assets			
<i>Investment securities:</i>			
– FVOCI investments	4,832,388	1,378,469	6,210,857
– FVTPL investments	70,230,701	–	70,230,701
Total assets	75,063,089	1,378,469	76,441,558

As of September 30, 2022

	Level 2	Level 3	Total
	\$	\$	\$
Financial assets			
<i>Investment securities:</i>			
– FVOCI investments	3,991,931	1,378,469	5,370,400
– FVTPL investments	59,039,775	–	59,039,775
Total assets	63,031,706	1,378,469	64,410,175

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5 Financial instruments risk ... *continued*

5.4.3 Measurement of fair value of financial instruments

The Bank's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the ALCO committee. Valuation processes and fair value changes are discussed among the audit committee and the finance team annually, in line with the Bank's reporting dates.

The valuation techniques used for instruments categorised in Level 3 is described below:

- Government securities (quoted) (Level 3)

The fair value is estimated based on discounted cash flows using prevailing interest rates for debts with similar credit risk and remaining maturity.

6 Capital management policies and procedures

The Bank's objectives when managing capital, which is a broader concept than 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Eastern Caribbean Central Bank (the ECCB);
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored quarterly by the Bank's management employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the ECCB, for supervisory purposes. The required information is filed with the ECCB on a quarterly basis.

The ECCB requires all banks under its supervision to: (a) hold the minimum level of regulatory capital of \$25,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted assets ('the Basel I ratio') at or above the internationally agreed minimum of 8%.

The Bank's regulatory capital as managed by senior management is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of treasury share), general bank reserves, statutory reserve, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of securities held as FVOCI equity investments.

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6 Capital management policies and procedures ... continued

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of the asset and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The following table summarises the composition of the regulatory capital and the ratios of the Bank as of September 30, 2023. At this date the Bank complied with all the externally imposed capital requirements to which it is subject.

	2023 \$	2022 \$
Tier 1 capital		
Common share capital	24,000,000	24,000,000
Preference share capital	47,869,339	47,869,339
Retained earnings	128,531,912	100,939,211
Regulatory reserve for interest on non-performing loans	5,100,326	2,848,980
Statutory reserve	24,000,000	24,360,883
Customer lists intangible asset	(32,400,000)	(36,000,000)
Total qualifying Tier 1 capital	197,101,557	164,018,413
Tier 2 capital		
Unrealised gain on FVOCI equity investments	2,190,935	1,560,592
Portfolio loan loss provisions	—	—
Total qualifying Tier 2 capital	2,190,935	1,560,592
Total regulatory capital	199,292,512	165,579,005
	2023 \$	2022 \$
Risk weighted assets		
On-balance sheet	943,952,922	943,264,601
Off-balance sheet	22,493,333	33,553,793
Total risk weighted assets	966,446,255	976,818,394
Basel ratio	21%	17%

Eastern Caribbean Amalgamated Bank Limited

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7 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment losses on loans and advances carried at amortised cost

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis for the regulatory prudential reporting purposes and annually in preparing its IFRS Accounting Standards financial statements.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVPL is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring the ECL is detailed previously, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas are set out in note 5.1.3.

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7 Significant management judgement in applying accounting policies and estimation uncertainty ... *continued*

Set out below are the changes to the ECL as of September 30, 2023 that would result from reasonably possible variations in the most significant assumptions affecting the ECL allowance for the financial assets in stages 1 to 2 with respect to the credit risk:

Loss Given Default	Change in threshold %	ECL impact of:	
		Increase in Value \$	Decrease in value \$
Loans	+/-10%	2,349,205	(2,367,360)
Overdrafts	+/-10%	147,437	(147,437)
Other financial assets	+/-10%	371,217	(371,905)

Below are the changes to the ECL as of September 30, 2023 that would result from reasonably possible variations in the most significant assumptions affecting the ECL allowance for the financial assets in stage 3 with respect to the credit risk:

Default loss rate	Change in threshold %	ECL impact of:	
		Increase in value \$	Decrease in value \$
Loans	+/-10%	1,825,551	(1,690,249)
Overdrafts	+/-10%	987	(987)
Other financial assets	+/-10%	7,202	(7,202)

In the ECL provisioning for stage 3 loans and advances to customers, the Bank considers the amount and timing of future cashflows in the assessment of the loss allowance. Were the net present value of estimated cash flows to differ by +/-10%, the impairment loss would be an estimated \$1,113,232 higher or \$909,397 lower (2022: \$2,492,963 higher or \$2,200,843 lower). Were the discount period used in calculation of the present value of the future cash flows to differ by +/-1 year, the impairment loss would be an estimated \$860,547 higher or \$629,644 lower (2022: \$2,018,079 higher or \$1,811,510 lower).

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8 Cash and balances with the Central Bank

	Note	2023 \$	2022 \$
Cash on hand		23,590,818	20,014,564
Balances with ECCB other than mandatory reserves		34,449,711	177,789,138
Included in cash and cash equivalents	22	58,040,529	197,803,702
Mandatory deposits with the ECCB		147,820,191	126,214,726
Total cash and balances with the Central Bank		205,860,720	324,018,428

Mandatory deposits with the Central Bank

- 1) Commercial banks in the Eastern Caribbean Currency Union are required to maintain a non-interest bearing reserve with the ECCB equivalent to a minimum of 6% of their total deposit liabilities (excluding inter-bank deposits and foreign currencies). This reserve deposit is not available for use in the Bank's day-to-day operations. The minimum reserve requirement at the end of the reporting period was \$111,184,251 (2022: \$99,578,786).
- 2) All commercial banks in the Eastern Caribbean Currency Union are required to have a 3-day average daily gross Automated Clearing House (ACH) collateral amount with the Eastern Caribbean Central Bank. The cash collateral amount held with the ECCB at the end of the reporting period amounted to \$36,635,940 (2022: \$26,635,940) and is included in the mandatory deposits with the Central Bank.

9 Due from banks and other financial institutions

	Note	2023 \$	2022 \$
Operating accounts with other banks		279,328,844	466,243,276
Items in the course of collection from other banks		1,268,757	410,926
Included in cash and cash equivalents	22	280,597,601	466,654,202
Total due from banks and other financial institutions		280,597,601	466,654,202

Operating accounts with other banks and financial institutions represent ordinary cash deposits made with other banks and with interest rate of 0.50% per annum.

Balances held with shareholder banks as of September 30, 2023 amounted to \$10,322,817 (2022: \$22,503,287).

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10 Investment securities

	2023 \$	2022 \$
FVTPL		
Quoted equity investments	70,230,701	59,039,775
	<u>70,230,701</u>	<u>59,039,775</u>
FVOCI – equity securities		
Quoted equity investments	4,832,388	3,991,931
Unquoted equity investments	1,378,469	1,378,469
	<u>6,210,857</u>	<u>5,370,400</u>
Amortised cost		
Term deposits	441,926,454	187,834,639
Bonds/fixed rate notes	40,369,049	40,974,170
Treasury bills	41,615,404	41,664,654
Money market	19,159,269	28,335,385
	<u>543,070,176</u>	<u>298,808,848</u>
Interest receivable	9,257,523	2,422,906
	<u>552,327,699</u>	<u>301,231,754</u>
Total amortised cost, gross	552,327,699	301,231,754
Less: provision for expected credit losses	<u>(2,527,192)</u>	<u>(678,781)</u>
Total amortised cost, net	549,800,507	300,552,973
Total investment securities	626,242,065	364,963,148
Current	534,371,263	289,106,225
Non-current	91,870,802	75,856,923
Total investment securities	626,242,065	364,963,148

Treasury bills' interest rates range between 1.49% to 8% (2022: 1.49% to 8%) per annum with original maturities of less than 12 months. Included in the treasury bills from OECS Governments are cash equivalents with original maturities of three (3) months or less and interest rates ranging from 1.49% to 8% (2022: 1.49% to 8%) totalling \$15,019,084 (2022: \$19,949,412). Included in the treasury bills are amounts held with a shareholder, the Government of Antigua and Barbuda, totalling \$8,273,599 (2022: \$8,273,599). Interest income earned from treasury bills held with the Government of Antigua and Barbuda amounted to \$337,518 (2022: \$337,518).

Term deposits are with other OECS banks and financial institutions and international banks with interest rates ranges between 1% to 5.84% (2022: 0.25% to 3.17%) per annum with original maturities of 12 months or less. Included in the term deposits are cash equivalents with original maturities of three (3) months or less at interest rate of 1% (2022: 1% to 2.35%) per annum totalling \$3,604,667 (2022: \$14,367,556). Refer to note 22.

Bonds/fixed rate notes include various government bonds and fixed rate notes with OECS banks and financial institutions at interest rates ranging from 2.5% to 7.5% (2022: 2.25% to 7.5%) per annum with original maturities of greater than 12 months.

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10 Investment securities ... *continued*

FTVPL investments are comprised of shares held in VISA International.

FVOCI investments include quoted and unquoted shares:

- The quoted equity investments are held in MasterCard International and St. Kitts Nevis Anguilla National Bank.
- The unquoted equity investments include shares held in Eastern Caribbean Securities Exchange Limited, Eastern Caribbean Automated Clearing House Services Incorporated and Eastern Caribbean Home Mortgage Bank.

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10 Investment securities ... continued

The movement in investment securities during the year ended September 30, 2023 is as follows:

	Equity securities – FVTPL \$	Equity securities – FVOCI \$	Amortised Cost \$	Total \$
Balance, beginning of year	74,028,200	5,847,540	181,407,935	261,283,675
Purchases	–	–	327,988,662	327,988,662
Disposals (sales/redemptions)	–	–	(209,988,090)	(209,988,090)
Fair value losses	(14,988,425)	(477,140)	–	(15,465,565)
Change in principal and interest	–	–	1,144,466	1,144,466
Balance, September 30, 2022	59,039,775	5,370,400	300,552,973	364,963,148
Purchases	–	–	362,920,381	362,920,381
Disposals (sales/redemptions)	(6,210,641)	–	(118,345,747)	(124,556,388)
Increase in ECL	–	–	(1,848,411)	(1,848,411)
Fair value gains	17,401,567	840,457	–	18,242,024
Change in principal and interest	–	–	6,521,311	6,521,311
Balance, September 30, 2023	70,230,701	6,210,857	549,800,507	626,242,065

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

11 Loans and advances to customers

	2023 \$	2022 \$
<i>Stage 1 Loans</i>		
Personal loans	549,003,223	524,517,036
Government of Antigua and Barbuda loans	278,593,258	286,559,663
Corporate loans	140,139,721	139,019,729
Overdrafts	39,955,879	27,789,136
Credit card advances	34,867,686	43,654,070
Total Stage 1 loans	1,042,559,767	1,021,539,634
<i>Stage 2 Loans</i>		
Personal loans	15,743,501	28,616,122
Corporate loans	2,560,950	13,309,415
Credit card advances	1,176,589	955,894
Overdrafts	7,239	253,960
Total Stage 2 loans	19,488,279	43,135,391
<i>Stage 3 Loans</i>		
Personal loans	68,501,711	77,267,419
Credit card advances	7,196,720	3,141,688
Corporate loans	6,838,659	5,926,758
Overdrafts	238,143	3,796,673
Total Stage 3 loans	82,775,233	90,132,538
Interest receivable	8,486,294	9,421,110
<i>Less:</i>		
Deferred loan origination fees	(605,982)	(605,982)
Provision for expected credit losses	(80,446,677)	(77,733,175)
Total loans and advances to customers	1,072,256,914	1,085,889,516
Current	138,031,432	112,215,858
Non-current	934,225,482	973,673,658
	1,072,256,914	1,085,889,516

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

11 Loans and advances to customers ... continued

Roll forward of provision for credit losses on loans and advances	Note	2023 \$	2022 \$
Balance, beginning of year		77,733,175	76,755,267
Impairment charge	28	5,482,827	6,497,768
Loans written-off during the year as uncollectible		(2,769,325)	(5,519,860)
Balance, end of year		80,446,677	77,733,175

According to the ECCB credit prudential guidelines, the calculated allowance for loan impairment amounts to \$43,537,226 (2022: \$26,678,500). It has been determined that a reserve is not required in equity in the current financial year as the provision under IFRS 9 of \$80,446,677 (2022: \$77,733,175) exceeds the provision per the ECCB prudential guidelines.

Additionally, of the \$8,486,294 (2022: \$9,421,110) interest receivable recorded, \$1,124,997 (2022: \$2,167,895) represents interest receivable due from the Government of Antigua and Barbuda attributed to its loan facilities with the Bank. (see note 5.1.4)

According to the ECCB prudential guidelines, interest income is not accrued for loans that are non-performing. The accrued interest of \$5,100,326 (2022: \$2,848,980) on non-performing loans has been set aside as a specific reserve in equity (see note 19).

12 Other assets

	2023 \$	2022 \$
<i>Financial assets</i>		
Trade and other receivables	8,244,018	1,737,138
<i>Less:</i> Provision for doubtful debts	(6,288,964)	(17,818)
	1,955,054	1,719,320
<i>Non-financial assets</i>		
Prepaid employee benefit	4,589,483	2,623,082
Other prepaid expenses	4,207,818	5,667,193
Prepaid purchases	3,526,071	3,898,764
Other receivables	—	8,670,464
	12,323,372	20,859,503
Total other assets	14,278,426	22,578,823
Current	10,070,608	16,911,630
Non-current	4,207,818	5,667,193
	14,278,426	22,578,823

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

13 Property, plant and equipment

	Artwork \$	Land \$	Buildings \$	Furniture, fixtures & equipment \$	Computer equipment \$	Motor vehicles \$	Total \$
As of September 30, 2021							
Cost	51,740	13,949,222	24,339,408	6,396,906	9,127,842	570,306	54,435,424
Accumulated depreciation	—	—	(2,519,766)	(2,476,605)	(7,477,164)	(486,722)	(12,960,257)
Net book amounts	51,740	13,949,222	21,819,642	3,920,301	1,650,678	83,584	41,475,167
Year ended September 30, 2022							
Opening net book amount	51,740	13,949,222	21,819,642	3,920,301	1,650,678	83,584	41,475,167
Additions	—	—	—	84,107	5,469	—	89,576
Depreciation charge	—	—	(812,298)	(873,164)	(654,770)	(23,326)	(2,363,558)
Net book amounts	51,740	13,949,222	21,007,344	3,131,244	1,001,377	60,258	39,201,185
As of September 30, 2022							
Cost	51,740	13,949,222	24,339,408	6,481,013	9,133,311	570,306	54,525,000
Accumulated depreciation	—	—	(3,332,064)	(3,349,769)	(8,131,934)	(510,048)	(15,323,815)
Net book amounts	51,740	13,949,222	21,007,344	3,131,244	1,001,377	60,258	39,201,185

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements
September 30, 2023

(expressed in Eastern Caribbean dollars)

13 Property, plant and equipment ... continued

	Artwork \$	Land \$	Buildings \$	Furniture, fixtures & equipment \$	Computer equipment \$	Motor vehicles \$	Total \$
Year ended September 30, 2023							
Opening net book amount	51,740	13,949,222	21,007,344	3,131,244	1,001,377	60,258	39,201,185
Additions	—	132,000	—	1,298,974	2,541,570	327,160	4,299,704
Disposals	—	—	—	—	—	(207,457)	(207,457)
Depreciation write-back	—	—	—	—	—	207,457	207,457
Depreciation charge	—	—	(811,361)	(790,415)	(921,220)	(84,512)	(2,607,508)
Net book amounts	51,740	14,081,222	20,195,983	3,639,803	2,621,727	302,906	40,893,381
As of September 30, 2023							
Cost	51,740	14,081,222	24,339,408	7,779,987	11,674,881	690,009	58,617,247
Accumulated depreciation	—	—	(4,143,425)	(4,140,184)	(9,053,154)	(387,103)	(17,723,866)
Net book amounts	51,740	14,081,222	20,195,983	3,639,803	2,621,727	302,906	40,893,381

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

14 Intangible assets

	Computer software \$	Customer lists \$	Total \$
September 30, 2021			
Cost	6,538,993	41,631,000	48,169,993
Accumulated amortisation	(5,551,693)	(2,030,996)	(7,582,689)
Net book amount	987,300	39,600,004	40,587,304
Year ended September 30, 2022			
Net book value	987,300	39,600,004	40,587,304
Amortisation charge	(453,528)	(3,600,004)	(4,053,532)
Net book amount	533,772	36,000,000	36,533,772
September 30, 2022			
Cost	6,538,993	41,631,000	48,169,993
Accumulated amortisation	(6,005,221)	(5,631,000)	(11,636,221)
Net book amount	533,772	36,000,000	36,533,772
Year ended September 30, 2023			
Net book value	533,772	36,000,000	36,533,772
Addition	591,526	–	591,526
Amortisation charge	(624,359)	(3,600,000)	(4,224,359)
Net book amount	500,939	32,400,000	32,900,939
September 30, 2023			
Cost	7,130,519	41,631,000	48,761,519
Accumulated amortisation	(6,629,580)	(9,231,000)	(15,860,580)
Net book amount	500,939	32,400,000	32,900,939

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

15 Customers' deposits

	2023 \$	2022 \$
Current accounts	898,533,135	920,324,707
Savings accounts	726,644,852	788,219,326
Time deposits	344,071,434	370,531,758
	<u>1,969,249,421</u>	2,079,075,791
Interest payable	2,493,622	2,484,139
Total customers' deposits	<u>1,971,743,043</u>	2,081,559,930
Current	1,965,652,094	2,072,293,955
Non-current	6,090,949	9,265,975
	<u>1,971,743,043</u>	2,081,559,930

Included in the customers' deposits at year end are deposits from related parties amounting to \$55,392,945 (2022: \$53,866,376) as disclosed in note 21.

Included in the customers' deposits at year end are deposits from other financial institutions, excluding shareholder banks, amounting to \$8,444,687 (2022: \$9,771,897).

Deposits held as collateral for loans and advances amounted to \$18,526,473 (2022: \$29,622,207).

Interest rates on customers' deposits range between 0.25% to 2.25% (2022: 0.25% to 2.25%) per annum. The total interest expense amounted to \$23,268,214 (2022: \$22,231,354) as disclosed in note 23. The time deposits have original maturities ranging from less than 12 months to 5 years.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

16 Other liabilities and accrued expenses

	2023 \$	2022 \$
Trade payables and accrued expenses	23,006,263	16,834,732
Transfers payable	8,398,307	2,188,466
Manager's cheques	5,953,806	3,657,119
Deferred employee benefit	4,589,483	2,623,082
Other payables	2,421,097	9,834,318
Total other liabilities and accrued expenses	44,368,956	35,137,717
Current	39,779,473	32,514,635
Non-current	4,589,483	2,623,082
	44,368,956	35,137,717

17 Share capital

	Note	2023 \$	2022 \$
Authorised share capital:			
710,000 common shares at no par value		—	—
100,000 preference shares at no par value		—	—
Issued and fully paid:			
240,000 common shares issued at \$100 each		24,000,000	24,000,000
100,000 preference shares issued at \$478.69 each	18	47,869,339	47,869,339

18 Preference shares

The subscriptions for preference shares were made by the Government of Antigua and Barbuda. According to the Shareholders Agreement, the preference shares are convertible, redeemable and non-cumulative. The rights, privileges, restrictions and conditions for the preference shares outlined in the Shareholders' Agreement are as follows:

- Preference shareholders are entitled to receive dividends as and when declared by the Board and in the priority of disbursements and distributions as set forth in the By-laws and are paid out of the net profits of the Bank at 3.5% of par value.
- Preference shares are redeemable at the sole discretion of the Bank.
- Preference shares are classified as equity in the statement of financial position.
- Upon any liquidation, dissolution or winding up of the Bank, the preference shares will rank highest in priority of all share holdings.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

19 Reserves

a) Other reserves

	2023 \$	2022 \$
Regulatory reserve for interest on non-performing loans	5,100,326	2,848,980
Statutory reserve	<u>24,000,000</u>	<u>24,360,883</u>
Total other reserves	<u>29,100,326</u>	<u>27,209,863</u>

(i) Reserve for interest on non-performing loans

This reserve was created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with IFRS 9. The Prudential Guidelines of the Eastern Caribbean Central Bank, however, does not allow for the accrual of such interest. The interest is therefore set aside in a reserve and is not available for distribution to the shareholders.

(ii) Statutory reserve

Under the Banking Act No. 10 of 2015, at least 20% of the net income of each financial year should be transferred to a reserve fund, if the amount of such reserve is less than 100% of the paid-up capital.

b) Revaluation reserve

The revaluation reserve represents the unrealised net gains on FVOCI equity investment securities, net of tax. The movements in the reserve during the year are as follows:

	Notes	2023 \$	2022 \$
Balance, beginning of year		1,560,592	1,918,447
Unrealised gains/(losses) on FVOCI equity investment securities	10	840,457	(477,140)
Deferred income tax on remeasurement of FVOCI equity investment securities	29	<u>(210,114)</u>	119,285
Balance, end of year		<u>2,190,935</u>	<u>1,560,592</u>

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

20 Commitments

Credit commitments and others

	2023	2022
	\$	\$
Undrawn Commitments – Credit cards	61,051,677	97,060,151
Undrawn Commitments – Loans and overdrafts	51,414,990	70,601,216
Financial guarantees	4,050,000	4,050,000
	<u>116,516,667</u>	<u>171,711,367</u>

The credit risk associated with the financial guarantees and undrawn commitments on overdrafts and credit cards is considered to be low and ECL is expected to be immaterial. No provision for impairment has been made as of the reporting date.

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

21 Related parties' balances and transactions

	Interest rate	2023 \$	2022 \$
Loans to Government of Antigua and Barbuda	7.5 – 8.5%	292,259,254	296,684,991
Loans to key management personnel	4.0 – 8.5%	1,975,339	2,138,720
Loans to directors	5.75 – 7.0%	786,945	891,398
		295,021,538	299,715,109

Certain loans to shareholders are partially secured by assets including property. The loans to directors and key management personnel are secured by assets including cash and property. Interest income earned on shareholders', directors', and key members of management's loans and advances during the year amounted to \$23,011,548 (2022: \$23,736,220). The average interest rate on these loans is 7.62% (2022: 7.58%).

Deposits from related parties

	Interest rate	2023 \$	2022 \$
Deposits from shareholders	0 – 2.15%	45,016,567	44,875,943
Deposits from staff retirement savings fund	5%	8,178,689	6,846,554
Deposits from key management personnel	0 – 2.5%	1,710,821	1,659,614
Deposits from directors	0 – 2.0%	486,868	484,265
		55,392,945	53,866,376

Interest expense paid on shareholders', directors', key members of management and the staff retirement savings fund deposits during the year amounted to \$763,044 (2022: \$719,414). The average interest rate on these deposits is 1.49% (2022: 1.50%).

Remuneration of key management personnel

	2023 \$	2022 \$
Salaries and allowances	2,075,759	2,339,478
Directors' fees	321,112	253,307
Social Security and Medical Benefits costs	95,685	103,431
Other staff costs	16,937	18,181
	2,509,493	2,714,397

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

22 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	Notes	2023 \$	2022 \$
Due from banks and other financial institutions	9	280,597,601	466,654,202
Cash and non-mandatory balances with the Central Bank	8	58,040,529	197,803,702
Treasury bills	10	15,019,084	19,949,412
Term deposits with original maturities of ninety days or less	10	3,604,667	14,367,556
		<u>357,261,881</u>	<u>698,774,872</u>

23 Interest income and interest expense

	2023 \$	2022 \$
Interest income		
Loans and advances	84,996,387	84,395,748
Investment securities	15,838,421	4,358,347
Short term deposits	—	2,139
Total interest income	<u>100,834,808</u>	<u>88,756,234</u>
Interest expense		
Savings accounts	(17,739,836)	(16,676,072)
Fixed deposits	(5,465,838)	(5,478,479)
Leases	(62,540)	(76,803)
Total interest expense	<u>(23,268,214)</u>	<u>(22,231,354)</u>
Net interest income	<u>77,566,594</u>	<u>66,524,880</u>

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

24 Net fee income

	2023 \$	2022 \$
Fee income		
Credit card fees	26,759,631	28,201,838
Foreign exchange gain/losses	12,726,622	12,163,047
Other fees and commission	5,696,305	3,546,637
Service charge – deposits	4,064,496	5,243,086
Credit related fees	955,153	709,934
Total fee income	<u>50,202,207</u>	<u>49,864,542</u>
Fee expense		
Credit card expenses	(21,941,124)	(20,915,423)
Bank charges	(2,411,813)	(1,804,157)
Other fees-expenses	(36,033)	(2,176,130)
Total fee expense	<u>(24,388,970)</u>	<u>(24,895,710)</u>
Net fee income	<u>25,813,237</u>	<u>24,968,832</u>

25 Other income/(loss), net

	2023 \$	2022 \$
Unrealised gain/(loss) on FVTPL investments	15,988,117	(14,988,425)
Recovery of loan amounts written off	2,647,998	3,047,223
Recovery of credit card items written-off	1,437,039	13,778
Realised gain on sale of FVTPL investments	1,413,450	–
Miscellaneous income	660,595	516,513
Dividends received	233,156	538,477
Total other income/(loss), net	<u>22,380,355</u>	<u>(10,872,434)</u>

26 Personnel expenses

	2023 \$	2022 \$
Salaries and allowances	20,484,764	18,926,245
Other personnel expenses	6,044,361	6,294,258
Statutory contributions	2,064,837	1,574,606
Insurance contributions	457,397	674,768
Total personnel expenses	<u>29,051,359</u>	<u>27,469,877</u>

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

27 General and administrative expenses

	2023 \$	2022 \$
Professional fees	11,922,859	15,221,821
Information technology	4,015,304	3,001,642
Telecommunications and postage	3,836,680	3,315,581
Printing, stationery and office supplies	2,885,846	2,347,925
Utilities	2,180,679	1,896,313
Insurance	1,152,292	1,092,812
Repairs and maintenance	1,131,066	1,213,958
Marketing and public relations	615,832	495,684
Directors' fees	321,112	253,307
Licenses and taxes	301,322	330,196
Rent	230,340	412,007
Travel, conferences and meetings	103,144	43,398
Other administration costs	84,178	90,932
Total general and administrative expenses	28,780,654	29,715,576

28 Impairment charges

	Notes	2023 \$	2022 \$
Loans and advances to customers	11	5,482,827	6,497,768
Other assets	12	6,271,146	—
Investment securities	10	1,848,411	—
Total impairment charges		13,602,384	6,497,768

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

29 Income tax

The legislatively enacted corporate tax rate for the year is 25% (2022: 25%).

	2023 \$	2022 \$
Tax charge		
Profit for the year before tax	46,248,370	9,271,669
Tax charge at the applicable tax rate of 25%	11,562,093	2,317,917
Windfall tax at the applicable tax rate of 10%	4,238,401	130,819
Effect of permanent differences	(55,287)	270,776
Prior period over-accrual – deferred taxes	(2,575,428)	–
Tax charge for the year	13,169,779	2,719,512
Represented as follows:		
Current income tax expense	3,864,359	7,963,485
Deferred income tax expense/(credit)	7,642,447	(5,374,792)
Prior period over-accrual – deferred taxes	(2,575,428)	–
Windfall tax	4,238,401	130,819
	13,169,779	2,719,512
Income tax payable		
Balance recorded beginning of year	17,847,334	9,753,030
Taxes paid during the year	(9,753,030)	–
Current income tax expense for the year	3,864,359	7,963,485
Windfall tax	4,238,401	130,819
Balance, end of year	16,197,064	17,847,334

Deferred tax (liability)/asset

At the year end, the Bank had a net deferred tax liability of \$8,898,161 (2022: \$3,621,028) at the future tax rate of 25%. The Bank previously held an exemption from the payment of income taxes for a period of 15 years from November 25, 2011, however, this exemption was withdrawn effective December 31, 2015. The net deferred tax liability was recorded in 2016. The deferred tax liability is comprised as follows:

	2023 \$	2022 \$
Deferred commissions on loans	151,494	151,494
Regulatory reserve for interest on non-performing loans	(1,275,082)	(770,877)
Depreciation on property, plant and equipment	870,367	416,642
IFRS 9 loan loss provisioning in excess of ECCB provision	9,227,364	10,246,873
Unrealised gain on investment securities	(17,872,304)	(13,665,160)
Total deferred tax liability	(8,898,161)	(3,621,028)

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

29 Income tax ... continued

The movements on the deferred tax liability recognised during the year are as follows:

	Note	2023 \$	2022 \$
Balance, beginning of year		(3,621,028)	(9,115,105)
Current year (expense)/credit		(7,642,447)	5,374,792
Prior period over-accrual		2,575,428	–
Unrealised (gains)/loss on investment securities in other comprehensive income		(210,114)	119,285
Balance, end of year		(8,898,161)	(3,621,028)

30 Employee benefits

Effective from December 1, 2012, the Bank established a defined contribution staff retirement savings plan which is mandatory for all permanent employees joining the Bank subsequent to that date. Qualifying employees choose to allocate a percentage of their basic monthly salary to the fund and the Bank matches the employee's contribution up to a maximum of 5%. Each employee is entitled to receive 100% of their contribution to the Fund in addition to the accrued interest earned at the time of terminating the employment relationship with the Bank. Each employee is entitled to receive a percentage of the Bank's contribution to the Fund in addition to the accrued interest earned at the time of terminating the employment relationship as follows:

- Less than 3 years - 0%
- 3 years but less than 5 years - 25%
- 5 years but less than 7 years - 50%
- 7 years but less than 10 years - 75%
- 10 years and over - 100%

An employee is not entitled to the Bank's contribution if terminated for just cause. An employee whose employment ceases due to medical reasons of a terminable nature is entitled to 100% of contributions made on their behalf by the Bank. The fund is administered by a committee of Trustees comprising the General Manager, the Manager of Human Resources and three employees who are staff nominated, voted and determined by the employees. The retirement savings plan expense for the year was \$476,480 (2022: \$362,958).

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

31 Leases

This note provides information on leases where the Bank is a lessee.

a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2023 \$	2022 \$
Right-of-use asset		
Building	7,051,037	7,038,134
Accumulated Depreciation	(4,749,755)	(3,792,246)
Net book amount	2,301,282	3,245,888
	2023 \$	2022 \$
Lease Liabilities		
Current	1,164,919	1,206,080
Non-Current	1,266,673	2,133,868
	2,431,592	3,339,948

b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023 \$	2022 \$
Depreciation charge of right-of-use asset		
Building	1,245,552	1,249,298
Interest expense (included in finance cost)	62,540	76,803
Expenses relating to short-term leases (included in administrative expenses and distribution costs)	79,245	69,430

Prior to the Bank's adoption of 'IFRS 16-Leases', these amounts were expensed in the profit and loss as rent. (see note 27).

Eastern Caribbean Amalgamated Bank Limited

Notes to Financial Statements

September 30, 2023

(expressed in Eastern Caribbean dollars)

32 Contingencies

Contingent liability

There is a matter seeking declaratory and injunctive relief, damages, interest and costs further to the Bank's issuances of Notices to Pay and advertisement of sale of two material properties. The trial commenced in the prior year, and the Bank provided a counter proposal to settle the matter, but to date, this has not been accepted by the claimant.

33 Dividends

The financial statements reflect a dividend payment of \$3,595,427 in respect of the 2021 financial year. This comprises \$8.00 per common share amounting to \$1,920,000 and 3.5% of the par value of the preferred shares amounting to \$1,675,427. Approval of these payments was given at the Eleventh Annual General Meeting held on June 07, 2023.

For the financial year ended September 30, 2022, the Board of Directors recommended the payment of dividends of 3.5% of par value to the preferred shareholders on record as at September 30, 2022 amounting to \$1,675,427 and a dividend of \$2.75 for each unit of common share to shareholders on record as at September 30, 2022 amounting to \$660,000. Approval of these payments was given at the Twelfth Annual General Meeting held on July 03, 2024.

For the financial year ended September 30, 2023, the Board of Directors recommends the payment of dividends of 3.5% of par value to the preferred shareholders on record as at September 30, 2023 amounting to \$1,675,427 and a dividend of \$27.45 for each unit of common share to shareholders on record as at September 30, 2023 amounting to \$6,588,000. This recommendation will be considered by the shareholders at the Thirteenth Annual General Meeting.

34 Comparatives

The classification of certain items in the financial statements has been changed from the prior year to achieve a clearer or more appropriate presentation. The comparative figures have been similarly reformatted and reclassified in order to achieve comparability with the current year.





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