Eastern Caribbean Central Bank

Annual Report 2016 - 2017

Committed to serving the people of the ECCU through a strong and thriving currency union

REPORT
AND
STATEMENT OF ACCOUNTS

For the Financial Year Ended 31 March 2017

CONTENTS

Eastern Caribbean Central Bank

9 June 2017

Sirs

In accordance with Article 48(1) of the Eastern Caribbean Central Bank Agreement 1983, I have the honour to transmit herewith the Bank's Annual Report for the year ended 31 March 2017 and a Statement of the Bank's accounts as at that date, duly certified by the Auditors.

I am,
Your Obedient Servant

Timothy N. J. Antoine
GOVERNOR

The Honourable Victor F Banks
Chief Minister
ANGUILLA

The Honourable Gaston Browne
Prime Minister
ANTIGUA AND BARBUDA

The Honourable Roosevelt Skerrit
Prime Minister
COMMONWEALTH OF DOMINICA

Dr The Right Honourable Keith Mitchell
Prime Minister
GRENADA

The Honourable Donaldson Romeo
Premier
MONTSERRAT

Dr The Honourable Timothy Harris
Prime Minister
ST KITTS AND NEVIS

The Honourable Allen Chastanet
Prime Minister
SAINT LUCIA

Dr The Honourable Ralph Gonsalves
Prime Minister
ST VINCENT AND THE GRENADINES

Tel: (869) 465-2537 • Fax: (869) 465-9562/1051
E-mail: info@eccb-centralbank.org • Website: www.eccb-centralbank.org
SWIFT: ECCBKN

MISSION STATEMENT

Advancing the good of the people of the currency union by maintaining monetary and financial stability and promoting growth and development

VISION STATEMENT

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

ECCB Building Named in Honour of Late Governor Hon Sir K Dwight Venner

The Phase I Building at the Eastern Caribbean Central Bank (ECCB) headquarters has been officially named the "Hon Sir K Dwight Venner Building" in recognition of the late former Governor's distinguished service to the Bank.

Members of Sir Dwight's family, his close friends and colleagues, along with the ECCB Monetary Council, Board of Directors, management, staff and retirees, witnessed the unveiling ceremony on 2 March 2017 at the ECCB Headquarters in St Kitts and Nevis.

During the ceremony, Chairman of the Monetary Council, the Honourable Gaston Browne; Council Member for St Kitts and Nevis, Dr the Honourable Timothy Harris; Governor of the ECCB, Mr Timothy N. J. Antoine and Mrs Puretta Wilkin, who served as Sir Dwight's first secretary upon his appointment as Governor, paid tribute to his life, work and accomplishments.

Sir Dwight's eldest daughter, Zinga Venner unveiled the signage and expressed thanks, on behalf of the Venner family, to the Monetary Council for showing such great recognition and appreciation of her father's work.

The Hon Sir K Dwight Venner passed away on 22 December 2016. He was the longest serving Governor of the ECCB.

(View excerpt from the Naming Ceremony)

MONETARY COUNCIL

As at 31 March 2017

The Hon Gaston Browne
Antigua and Barbuda
Chairman

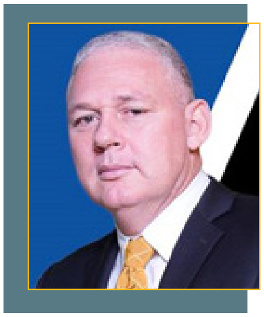
The Hon Victor F Banks
Anguilla

The Hon Roosevelt Skerrit
Commonwealth of Dominica

Dr The Right Hon Keith Mitchell
Grenada

The Hon Donaldson Romeo
Montserrat

Dr The Hon Timothy Harris
St Kitts and Nevis



The Hon Allen Chastanet
Saint Lucia

Dr The Hon Ralph Gonsalves
St Vincent and the Grenadines

BOARD OF DIRECTORS

As at 31 March 2017

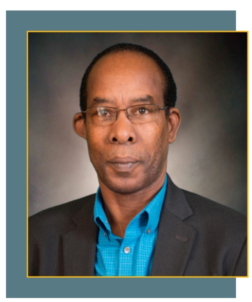
Mr Timothy N. J. Antoine
Chairman

Mr Trevor Brathwaite
Deputy Governor

Mrs Kathleen Rogers
Anguilla

Mr Whitfield Harris Jr
Antigua and Barbuda

Mrs Rosamund Edwards
Commonwealth of Dominica



Dr Wayne Sandiford
Grenada

Mr John Skerritt
Montserrat

Mrs Hilary Hazel
St Kitts and Nevis

Ms Cointha Thomas
Saint Lucia

Mr Maurice Edwards
St Vincent and the Grenadines

CORPORATE INFORMATION

As at 31 March 2017

EXECUTIVE COMMITTEE	Mr Timothy N. J. Antoine C. Dir Mr Trevor Brathwaite C. Dir	Governor Deputy Governor

MANAGEMENT TEAM

Corporate Relations Department (CRD)	Mrs Ingrid O'Loughlin C. Dir	Senior Director
Strategic Planning and Projects Department (SPPD)	Ms Laurel Bain C. Dir	Senior Director
Governor's Immediate Office (GIO)	Ms Sharmyn Powell C. Dir	Director/ Chief Risk Officer
Accounting Department (AD)	Mr Senator Samuel C. Dir Mr Norman Sabaroche	Director Deputy Director
Banking and Monetary Operations Department (BMOD)	Mrs Yvonne Jean-Smith C. Dir Mr Niall Pistana	Director Deputy Director
Bank Supervision Department (BSD)	Mr Christopher Louard C. Dir Mrs Allison Crossman Mrs Laurel Seraphin Bedford	Director Deputy Director Deputy Director
Currency Management Department (CMD)	Mrs Maria Cumberbatch C. Dir Mr Rosbert Humphrey	Director Deputy Director
Human Resources Department (HRD)	Mrs Jolene Newton C. Dir Mrs Merva Mallelieu	Director (Acting) Deputy Director (Acting)
Internal Audit Department (IAD)	Mrs Raquel Leonce C. Dir Mr Aldrin Phipps	Director Deputy Director
Legal Services Department (LSD)	Mrs Merlese O'Loughlin C. Dir Ms Gillian Skerritt	Director Deputy Director
Management Information Systems Department (MISD)	Mrs Cindy Parris-Gilbert C. Dir Mr Lyle Mark	Director (Acting) Deputy Director (Acting)

CORPORATE INFORMATION

As at 31 March 2017

MANAGEMENT TEAM *(cont'd...)*

Research Department (RD)	Ms Karen Williams C. Dir	Director
	Mr Hamilton Stephen	Deputy Director
	Ms Patricia Welsh	Deputy Director
Statistics Department (SD)	Mrs Térèsa Smith C. Dir	Director
	Mrs Seana Benjamin-Mack	Deputy Director
	Ms Juletta Jeffers	Deputy Director
	Ms Leah Sahely	Deputy Director
Support Services Management Department (SSMD)	Mrs Norma Hanley-Pemberton C. Dir	Director
	Mrs Beverley Edwards-Gumbs	Deputy Director
	Mr Danny Caine	Chief of Security

ADVISERS

Governor's Immediate Office (GIO)	Mr Wayne Myers	Senior Adviser
Strategic Planning and Projects Department (SPPD)	Ms Sharon Welcome	Adviser
	Ms Sybil Welsh	Adviser
	Ms Maria Barthelmy C. Dir	Adviser
	Mr Kennedy Byron	Adviser
	Mr Daniel Arthurton	Adviser
	Mr Rohan Stowe	Adviser
Banking and Monetary Operations Department (BMOD)	Mr Francis Fontenelle	Adviser
	Ms Allison Stephen	Adviser
Bank Supervision Department (BSD)	Mr Shawn Williams	Adviser
Corporate Relations Department (CRD)	Mrs Shermalon Kirby-Gordon	Adviser
Internal Audit Department (IAD)	Mr Humphrey Magloire	Adviser
Statistics Department (SD)	Mr John Venner	Adviser

CORPORATE INFORMATION

As at 31 March 2017

RESIDENT REPRESENTATIVES

Ms Marilyn Bartlett-Richardson

ECCB Agency Office
P O Box 1385
The Valley
ANGUILLA

Telephone: 264 497 5050
Facsimile: 264 497 5150
E-mail: eccbaxa@anguillanet.com

Mr Albert Lockhart

ECCB Agency Office
P O Box 741
Sagicor Financial Centre
Factory Road
St John's
ANTIGUA AND BARBUDA

Telephone: 268 462 2489
Facsimile: 268 462 2490
E-mail: eccbanu@candw.ag

Ms Sherma John

ECCB Agency Office
P O Box 23
3rd Floor Financial Centre
Kennedy Avenue
Roseau
COMMONWEALTH OF DOMINICA

Telephone: 767 448 8001
Facsimile: 767 448 8002
E-mail: eccbdom@cwdom.dm

Mrs Linda Felix-Berkeley

ECCB Agency Office
Monckton Street
St George's
GRENADA

Telephone: 473 440 3016
Facsimile: 473 440 6721
E-mail: eccbgnd@spiceisle.com

Mrs Claudette Weekes

ECCB Agency Office
P O Box 484
2 Farara Plaza
Brades
MONTSERRAT

Telephone: 664 491 6877
Facsimile: 664 491 6878
E-mail: eccbmni@candw.ms

Mrs Sheran Ferdinand

ECCB Agency Office
P O Box 295
Ground Floor, Financial Administrative Centre
Point Seraphine
Castries, LC04 101
SAINT LUCIA

Telephone: 758 452 7449
Facsimile: 758 453 6022
E-mail: eccbslu@candw.lc

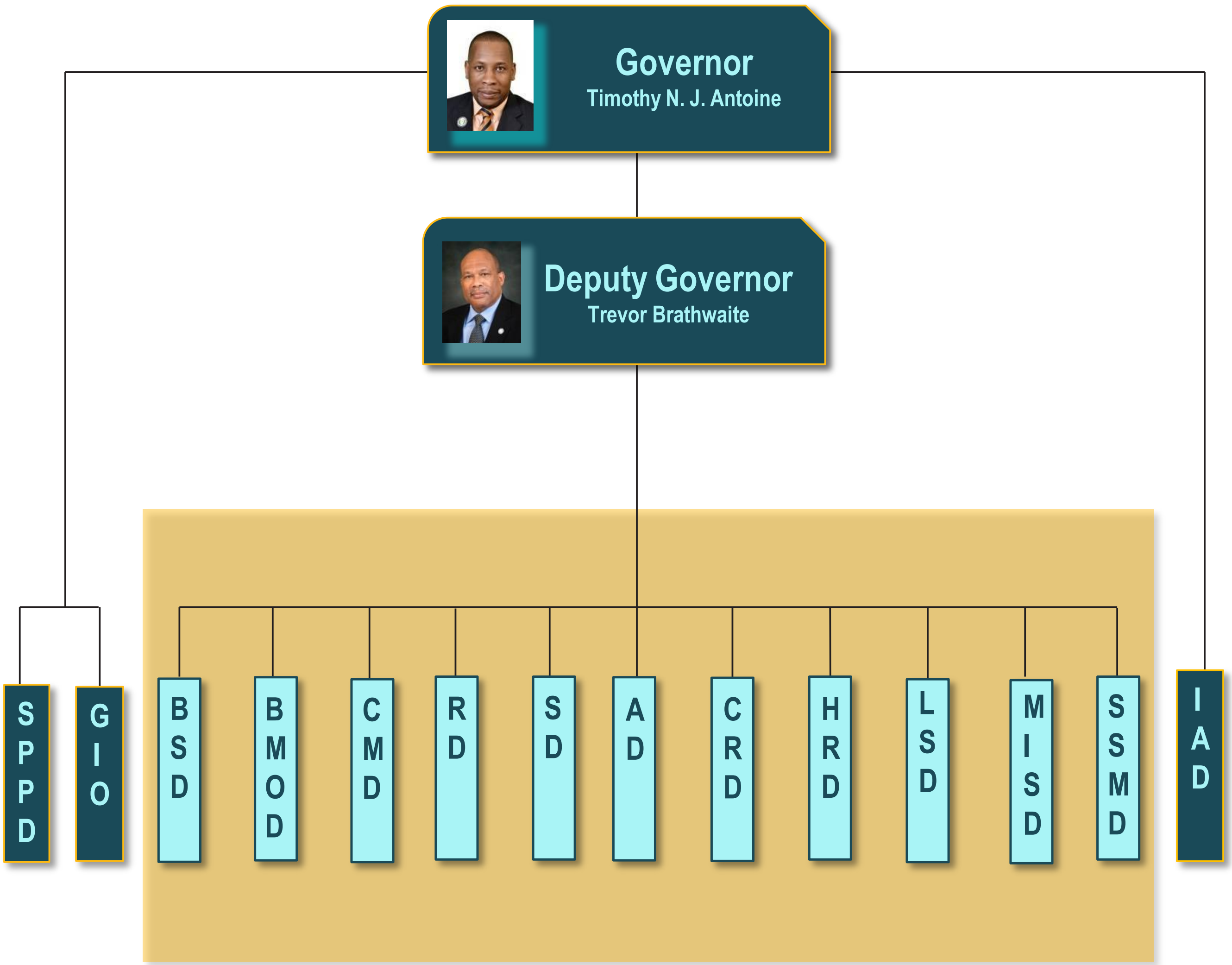
Mrs Elritha Miguel

ECCB Agency Office
P O Box 839
Frenches House, Frenches
Kingstown
ST VINCENT AND THE GRENADINES

Telephone: 784 456 1413
Facsimile: 784 456 1412
E-mail: eccbnetwork@vincysurf.com

ORGANISATIONAL CHART

As at 31 March 2017



KEY:

SPPD	Strategic Planning and Projects Department
GIO	Governor's Immediate Office
BSD	Bank Supervision Department
BMOD	Banking and Monetary Operations Department
CMD	Currency Management Department
RD	Research Department
SD	Statistics Department

KEY:

AD	Accounting Department
CRD	Corporate Relations Department
HRD	Human Resource Department
LSD	Legal Services Department
MISD	Management Information Systems Department
SSMD	Support Services Management Department
IAD	Internal Audit Department

The post of Managing Director was discontinued as at 1 February 2017.

HIGHLIGHTS OF THE YEAR

- The Bank launched its weekly programme, *ECCB Connects* in April 2016 as part of the thrust to provide the public with a better understanding of the role and functions of the ECCB and how its work affects their lives.

- An Office of Risk Management was established and a Chief Risk Officer appointed to implement the Enterprise Risk Management Framework.

- The Bank started the process of developing its Strategic Plan, which will set out its vision for the next five years (2017-2021). The Plan will also focus on goals that are needed to better reflect the expression of the Bank's mandate and provide strategies to guide the accomplishment of these goals over the five-year period.

- The Strategic Planning and Projects Department was established in September 2016 to provide a focal point for the development and management of the Bank's Strategic Plan.

- As part of the initiative to forge consensus on a plan of action for addressing growth, competitiveness and employment in the Eastern Caribbean Currency Union (ECCU), the inaugural Growth Dialogue with Social Partners was convened at the ECCB Headquarters on 1 March 2017.

- The Bank convened an inaugural meeting with the Commissioners of Police of the ECCB member countries on 2 February 2017 at the ECCB Headquarters. One of the objectives of that engagement was to engender an avenue for information sharing as it related to security matters and criminal activities in the ECCU.

Foreword

Cognisant of the global economy and its attendant uncertainties, the outlook for the ECCU economy is generally positive but significant and faster reforms are required to expedite and elevate the growth and employment trajectory.

Making Strides Towards the Socio-Economic Transformation of the ECCU

Timothy N. J. Antoine
GOVERNOR

The financial year 2016/17 marked my first full year in office. It was a highly successful year filled with several highs and one major low.

Our major low was the loss of the Hon Sir K Dwight Venner on 22 December 2016. Sir Dwight was our longest serving Governor, having served from 1 December 1989 to 30 November 2015.

On a brighter note, our ECCB family had occasion to celebrate when the Monetary Council agreed to name the main building at the Bank's Headquarters in Sir Dwight's honour. It was a wonderful time of celebration and healing for all of us and especially Lady Venner and his immediate family. We took some comfort from the fact that this decision was taken prior to Sir Dwight's passing and he knew of our plans. As I said then and I quote:

"May his name, emblazoned on our ECCB Campus, bear perpetual testimony to his colossal contribution, not just to the Eastern Caribbean Central Bank, but to our Caribbean people and civilisation."

With reference to the Bank's performance, the key results for this year include:

- Maintenance of a strong EC dollar with a backing ratio which stood at 97.39 per cent as at 31 March 2017;
- Improved soundness of ECCU banks;
- Restored profitability - EC$6.3 million, which was a particularly welcomed development after three consecutive years of losses;
- Launch of a weekly public education programme - *ECCB Connects*;
- Launch of a Country Outreach Programme which facilitated a deeper engagement with ECCB member governments, Opposition leaders and social partners such as businesses, labour unions, churches, civil society and the media.
- Development of a Bank-wide Enterprise Risk Management function and the appointment of a Chief Risk Officer.

On the international scene, global growth continued to be at all-time lows for too long, recording 3.1 per cent for 2016. In addition, there were several major geopolitical developments, including Brexit and the US presidential elections.

In the Eastern Caribbean Currency Union (ECCU), growth was estimated at 2.2 per cent, well below the target of 5.0 per cent per annum agreed upon by ECCB member governments. Relatedly, private sector credit declined for the fifth successive year, forcing a discussion about creditless growth. It is our hope that overall improvement in the macro-economy and the operationalisation of the Eastern Caribbean Asset Management Corporation (ECAMC) will help to address this issue.

We continue to lament the paucity of data and statistics in our region. This includes, for example, the absence of labour force surveys in some ECCB member countries, to better guide policy making in respect of employment and labour market reforms.

We are also concerned about the ranking of ECCB member countries on the *Ease of Doing Business Index*. We wish to see the countries move into the top 50 of the Index. Such a rise will require considerable focus and a concerted effort over the next three years.

With respect to financial stability, several financial soundness indicators of the ECCU banks improved, including capital adequacy, asset quality and profitability. Relatedly, over the year, the ECCB made significant strides in respect of the frequency and the timeliness of onsite banking examinations.

After a hiatus of three years, the Bank resumed meetings of the Regulatory Oversight Committee (ROC) which comprises the ECCB and the non-bank regulators in member countries. The areas of collaboration include: financial stability reporting and Anti-money Laundering/Combating the Financing of Terrorism (AML/CFT). Speaking of the latter, the ECCB Monetary Council took an important decision in July 2016 to have the ECCB assume responsibility for AML/CFT supervision for banks. Pursuant to that decision, the Bank is finalising a Memorandum of Understanding (MoU) between the ECCB and national AML/CFT authorities; has drafted amendments to give legal effect to the decision and has commenced capacity building in the area of AML/CFT, with support from the US Treasury Department.

As we look forward to the new financial year 2017/18, we do so with a sense of optimism and anticipation. We are highly motivated to pursue our vision for the currency union which encompasses:

1. A strong EC dollar;
2. A strong and resilient financial system;
3. Sustainable public finances;
4. A single economic and financial space;
5. Single–digit unemployment (full employment); and
6. A striving and thriving citizenry.

Cognisant of the global economy and its attendant uncertainties, the outlook for the ECCU economy is generally positive but significant and faster reforms are required to expedite and elevate the growth and employment trajectory.

Going forward, priority aspects of the Bank's work will include:

Monetary Stability

- Ensuring the stability and strength of the EC dollar by maintaining an adequate level of foreign reserves.

Financial Stability

- Operationalisation of the Eastern Caribbean Asset Management Corporation (ECAMC);
- Amendments to the Banking Act;
- Publication of a Financial Stability Report;
- Completion of preparatory work for the Eastern Caribbean Appraisal Institute; and
- Completion of preparatory work for a Deposit Insurance Scheme.

Fiscal and Debt Sustainability

- Setting of interim fiscal and debt targets by member governments in pursuit of a target of 60.0 per cent Debt-GDP by 2030; and
- Wider acceptance and commencement of the adoption of fiscal responsibility legislation.

Growth, Competitiveness and Employment

- Raising the growth trajectory from 2.2 per cent in 2016 to 3.0 per cent in 2017, towards a 5.0 per cent per annum;
- Enactment of the enabling legislation for the Eastern Caribbean Partial Credit Guarantee Corporation;
- Enactment of the enabling legislation for the ECCU Credit Bureau; and
- Implementation of the Action Plan emanating from the ECCU Growth Dialogue.

Enhancing Organisational Effectiveness

- Revision of the ECCB's Foreign Reserve Management Framework;
- Launch and implementation of the Bank's Strategic Plan;
- Leadership development of the Bank's senior leaders;
- Up-skilling of all staff;
- Launch of a new and improved website; and
- Greening of the ECCB Campus.

Given the breathtaking pace of change in the global financial landscape, the ECCB intends to be agile and responsive. In this regard, the Bank will focus more on payment systems reforms including, FinTech and its implications, not just for regulation, but for the development of ECCB member countries.

Without doubt, these are challenging, but exciting times.

I recognise the Deputy Governor, Managing Director (retired and acting), management and staff for their hard work and support undergirded by our S.T.A.R. mantra.

I thank Mrs. Jennifer Nero, retired Managing Director for her 22 years of yeoman service and extend my best wishes to her for a happy retirement.

I am compelled also to record my appreciation of the Monetary Council and the Board of Directors for their support in this new era.

Timothy N. J. Antoine
GOVERNOR

Review of Performance

The financial year was primarily dominated by an intensification of work on implementing key reforms that support development and modernisation of the financial sector as well as initiatives aimed at enhancing operational and policy making effectiveness of the ECCB.

The financial year ended 31 March 2017 could be considered an inflection point for the Bank as it returned to profitability and new work programme initiatives were embarked upon under new leadership. Although work on the key strategic priorities: financial stability, monetary and exchange rate stability and growth and competitiveness advanced, focus was also placed on some new initiatives related to improving the effectiveness of the institution to deliver on its statutory mandates.

Improvements in international financial markets, especially in the USA, where some upward adjustments were made to the Federal Reserve's policy rate, recovery in manufacturing and trade, supported by stable and relatively low oil prices, all contributed to an expansion in global growth. The favourable external environment provided the impetus for expansion of economic activity in the currency union and improved performance of the portfolio of invested reserves.

Overall, the financial year was dominated primarily by an intensification of work on implementing key reforms that support development and modernisation of the financial sector as well as initiatives aimed at enhancing the operational and policy making effectiveness of the ECCB. In addition, there was significant advancement in the finalisation of a new Strategic Plan for 2017 – 2021, which seeks to provide a road map for addressing the challenging international and regional policy landscape and broader support to the transformation of the currency union through the Economic Union Project.

The overview of work pursued and accomplishments attained during the financial year will be organised around the following key strategic themes of: Monetary and Exchange Rate Stability; Financial Sector Stability and Market Development; Fiscal and Debt Sustainability; Growth, Competitiveness and Employment and Organisational Effectiveness.

MAINTAINING MONETARY AND EXCHANGE RATE STABILITY

A core function of the Bank is to maintain monetary and exchange rate stability. These are translated into specific objectives which focus on ensuring that the parity of the peg to the US dollar is maintained, through the sufficiency of reserves to ensure convertibility at the current rate of EC$2.70 to US$1.00. This has been further broken down into measureable targets of a statutory backing ratio of 60.0 per cent and an operational target of 80.0 per cent.

In this regard, the Bank has had a successful record over its 34-year existence. At the end of the financial year, the backing ratio stood at 97.39 per cent and domestic inflation was relatively low and in line with that in the USA.

"There was significant advancement in the finalisation of a new Strategic Plan for 2017 – 2021, which seeks to provide a road map for addressing the challenging international and regional policy landscape and broader support to the transformation of the currency union through the Economic Union Project."

> ***With respect to the development thrust, the main projects targeted improving access to financial services by Medium, Small and Micro Enterprises (MSMEs).***

An improvement in the US interest rate environment contributed largely to the turn-around in the financial performance of the Bank as interest earned on the foreign reserve portfolio increased. This improvement in the foreign reserve portfolio bodes well for the stability of the EC dollar, as it provides the pool of liquidity needed to ensure its convertibility.

Although credit markets remained liquid, extension of credit, especially by commercial banks, continued to be impacted negatively by the rebalancing of balance sheets by businesses and households, adherences to stricter standards for lending, and the fragile recovery of real economic activity.

STRENGTHENING FINANCIAL STABILITY AND MARKET DEVELOPMENT

The strategic platform for executing financial sector reform initiatives is centered on the establishment of a Single Financial Space as required by the Revised Treaty of Basseterre, and the continued implementation of key elements of the ECCU Eight Point Stabilisation and Growth Programme. Furthermore, the programmes and initiatives are consistent with fulfilling the mandate outlined in Article 4 (3) of the ECCB Agreement Act 1983, particularly as it relates to maintaining a stable and sound financial system.

During the financial year, work intensified on the implementation of the *Comprehensive Resolution Strategy for Strengthening the Resilience of the Financial System* and building a dynamic and diversified financial system through the development of a range of products and markets.

In collaboration with international financial institutions and regional stakeholders, the ECCB was able to achieve some major targets in its attempt to improve the regulatory and supervisory framework for licensed financial institutions, non-banks and insurance companies in the currency union.

With regard to strengthening resilience, the focus was on creating a legislative and institutional infrastructure that would facilitate: better macro-prudential regulation/supervision, improved system-wide supervisory powers, and a more robust insolvency framework and improved access to information on the creditworthiness of borrowers. Some of the key initiatives being undertaken in pursuit of these objectives include the establishment of the Eastern Caribbean Asset Management Corporation (ECAMC). In addition, work continued towards the formation of the Eastern Caribbean Financial Services Commission (ECFSC), the ECCU Credit Bureau, the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) and the Eastern Caribbean Appraisal Institute (ECAI).

With respect to the developmental thrust, the main projects targeted improving access to financial services through Medium, Small and Micro Enterprises (MSMEs) by strengthening the product range of selected financial institutions; increasing business literacy of Micro and Small Enterprises by providing business and financial training and coaching; developing an Entry Level Tier Market for firms on the Eastern Caribbean Stock Exchange; and enacting legislation to govern the operation of investment funds. Some of these deliverables are being executed under The World Bank's FIRST Initiative Project and through collaboration with the German Savings Banks Foundation for International Cooperation.

The Payment and Settlement System also plays a significant role in the maintenance of financial stability in the ECCU. It is therefore important that the Bank develop and operate a system that is not only efficient and liquid but also one that responds to the latest technological innovations. To this end, work is being finalised for the implementation of the Electronic Funds Transfer (EFT) phase of the Eastern Caribbean Automated Clearing House (ECACH) project, which should be fully operationalised by the first quarter of 2018.

SUPPORTING HIGH SUSTAINED GROWTH, COMPETITIVENESS AND EMPLOYMENT

The Bank recognises that achievement of its primary statutory objectives of financial and monetary stability could only be realised effectively in an environment characterised by a high and sustained level of growth. While growth has returned in the post global financial crisis era, it has been lower than the growth trend in the past. In addition, the ECCU countries continue to lag behind other comparator countries in terms of the performance of competitiveness and productivity indicators. It is therefore imperative that the Bank continue to engage member states on the issue of revitalising and returning the sub-region to a sustained high growth path. This should result in improved macroeconomic indicators such as the unemployment rate, fiscal and debt balances and an overall standard of living of citizens.

During the financial year, the Bank played a critical role in supporting and promoting growth initiatives through advocacy, policy research and specialised direct interventions. The ECCB and the OECS Commission signed a Memorandum of Understanding (MoU) to establish a more effective framework for collaboration to develop a plan of action for addressing low growth and declining productivity in the sub-region. The MoU is also to be used as a vehicle to facilitate inter-institutional coordination of responsibilities under the Revised Treaty of Basseterre, especially as it pertains to the establishment of the Economic Union Protocols –A Single Economic and Financial Space.

In terms of policy research, the Bank executed a comprehensive research programme which resulted in the publication of two volumes of working papers covering policy issues related to growth and competitiveness, and monetary and financial sector stability.

"The Bank played a critical role in supporting and promoting growth initiatives through advocacy, policy research and specialised direct interventions."

An important upgrade to the organisational structure was the creation of a new Strategic Planning and Projects Department (SPPD) which will be the focal point for strategic policy development and monitoring, policy counsel to the Bank's leadership, policy formulation and coordination, project management and coordination of the Bank's financial and economic developmental initiatives.

The Bank also continued to engage member states on the issue of developing and sustaining strong policy units in the Ministries of Finance to assist with supporting more empirical decision making.

RESHAPING ORGANISATIONAL EFFECTIVENESS

The ECCB acknowledges that there have been significant changes in the governance structure of the global economic and financial landscape, which have intensified and consolidated in the post global economic and financial crisis epoch. Changes in the international, legal and regulatory frameworks governing markets, especially financial markets, have resulted in central banks taking a closer look at the efficacy of their governance arrangements and methods used to deliver services. The acknowledgement of the changing environment in which the Bank operates and the prospective challenges it is likely to encounter, prompted the development of a new Strategic Plan (2017-2021), titled: *Transforming the Eastern Caribbean Currency Union*. It is intended for the plan to identify how the ECCB's organisational effectiveness, one of the key strategic pillars, can be improved. During the financial year, a number of initiatives were pursued and some key changes made in fulfilment of this objective. Of note, were the targeted changes made to adapting the organisational structure and learning systems to better align them with the realities of the new environment in which the Bank operates. An Office of Risk Management with a Chief Risk Officer, reporting directly to the Governor, was created as the Bank sought to implement its Enterprise Risk Management Framework in an attempt to pursue a more holistic approach to risk management. An important upgrade to the organisational structure was the creation of a Strategic Planning and Projects Department (SPPD) which will be the focal point for strategic policy development and monitoring, policy counsel to the Bank's leadership, policy formulation and coordination, project management and coordination of the Bank's financial and economic developmental initiatives.

The need to ensure that international best practices are adhered to in all aspects of the Bank's operations resulted in a refocusing of the mandate of the Internal Audit Department (IAD) on assurance responsibilities. The Human Resource Department (HRD) was also the focus of a number of strategic interventions aimed at strengthening its capacity to deliver on its key mandate.

The IAD conducted compliance and diagnostic needs assessments of some departments, with a view to addressing impediments that impact the robustness of the Bank's decision-making framework. Sharp focus was placed on returning the Bank to profitability and reviewing the foreign reserve management policies and practices to ensure sustainability and relevance. This led to the Bank becoming a member of The World Bank's Reserves Advisory and Management Programme (RAMP). Access to this programme is expected to strengthen the Bank's Foreign Reserves Management Framework.

An important element of central banks' operational effectiveness is having an effective communication strategy that could be used as a tool to help influence financial markets. Significant progress was made in this regard through the launch of some initiatives and reorganisation of traditional programmes. A weekly video programme: *"ECCB Connects"* was launched and the Governor engaged a cross-section of stakeholders in member states in his informational sharing, outreach visits. Flagship programmes such as the OECS Essay Competition, the ECCU Primary School Mentorship Programme, the Sir Arthur Lewis Memorial Lecture, Financial Information Month and the Annual Conference with Commercial Banks, continued to provide platforms for the Bank to disseminate information, support communities and influence thought at all levels.

Central banks are complex public institutions which play a major role in the economic and financial management of all modern economies. Some of the primary functions performed include, inter alia; the execution of monetary policy, the promotion and maintenance of financial sector stability and management of a country's foreign reserves. The ECCB was successful in delivering on those mandates during the financial year. The development and implementation of the Strategic Plan will provide the foundation for ensuring that the Bank remain relevant while developing its capacity to confront challenges in the execution of its mandate.

Monetary Stability

As part of a fixed exchange rate regime, the ECCB executes monetary policy within the context of a fixed exchange rate, which is to maintain the value of the Eastern Caribbean currency at EC$2.70 to US$1.00.

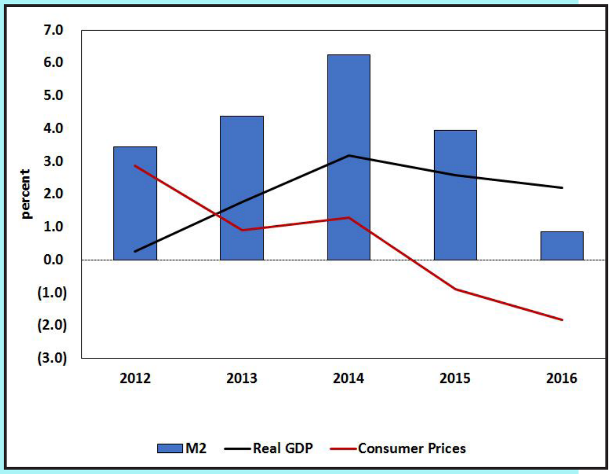
The fixed exchange rate arrangement remained stable during the year, supported by strong foreign reserve accumulation and adequate domestic growth among ECCB member countries. As at 31 March 2017, the backing ratio was 97.39 per cent. This is the ratio of foreign assets to demand liabilities and it remained well above the statutory limit of 60.0 per cent and the operational target of 80.0 per cent.

The fixed exchange rate arrangement has enabled stable prices to prevail in the ECCB member territories. During 2016, consumer prices decreased on average by 1.8 per cent compared with a decrease of 0.8 per cent in 2015. Prices have generally remained at low levels due to the historically low global commodity prices.

In real terms, the Gross Domestic Product (GDP) of the ECCU grew by 2.2 per cent in 2016, a slightly slower rate when compared with the rate of growth in the previous year, of 2.6 per cent. This growth outcome was in line with an overall slowdown in global growth during 2016, including the region's main trading partner, the United States of America. However, growth is expected to recover in 2017 as global output increases. Real GDP in the ECCU is projected to expand by 2.7 per cent in 2017 and 3.1 per cent in 2018, supported primarily by activity in the construction, hotels and restaurants, transport, storage and communication, real estate, renting and business activities sectors.

The growth in money supply (M2) increased by 0.8 per cent in 2016 relative to the growth of 3.9 per cent observed in the previous year. The deceleration in the rate of growth in the money supply was due to declines in private sector time and foreign currency deposits, which decreased by 8.6 per cent and 3.9 per cent, respectively. Similarly, domestic credit contracted by 8.9 per cent, a reflection of continued conservatism and risk aversion by the commercial banking sector as economic uncertainty persisted. The decline in credit was principally a consequence of reduced credit extension to the business community and the central government. In addition, tighter underwriting standards have resulted in an overall lower credit environment.

Chart I - ECCU selected indicators, per cent change



MACROECONOMIC SURVEILLANCE

The principal objectives of the macroeconomic surveillance are to monitor developments in member territories; disseminate macro data and information via the publication of quarterly and annual economic and financial reviews; and prepare policy papers on issues relevant to fiscal and debt sustainability, and the growth and development of member states. To this end, technical assistance was provided to member countries in their preparation for missions of international organisations including: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), a division of The World Bank.

During the year, the Bank fulfiled its surveillance mandate through the following:

- ***Weekly Country Surveillance Reports:*** The reports provided a high frequency of information on member countries under three broad thematic areas: macro-economic developments, financial developments and socio-political developments.
- ***Quarterly Economic and Financial Review (QEFR) and the Annual Economic and Financial Review (AEFR)***: The reports provided a historical analysis of developments over the prescribed period.
- ***Annual Joint Financial Programming and Debt Sustainability Analysis (FP/DSA) Reports:*** This report was more diagnostic in nature, integrating the use of Financial Programming and Debt Sustainability Tool Kits to assess macroeconomic imbalances in member countries, relating to fiscal and debt. The report also made policy recommendations to correct those imbalances.
- ***Policy Briefs/Sector Specialisation Papers:*** The papers covered current and topical policy issues and sector specific developments in member countries.
- ***Research Papers:*** These papers addressed specific policy issues in keeping with the Bank's strategic policy themes.

The Bank remained engaged in the implementation of the "Home-grown Adjustment Programme" in Grenada through representation on Grenada's National Monitoring Committee and participation in the official reviews conducted by the IMF. The Bank also participated in the IMF staff visits and Article IV consultations to Antigua and Barbuda, the Commonwealth of Dominica, St Kitts and Nevis, St Vincent and the Grenadines and Saint Lucia. During the review period, the Bank partnered with the Caribbean Development Bank (CDB) in a joint diagnostic mission to Saint Lucia. Further technical assistance was provided to all member countries through various networking meetings, seminars and conferences.

Staff of the Research Department benefitted from several training opportunities which helped to strengthen the macroeconomic surveillance function. The Caribbean Regional Technical Assistance Centre (CARTAC), the International Finance Corporation (IFC), and the Organisation of Eastern Caribbean States (OECS) facilitated the training which included:

1. Revenue Forecasting and Tax Policy Analysis Workshop, Barbados: 9 – 13 May 2016;
2. Energy Forum, St Kitts and Nevis: 10 – 12 May 2016, and
3. IFC Tax Incentive Workshop, Saint Lucia: 17 – 20 May 2016.

THE BASIS OF POLICY

Research

The Bank's research programme focused on three primary policy areas namely:

1. Financial Stability
2. Fiscal and Debt Sustainability
3. Growth, Competitiveness and Employment

The following papers were initiated or completed during the period to inform the policy discussion by management, the Board of Directors, and the Monetary Council:

a. *Determinants of Credit-less Recoveries in the Eastern Caribbean Currency Union;*
b. *An Unlikely Transmission? The Links Between*

the Current Account, Financial Stability and Economic Structure;

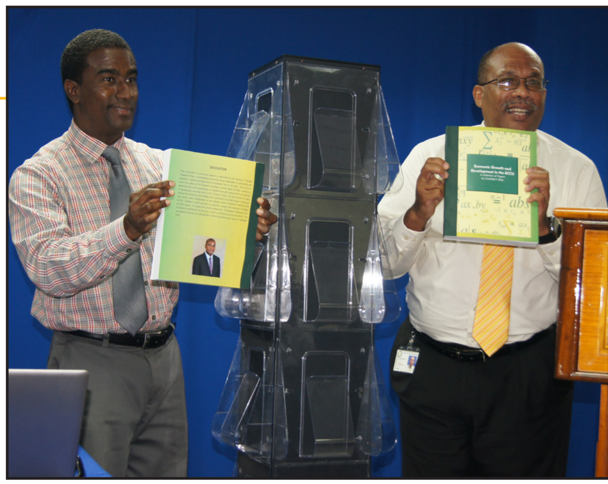
c. *Sustainable Economic Development in Small Island States: Does Population Density Matter?;*
d. *The Social Dimensions of Growth;*
e. *Revisiting the Role of Marketing Boards in Responding to a Modern Agricultural Sector: Case Studies of Grenada and Saint Lucia;*
f. *Can the Eastern Caribbean Central Bank Better Influence Fiscal Policy in its Member States?;*
g. *Establishment of a Conceptual Framework for Fiscal Rules: A Case for the ECCU;*
h. *The Governance Framework of Citizens by Investment (CBI) Flows;*
i. *Offshore Manufacturing Services;*
j. *Financial Stability and Growth in the Eastern Caribbean Currency Union;*
k. *Credit and the ECCU Macroeconomic Environment;*
l. *Construction and Economic Growth – Is the Current Model Sustainable?;*
m. *Macro Prudential Policy in a Currency Board;*
n. *Developing a Banking Stability Index for the ECCU;*
o. *St Kitts and Nevis Housing and Real Estate Price Index;*
p. *Harnessing the Benefits of Foreign Direct Investment (FDI) Through Linkages;*
q. *Brexit: What Brexit Means for the Eastern Caribbean; and*
r. *The New Age of Education: The Role of Information Technology in the ECCU.*

The Bank published two volumes of the *ECCB Working Paper Series* on its website. The first volume features a research paper titled: "Towards a Policy on Foreign Direct Investment Within the Context of the OECS Economic Union." The paper was presented at the 35th Central Bank of Barbados Review Seminar. The second volume contains two working papers: (i) *Risk and Capital Adequacy: A Preliminary Examination of ECCU Commercial Banks*; and (ii) *Sovereign Wealth Funds: A Model for Citizenship by Investment in the ECCU*. The former was initially delivered at the 47th Annual Monetary Studies Conference held by the Caribbean Centre for Money and Finance (CCMF).

The Bank participated in the 48th Annual Monetary Studies Conference hosted by the Central Bank of Bahamas, in collaboration with the CCMF. The paper titled: *The Determinants of Credit-less Recoveries in the Eastern Caribbean Currency Union* was presented at the conference. The paper attempts to broaden understanding of credit-less recoveries in the ECCU by identifying the conditions under which they occur and differentiating them from normal recoveries. Recommendations are also proffered to policymakers on how they should respond to such incidences. In addition, the Bank partnered with the IMF on the topic: *Non-Performing Loans in the ECCU: Determinants and Macroeconomic Impact,* an article which was published subsequently as an IMF Working Paper in November 2016. The paper assesses the determinants of non-performing loans, while identifying whether asset quality deterioration may cause negative feedback effects from the banking sector to economic activity.

In memory of the late Garfield T Riley, who was an exemplary employee in the Research Department, the Bank launched a compilation of papers and briefs he produced during his tenure at the Bank, and renamed its weekly Seminar Series as the "Garfield T Riley Seminar Series" on 2 December 2016. The Seminar Series provides an avenue for discussion on research papers and policy briefs. The Bank was of the view that the renaming of the series was fitting and a notable way to pay tribute to a colleague who departed this life too soon. Garfield died on 22 July 2015.

Deputy Governor, Mr Trevor Brathwaite and Economist, Mr Leon Bullen display the compilation of papers by Garfield T. Riley



Read full text of compilation

CURRENCY MANAGEMENT

As at 31 March 2017, currency in circulation stood at $1,012.60 million compared with $967.46 million a year ago. This figure represents banknotes in the amount of $912.44 million (90.11 per cent), while coins in circulation amounted to $100.16 million (9.89 per cent). Although currency in circulation increased by 4.67 per cent over last year, the increase was 5.0 per cent less than the increase over the 2015/2016 period. The increase in currency in circulation was consistent with the increasing trend over the last five years.

Chart II - Total Currency in Circulation

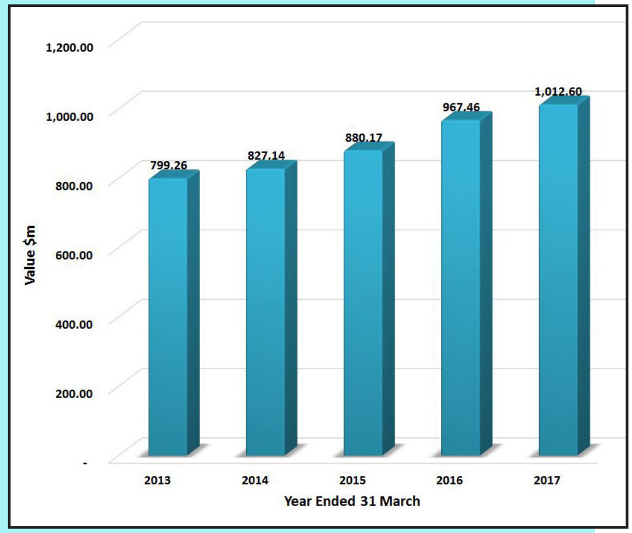
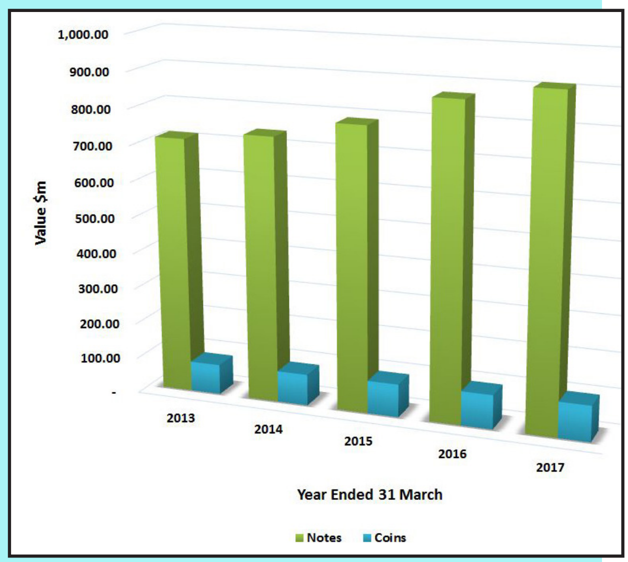


Chart III - Currency in Circulation - Notes and Coins



Financial Sector Stability

Financial sector stability refers to the resilience of the financial system to risks, as evidenced by the strength of the Eastern Caribbean (EC) dollar, efficiency of the payments and settlement system, a show of public confidence and a robust liquidity position.

The Bank sought to strengthen financial integration by providing support towards the development of strong and well capitalised financial institutions and modern, liquid and dynamic markets as well as the necessary enabling infrastructure to improve the efficiency of the financial system.

The financial system continued to be challenged by a relatively low level of economic activity in some member territories; market structure constraints, including: small size, growing competition; and de-risking initiatives by correspondent banks. The impact of BREXIT and policies of the current US government remain uncertain and have the potential to affect the ECCU economies via major industries such as tourism, construction and Foreign Direct Investment (FDI) inflows. In addition, the Citizenship by Investment Programme (CIP), for some territories, has come under scrutiny.

Credit risk was considered one of the major threats to financial stability, given the high level of non-performing assets at some commercial banks. The potential for contagion risk remained high within the ECCU financial system, given the small population size of the sub-region.

The major financial stability activities undertaken during the year were:

Policy Development Towards Systemic Stability and Enhanced Regulatory and Supervisory Framework

The Bank procured the services of an in-house consultant to provide training in risk-based supervision, consolidated supervision, the Basel Core Principles Assessment and the implementation of Basel II.

Monitoring Threats to Financial System Stability and Implementation of Measures to Mitigate Risk

Seven on-site examinations and several prudential visits to commercial banks were conducted. Greater focus was placed on enhanced monitoring of relevant licenced financial institutions, to ensure compliance with the requirements of the new Banking Act, prudential standards and best practices. Where applicable, the necessary action was taken.

Execution of the Comprehensive Resolution Strategy and Technical Assistance Programme

The ECCB received technical assistance from the IMF through the CARTAC with drafting a procedures manual for consolidated supervision, licencing procedures for holding companies, and updates to prudential standards.

Implementation of an Effective Resolution Mechanism

The Eastern Caribbean Asset Management Corporation (ECAMC) legislation was passed in the eight member territories and efforts continued towards full operationalisation of the entity.

The ECCB continued to formulate a concept note on the establishment of a Depositor Protection Trust (DPT) for the ECCU and participated in a Working Group established by CARICOM, for the implementation of a model deposit insurance system for the region.

Modernisation of the Financial System

The work towards the harmonisation of legislation and enhanced regulation included, improving the foreclosure process through revised legislation and the establishment of the Eastern Caribbean Institute of Appraisers. Developments regarding digital and crypto currency and the Bank's role pertaining to these were discussed during the year.

Regulation and supervision of the banking sector remained a priority for the ECCB with a concentration on the operationalisation of the Banking Act (2015). The issue of de-risking prompted the Monetary Council to approve the ECCB's assumption of full responsibility for Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) regulation of all ECCU institutions licensed under the Banking Act.

With respect to the Foreign Accounts Tax Compliance Act (FATCA), all member territories, except the Commonwealth of Dominica, have signed Inter-Governmental Agreements with the US.

BANKING SERVICES

In fulfilling its mandate to maintain financial stability, the Bank continued to increase its focus on its role as Banker to member governments and commercial banks in accordance with Parts VIII and IX of the ECCB Agreement Act (1983). Towards that end, the Bank:

- Provided the necessary liquidity support to the financial system;
- Focused on further development of the Eastern Caribbean Automated Clearing House (ECACH);
- Explored ways to enhance its role as Fiscal Agent to member governments, particularly as it related to the Regional Government Securities Market (RGSM);
- Collaborated with member governments to develop a cohesive action plan for public sector financial management;
- Facilitated the operationalisation of the member governments' administration of the Abandoned Property – safe deposit boxes.

PAYMENT SYSTEM

The Payment System will continue to feature prominently in the Bank's strategic priorities given its role in contributing to the maintenance of financial stability in the ECCU. The Banking and Monetary Operations Department (BMOD) is finalising the Business Requirement Document for the Electronic Funds Transfer (EFT) phase of the Eastern Caribbean Automated Clearing House (ECACH) project which will be forwarded to the developer. The EFT phase is expected to create the platform that facilitates:

- Consumer to Consumer payments, example: rent and remittances;
- Consumer to Company payments, example: taxes and utilities;
- Company to Consumer payments, example: payroll and social security; and
- Company to Company payments, example: loans and investments.

Implementation of the EFT is expected to be completed and operationalised by the first quarter of 2018.

During the year, the Bank sought assistance from The World Bank to undertake an assessment of the Payment and Settlement System of the Eastern Caribbean Currency Union. The Bank will address the issues and areas which the consultation identified as critical to the maintenance of financial stability. Some of the areas identified and intended to be pursued over the upcoming year are:

- the development of a vision for large value payments in the ECCU;
- the review of licensing regimes under the Money Services Business Act; and
- the adoption of the CPSS-IOSCO Principles for Financial Market Infrastructure.

As part of the governance framework for the Payment System, appropriate legislation has been passed in the ECCB member countries. However, the Rules, Regulations and Guidelines to support the primary legislation have not yet been completed. The Bank established an Internal Working Group to develop Guidelines for Electronic Retail Payment Services in the upcoming year.

Technology is continuing to play a critical role in the development of the Payment System. In order to ensure that the ECCU financial sector does not lag in the financial technology revolution, the Bank has been paying serious attention to the developments in blockchain technologies and digital currencies and is currently considering a proposal on a digital currency pilot. The proposal, if accepted, would take the form of a "proof of concept" experiment, using a phased approach within controlled environments to deploy, test and assess the feasibility of an EC digital currency. The Bank has also embarked on an initiative geared at developing a cadre of professionals through the development of a Working Group, conversant in the issues relating to digital currency and financial technology. This group is intended to create awareness throughout the currency union and ascertain the risks involved in the use of digital currency and other payment options emanating from the developments in technology.

REGIONAL GOVERNMENT SECURITIES MARKET (RGSM)

The Regional Government Securities Market (RGSM) continued to provide an avenue for commercial banks and other financial institutions to invest the high level of liquid funds in the banking system. Financial institutions accounted for at least 60.0 per cent of the total bids during the current financial year. The banks remained the single largest group of investors on the RGSM, accounting for roughly 40.0 per cent of the bids. In its presentation on the RGSM at the OECS Credit Union Summit in St Vincent and the Grenadines in September 2016, the ECCB sought to increase the awareness of this sector.

Activity on the secondary market increased during the financial year as the number of trades inceased to 25 from 14 in the preceding year.

COMMERCIAL BANKS' PRUDENTIAL RETURNS

Steps to revise the prudential returns progressed with the incorporation of changes to the Banking Act and the capturing of the IFRS 9 standard and impaired assets guidelines. The Manual of Instructions was also updated. The financial institutions registry was updated in collaboration with regulators in the ECCB member countries to capture new institutions and to remove those that had been closed.

LEGISLATIVE AGENDA

During the year, the Bank continued to focus its efforts on the implementation of the Legislative Reform Programme aimed at enhancing the resilience of the financial sector of the ECCU, and the advancement of the single financial and economic space. The Bank has made considerable headway on the following pieces of legislation:

Banking Act – The Banking Act 2015 has commenced in all eight ECCB member territories. The ECCB is now the licensing authority for banks in the currency union within a single banking space.

Amendment to the Eastern Caribbean Central Bank Agreement - The ECCB Agreement Amendment 2015 is now in full effect.

Eastern Caribbean Partial Credit Guarantee Corporation Agreement and Bill – The World Bank commenced a project aimed at providing licensed financial institutions with credit guarantees to improve access to financing for SMEs, thus boosting economic growth. This is to be accomplished by establishing and capitalising a Regional Partial Guarantee Facility in the ECCU. The Agreement establishing the Eastern Caribbean Partial Credit Guarantee Corporation has been executed by seven member governments. The ECCB will be the regulator of the Eastern Caribbean Partial Credit Guarantee Corporation.

Eastern Caribbean Asset Management Corporation Agreement and Bill –The eight Participating Governments have passed the enabling legislation for the establishment of the Eastern Caribbean Asset Management Corporation (ECAMC) and have commenced the Act.

Credit Reporting Legislation – The Credit Reporting Bill and Regulations were finalised and approved by the Monetary Council for enactment by ECCU Parliaments by September 2017.

RESOLUTION OF INTERVENED BANKS IN ANGUILLA

Through the combined efforts of the ECCB, the Government of Anguilla, the British Government through the Foreign Commonwealth Office, the IMF and the Caribbean Development Bank (CDB), a resolution strategy for the intervened banks in Anguilla - Caribbean Commercial Bank (Anguilla) Limited (CCB) and the National Bank of Anguilla Limited (NBA) - was implemented on 22 April 2016.

The ECCB therefore relinquished control of the banks in accordance with Article 5E (2)(b) of the ECCB Agreement and appointed a Receiver under Section 137 of the Banking Act of Anguilla, No. 6 of 2015. As at the date of relinquishment, both institutions ceased to carry on banking business in Anguilla.

Representatives from the Ministries of Finance and Attorneys General Offices in the ECCU met on 10 and 11 January 2017 at the St Kitts Marriott Resort to discuss the draft legislation for the establishment of the Eastern Caribbean Partial Credit Guarantee Corporation

The resolution plan included: (i) the transfer of good assets and matching deposit liabilities up to a threshold of approximately $2.8 million from the CCB and NBA to the National Commercial Bank of Anguilla (NCBA), which commenced operations on 25 April 2016; and (ii) the transfer of deposit liabilities over the $2.8 million threshold from CCB and NBA to a Depositor Protection Trust.

FINANCIAL SECTOR STABILITY INITIATIVES

Article 4(3) of the Eastern Caribbean Central Bank Agreement 1983, identifies one of the four purposes of the Bank as: *To promote credit and exchange conditions and a sound financial structure conducive to the balanced growth and development of the economies of the territories of the participating Governments*. In this regard, the Bank made notable progress in the establishment and operationalisation of the following initiatives:

Eastern Caribbean Asset Management Corporation

The Board of Directors of the Eastern Caribbean Asset Management Corporation (ECAMC) had its first official meeting in November 2016. The ECAMC management team is preparing for the full operation of the entity through the formulation of requisite strategies and policies, and training of the Board of Directors and management. Once fully operational, the ECCB will appoint the ECAMC as receiver for the three existing receiverships.

Deposit Insurance

In collaboration with The World Bank, the ECCB coordinated a preliminary analysis of the pre-requisites for the establishment of a robust Deposit Insurance Fund for the ECCU. The establishment of an effective deposit insurance system in the ECCU is expected to contribute to financial stability by providing protection to the most vulnerable depositors.

ECCU Credit Bureau

As part of the initiative to improve credit reporting in the ECCU, the Bank intensified its efforts towards the establishment of a Credit Bureau in the ECCU. At its meeting of 2 March 2017, the Monetary Council approved the draft legislative package for the establishment of the Credit Bureau, which was submitted for passage through the Parliaments of the respective member territories.

The establishment of an ECCU Credit Bureau is expected to address the issue of asymmetric information; accelerate the speed with which credit applications are processed as a result of the centralisation of information; provide credit-granting institutions with a better means of assessing credit risks, which would lead to an improvement in the quality of lending decisions; and facilitate the extension of credit to underserved segments of the population, in particular micro, small and medium businesses and low-income consumers.

Eastern Caribbean Appraisal Institute

The Bank, with technical assistance from the IMF, completed the draft Agreement and Bill establishing the Eastern Caribbean Appraisal Institute (ECAI) and Rules governing the operations of the ECAI. The initiative to establish the ECAI is expected to achieve the following outcomes:

- A governance structure that supports and sustains the further development of the appraisal industry in the ECCU;
- Formalised training and certification frameworks;
- Improved oversight that develops expertise and promotes integrity in the industry; and
- Consistent application of internationally accepted appraisal standards.

Financial Sector Development Initiatives

FIRST Initiative Project

The Bank accelerated key deliverables under the FIRST Project for the diversification of the ECCU financial system. The following key results were achieved for the year:

- Signing of the Eastern Caribbean Partial Credit Guarantee Corporation Agreement by the Monetary Council on 2 March 2017;
- Completion of the diagnostic study of the ECCU financial sector;
- Identification of priority areas for the Strategy and Action Plan;
- Technical assistance for the evaluation of the re-launch of the Eastern Caribbean Securities Exchange (ECSE) Entry Level Tier Market, legal reforms to support access to finance including insolvency and secured transactions and the review and drafting of new legislation to govern the operation of investment funds.

German Savings Banks Foundation for International Cooperation Project

The Bank continued to work with the German Savings Banks Foundation for International Cooperation (SBFIC) Project to ensure development of the initiatives in accordance with the needs of the ECCU. This ECCB-endorsed project supports improvement in access to financial services in the ECCU by micro, small and medium enterprises (MSME's) and the strengthening of the financial sector.

The overall objectives are as follows:

- Improve MSME's access to financial services by strengthening the sustainability, know-how and the product range of selected financial institutions; and
- Increase the Business Literacy of Micro and Small Enterprises by providing business and financial training and coaching.

The pilot project was established in Saint Lucia for the period 2016 – 2018. Upon evaluation and assessment of this initial phase, it is anticipated that two additional three-year phases will follow during which the other ECCU countries will be engaged.

Governor Timothy N. J. Antoine (fifth from left) and the SPPD team meet with representatives from the German Savings Banks Foundation for International Cooperation

Fiscal and Debt Sustainability

Debt management forms part of the Bank's strategic pillar on Fiscal and Debt Sustainability and as such, remained high on the ECCB's agenda during the year.

Governor Timothy N. J. Antoine (Front Row: fourth from left) with Junior Debt Managers Programme participants and facilitators

Through the Canada-Eastern Caribbean Debt Management Advisory Service (CANEC-DMAS) Project, the Bank provided capacity building to the ECCB member countries in a number of debt areas including: debt management strategies; debt portfolio reviews; debt bulletins; and improvements in the quality and timeliness of debt data.

One of the major achievements under the Bank's debt management agenda was the Junior Debt Managers Programme (JDMP). The programme was a joint venture between the ECCB and the IMF, with funding from the Government of Canada. The six-month training course was held at the ECCB Headquarters over the period 3 October 2016 to 31 March 2017. The purpose of the programme was to strengthen public debt management in the ECCU by training young professionals with the skills and knowledge required for modern and effective public debt management. Programme participants were selected on a highly competitive basis by a panel, which comprised a representative from the ECCB, IMF and the debt manager of the country from which the candidate was being recruited. The countries represented were: Anguilla, Antigua and Barbuda, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. The offer was also extended to member states to nominate existing staff from the Debt Management Offices (DMOs) for specific modules. The ECCB staff also participated in selected modules.

The officers received training in the technical areas of debt management and in developing soft skills such as communication, presentation and writing techniques. In addition to the classrooms style training, the junior debt managers benefitted from a study tour to Ireland and Italy which exposed them to advanced debt management practices. The experience was also meant to inspire their future work as well as build a channel of communication and cooperation with the DMOs at the forefront of public debt management. They also received hands-on exposure to debt management during a two-week attachment at the DMOs in their respective countries.

Officers from technical assistance agencies, CANEC-DMAS, the IMF, the CARTAC and The World Bank, along with experts active in public debt management from Jamaica, Trinidad and Tobago, Brazil and Sweden, conducted the training.

The officers will be assigned to the DMOs in the participating member countries to help strengthen the debt management functions in the respective offices.
View JDMP Programme graduation ceremony

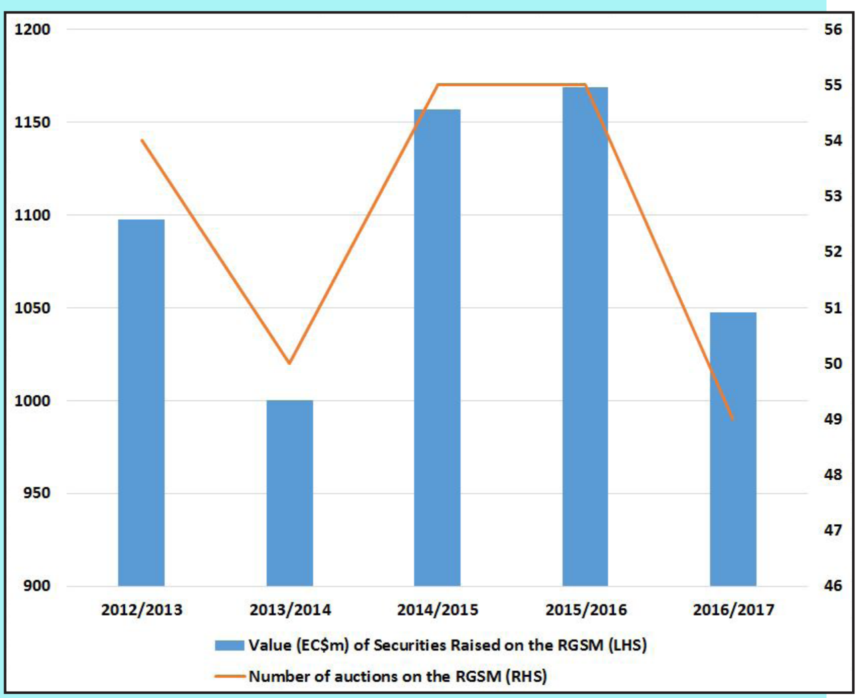
REGIONAL GOVERNMENT SECURITIES MARKET (RGSM)

The RGSM continued to be an important source of funding for the five member governments participating in the regional market despite the decline in the number of securities issued. As at March 2017, the six independent governments of the ECCU had raised a total of $10.8 billion since its establishment in November 2002.

During the year, 49 securities were issued compared with 55 in the preceding financial year. The value of securities issued fell by $120.8 million (10.3 per cent) to $1.048 billion. The decline in securities issued on the RGSM was mainly due to lower issuance by the Governments of Saint Lucia and St Vincent and the Grenadines. The competitive nature of the auctions on the RGSM contributed to a further fall in interest rates which served to dampen the pressure on debt service payments for the central governments. The RGSM also served to support the implementation of the Medium Term Debt Management Strategies (MTDS).

As the region marks the 15th anniversary of the RGSM on November 2017, the focus will be on building on the transparency of the market and further developing the efficiency of the primary and secondary markets.

Chart IV - Activity on the Regional Government Securities Market for the period 2012-2017



Growth, Competitiveness and Employment

With the increased focus by member countries on economic growth and employment, the Bank has also expanded its focus on these areas.

ECCU Growth Dialogue With Social Partners

Working Together to Achieve Higher and More Inclusive Growth in the ECCU

As part of the initiative to forge consensus on a plan of action for addressing growth, competitiveness and employment in the ECCU, the inaugural ECCU Growth Dialogue With Social Partners was convened at the ECCB Headquarters in St Kitts and Nevis on 1 March 2017.

The objectives of the Growth Dialogue were to inter alia:

- Address the economic decline in the ECCU over the last two decades and establish a pathway to the ECCU's pre-crisis economic performance levels;
- Encourage active participation from social partners including: governments, representatives of opposition parties, trade and labour unions, civil society organisations, youth, churches, and the private sector, through representative organisations, to identify key challenges presently faced and identify opportunities which can be prioritised to formulate an ECCU Growth Action Plan;
- Develop a framework and methodology for implementing the Growth Action Plan for the countries of the ECCU; and
- Establish a process for monitoring, evaluating and reporting on the implementation of the Growth Action Plan.

Two plenary panels, comprising (i) social partners and (ii) development partners, examined the theme from different perspectives. Following the presentations, the participants worked in nine break-out groups to discuss the constraints and possible opportunities relating to inclusive growth in the ECCU. They then identified the key components of the Action Plan for implementation across the sub-region.

Key Components of ECCU Growth Action Plan

- Convene meeting of social partners in all ECCU countries;
- Identify the key thematic areas for the biennium 2017 - 2019;
- Establish the contributions of each country as it relates to growth and job targets;
- Build human resource capacity by revamping the educational system;
- Pursue Financial Market Development; and
- Establish/develop, where necessary, the regional and national infrastructure for reliable and sustainable air, land and sea transportation.

The next steps will focus on:

- *A Growth Dialogue Action Plan;*
- *An in-country rollout and Action Plan implementation; and*
- *The preparation for the next Growth Dialogue in 2018.*

STATISTICS

External Sector Statistics (ESS) compiled using the IMF Balance of Payments (BOP) and International Investment Position Statistics (IIP), Sixth Edition (IMF BPM6)

The Bank, in collaboration with the ECCU Central Statistics Offices (CSOs) conducted the second round of the external sector statistics surveys requesting information for 2015. The expanded nature of the compilation process necessitated a review of the 2014 data for consistency with that of 2015. Additional checks and balances were included in the compilation system to ensure consistency between the closing balances for one year and the opening balances for the current year in the International Investment Position (IIP) Balance of Payments (BOP) services compared to Trade in Services Data and BOP flows, valuation and other changes compared to IIP balances for the year in review. Revised data and further details for 2014, preliminary data for 2015 and estimates for 2016 will be released in 2017.

The ECCB participated in a planning workshop on External Sector Statistics (ESS) organised by the CARTAC from 22 to 25 November 2016. The CARTAC ESS Resident Adviser also provided technical support to the ECCB in December 2016. Another CARTAC workshop, which provided training to ECCB officers et al, on external debt statistics, was held during the period 13 to 17 March 2017. External debt statistics is a key component that feeds into the compilation of the BOP and IIP statistics.

National Accounts Statistics

The revised national accounts questionnaires were completed and submitted to ECCU CSOs. The ECCB also provided technical assistance to the CSOs in implementing the recommendations of the 2008 SNA that were applicable to the ECCU; updating the classification system for national accounts to ISIC Rev. 4; and improving their estimates on the Expenditure of the GDP in current and constant prices.

ECCB AND OECS COMMISSION MEMORANDUM OF UNDERSTANDING

The ECCB and the OECS Commission signed a Memorandum of Understanding on 22 November 2016, establishing a more effective framework for collaboration that will provide stronger coordination and partnership in order to increase effectiveness and development impact in the OECS. This collaboration covers the following areas:

a. Macroeconomic Policies;

b. Information and Communication Technologies (ICT);
c. Economic Statistics;
d. Financial Sector Development;
e. Economic Union: Single Financial Space;
f. Fiscal Policy;
g. OECS Development Strategy;
h. Trade Policies;
i. Social Statistics;
j. Communication; and
k. Private Sector Development.

OECS BUSINESS COUNCIL (OBC)

The OECS Business Council (OBC), which was incorporated in St Kitts and Nevis in 2012, was established to serve as a representative body for the private sector in the OECS.

During the year, the ECCB continued to provide administrative and technical support to the OBC. The OBC partners with the OECS Commission and the ECCB on issues affecting the private sector in the ECCU, with the goal of finding solutions that would facilitate growth.

Organisational Effectiveness

The Strategic Planning and Projects Department was established to provide a focal point for the planning and development of the Bank's strategic priorities.

Transforming the Eastern Caribbean Currency Union Together

ECCB Strategic Plan 2017 - 2021

Within the current and future context, characterised by economic uncertainty, technological disruptions, rapid evolution towards a globally integrated economy and fiscal challenges faced by member governments, the Bank is developing the Strategic Plan 2017-2021.

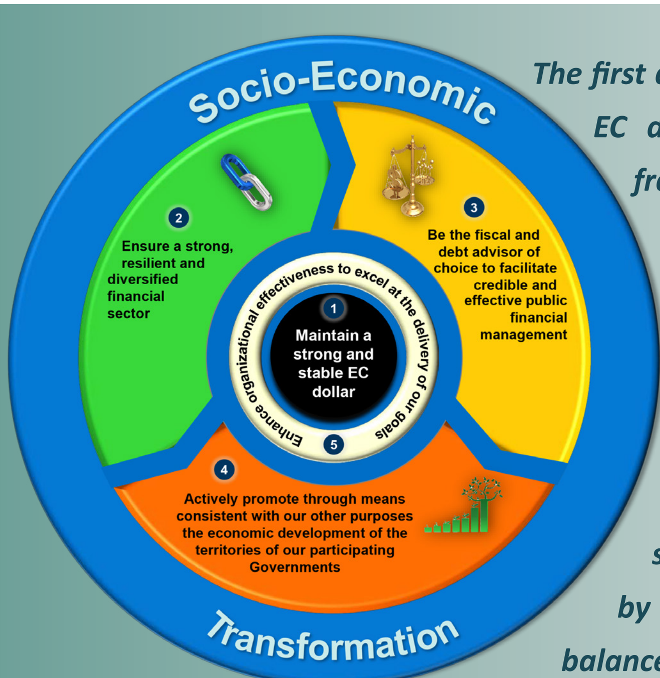
The Plan sets out the Bank's vision for the next five years and focuses on goals that are needed to better reflect the expression of the Bank's mandate and provides strategies to guide the accomplishment of these goals over the coming years.

The Bank coordinated the in-house development of the Plan and its refinement in collaboration with an external consultant.

Strategic Planning and Projects Department (SPPD)

The Strategic Planning and Projects Department was established to provide a focal point for the planning and development of the Bank's strategic priorities.

The responsibilities of the department include strategic policy development and monitoring, policy counsel to the Bank's leadership, policy formulation and coordination, project management and coordination of the Bank's financial and economic developmental initiatives.



The first and principal goal to maintain a strong and stable EC dollar is the foundation pillar of the strategic framework and is intimately connected to success in the other three goals encompassing: the ECCU financial sector, economic development and member governments' fiscal affairs. The fifth goal relates to the internal capacity of the ECCB to excel in the delivery of the strategy. These five goals are formulated to contribute to the socio-economic transformation of the ECCU region by facilitating sustainable economic expansion in a balanced, inclusive and integrated manner.

The Office of Risk Management was established to implement an Enterprise Risk Management Framework. A Chief Risk Officer was appointed in September 2016, to lead this initiative.

OFFICE OF RISK MANAGEMENT

The international financial landscape has undergone significant changes in recent years which have heightened the importance of robust risk management regimes within organisations to mitigate the attendant risks in the global operating environment. Traditional risk management practices, where risk was primarily viewed as a series of single elements to be addressed individually, gave rise to the creation of silos within organisations and detracted from the overall achievement of strategic objectives. In response to these shortcomings, companies have adopted an Enterprise Risk Management approach. The intention is to develop a holistic view of the most significant risks that can deter or otherwise negatively impact the achievement of the entity's key objectives.

In response to this paradigm shift, an Office of Risk Management was established to implement an Enterprise Risk Management Framework. A Chief Risk Officer was appointed in September 2016 to lead this initiative. This separation of the risk function is in line with international best practices and facilitates greater efficiency in meeting the Bank's objectives.

This new focus on risk management extends to the Board of Directors. Consequently, the role of the Board Audit Committee was expanded to include oversight of the Enterprise Risk Management functions and the Charter was updated to reflect the added responsibilities. The Board Audit subcommittee was renamed the Board Audit and Risk Committee, (BARC) indicative of the increased focus.

As part of the mandate for the development of the Enterprise Risk Management Framework, the Chief Risk Officer has responsibility for leading various initiatives including:

- The development of a concise Risk Appetite Statement with clearly defined risk tolerances to guide the risk management operations throughout the Bank. This would be supported by clearly defined roles within the governance structure to support the Risk Management Framework at all levels including, Board of Directors, Executive Committee, Department Heads, management and operational staff;
- Oversight of the Disaster Recovery and Business Continuity Management Programme;
- Facilitating training sessions in risk management at all levels; and
- The development and implementation of appropriate tools and methodologies for risk measurement and reporting.

In formulating the Bank's Risk Appetite, requisite attention is given to the inherent risks associated with the broad areas of monetary policy, financial sector stability, management of the Payment and Settlements System and the daily operational tasks undertaken to support these functions.

It is recognised, however, that a culture of aggressive risk avoidance could potentially stifle the progress of the institution and erode the Bank's ability to achieve its overall objectives. Consequently, being cognisant of the need to take appropriate risks, the Risk Management Framework emphasises highly effective risk management responsibilities at all levels of the institution.

Three broad categories of risk have been identified and articulated in the Risk Appetite Statement namely: Strategic, Financial, and Operational, which are further divided in multiple sub-categories. The effective management of the various risks, as identified, is reliant on detailed policies, processes and procedures as defined and documented.

Monitoring and reporting are also vital elements of the framework to ensure that the practices remain in accordance with international best practices and applicable to the prevailing operating environment.

During the year, the Chief Risk Officer spearheaded the following activities as part of the Enterprise Risk Management implementation programme:

- A review of the Bank's corporate governance structure to ensure that the necessary infrastructure is in place to support effective risk management at the Bank;
- The administering of a Bank-wide Risk Awareness Survey and follow-up risk awareness orientation sessions with all departments;
- A revamping of the role of Surveillance Officers within departments to adopt a more risk-based approach. As a result, the designation was changed from Surveillance Officers to Risk Liaisons;
- A one-week training session for select staff across the Bank, along with representatives from ECCU commercial banks, in Enterprise Risk Management and Disaster Recovery and Business Continuity Management; and
- The completion of a one-week training attachment at the Office of Risk Management of the CDB.

Mr Allen Keele, facilitator, and participants of the one-week training session on Enterprise Risk Management and Disaster Recovery and Business Continuity Management which was held at the ECCB Headquarters from 20 - 24 February 2017

INTERNAL MANAGEMENT

At its meeting of 9 June 2016, the Board Audit and Risk Committee (BARC) approved a three-year Strategic Plan and Revised Charter for the Internal Audit Department (IAD) which reflected a full assurance arrangement. The Strategic Plan and Revised Internal Audit Charter took into consideration the recommendations arising from the external quality review done by the KPMG and the Update Safeguards Assessment conducted by the IMF during the latter part of the 2015/16 financial year.

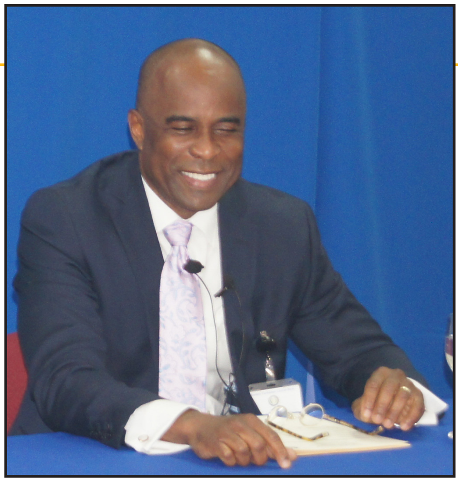
As the Bank continued on the path of aligning the activities of the department with international best practices, all operational activities previously carried out by the IAD were reassigned to other areas within the Bank to allow the IAD to place greater focus on the function of assurance in keeping with its Revised Charter. The reassignment was necessary to ensure that there was no threat to the independence of the department.

During the financial year the IAD completed the following audits:

- The Human Resource Department's effectiveness in providing value added services to the Bank;
- The Research Department's effectiveness in producing timely and effective policy advice to member governments;
- Agency Office operations in three of the seven ECCB member countries, specifically as it related to the issue and redemption of currency; and
- A follow-up audit of the Bank Supervision Department.

ECCB Launches Distinguished Alumni Series

Dr Oral Williams, lecturer, ECCB inaugural Distinguished Alumni Series



Dr Oral Williams, Deputy Division Chief, International Monetary Fund (IMF) delivered the first lecture when the ECCB launched its Distinguished Alumni Series in October 2016.

The programme provides an important avenue for staff members' professional development, affording them an opportunity to learn from ECCB alumni who have distinguished themselves through practice and experience in the fields of Economics, Research and Banking.

The central purpose of the programme is to strengthen ties with the Bank's alumni, while enhancing staff members' learning experience and improving the Bank's service to its member countries.

View Dr Williams' lecture

Dr Williams spoke on: "Economics and the Art of Self Awareness."

ECCB Joins Reserve Advisory and Management Programme (RAMP)

ECCB team meets with officers from RAMP to discuss the Bank's membership in that reserves management body

Returning the Bank to profitability is a key goal under the Bank's strategic priority of Enhancing Organisational Effectiveness. Achieving this goal necessitates a review of the Bank's risk tolerance as it relates to management of the Bank's foreign reserve portfolio since over 90.0 per cent of the Bank's income is derived from this activity.

The process by which risk tolerance is analysed and implemented in portfolio benchmarks is called Strategic Asset Allocation (SAA). It is critical that this process be executed in accordance with the ECCB's mandate to preserve capital, within the context of best practices.

The World Bank Treasury provides advisory services and training to official sector investment managers including central banks, sovereign wealth funds, public pension funds and international organisations through the Reserves Advisory and Management Programme (RAMP).

The technical assistance provided by The World Bank under RAMP is comprehensive and all areas of the reserve management function will benefit. Beyond the technical expertise required to review the benchmark, participation in RAMP will strengthen the following areas of the reserve management function:

- Governance
- Portfolio Management
- Risk/Performance Reporting
- Accounting
- Audit and Operational Risk
- Evaluation of external asset managers
- Information Technology

As a member of RAMP the Bank will also benefit from on-going support via communication with The World Bank Treasury team in different areas of reserve management.

Executive Committee and managers at leadership and development training Session - November 2016

HUMAN RESOURCE DEVELOPMENT

Over the year, the Human Resource Department (HRD) increased its focus in the areas of recruitment, training and development, laying the foundation for a modern HR Strategy, policy enhancement and compliance, compensation and benefits management. The HR Committee which includes top level management, was established to support this effort.

HR Consultancies

The Bank is committed to developing the human resource function to ensure that its human resource is managed through best practices. To this end, the Bank approved the engagement of three HR consultancies in the areas of: Leadership and Development, Modern HR Strategy Development and Performance Management. Terms of Reference were formulated for the three consultancies. The tender for a modern HR Strategy Consultancy was advertised, applications were received and the process is currently at the shortlisting stage. The Performance Management Consultancy is expected to be undertaken in the upcoming year.

Recognising that effective leadership is paramount to the optimal performance of staff within the Bank, the services of World International Action Learning (WIAL) consultant, Mr Verieux Mourillon, was engaged as principal consultant in collaboration with Dr Ruby Brown, to conduct leadership and development training. A phased approach in leadership development within the bank, was adopted and commenced in November 2016. An initial cohort of 38 managers responsible for strategic, tactical and operational direction, was equipped with the necessary mentoring and coaching skills. The training is scheduled to be completed by the end of July 2017.

Training and Development

The ECCB increased its thrust towards providing quality training opportunities for staff. Approval was granted for 51 Management Initiated Training Programmes.

The programmes focused mainly on providing professional development in the areas of: Bank Supervision and Regulation, Macroeconomics, Statistics, Internal Audit and Research. Staff also attended various regional meetings and conferences, which provided additional opportunities for networking and the exchanging of ideas.

Recruitment and Selection

In order to ensure that departments were manned adequately, the recruitment and selection of candidates with the best fit to fill critical staffing gaps was given high priority. Twelve recruitment exercises were undertaken during the period which resulted in 25 new staff members being welcomed into the ECCB family. As at 31 March 2017, the Bank had a staff complement of 208 employees.

Policy Enhancement and Compliance

A comprehensive review of the Staff Regulations (November 2006) was undertaken. This resulted in the approval of Revised Staff Regulations in keeping with best practices. To ensure optimal individual and organisational performance, the Bank continued to support the needs of the staff in achieving a work-life balance by introducing a flexi-time policy.

To ensure optimal individual and organisational performance, the Bank continued to support the needs of the staff in achieving a work-life balance by introducing a flexi-time policy.

Compensation and Benefits

The HRD was actively involved in the review of benefits which were deemed essential for the well-being of the Bank's human resource.

Effective July 2016, the Bank approved the initiative for retirees to continue on its Group Health Insurance Plan. The initiative provides an increased benefit to the Bank's retirees and makes available an additional option for healthcare.

STAKEHOLDER ENGAGEMENTS

ECCB Connects: Who we are, What we do and How we serve you!

As part of the thrust to provide the public with a better understanding of the role and functions of the ECCB and how its work affects their lives, the Bank launched its weekly programme, *ECCB Connects* in April 2016.

The programme is aired in seasons which run for three consecutive months with new prgrammes released on Wednesdays. As at 31 March 2017, 43 programmes had been released on the Bank's YouTube channel and Facebook page. The topics covered included:

- How the ECCB Issues and Manages EC Currency;
- Steps to Bank Resolution;
- How the Work of ECCB Economists Impacts the Lives of the People of the ECCU;
- Correspondent Banking Relations;
- Banking Products and Services;
- Counterfeiting;
- Electronic Payments System;
- How the ECCB Regulates and Supervises Financial Institutions.

Find us on Facebook

Subscribe to our YouTube Channel

Country Outreach Visits

Country outreach programmes were coordinated as part of the Bank's new thrust to deepen its stakeholder communication through more focused engagement and discussions. The Governor travelled to the eight ECCB member countries to meet with the Heads of State, Cabinets, Leaders of Opposition, Chambers of Commerce, social partners and the media to share the Vision for the ECCB.

27th Annual Conference With Commercial Banks

The conference was held from 10 - 11 November 2016 under the theme, "The Way Forward: Commercial Banks in a New Environment." Representatives from commercial banks and non-bank financial institutions from the eight ECCB member countries attended and participated in relevant and timely discourse pertaining to the advancement of the banking sector within the sub-region. The topics covered included:

- De-risking: Impacts and Solutions
- Basel II and IFRS 9: Where are we?
- Credit and the Macro-environment

Financial Information Month 2016

The theme for Financial Information Month (FIM) 2016 was: "COPE: Create. Optimise. Pursue. Embrace. Opportunities." The theme issued a challenge to the citizens and residents of the ECCU to create and optimise opportunities by taking full advantage of what is available and possible. One of the key highlights of the month of activities was the 6th Annual Business Symposium and Innovation Forum. The symposium was held on 6 October, with transmission via videoconference

The topics and presenters were:

- ***Policies to Support the Rise of the Creative Industry in the OECS*** - Mr Dave Cox, Creative Director/Publisher, *Caribbean Bride; and*
- ***Improving the OECS Business Climate*** - Mr Jose Rosa President, St Kitts Nevis Chamber of Industry and Commerce, and General Manager, Kajola Kristada Ltd.

Financial and Business Training

The ECCB is committed to arming the people of the ECCU with the knowledge to help develop their entrepreneurial and financial management skills. During the year, emphasis was placed on small business development. Workshops for small business owners were held in four of the eight member

Governor Antoine addresses participants of a Small Business Workshop in St Vincent and the Grenadines - June 2016

COMMUNITY OUTREACH

The ECCB's community outreach initiatives are designed to foster development within the ECCU through advocacy and support, capacity building, collaboration and information sharing.

21st Sir Arthur Lewis Memorial Lecture

"The Gig Economy, Secular Stagnation and Sir Arthur Lewis"

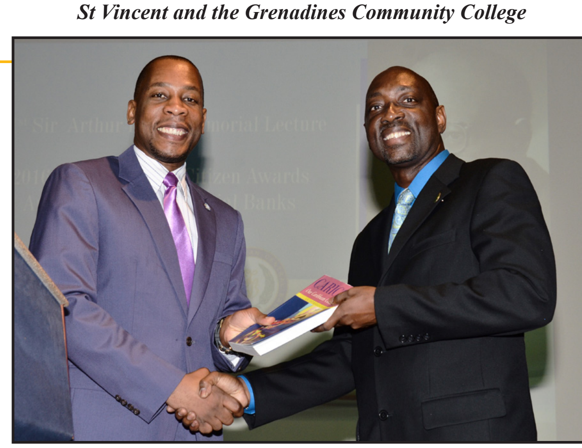
Professor Avinash Persaud delivers the 21st Sir Arthur Lewis Memorial Lecture - 9 November 2016

Professor Avinash Persaud, non-executive Chairman of Elara Capital PLC and Intelligence Capital Ltd in the UK and Emeritus Professor of Gresham College, UK delivered the 21st Sir Arthur Lewis Memorial Lecture at Sir Cecil Jacobs Auditorium, ECCB Headquarters on 9 November 2016.

In his lecture, Professor Persaud articulated how the ideas of Sir Arthur Lewis laid the foundation for understanding global development in the 21st Century and the new gig economy. The lecture gave insights into how what are often seen as current events, were foretold in Sir Arthur Lewis' tale of growth under unlimited supplies of labour, long before the internet was even imagined.

This year, a Question and Answer segment was added, giving the audience the opportunity to engage the lecturer after his presentation. Following the lecture, Governor Antoine, presented the 8th Annual Sir Arthur Lewis Memorial Book Award to Mr Nigel Scott, Principal of the St Vincent and the Grenadines Community College. The book award is presented annually in alphabetical order to a selected college in the respective ECCB member country. This gesture accords the college the opportunity to select publications for its library collection.

Professor Persaud engages in discussion with high school students after the lecture



Governor Antoine, presents the 8th Annual Sir Arthur Lewis Memorial Book Award to the Mr Nigel Scott, Principal of the St Vincent and the Grenadines Community College

ECCU Best Corporate Citizen Award

The Republic Bank (Grenada) Limited was awarded the 2016 Best Corporate Citizen Award Among ECCU Commercial Banks for its outstanding contribution to the overall development and welfare of the people of Grenada.

The Republic Bank (Grenada) Limited also received the Good Corporate Citizen Awards for Cultural Development, Educational Development, Environmental Awareness and Sports.

General Manager of the Republic Bank (Grenada) Limited, Mr Keith Johnson receives the 2016 Best Corporate Citizen rotating plaque from Mrs Hilary Hazel, Financial Secretary, Ministry of Finance, St Kitts and Nevis and ECCB Board Member

The other banks which received Good Corporate Citizen Awards were:

- National Bank of Dominica, Ltd, which received the Good Corporate Citizen Awards for Customer Service and Financial Education and Empowerment; and
- Antigua Commercial Bank, which was presented with the Good Corporate Citizen Award for Community Outreach and Social Services.

Mrs Hilary Hazel, Financial Secretary in the Ministry of Finance, Government of St Kitts and Nevis and ECCB Board Member, presented the awards at the ceremony which was held on 9 November. ***View awards ceremony***

OECS/ECCB Under-23 Netball Tournament

Team Grenada emerged as the 2016 OECS/ECCB Under-23 Netball champions after a spirited battle with four other teams: Commonwealth of Dominica, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines.

As part of its corporate responsibilty, the ECCB has been sponsoring this regional tournament since 1991. The Bank collaborates with the OECS Commission to host the tournament across its member countries. The 2016 championship was held in St Vincent and the Grenadines. In addition to the competitive aspect of the tournament, the young netballers participated in a professional development session.

Other ongoing community outreach initiatives undertaken during the year were the ECCU Mentorship Programme and the OECS Essay Competition.

INFORMATION STORAGE AND DISSEMINATION

SAP Enterprise Resource Planning (ERP) and Portal Upgrade

The Bank completed the upgrade of the ECCB, SAP ERP and Portal on 25 November, 2016. The SAP solution, which was installed in 2012, was upgraded to the latest versions of the ERP and portal, using the latest operating systems and databases.

The benefits and enhancements derived from the upgrade were:

- Keeping ECCB on the cutting edge of the technological wave;

- Resolution of existing issues;
- Improved controls;
- Enhanced reporting; and
- New functionalities and automations.

The Statistical Enterprise Solution (SES)

The SES system, which is powered by SAS, supports web-based technology and covers collection, processing, storage and the dissemination of data.

Commercial banks have been submitting the prudential returns through the web-based SAS Portal since 2014; and end users within ECCB have been accessing both raw level and processed data. Development and enhancement of the system are ongoing.

Based on feedback from users and compilers, it was determined that further enhancements to the SAS system were needed. A survey was conducted among the commercial banks, with the ultimate goal of considering enhancement of the data upload process through the SAS Portal, and to better understand the commercial banks' processes for populating the ECCB Prudential Returns.

ECCB to Host XII Intra-Regional Central Banks Games

The ECCB will host the 2018 XII Intra-Regional Central Bank Games under the theme "Embracing Competition, Creating Bonds ICBG 2018" in St Kitts and Nevis over the period 29 March to 2 April 2018.

One objective of the games is to showcase the culture of the Eastern Caribbean by portraying the "Story of Our Islands", through drama, song and dance. The games will feature competitions in basketball, cricket, darts, dominoes, draughts, football, table tennis, netball and volleyball.

ECCB Going Green!

The Bank is embarking on a major environmental preservation initiative - the "Greening of the ECCB Campus Project." The project aims to achieve carbon neutrality. It focuses on: (i) the improvement in energy conservation habits; (ii) the replacement of energy inefficient plant and equipment; and (iii) the generation of electricity from renewable energy. In a subsequent phase, water recycling for some aspects of the Bank's operations would be pursued.

The goal of the project is in line with the Paris Agreement, a United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gases emissions mitigation and adaptation, adopted by consensus on 12 December 2015. It is the objective of the project not only to achieve carbon neutrality, but also reduce electricity cost significantly. It is envisioned that the project will be used as a model for the use of renewable energy across the ECCU.

It is envisaged that the "Greening of the ECCB Campus Project" will be completed in 2018.

Inaugural Meeting With ECCU Commissioners of Police

Front Row: L-R: Mr Trevor Brathwaite - Deputy Governor, Governor Antoine, Mr Ian Queeley, Commissioner of Police - St Kitts and Nevis Second Row: L-R Mr Elliott R Forbes, Deputy Commissioner of Police – Anguilla, Mr Milton Desir, Deputy Commissioner of Police - Saint Lucia, Mr Edwin Martin, Acting Deputy Commissioner of Police – Grenada, Mr Renold Hadaway, Commissioner of Police - St Vincent and the Grenadines, Mr Wendell Robinson, Commissioner of Police - Antigua and Barbuda, Mr Steve Foster, Commissioner of Police – Montserrat, Mr Hilroy Brandy Deputy Commissioner of Police - St Kitts and Nevis

In its thrust to promote collaboration with various stakeholders, the ECCB convened an inaugural meeting with the Commissioners of Police of the ECCB member countries on 2 February 2017 at the ECCB Headquarters.

The key objectives of that engagement were to:

- engender an avenue for information sharing as it related to security matters and criminal activities in the ECCU;
- enhance commissioners' appreciation and understanding of the role and functions of the ECCB; and
- discuss ways to collaborate on opportunities for training and development.

The ECCB team and the ECCU Commissioners of Police discussed the importance of information sharing, communication protocol and crucial security matters and agreed on the following action items:

- Training for a cadre of new police officers in counterfeit detection;
- Development of security protocol to guide ECCB staff traveling throughout the ECCU;
- Provision of monthly updates on crime related matters from the member countries;
- Development of a communication database for sharing of information between the ECCB and the Commissioners' respective offices; and
- Establishment of guidelines and operational procedures that will ensure consistency and maintain a high standard.

The joint meeting between the ECCB and the Police Commissioners will convene at least once a year to continue what is considered critical discourse pertaining to safety and security issues within the ECCU.

Staff and Departments Receive Inaugural S.T.A.R. Awards

Governor Antoine with individual S.T.A.R. Awardees: L-R: Shermalon Kirby-Gordon - Corporate Relations Department, Andrea Peets-Samuel - Currency Management Department, Allison Stephen - Banking and Monetary Operations Department, Zanna Barnard - Research Department and Jevon Wilkin - Support Services and Management Department

On his first day in office - 1 February, 2016 - Governor Antoine declared his desire to forge a new culture within the Bank based on some core values and critical behaviours and he presented to the management and staff the S.T.A.R. mantra, which typifies: Service Excellence, Teamwork and Truth Telling, Accountability, Results.

In keeping with this new trust, the Governor introduced the S.T.A.R. Awards to recognise individual members of staff and the respective departments who exemplify the S. T. A. R mantra.

To determine the individual S.T.A.R Awardees, all members of staff were invited to nominate any member of staff or management, save and except for the Executive Committee. For the departmental awards, all departments were invited to submit nominations for consideration. All nominations were assessed based on a set of criteria.

For the individual category, 15 staff were nominated, while six departments submitted entries. Five individual staff members and two departments received the inaugural S. T. A. R. Awards at the Bank's Annual Staff Dinner held on 10 December 2016.

Governor Antoine with recipients of the Departmental S.T.A.R. Awards: L-R: Lyle Mark - Acting Director, Management Information Systems Department and Shermalon Kirby-Gordon, Acting Director - Corporate Relations Department

Financial Performance

The 2016/17 financial year was a year of recovery for the ECCB as the Bank reported a net profit of $6.3 million.

STATEMENT OF FINANCIAL POSITION

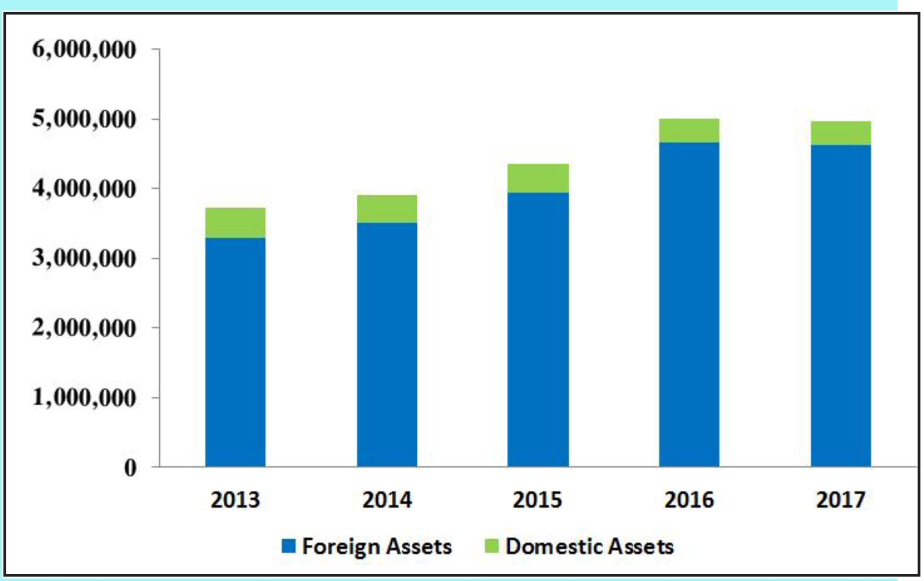
As at 31 March 2017, the Bank's Total Assets stood at $4,971.6 million, a decrease of $32.7 million (0.65 per cent) when compared to the position in the previous year.

The decrease in Total Assets, which was primarily reflected in the Foreign Assets category, was due to a contraction of $31.7 million (0.68 per cent) in foreign reserves. That contraction was mainly attributed to the net sale of foreign currency balances to commercial banks and member governments. Another contributing factor was the depreciation in the market value of foreign securities held within the ECCB's foreign reserve portfolio. The effect of those decreases was offset by the purchase of foreign and regional currency notes from commercial banks and the reinvestment of interest received on foreign assets.

Domestic Assets decreased by $1.0 million (0.29 per cent). The decline was due to a decrease of $15.2 million (27.29 per cent) in Loans and Receivables – Participating Governments' Advances, as member governments repaid short-term loans during the period. Loans and Receivables – Participating Governments' Securities declined by $10.6 million (12.61 per cent) due to instalment payments by member governments on debentures and the Bank's reduction of its holdings of member governments' Treasury Bills during the period. The decrease in the Domestic Assets category was offset by an increase of $21.0 million in Due from Local Banks as a result of the extension of credit to a commercial bank under the Lombard facility.

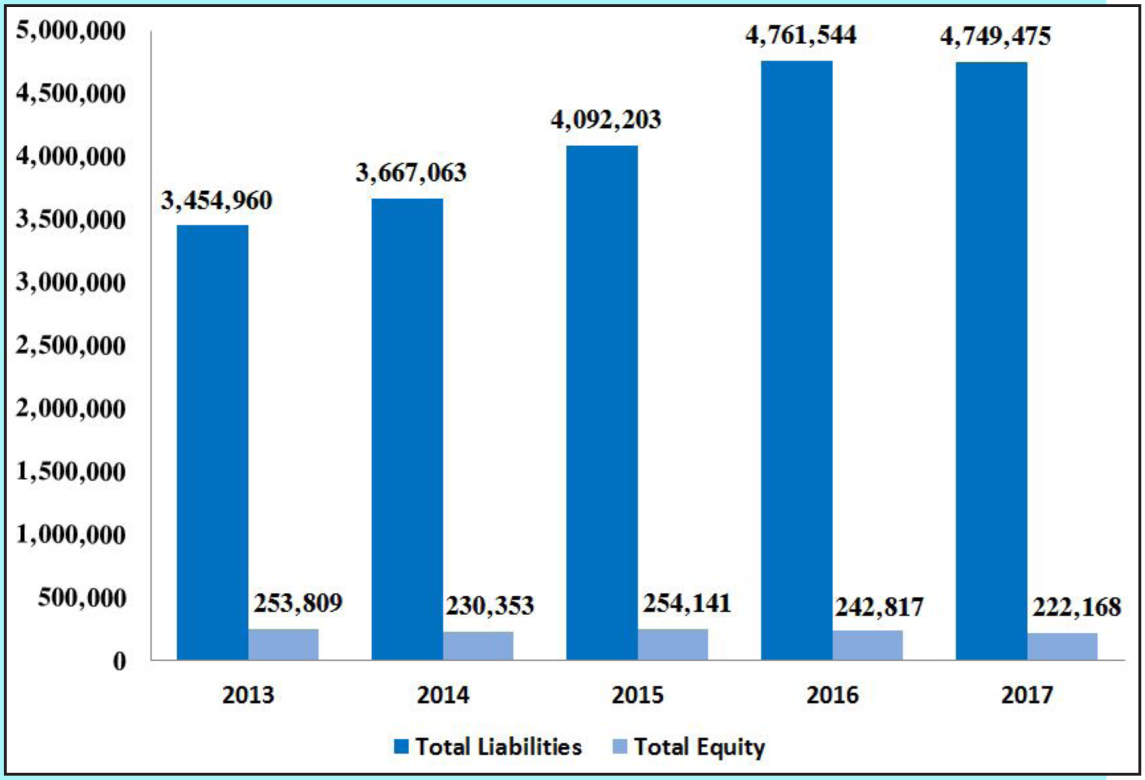
Total Liabilities contracted by $12.1 million (0.25 per cent) over the year. The most significant decreases in this category were reported in Commercial Banks' Reserve Balances, $73.7 million and Participating Governments' Call accounts, $67.7 million. The decreases were offset by increases of $59.4 million in Participating Governments' Debt Restructuring Escrow Account, $45.1 million in Currency in Circulation and $22.6 million in Bankers' Collateral Accounts.

Chart V - Total Assets (EC$'000)



Total Equity decreased by $20.6 million (8.5 per cent), principally due to a decline of $39.5 million (179.06 per cent) in the market value of foreign investment securities as the US Treasury market weakened over the financial year. The effect of the decline was moderated by an increase of $12.0 million (83.24 per cent) in the Pension Fund Reserve due to the recording of actuarial gains on the Bank's Defined Benefit Pension Fund in accordance with International Financial Reporting Standards. Additionally, the General Reserve rose by $6.2 million (5.95 per cent) due to the allocation from net profit in accordance with the ECCB Agreement Act 1983 – Article 6(3).

Chart VI - Total Liabilities and Equity (EC$'000)



STATEMENT OF PROFIT OR LOSS

The 2016/17 financial year was a year of recovery for the ECCB as the Bank reported a net profit of $6.3 million, an increase of $16.3 million (163.12 per cent) compared to the previous financial year where a net loss of $10.0 million was reported.

Operating income for the 2016/17 financial year continued on an upward trend, growing from $61.0 million to $77.5 million, an increase of $16.5 million or 27.07 per cent over the previous year. This performance was largely driven by an increase in interest income on the Bank's foreign reserve portfolio coupled with the recognition of income from banking licence fees and penalties. The performance of the Bank's foreign reserve assets is dependent on the performance of the US economy and the US Treasury market. During the year, there was moderate improvement in interest rates as the Federal Reserve increased the benchmark interest rate in December 2016 and March 2017. This action positively impacted the performance of the Bank's foreign reserve assets. Additionally, interest income was positively impacted by reforms in the money market fund industry which became effective in October 2016. These reforms led to reduced demand for certain money market funds which resulted in an increase in money market rates.

Chart VII - Net Profit /(Loss) (EC$'000)

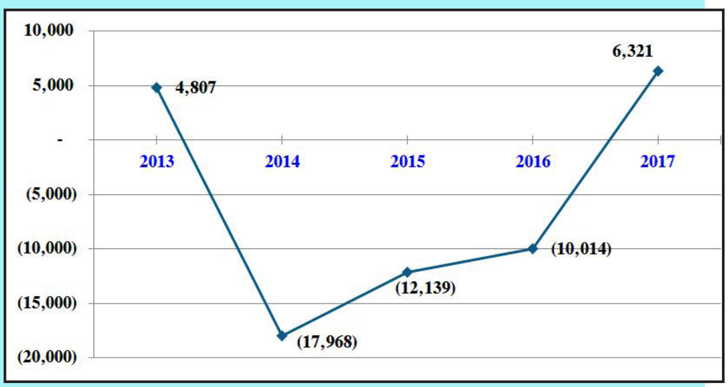
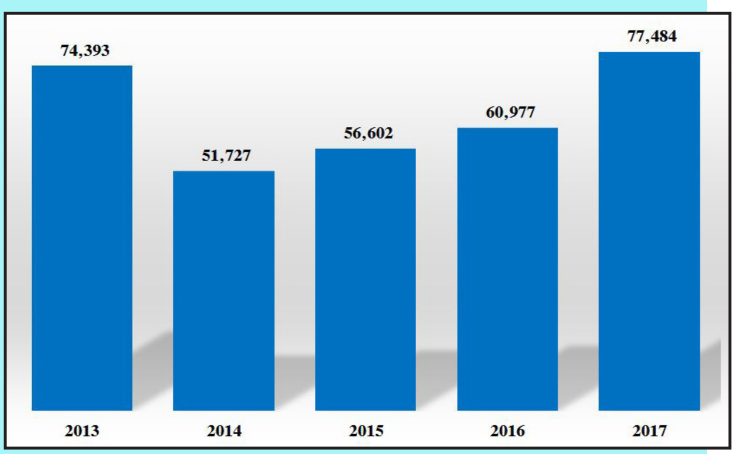
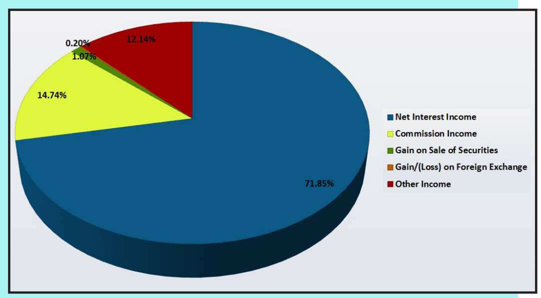


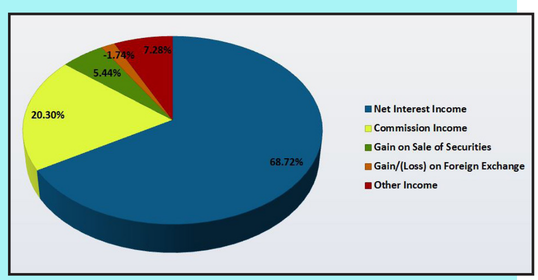
Chart VIII - Operating Income (EC$'0000)



Graph IX - Income Mixed FY 2017



Graph X - Income Mixed FY 2016



Net interest income continued to be the largest contributor to operating income and amounted to $55.7 million, or 71.85 per cent of the revenues earned by the Bank, up from $41.9 million (68.72 percent) in the previous financial year. The improvement was mainly attributed to growth in the portfolio of interest earning assets. Interest income from foreign reserve assets grew by $15.2 million or 44.61 per cent primarily due to growth of $434.5 million (41.36 per cent) in money market instruments and $78.8 million (2.77 per cent) in foreign debt securities, when compared to the prior year. Income from banking licence fees and penalties rose by $5.6 million in accordance with the provisions of the Banking Act, 2015. The increase in operating income was offset by a decrease of $2.5 million in realised gains on disposal of securities as the rise in US Treasury yields during the latter half of the financial year resulted in a decline in bond prices and a reduction in realised gains on the sale of foreign securities.

Operating expenses for the 2016/17 financial year totalled of $72.1 million, an increase of $0.1 million or 0.11 per cent over the 2015/16 financial year. The increase was due to upsurges in administrative and general expenses and staff costs of $2.2 million and $1.1 million, respectively. This was offset by a $2.9 million reduction in currency expenses.

Chart XI - Net Interest Income (EC$'000)

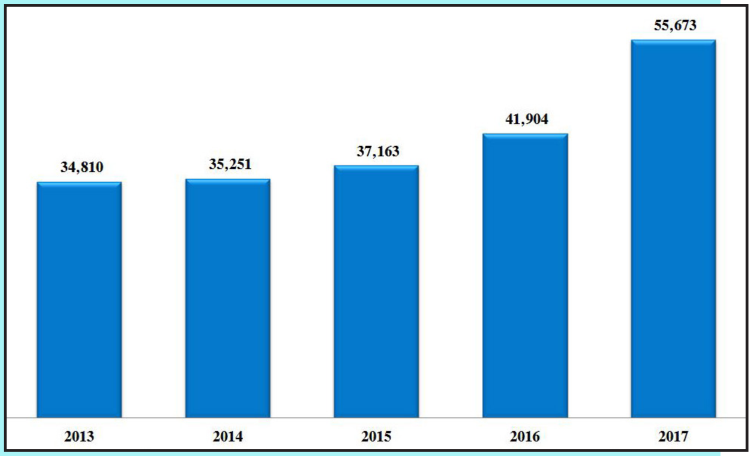
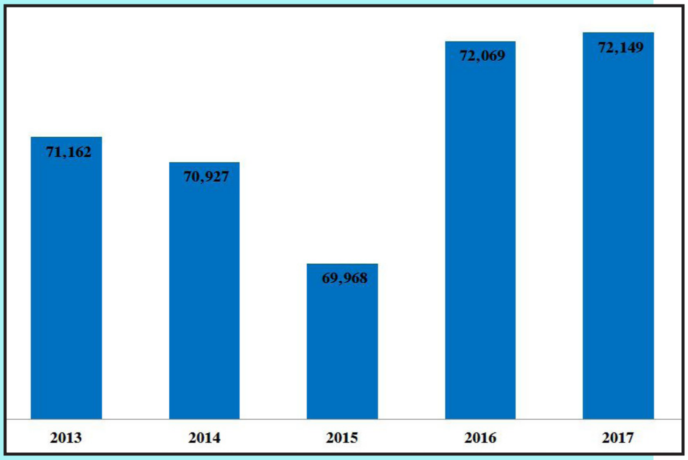


Chart XII - Operating Expenses (EC$'000)



Corporate Governance Framework

The Eastern Caribbean Central Bank is cognisant that Good Corporate Governance is critical to the success of any organisation.

The ECCB is cognisant that Good Corporate Governance is critical to the success of any organisation. The Bank is committed to ensuring that this attribute is enshrined in the conduct of its operations.

The Bank's corporate governance framework is upheld by the following pillars:

- Firm foundation for management and oversight;
- Proactive and sound risk management and internal control;
- Integrity in financial reporting;
- Code of Conduct that endorses ethical values; and
- Reciprocal relationship with stakeholders.

The Corporate Governance Framework is guided by the following:

- The ECCB Agreement, 1983;
- The Corporate Governance Principles for the Organisation of Eastern Caribbean States (OECS);
- The Legal and Regulatory Framework of the ECCU Member Countries; and
- Changes in local and international practices.

The framework seeks to promote accountability, ensure that appropriate control systems are in place to treat with associated risks, and fosters innovation through critical thinking and development through problem solving.

MANAGEMENT AND OVERSIGHT

In accordance with the ECCB Agreement 1983, the Monetary Council is the highest decision-making body of the Bank.

Monetary Council

The Monetary Council comprises the eight Ministers for Finance of the ECCB Participating Governments. Provision is made in the ECCB Agreement for each minister to designate an Alternate, who shall also be a minister of government, to serve on the Council in his/her absence.

The Chairmanship of the Council is rotated annually among member countries in alphabetical order. The current Chairman, the Honourable Gaston Browne, Council Member for Antigua and Barbuda, assumed the chairmanship on 22 July 2016 following the Handing Over Ceremony to Mark the Change in the Chairmanship of the Monetary Council. Prime Minister Browne will transfer the chairmanship of the Monetary Council to the Council Member for the Commonwealth of Dominica on 21 July 2017.

Members of ECCB Monetary Council and Governor Antoine at Handing Over Ceremony to mark change in Chairmanship of Council, Sandals Grande, Antigua Resort and Spa - 22 July 2016

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

- 85th Meeting of the Monetary Council 22 July 2016;
- 86th Meeting of the Monetary Council 21 October 2016; and
- 87th Meeting of the Monetary Council 2 March 2017.

Board of Directors

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

The Board consists of 10 Directors. Eight are appointed by the Monetary Council upon the recommendation of the respective Participating Governments. These Directors are appointed for a three-year term and are eligible for re-appointment in accordance with Article 9 (2) of the ECCB Agreement.

The other two members of the Board are Executive Directors. They are the Governor, who serves as Chairman, and the Deputy Governor. The Executive Directors are appointed for a five-year term and are eligible for re-appointment.

During the financial year, two new members were welcomed to the Board of Directors: Mr John Skerritt of Montserrat to serve from August 2016 and Ms Cointha Thomas of Saint Lucia to serve from October 2016.

The Board meets at least once every quarter in a calendar year. During the year, the Board convened five meetings. Five Directors at any meeting constitutes a quorum.

Three subcommittees assist with the work of the Board:

1. Board Audit and Risk Committee;
2. Board Investment Committee; and
3. Board Budget and Human Resources Committee.

The Governor

The Governor serves as chairman of the Board of Directors. As Chief Executive Officer of the Bank, he is responsible to the Board for the implementation of the Bank's policies and the day to day management of the institution. He attends all meetings of the Monetary Council.

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

The Deputy Governor

The Deputy Governor supports the Governor in his duties, and exercises the powers, duties and responsibilities of the office during the absence or disability of the Governor.

Executive Committee

The Executive Committee, which comprises the Governor and Deputy Governor, has the overall responsibility for the internal controls and risk management of the Bank. The Committee continues to guide the system of internal control and ensures that the Bank's policies are carried out by the various departments, each of which is headed by a senior director or a director.

During the year, the Bank completed its "Guidelines for the Succession of Governor and Deputy Governor." The Monetary Council approved the guidelines at its March 2017 meeting.

RISK MANAGEMENT AND INTERNAL CONTROL

As part of the transformation of the audit function, the recently formed Office of Risk Management, which is headed by the Chief Risk Officer (CRO), is charged with the responsibility of developing, implementing and maintaining an Enterprise Risk Management Framework for the Bank in accordance with international standards. The CRO reports directly to the Governor on matters related to risks.

In keeping with current leading practices and based on the recommendation from the report of the IMF Safeguards Assessment, in January 2017 the Board Audit Committee was renamed the Board Audit and Risk Committee. The Board Audit and Risk Committee continues to provide guidance to the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, risk management and monitoring compliance with laws and regulations and the code of conduct. Specific to the work of the Committee, consultations are conducted with the Bank's directors and officers, and with the internal and external auditors as deemed necessary.

External Auditors

An external auditor is appointed by the Board of Directors from a list of auditors approved by the Monetary Council. The selection is done through a process of tendering and due diligence review. The auditor selected serves for a period of three years.

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

The auditing firm of KPMG was appointed on 1 April 2013 to serve as the external auditor for the Bank.

INTEGRITY AND FINANCIAL REPORTING

Disclosure and Transparency

In keeping with international standards, the Bank publishes statements of assets and liabilities monthly and audited financial statements by the end of June each year in accordance with statutory requirements. Transparency practices are published on the Bank's website.

Compliance With International Financial Reporting Standards

The Bank has been in compliance with International Financial Reporting Standards (IFRS) since the beginning of the 2004 financial year.

In February 2017, the Bank hosted a workshop on IFRS 9 Financial Instruments. The new financial reporting standard, IFRS 9, takes effect on 1 January 2018 and sets out the requirements for recognising and measuring financial assets and liabilities. IFRS 9 is the International Accounting Standards Board's replacement of International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement.

CODE OF CONDUCT

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

- The Eastern Caribbean Central Bank Corporate Governance Charter
- S. T. A. R. Mantra
- Flexi-time and Punctuality Policy
- Conflict of Interest Policy
- Media Relations Policy
- Information Systems and Security Policy
- ECCB Staff Regulations
- Training and Staff Development Policy
- The ECCB's Guide – Protocol, Diplomacy and Etiquette
- The ECCB's Guide – Effective Communication
- The ECCB's Guide – Successful Meetings and Events Management
- Energy Management Policy

HUMAN RESOURCE MANAGEMENT

The Bank is subject to the labour codes and laws of each of its member countries. The oversight of the Bank's human resources is delegated to the Human Resource Department. The management of human resources is informed by polices and guidelines which conform to international conventions and standards pertaining to human rights, equal employment opportunity and working conditions.

As part of the Bank's reformation, a Human Resource Committee was established to provide additional support to the human resource function.

RELATIONSHIP WITH STAKEHOLDERS

Corporate Social Responsibility

The ECCB recognises its corporate social responsibility to the people of the region. The Bank's continued efforts to expand its public relations and community outreach programmes is in support of this corporate social responsibility.

Stakeholder Involvement

In its thrust to continually improve its relationship with stakeholders, the Bank convenes a number of networking and consultative meetings throughout the year. These meetings provide a forum for engagement with the public and private sectors and commercial banks on an array of issues that help to inform policy within the ECCB member states.

Chartered Directors Training

In keeping with the Bank's thrust to uphold good governance, the Bank made a substantial investment to ensure the Board members and all heads of department were exposed to the Chartered Directors Programme offered by the Caribbean Governance Training Institute (CGTI). Upon completion, the participants received the certification of Chartered Directors.

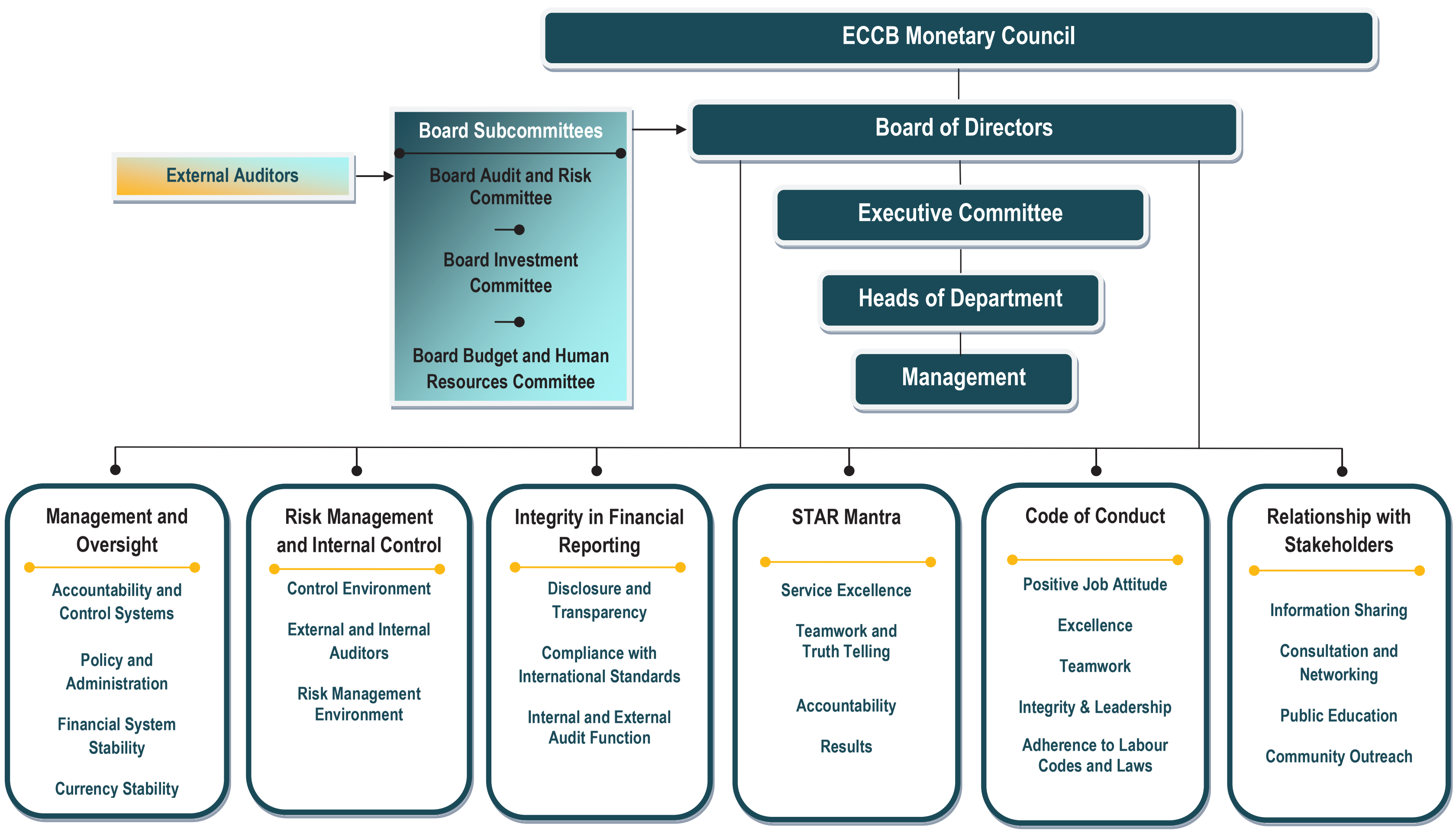
The CGTI's Chartered Director programme is designed to arm Board members with a collective understanding of modern governance practices and processes.

The areas covered during the training were:

- The Principles of Great Governance;
- Board Roles, Responsibilities, Accountabilities and Boardroom Culture;
- Financial Oversight by the Board;
- Strategic Thinking versus Strategic Planning;
- Risk Management; and
- Board and CEO Succession.

Governor Antoine receives his Chartered Director certificate from CGTI's Executive Chairman, Dr Chris Bart

ECCB Corporate Governance Framework



Areas of Focus 2017 - 2018

The Bank embraces the new financial year with renewed optimism and a sense of determination as it continues to provide the citizens of the currency union with the highest quality services in line with international best practices.

MONETARY STABILITY

Macroeconomic Surveillance

The Bank will continue to improve its surveillance framework to meet the evolving needs of its member states amidst a changing global environment. This will involve strengthening its human resource capacity in the requisite areas, and in member countries, through upgrading their diagnostic and forecasting competencies to improve policy prescriptions. Continuous improvements will be made to enhance coordination between and among relevant policy-making institutions by formalising the institutional arrangements across the currency union. Furthermore, strong technical capabilities will be developed through frequent training programmes that improve data interpretation and analysis, critical thinking and problem solving skills.

The Bank will also:

- Conduct meaningful and practical research under three strategic priorities: financial stability; fiscal and debt sustainability; and growth, competitiveness, and employment;
- Publish scholarly articles and reports on the Bank's website from the *ECCB Working Paper Series* and the *Economic and Financial Review*;
- Further its collaborations with regional and international partners on applied research and other projects;
- Contribute to the *Caribbean Regional Financial Stability Report* published by the Caribbean Centre for Money and Finance;
- Provide technical support to the member governments in the preparation and monitoring of financial programmes and debt sustainability analysis geared toward fiscal stabilisation and debt management;
- Participate in technical missions to member states and provide advice on policy matters through the production of Policy Briefs and Sector Briefs;
- Assist member governments in their preparation for missions of international organisations, e.g. the IMF and The World Bank, and participate in these missions by providing back-up support to the governments and technical advice to the organisations;
- Prepare joint reports for the member countries using the Financial Programming and Debt Sustainability Analysis Reporting Framework and assist member countries in the preparation and implementation of fiscal and debt management programmes;
- Collaborate with other regional and international institutions, e.g. the CDB, IMF and CARTAC on projects related to the economic development of the member countries;
- Monitor and analyse developments for the ECCU, as a whole, in order to promote the establishment of an OECS Economic Union; and
- Contribute to the development of junior economists in the region through the annual internship programme in collaboration with CARTAC and the University of the West Indies and the De La Rue Programme.

Reserve Management

The Bank will work with The World Bank to accomplish the following:

- Upgrade the Investment Policy for management of the Bank's foreign reserves;
- Examine the existing foreign reserve tranche structure to determine the optimal tranche structure for the Bank;

- Review the existing benchmark used for the management of the foreign reserves in keeping with the Strategic Asset Allocation (SAA) process;
- Revise existing Investment Guidelines to be used in the management of the foreign reserves; and
- Develop an external portfolio manager framework with the objective of enhancing the selection and supervision of the ECCB's portfolio managers.

Currency Management

The Bank will continue to focus on maintaining the integrity of the EC dollar. The following are the planned initiatives to support this work:

- Train and certify law enforcement officers to differentiate genuine and counterfeit EC banknotes;
- Training in 'Know Your Money' for cash handlers in the ECCB member countries to improve business relations;
- Continue to review the security features of the EC banknotes so as to preserve the integrity of the currency;
- Examine the feasibility of isuuing polymer currency notes; and
- Incorporate leadership training and development for staff to align with the Bank's strategic priorities.

FINANCIAL SECTOR STABILITY

Bank Supervision

The following will be pursued:

- Facilitating the modernisation of the financial system through an enhanced legislative and supervisory framework in keeping with international standards and best practices;
- Engaging in policy development towards ensuring systemic stability and the efficacy of the enhanced regulatory and supervisory framework;
- Ensuring that financial stability is maintained through the revision and development of key standards and procedures which would serve as a tool to guide licenced financial institutions;
- Expediting efforts towards the amalgamation of the banking sector, as per Point 7 of the ECCU Eight Point Stabilisation and Growth Programme;
- Executing the comprehensive resolution strategy and technical assistance programme for strengthening the resilience of the ECCU financial system;
- Implementating an effective resolution mechanism comprising financial safety nets, including explicit deposit insurance and the full operationalisation of the ECAMC; and
- Enhancing the monitoring of threats to financial system stability at the macro and micro level and implementation of risk-mitigating measures.

Commercial Banks' Prudential Returns

The following are scheduled:

- Completing and circulating to all banks in the ECCU, the revised prudential returns, manual of instructions, and the financial institutions registry;
- Organising of a workshop with commercial banks to discuss additional changes to prudential returns in mid-2017; and
- Liaising with banks and their software providers to explore and adopt ways which will minimise manual data entry of revised returns.

Legal Services

The Bank intends to pursue the following initiatives in keeping with its vision for a strong and resilient financial system and for the development of the single financial and economic space:

- *Banking Act* – Proposed amendments to the Banking Act will be finalised for enactment by member territories. Banking (Licensing) Regulations to be issued under the Act have been prepared for issuance by member territories;
- *Amendments to AML/CFT Legislation* – Complete the drafting of amendments to the AML/CFT legislation to transfer legal authority for AML/CFT for financial institutions licensed under the Banking Act from the national regulators to the ECCB;
- *Realisation of Mortgage Collateral – Reform of Land Registration Process and Foreclosure Processes and Procedures;*
- Proceed with the commissioning of legislation to give effect to recommendations emanating from the report of a Foreclosure Committee established in 2014 to reform the land registration systems and the foreclosure processes and procedures; and
- *Eastern Caribbean Appraisal Institute* – Conduct consultations on the draft Bill and Agreement to establish the Eastern Caribbean Appraisal Institute Agreement.

FINANCIAL SECTOR DEVELOPMENT

FIRST Project for the Diversification of the ECCU Financial System

- The Bank will collaborate with the Eastern Caribbean Securities Exchange (ECSE) and the Eastern Caribbean Securities Regulatory Commission (ECSRC) to assess the current legal and regulatory framework that governs SMEs participation on the securities market. This will include assessing the current ECSE Entry Level Tier Market and evaluating the viability of a reformulated framework for increasing access to capital for SMEs, volumes and market activity on the securities market; and
- The Bank will collaborate with the ECSRC to conduct a thorough review of the Collective Investment Schemes (CIS) legislation to identify deficiencies, prepare detailed recommendations regarding areas for enhancement/amendments, and draft revised CIS legislation that is compliant with international standards.

German Savings Banks for International Cooperation Project

- The Bank will collaborate with the German Savings Bank for International Cooperation Project (SBFIC) project manager to conduct the first set of capacity building workshops during the second quarter of 2017, in Saint Lucia. The workshops will focus on corporate lending activities for lending institutions, and financial literacy for small and medium enterprises (SMEs).

Access to Credit and Other Financial Services

The Bank will:

- Collaborate with The World Bank and member countries to operationalise the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) to increase access to finance by SMEs. This will also include the development of a framework for regulation and supervision of the ECPCGC by the ECCB;

- Work with member countries to develop a Model Insolvency Law (MIL) that can be adopted in all ECCU jurisdictions. The MIL will also assess the suitability of a Model Secured Transaction Law for the ECCU, and facilitate the implementation of a regional secured transactions initiative if deemed appropriate; and
- Undertake further research and analysis on the concept of a Regional Development Financial Institution to support growth and transformation of the ECCU's private sector within the context of a single financial and economic space.

Establishment of a Single Financial Space

- In collaboration with the OECS, the Bank will finalise an action plan for the implementation of the single financial space across the currency union over an established timeframe.

Deposit Insurance

- The Bank, in collaboration with the technical working group, will prepare a policy paper on the establishment of a Deposit Insurance Fund for the ECCU Financial System and coordinate the drafting of deposit insurance legislation for the ECCU, based on the Monetary Council's policy selection and approval.

ECCU Credit Bureau

In collaboration with the ECCB's technical working group, the Bank will accelerate the establishment and operationalisation of an ECCU Credit Bureau with particular attention on the following:

- Follow up with member territories on the passage of the Harmonised Credit Reporting Bill and Regulations;
- Finalise the Request for Proposal (RFP) process;
- Finalise and implement the process for selection of a credit bureau operator;
- Coordinate the requests for training for the credit bureau regulator; and
- Assist with the conduct of industry and public education.

Single Insurance and Pensions Market Project and Eastern Caribbean Financial Services Commission

The ECCB will continue to support the Single Insurance and Pensions Market Project (SIPMP), and the establishment of the Eastern Caribbean Financial Services Commission (ECFSC) in line with Goal Three of the ECCB Strategic Plan, to enhance the non-bank financial sector risk management. During the financial year, the following initiatives will be pursued:

- Finalisation of the Commission Agreement;
- Finalisation of Host Agreement and administrative arrangements for the establishment, and operationalisation of the ECFSC Headquarters; and
- Finalisation and passage of the Insurance and Pensions Act and Commission Agreement Act.

FISCAL AND DEBT SUSTAINABILITY

Regional Government Securities Market (RGSM)

- In order to increase the participation of investors on the RGSM, the Bank will assist member governments to develop formal investor relations programmes during the financial year. Efforts will also focus on disseminating information on fiscal and debt indicators through the redevelopment of national websites; and
- As part of the development of the RGSM, market intelligence surveys will be undertaken

across the currency union to support the design and implementation of the Debt Management Strategies.

GROWTH, COMPETITIVENESS AND EMPLOYMENT

Consistent with Goal Five of the ECCB Strategic Plan, which speaks to engaging stakeholders around a regional economic development strategy to foster economic growth and employment, The Bank will undertake the following initiatives:

- In collaboration with the OECS, implement an economic development plan for the ECCU (including regional sector strategies to reduce unemployment at national levels);
- Advocate for, and provide technical support to member states on recommendations for improving MSME access to finance and markets; and
- Consult and provide policy advice to member states on attaining a ranking among the top 50 in *The World Bank Annual Ease of Doing Business Indicators*.

Statistics

- The ECCB will expand the length of the period for external sector statistics compilation to include two-week missions conducted in-country. This will help to ensure that adequate time is allotted for the reconciliation of the previous year's data with the current year's survey, and capacity building of CSO staff;
- Other initiatives aimed at improving the External Sector Statistics include: efforts at improving response rates to the surveys in member countries through awareness campaigns and video conference meetings with staff in the CSOs, to further build capacity in the compilation processes;
- The Bank will continue to provide technical assistance to member states on the compilation of the national accounts statistics;
- Along with other agencies operating in the region such as the CARTAC, Project for the Regional Advancement of Statistics in the Caribbean (PRASC), OECS Commission and CARICOM, the ECCB will provide technical support to the execution of the action plan for the rebasing of the national accounts and expanding the national accounts tables for the member states; and
- Work will also continue on expanding the scope and coverage of the national accounts.

Regional Government Securities Market (RGSM)

- The Bank will host a symposium, with various stakeholders, on the RGSM in November 2017 to chart the way forward, particularly deepening the market for long term securities and growing the secondary market for government securities in the Eastern Caribbean; and
- The Bank will also conduct joint research with the staff of the Ministries of Finance aimed at enhancing the operations of the RGSM.

Debt Management Advice and Capacity Building

The following will be executed:

- Leadership and communications training for Debt Managers;
- Training on Public-Private Partnership (PPP) Arrangements;
- Development of debt procedures manuals;
- Technical assistance in implementing and monitoring Medium Term Debt Management Strategies;

- Training in debt performance audits;
- Training in risk and liability management operations;
- Third round Debt Management Performance Assessments (DeMPA);
- Work on International Capital Markets; and
- Attachment programmes to more developed debt management offices.

ORGANISATIONAL EFFECTIVENESS

ECCB Strategic Plan 2017 - 2021

The Bank will continue its efforts on the Strategic Plan engagement process, and the management of the implementation of the Plan.

Risk Management

The Office of Risk Management will be engaged in the following key initiatives:

- Conduct a Bank-wide Risk and Control Assessment;
- Finalise the Enterprise Risk Management Policy documents to include the Risk Appetite Statement, Risk Tolerances and Risk Reporting framework;
- Oversee the completion of the Bank's updated Disaster Recovery and Business Continuity Management Policy; and
- Facilitate bank-wide risk management training.

Internal Management

The Bank will focus on the following:

- Audit of the Statistics Department's effectiveness in supporting the policy mandate of the Bank;
- Audit of the Agency Office's operations in Antigua and Barbuda, Dominica, Anguilla and Montserrat, specifically as it relates to the issue and redemption of currency;
- Targeted audit of the Support Services Department's effectiveness in providing value added services to the Bank;
- Targeted Audit of the Accounting Department specifically as it relates to the Budget and Payments operations; and
- Audit of the effectiveness of the Corporate Relations Department in providing value added services to the Bank.

Information Technology and Security

The following projects will be undertaken in order to further improve the Bank's organisational effectiveness:

- Begin Phase II of the Statistical Enterprise Solution implementation. This phase will allow for the management of data from the revised prudential returns and will build a platform for the management of macroeconomic data (real sector, external sector, and government finance) as well as data from non-bank financial institutions and other depository corporations; and
- The launch of a new ECCB Website and Mobile App.

Human Resource Management

The Bank will seek to maintain a balanced approach to recruitment and selection; performance management, policy development, compensation and benefits administration, whilst giving focus to several key areas:

- Formulation and preparation for implementation of a modern HR Strategy.
- Greater focus on training and development of the Bank's human resource through the utilisation of an increased training budget, which has tripled for the year 2017/2018;
- Development of a robust risk function within

the department to identify, monitor and manage areas of noted risk for intervention; and

- Facilitation of requirements of the performance management system consultancy.

Stakeholder Engagement - Communication, Public Education and Community Outreach

The Bank will:

- Host the following conferences and events:
  1. 5th Annual Conference of Regional Central Banks Security Chiefs, 28 June - 1 July 2017
  1. 22nd Sir Arthur Lewis Memorial Lecture on 8 November 2017
  2. 28th Annual Commercial Banks Conference during 9 - 10 November 2017
  3. XII Intra-Regional Central Banks Games, 29 March 2017 to 2 April 2018
- Conduct baseline research to guide the revision of the communication strategy and the reshape of the ECCU public education programmes and community outreach initiatives;
- Commence live streaming on the Bank's social media platforms;
- Conduct the second round of country outreach visits; and
- Conduct an economic and financial workshop for ECCU media practitioners.

FINANCIAL PERFORMANCE

The Bank will:

- Continue to review business processes and update operating procedures to improve operational efficiency and reduce operating costs;
- Collaborate with all departments in the planning and budgeting process considering the Bank's on-going operations and strategic priorities to achieve the goals set out in the five-year Strategic Plan 2017-2021;
- Improve the Bank's accounting framework and controls environment, thereby ensuring financial results are reported fairly in accordance with International Financial Reporting Standards;
- Continue to leverage automation in work processes to achieve greater operational efficiency; and
- Sustain efforts to improve compliance monitoring of the reserve management function.

AUDITORS' REPORT AND FINANCIAL STATEMENTS

KPMG
Hastings
Christ Church, BB 15154
Barbados West Indies
Telephone (246) 434-3900
Fax (246) 427-7123

P. O Box 690C
Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT

To the Participating Governments of
EASTERN CARIBBEAN CENTRAL BANK

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Eastern Caribbean Central Bank (the "Bank"), which comprise the statement of financial position as at March 31, 2017, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados and the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT, continued

To the Participating Governments of
EASTERN CARIBBEAN CENTRAL BANK

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

KPMG

INDEPENDENT AUDITORS' REPORT, continued

To the Participating Governments of
EASTERN CARIBBEAN CENTRAL BANK

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

INDEPENDENT AUDITORS' REPORT, continued

To the Participating Governments of
EASTERN CARIBBEAN CENTRAL BANK

Auditors' Responsibilities for the Audit of the Financial Statements, continued

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

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

KPMG

Chartered Accountants
Bridgetown, Barbados
June 9, 2017

EASTERN CARIBBEAN CENTRAL BANK

STATEMENT OF FINANCIAL POSITION

(expressed in Eastern Caribbean dollars) As at March 31, 2017

	Notes	March 31, 2017 $	March 31, 2016 $
Assets			
Foreign assets			
Regional and foreign currencies		**56,446,538**	51,120,655
Balances with other central banks	4	**11,856,639**	4,926,288
Balances with foreign banks	4	**52,855**	77,071
Money market instruments and money at call	5	**1,616,346,185**	1,736,903,431
Financial assets held for trading	12	**139,184**	245,988
Available-for-sale - foreign investment securities	8	**2,939,511,859**	2,862,778,837
		4,624,353,260	4,656,052,270
Domestic assets			
Cash and balances with local banks		**1,838,469**	3,187,985
Due from local banks		**21,037,397**	-
Term deposits	6	**10,059,690**	10,070,538
Available-for-sale - domestic investment securities	8	**624,186**	421,686
Loans and receivables - participating governments' securities	9	**73,334,339**	83,912,190
Loans and receivables - participating governments' advances	10	**40,496,304**	55,692,292
Accounts receivable and prepaid expenses	11	**28,817,170**	32,712,209
Investments in associated undertakings using the equity method	13	**16,532,991**	16,048,046
Intangible assets	14	**1,809,570**	2,459,553
Property, plant and equipment	15	**126,229,435**	129,337,415
Pension asset	21	**26,510,000**	14,467,000
		347,289,551	348,308,914
Total Assets		**4,971,642,811**	5,004,361,184
Liabilities			
Demand and deposit liabilities - domestic	16	**4,737,355,128**	4,752,457,319
Demand and deposit liabilities - foreign	17	**10,284,983**	1,807,143
Financial liabilities held for trading	19	**701,403**	6,196,019
IMF government general resource accounts	18	**1,133,444**	1,083,238
Total Liabilities		**4,749,474,958**	4,761,543,719
Equity			
General reserve		**111,106,309**	104,867,765
Other reserves	20	**111,061,544**	137,949,700
Total Equity		**222,167,853**	242,817,465
Total Liabilities and Equity		**4,971,642,811**	5,004,361,184

Approved for issue by the Board of Directors on June 9, 2017.

__________ Governor __________ Director - Accounting Department

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK
STATEMENT OF PROFIT OR LOSS

(expressed in Eastern Caribbean dollars) For the year ended March 31, 2017

	Notes	2017 $	2016 $
Interest income	25	**56,254,935**	42,065,214
Interest expense	25	**(581,671)**	(161,353)
Net interest income		**55,673,264**	41,903,861
Commission income – foreign transactions		**8,764,070**	9,934,071
Commission income – other transactions		**2,658,837**	2,443,674
Gain on disposal of available-for-sale securities	8	**827,468**	3,314,912
Gains (losses) on foreign exchange		**153,917**	(1,060,461)
Other income	26	**9,406,758**	4,440,874
Operating income		**77,484,314**	60,976,931
Salaries, pensions and other staff benefits	27	**29,773,185**	28,652,765
Currency expenses		**7,787,361**	10,746,467
Amortisation	14	**1,531,044**	2,032,661
Depreciation	15	**4,918,712**	4,724,840
Administrative and general expenses	28	**28,138,860**	25,912,079
Operating expenses		**72,149,162**	72,068,812
Operating profit (loss)		**5,335,152**	(11,091,881)
Share of profit of associates	13	**986,035**	1,077,879
Net profit (loss) for the year		**6,321,187**	(10,014,002)

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK

STATEMENT OF COMPREHENSIVE INCOME

(expressed in Eastern Caribbean dollars) For the year ended March 31, 2017

	2017 $	2016 $
Net profit (loss) for the year	**6,321,187**	(10,014,002)
Other comprehensive income:		
Items that will never be reclassified subsequently to profit or loss		
Actuarial gains (losses) on defined benefit pension plan	**12,370,000**	(6,048,000)
Items that are or may be subsequently reclassified to profit or loss		
Net change in fair value of available-for-sale financial assets	**(39,340,799)**	4,749,638
Other comprehensive loss for the year	**(26,970,799)**	(1,298,362)
Total comprehensive loss for the year	**(20,649,612)**	(11,312,364)

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK
STATEMENT OF CHANGES IN EQUITY

(expressed in Eastern Caribbean dollars) For the year ended March 31, 2017

	Accumulated Surplus $	General Reserve $	Capital Reserve $	Revaluation Reserve: Properties $	Revaluation Reserve: Available--for-Sale Securities $	Export Credit Guarantee Fund $	Self-Insurance Reserve Fund $	Pension Reserve $	Total $
Balance, March 31, 2016	**-**	**104,867,765**	**6,537,928**	**82,106,312**	**22,048,756**	**1,808,877**	**10,980,827**	**14,467,000**	**242,817,465**
Net profit for the year	6,321,187	-	-	-	-	-	-	-	6,321,187
Actuarial gains on defined benefit pension plan (note 21)	-	-	-	-	-	-	-	12,370,000	12,370,000
Net change in fair value of investment securities and money market instruments (note 20)	-	-	-	-	(39,340,799)	-	-	-	(39,340,799)
Total comprehensive income	6,321,187	-	-	-	(39,340,799)	-	-	12,370,000	(20,649,612)
Allocation to general reserve	(6,238,544)	6,238,544	-	-	-	-	-	-	-
Allocation from pension reserve (note 20)	327,000	-	-	-	-	-	-	(327,000)	-
Allocation to self- insurance reserve fund (note 20)	(409,643)	-	-	-	-	-	409,643	-	-
Balance, March 31, 2017	**-**	**111,106,309**	**6,537,928**	**82,106,312**	**(17,292,043)**	**1,808,877**	**11,390,470**	**26,510,000**	**222,167,853**

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK

STATEMENT OF CHANGES IN EQUITY…Continued

(expressed in Eastern Caribbean dollars) For the year ended March 31, 2017

	Accumulated (Deficit) $	General Reserve $	Capital Reserve $	Revaluation Reserve: Properties $	Revaluation Reserve: Available--for-Sale Securities $	Export Credit Guarantee Fund $	Self-Insurance Reserve Fund $	Pension Reserve $	Total $
Balance, March 31, 2015	**-**	**114,891,311**	**6,537,928**	**82,106,312**	**17,299,118**	**1,808,877**	**10,980,827**	**20,517,000**	**254,141,373**
Net loss for the year	(10,014,002)	-	-	-	-	-	-	-	(10,014,002)
Actuarial losses on defined benefit pension plan (note 21)	-	-	-	-	-	-	-	(6,048,000)	(6,048,000)
Net change in fair value of investment securities and money market instruments (note 20)	-	-	-	-	4,749,638	-	-	-	4,749,638
Total comprehensive income	(10,014,002)	-	-	-	4,749,638	-	-	(6,048,000)	(11,312,364)
Allocation from general reserve	10,012,002	(10,012,002)	-	-	-	-	-	-	-
Adjustment to general reserve arising from dissolution of subsidiary	-	(11,544)	-	-	-	-	-	-	(11,544)
Allocation from pension reserve (note 20)	2,000	-	-	-	-	-	-	(2,000)	-
Balance, March 31, 2016	-	104,867,765	6,537,928	82,106,312	22,048,756	1,808,877	10,980,827	14,467,000	242,817,465

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK

STATEMENT OF CASH FLOWS

(expressed in Eastern Caribbean dollars) For the year ended March 31, 2017

	2017 $	2016 $
Cash flows from operating activities		
Net profit (loss) for the year	**6,321,187**	(10,014,002)
Adjustments for:		
Depreciation	**4,918,712**	4,724,840
Amortisation	**1,531,044**	2,032,661
Gain on disposal of available-for-sale securities	**(827,468)**	(3,314,912)
Share of profit of associates	**(986,035)**	(1,077,879)
Effect of changes in market value of money market instruments	**125,142**	9,429
Net pension cost during the year	**2,616,000**	2,334,000
Impairment loss on financial assets	**-**	1,315,109
Gain on dissolution of subsidiary	**-**	(11,544)
Recovery on impaired receivables	**(60,000)**	-
Receipt of equity in ECACHSI	**(202,500)**	-
Interest income	**(56,254,935)**	(42,065,214)
Interest expense	**581,671**	161,353
Cash flows used in operations before changes in operating assets and liabilities	**(42,237,182)**	(45,906,159)
Changes in operating assets and liabilities		
Decrease in term deposits	**6,027**	942,801
Increase in money market instruments	**(165,931,448)**	(189,745,843)
Decrease in loans and receivables - participating governments' securities	**10,380,262**	13,994,990
Decrease in loans and receivables - participating governments' advances	**14,986,452**	12,006,296
Decrease (increase) in accounts receivable and prepaid expenses	**3,955,039**	(261,873)
Decrease in financial assets held for trading	**106,804**	4,249,663
(Decrease) increase in financial liabilities held for trading	**(5,494,616)**	4,629,792
Contributions to pension scheme	**(2,289,000)**	(2,332,000)
(Decrease) increase in demand and deposit liabilities - domestic and foreign	**(6,624,351)**	664,715,229
Increase (decrease) in IMF government general resource accounts	**50,206**	(4,138)
Cash (used in) from operations before interest	**(193,091,807)**	462,288,758
Interest paid	**(581,671)**	(161,398)
Interest received	**57,255,020**	42,943,825
Net cash (used in) from operating activities	**(136,418,458)**	505,071,185
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,810,732)**	(1,531,837)
Purchase of intangible assets	**(881,061)**	(201,039)
Proceeds from disposal of available-for-sale securities	**4,115,242,833**	4,722,641,095
Purchase of available-for-sale-foreign investment securities	**(4,232,720,338)**	(5,036,447,795)
Dividends received from associates	**501,090**	501,090
Net cash used in investing activities	**(119,668,208)**	(315,038,486)
Net (decrease) increase in cash and cash equivalents	**(256,086,666)**	190,032,699
Cash and cash equivalents, beginning of year	**1,538,644,069**	1,348,611,370
Cash and cash equivalents, end of year (note 24)	**1,282,557,403**	1,538,644,069

The notes on pages 75 to 156 are an integral part of these financial statements.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

1. Incorporation and principal activity

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

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

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

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

2. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Eastern Caribbean Central Bank Agreement Act 1983, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities held at fair value through profit or loss.

The accounting principles applied by the Bank for preparing its financial statements remained unchanged from the previous year.

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

The financial statements were authorised for issue by the Board of Directors on 9 June 2017.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations effective during the current year

Certain new standards, amendments to and interpretation of existing standards have been issued that became effective during the current financial year. The Bank has assessed the relevance of all such new standards, amendments and interpretations, and has adopted those which are relevant to its operations.

Annual Improvements to IFRSs 2012 - 2014

The IASB annual improvements project for the 2012-2014 cycle resulted in amendments to the following standards which may be relevant to the Bank's operations. These amendments are effective for annual reporting periods beginning on or after 1 January 2016.

- Amendment to IAS 1, 'Presentation of Financial Statements' (Amendments). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will never be subsequently reclassified to profit or loss.

- IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' (Amendments) - Clarification of Acceptable Methods of Depreciation and Amortisation. In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. There is no impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

- IAS 19, 'Employee benefits' (Amendment). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies *...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations effective during the current year *...continued*

Annual Improvements to IFRSs 2012 - 2014*...continued*

- Amendments to IAS 27, 'Associates.' The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to IFRS 10 and IAS 28 – 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.' These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal (Amendment). The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

- IFRS 7, 'Financial instruments: Disclosures' (Amendment). The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations issued but not yet effective

Certain new standards, amendments and interpretations of existing standards have been issued which are not yet effective for the current financial year and which the Bank has not early adopted. The Bank is currently assessing the impact of adopting these standards, amendments and interpretations and has determined that the following may be relevant to its operations:

- Amendments to IAS 7, 'Statement of cash flows' (effective for annual periods beginning on or after 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). In July 2015, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

  Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect the asset's cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

  Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies *...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations issued but not yet effective *...continued*

IFRS 9, 'Financial Instruments' *...continued*

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables).

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Bank is still assessing the potential impact of adoption but it is not possible at this stage to quantify the potential effect. The Bank expects that, in many instances, the classification and measurement outcomes will be similar to IAS 39, although differences may arise. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39.

Regarding credit loss provisioning, the Banks expects that, as a result of the recognition and measurement of impairment under IFRS 9 being more forward-looking than under IAS 39, the resulting impairment charge may tend to be more volatile. It may also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL.

- IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies *...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations issued but not yet effective *...continued*

- IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019) was issued in January 2016 and replaces IAS 17, 'Leases'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from Contracts with Customers'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

  IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements.

- Annual improvements 2014 – 2015, (effective for annual periods beginning on or after 1 January 2018). These amendments impact three standards as follows:

  (i) IFRS 1, 'First-time adoption of IFRS' regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10, effective 1 January 2018.

  (ii) IFRS 12, 'Disclosure of interest in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

  (iii) IAS 28 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). This IFRIC address foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment / receipt is made as well as for situations where multiple payment / receipts are made.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

a) Basis of preparation *...continued*

New, revised and amended standards and interpretations issued but not yet effective *...continued*

The Bank is currently assessing the impact that the future adoption of these new standards and amendments to existing standards will have on its financial statements.

The Bank did not early-adopt any new or amended standards for the year ended March 31, 2017.

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

b) Associates

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

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

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

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

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

Dilution gains and losses in associates are recognised in the statement of profit or loss.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

c) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(j).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

e) Comparative information

There have been no changes in presentation of the Bank's financial statements in the current year. The financial statements provide comparative information in respect of the previous period.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*…continued*

f) Financial assets and liabilities

Financial assets

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – are recognised in the statement of financial position and measured in accordance with their assigned category.

The Bank allocates financial assets to the following three categories: financial assets at fair value through profit or loss; loans and receivables; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired or incurred principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets as they are expected to be settled within 12 months. They are recognized in the statement of financial position as “Financial assets held for trading”.

Financial instruments included in this category are recognized initially at fair value; transaction costs are taken directly to the statement of profit or loss. Gains and losses arising from changes in fair value are included directly in the statement of profit or loss. The instruments are derecognized when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the Bank upon initial recognition designates as available-for-sale; or (b) those for which the Bank may not recover substantially all its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest method. Interest on loans and receivables are included in the statement of profit or loss and is reported as “interest income”. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and receivables and recognised in the statement of profit or loss. Loans and receivables are measured at amortised cost.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

f) Financial assets and liabilities*...continued*

Financial assets*...continued*

(iii) Available-for-sale financial assets

Available-for-sale investments are those to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, equity prices or exchange rates, or that are not classified as loans and receivables or financial assets at fair value through profit or loss. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in other comprehensive income or loss, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is reclassified to profit or loss.

Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the statement of profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss when the entity's right to receive payment is established.

(iv) Recognition

All purchases and sales of investment securities are recognised at settlement date, which is the date that the asset is delivered to or by the Bank.

(v) Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

f) Financial assets and liabilities*...continued*

Financial liabilities

The Bank's financial liabilities are measured at either fair value through profit or loss or at amortised cost.

(i) Financial liabilities at fair value through profit or loss
This category is comprised of financial liabilities classified as held for trading, and financial liabilities designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised in the statement of financial position as "Financial liabilities held for trading". Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the statement of profit or loss.

(ii) Other liabilities measured at amortised cost
Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are substantially comprised of: deposits from member banks and participating member governments' deposit accounts.

(iii) Derecognition
Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Determination of fair value of financial assets and liabilities

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted bid prices or dealer price quotations. This includes quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

f) Financial assets and liabilities*...continued*

Determination of fair value of financial assets and liabilities*…continued*

The fair value for loans and advances as well as liabilities to the Bank's customers is determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

g) Classes of financial instruments

The Bank classifies its financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments.

Financial assets are grouped as follows:

(1) Financial assets at fair value through profit or loss, being financial assets held for trading.
(2) Loans and receivables being cash, balances with foreign banks, money market instruments and money at call, due from local banks, accounts receivable, loans and receivables – Participating Governments' securities and loans and receivables – Participating Governments' advances.
(3) Available-for-sale financial assets being debt and equity investment securities (listed and unlisted).

Financial liabilities are grouped as follows:

(1) Financial liabilities at fair value through profit or loss, being financial liabilities held for trading - derivatives (non-hedging).
(2) Financial liabilities at amortised cost being deposit balances from member banks, participating governments and other liabilities and payables.
(3) Commitments for future lending. There were none at the year end.

h) Offsetting financial instruments

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

i) Derivative financial instruments

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

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

i) Derivative financial instruments*...continued*

Changes in the fair value of the Bank's derivative instruments are recognised immediately in the statement of profit or loss. None of the Bank's derivative instruments have been designated as hedging instruments and they all relate to currency forwards.

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

j) Impairment of financial assets

(a) Assets carried at amortised cost

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('a loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

i. significant financial difficulty of the issuer or obligor;

ii. a breach of contract, such as a default or delinquency in interest or principal payments;

iii. the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

iv. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

v. the disappearance of an active market for that financial asset because of financial difficulties; or

vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

j) Impairment of financial assets*...continued*

(a) Assets carried at amortised cost...continued

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collaterised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status or other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those being evaluated.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude).

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

j) Impairment of financial assets*...continued*

(a) Assets carried at amortised cost...continued

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When an asset is uncollectible, it is written off against the related provision for impairment. Such assets are written off after all necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors' credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss in impairment charge for credit losses.

(b) Assets classified as available-for-sale

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. If any such evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss, is removed from equity and recognised in the statement of profit or loss. If in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

k) Cash and cash equivalents

Cash and cash equivalents comprise balances with original maturities of less than or equal to 90 days from the date of acquisition, including cash on hand, balances with other banks, short-term highly-liquid funds and investments.

Cash equivalents are subject to an insignificant risk of change in value.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

l) Property, plant, equipment and depreciation

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are shown at fair value based on external independent valuations less subsequent depreciation for buildings. The revaluation was performed by independent professional valuers. Revaluations are carried out with sufficient regularity to ensure that the carrying value of land and buildings approximates fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income or loss and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income or loss and debited against other reserves directly in equity; all other decreases are charged to the income statement.

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

Buildings	2.63% to 14.29%
Furniture and office equipment	10% to 20%
Motor vehicles	20%
Land improvements	20%
Computer systems	33.33%

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

Property, plant and equipment are periodically reviewed for impairment or when indicators exist that there may be impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. No property, plant and equipment were impaired as at March 31, 2017 (2016: Nil).

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

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

m) Intangible assets

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

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

n) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less costs to sell or the value in use can be determined reliably. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

o) Provisions

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

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

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

p) Other liabilities and payables

Other liabilities and payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payments are due within one year or less. If not, they are presented as non-current liabilities.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

p) Other liabilities and payables*...continued*

Other liabilities and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

q) Revenue recognition

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

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of profit or loss for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

Commissions' income

Commissions are generally charged on transactions with commercial banks and other institutions except participating governments, and are generally recognised on an accrual basis when the service has been provided. Transactions that attract commissions include purchase and sale of foreign currency notes and balances and issue and redemption of Eastern Caribbean currency notes.

Other income

Licence fees due under the Revised Banking Act, are fixed and non-cancellable and are recorded in profit or loss when due. Income from banking licence fees are reported in the statement of profit or loss in the 'other income' grouping.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

r) Leases

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

(ii) Finance leases

Leases of property, plant and equipment, where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

s) Employee benefits

Staff pension plan

The Bank operates a defined benefit pension scheme for its eligible employees. The assets of the plan are held in a single trustee administered fund, established by the Eastern Caribbean Central Bank. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee.

An asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. An approximate value of the defined benefit obligation is calculated every year by independent actuaries using the projected unit credit method based on detailed calculations carried out for the most recent triennial funding valuation.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

s) Employee benefits*...continued*

Staff pension plan*...continued*

Under this method, the cost of providing pensions is charged to the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in the statement of profit or loss.

The pension plan is funded by payments from employees and the Bank, taking into account the recommendations of independent qualified actuaries.

Prepaid employee short term benefit

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

t) General reserve

The Eastern Caribbean Central Bank Agreement Act 1983 – Article 6(3) (as amended) provides that "if and so long as the general reserve is less than 5% of the Bank's demand liabilities at the end of a financial year in which net profits were earned the Bank shall allocate to the general reserve one half of such net profits or such smaller amount as will make that reserve equal to 5% of those liabilities; provided however that with the written agreement of each of the participating governments further allocation may be made to increase the general reserve beyond five per cent but not more than ten per cent of the Bank's demand liabilities."

For the year ending March 31, 2017 an amount of $6,238,544 was allocated to General Reserves. In 2016, an amount of $10,012,002 was transferred from General Reserves to cover the deficit position of the Bank. At March 31, 2017, the general reserve ratio stood at 2.34% (2016: 2.21%), which is 2.66% (2016: 2.79%) below the 5% target.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

2. Summary of significant accounting policies*...continued*

u) Foreign reserve assets

Under Article 24 (2) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank is required to maintain a reserve of external assets not less than 60% of its notes and coins in circulation, and other demand liabilities. The percentage of foreign reserve assets to demand liabilities at March 31, 2017 was 97.39% (2016: 97.79%).

v) Commemorative coins

The nominal value of commemorative coins sold is excluded from the balance of 'Notes and Coins in circulation' while the net proceeds from sales are included in the statement of profit or loss.

w) Taxation

In accordance with Article 50 (8) (a) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank's income is exempt from any form of taxation.

In accordance with Section 5 sub-section (1) and (2) of the Eastern Caribbean Home Mortgage Bank ("ECHMB") Agreement Act, 1994 the ECHMB is exempt from stamp duties and corporation tax. The Bank's other associated company, the Eastern Caribbean Securities Exchange Limited ("ECSE") has applied to the Ministry of Finance for the renewal of its tax exempt status. The previous 10-year exemption expired in May 2013. The request for a further extension is yet to be granted by the Ministry of Finance.

3. Financial risk management

a) Introduction and overview

By its nature, the Bank's activities are principally related to the use of financial instruments. The strategy for using these financial instruments is embedded in the mission of the Bank to maintain the stability of the Eastern Caribbean Dollar and the integrity of the banking system in order to facilitate the balanced growth and development of member states.

The activities of the Bank require the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. In executing its duties as a central bank, there are significant inherent risks which the Bank faces, both at the macro and micro levels of its operations. These risks arise primarily through the Bank's execution of its reserve management function, the provision of banking services to governments and commercial banks and from the broad areas of monetary policy, financial sector stability, management of the payment system and the daily operational tasks undertaken to support these functions.

The Bank's aim is therefore to achieve an appropriate balance between risk and the objectives of its reserve management function which are; i) preservation of capital, ii) meeting liquidity requirements and iii) realizing a satisfactory return. It also seeks to minimise potential adverse effects on the Bank's financial performance.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

a) Introduction and overview*...continued*

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

In addition, the Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their role and obligations.

The management of the Bank has the responsibility to ensure that efficient and effective risk management mechanisms are in place including reporting to various executive committees. Key to the management of risk within the context of the reserve management function is the reserve management framework which embodies the Bank's risk tolerance.

Included in this framework are the investment guidelines which establish the parameters within which the reserve management function is executed. The provision of banking services is governed by policy decisions of the Board of Directors.

The Board approves the written policies for overall risk management as well as specific policies relating to the reserve management function. In September 2016, the Bank appointed a Chief Risk Officer (CRO) with responsibility for designing and implementing an Enterprise Risk Management Framework to enhance its risk management function as well as providing an independent review and oversight of bank-wide risk management activities. The CRO reports on risk matters to the Executive Committee and the Board Audit and Risk Committee. In addition, the CRO is responsible for the independent review of risk management and the controls environment, the results of which are reported to the Board Audit and Risk Committee.

The principal types of risks inherent in the Bank's reserve management activities are credit risk, liquidity risk, market risk, operational risk and Strategic risk. Market risk includes currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk.

b) Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. The Bank is exposed to credit risk primarily on account of its reserve management activities. These exposures arise mainly through investments in debt securities of international governments and agencies and domestic governments; and through lending to governments and commercial banks. Credit risk is important to the Bank's business; management therefore carefully manages its exposure to credit risk.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

b) Credit risk*...continued*

Credit risk measurement and mitigation policies

Available-for-sale investment securities and money market instruments and money at call…continued

The Bank manages credit risk by placing limits on its exposure to governments, international institutions and U.S. government agencies. It places limits on the amount of risk accepted in relation to one borrower and country. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The investment guidelines, which are approved by the Board of Directors, stipulate the limits on the level of credit risk by borrower, product, industry, sector and country. They also stipulate the minimum required ratings issued by Moody's or another recognized rating agency for its international investments. The Bank further manages this risk by ensuring that business is only conducted with its approved banks and by monitoring those banks' deposit ratings via rating agencies. The global custodian is also monitored daily and periodically reviewed.

The table below presents an analysis of the Bank's foreign debt securities (note 8) and money market instruments and money at call (note 5) by rating agency designation at March 31, 2017 and March 31, 2016, based on Moody's or equivalent:

Available-for-sale securities

	2017	2016
Rated (Moody's)		
Foreign securities	**$**	**$**
Aaa	**2,400,625,937**	2,520,651,084
Aa1	**195,307,908**	84,600,423
Aa2	**288,930,558**	187,880,936
Aa3	**43,737,351**	51,208,463
A1	**-**	5,421,816
	2,928,601,754	2,849,762,722

	2017	2016
Unrated		
	$	**$**
Domestic securities	**624,186**	421,686
	624,186	421,686

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

b) Credit risk*...continued*

Credit risk measurement and mitigation policies*...continued*

Available-for-sale investment securities and money market instruments and money at call…continued

Money market instruments and money at call

Rated (Moody's) **Commercial paper and certificate of deposits**	**2017** **$**	**2016** **$**
Aa1	**49,370,623**	13,497,079
Aa2	**156,867,824**	80,959,857
Aa3	**290,654,950**	219,809,594
A1	**286,400,881**	107,755,426
	783,294,278	422,021,956

Unrated	**2017** **$**	**2016** **$**
Money at call	**129,678,202**	686,165,930
Term deposits	**701,509,299**	628,331,613
	831,187,501	1,314,497,543

Loans and advances to participating governments
Advances are based on Board approved credit allocation limits. Requests for advances by member governments are reviewed to ensure that the amounts are within the approved allocated limits. These approved limits are calculated and assigned to the governments annually.

Due from local banks
Advances are granted to commercial banks in accordance with Part VIII, Article 31(2) and Part IIa, Article 5B of the ECCB Agreement Act 1983. Under Part VIII, Article 31(2), the borrowing bank must pledge collateral with the Central Bank and can only borrow ninety per cent of the collateral amount pledged.

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management…*continued*

b) Credit risk…*continued*

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

Credit risk exposure relating to on-balance sheet assets is as follows:

	2017 $	2016 $
As at March 31		
Assets		
Foreign assets		
Balances with other central banks	**11,856,639**	4,926,288
Balances with foreign banks	**52,855**	77,071
Money market instruments and money at call	**1,616,346,185**	1,736,903,431
Financial assets held for trading	**139,184**	245,988
Available-for-sale - foreign investment securities	**2,939,511,859**	2,862,778,837
	4,567,906,722	4,604,931,615
Domestic assets		
Cash and balances with local banks	**1,838,469**	3,187,985
Due from local banks	**21,037,397**	-
Term deposits	**10,059,690**	10,070,538
Loans and receivables - participating governments' securities	**73,334,339**	83,912,190
Loans and receivables - participating governments' advances	**40,496,304**	55,692,292
Accounts receivable	**10,022,357**	6,644,699
Available-for-sale - domestic investment securities	**624,186**	421,686
	157,412,742	159,929,390
Total on-balance sheet credit risk	**4,725,319,464**	4,764,861,005

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

b) Credit risk*...continued*

Credit risk exposure relating to off-balance sheet assets is as follows:

	2017 $	2016 $
Eastern Caribbean Securities Exchange Limited undertaking and guarantee	**4,874,845**	4,874,845
Total credit exposure	**4,730,194,309**	4,769,735,850

The above table represents a worst case scenario of credit risk exposure as at March 31, 2017 and 2016 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.

3. Financial risk management...*continued*

b) Credit risk...*continued*

The following table breaks down the Bank's main credit exposure at the carrying amounts, as categorised by geographical regions as of March 31, 2017. In this table, the Bank has allocated exposure to regions based on the country of domicile of the counterparties.

Geographical concentration of financial assets

	Eastern Caribbean Currency Union $	United States of America and Canada $	Europe and other territories $	Regional states $	Total $
As of March 31, 2017					
Balances with other central banks	-	734,471	187,916	10,934,252	11,856,639
Balances with foreign banks	-	52,855	-	-	52,855
Money market instruments and money at call	-	637,034,904	979,311,281	-	1,616,346,185
Financial assets held for trading	-	101,628	37,556	-	139,184
Available-for-sale - foreign investment securities	-	1,599,318,455	1,340,193,404	-	2,939,511,859
Balances with local banks	1,838,469	-	-	-	1,838,469
Due from local banks	21,037,397	-	-	-	21,037,397
Term deposits – domestic	10,059,690	-	-	-	10,059,690
Loans and receivables - participating governments' securities	73,334,339	-	-	-	73,334,339
Loans and receivables - participating governments' advances	40,496,304	-	-	-	40,496,304
Accounts receivable	10,022,357	-	-	-	10,022,357
Available-for-sale - domestic investment securities	-	-	-	624,186	624,186
	156,788,556	**2,237,242,313**	**2,319,730,157**	**11,558,438**	**4,725,319,464**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. **Financial risk management**...*continued*

b) **Credit risk**...*continued*

Geographical concentration of financial assets...*continued*

	Eastern Caribbean Currency Union $	United States of America and Canada $	Europe and other territories $	Regional states $	Total $
As of March 31, 2016					
Balances with other central banks	-	907,938	620,944	3,397,406	4,926,288
Balances with foreign banks	-	77,071	-	-	77,071
Money market instruments and money at call	-	963,669,208	773,234,223	-	1,736,903,431
Financial assets held for trading	-	245,988	-	-	245,988
Available-for-sale - foreign investment securities	-	1,807,407,234	1,055,371,603	-	2,862,778,837
Balances with local banks	3,187,985	-	-	-	3,187,985
Term deposits – domestic	10,070,538	-	-	-	10,070,538
Loans and receivables - participating governments' securities	83,912,190	-	-	-	83,912,190
Loans and receivables - participating governments' advances	55,692,292	-	-	-	55,692,292
Accounts receivable	6,644,699	-	-	-	6,644,699
Available-for-sale - domestic investment securities	-	-	-	421,686	421,686
	159,507,704	2,772,307,439	1,829,226,770	3,819,092	4,764,861,005

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management...*continued*

c) Market Risk

The Bank is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Bank's reserve management mandate permits investment in a number of instruments. The Bank is exposed to general and specific market movements and volatility of market rates and prices such as interest rates, credit spreads and foreign exchange rates. The Bank enters into currency forward contracts to manage its exposure to fluctuations in foreign exchange rates for non-USD securities. The Bank also has a structured management process which entails the following:

- Careful monitoring of the international market and taking positions to achieve objectives
- Regular reporting to internal management committees and to the Board of Directors

i) Interest rate risk

The Bank invests in securities and money market instruments and maintains demand deposit accounts as a part of its normal course of business. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of loss arising from changes in prevailing interest rates. The Bank manages this risk by monitoring interest rates daily, and seeks to minimize the exposure by devising a comprehensive risk assessment and tolerance strategy known as "Customised benchmarking". The effect of this tool is to reflect the risk tolerance level of the Bank and to measure the performance of portfolio managers. The table below analyses the effective interest rates for each class of financial asset and financial liability:

	2017	**2016**
	%	**%**
Foreign Assets		
Money market instruments and money at call	**0.82**	0.31
Available-for-sale - foreign investment securities	**1.55**	1.63
Domestic Assets		
Balances with local banks	**0.00**	0.01
Due from local banks	**6.50**	6.50
Term deposits	**2.50**	2.50
Loans and receivables - participating governments' securities	**4.54**	5.63
Loans and receivables - participating governments' advances	**6.50**	6.50
Liabilities		
Term deposits, call accounts and government operating accounts	**0.27**	0.09
Demand and deposit liabilities - foreign	**0.28**	-

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management...*continued*

c) Market risk...*continued*

i) Interest rate risk...continued

As the Bank's investments in foreign securities are locked in at fixed interest rates, the exposure to cash flow and fair value interest rate risk is limited to investments in money market instruments and money at call for which rates vary with market movements. As at March 31, 2017, if interest rates were to move by 25 basis points, profit for the year would have been $4.04M (2016: $4.24M) lower or higher.

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

As of March 31, 2017	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest bearing $	Total $
Financial assets							
Balances with other central banks	-	-	-	-	-	11,856,639	11,856,639
Balances with foreign banks	-	-	-	-	-	52,855	52,855
Money market instruments and money at call	694,903,493	497,852,670	423,590,022	-	-	-	1,616,346,185
Financial assets held for trading	139,184	-	-	-	-	-	139,184
Available-for-sale - foreign investment securities	79,053,402	169,485,710	506,147,477	1,621,199,608	563,625,662	-	2,939,511,859
Balances with local banks	1,838,469	-	-	-	-	-	1,838,469
Due from local banks	21,037,397	-	-	-	-	-	21,037,397
Term deposits - domestic	899,538	1,639,816	7,520,336	-	-	-	10,059,690
Loans and receivables - participating governments' securities	-	-	-	1,766,619	71,567,720	-	73,334,339
Loans and receivables - participating governments' advances	24,623,144	-	15,873,160	-	-	-	40,496,304
Accounts receivable	15,391	31,124	140,057	431,557	34,000	9,370,228	10,022,357
Available-for-sale - domestic investment securities	-	-	-	-	-	624,186	624,186
	822,510,018	**669,009,320**	**953,271,052**	**1,623,397,784**	**635,227,382**	**21,903,908**	**4,725,319,464**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management...*continued*

c) Market risk...*continued*

i) Interest rate risk...continued

As of March 31, 2017	Up to 1 month $	1 to 3 months $	3months to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest bearing $	Total $
Financial liabilities							
Demand and deposit liabilities - domestic	203,002,174	-	-	-	-	4,534,352,954	4,737,355,128
Demand and deposit liabilities - foreign	-	-	-	-	-	10,284,983	10,284,983
Financial liabilities held for trading	-	-	-	-	-	701,403	701,403
IMF Government general resource accounts	-	-	-	-	-	1,133,444	1,133,444
	203,002,174	-	-	-	-	**4,546,472,784**	**4,749,474,958**
Total interest repricing gap, March 31, 2017	**619,507,844**	**669,009,320**	**953,271,052**	**1,623,397,784**	**635,227,382**	**(4,524,568,876)**	**(24,155,494)**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. **Financial risk management**...*continued*

c) **Market risk**...*continued*

i) Interest rate risk...continued

As of March 31, 2016	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest bearing $	Total $
Financial assets							
Balances with other central banks	-	-	-	-	-	4,926,288	4,926,288
Balances with foreign banks	-	-	-	-	-	77,071	77,071
Money market instruments and money at call	1,184,829,346	335,374,959	216,699,126	-	-	-	1,736,903,431
Financial assets held for trading	245,988	-	-	-	-	-	245,988
Available-for-sale - foreign investment securities	113,323,458	70,228,060	489,145,167	1,677,962,767	512,119,385	-	2,862,778,837
Balances with local banks	3,187,985	-	-	-	-	-	3,187,985
Term deposits - domestic	1,051,437	1,737,491	7,281,610	-	-	-	10,070,538
Loans and receivables - participating governments' securities	3,268,650	1,164,328	-	2,649,918	76,829,294	-	83,912,190
Loans and receivables - participating governments' advances	24,573,974	-	31,118,318	-	-	-	55,692,292
Accounts receivable	20,236	120,816	171,632	632,662	35,592	5,663,761	6,644,699
Available-for-sale - domestic investment securities	-	-	-	-	-	421,686	421,686
	1,330,501,074	408,625,654	744,415,853	1,681,245,347	588,984,271	11,088,806	4,764,861,005

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. **Financial risk management**...*continued*

c) **Market risk**...*continued*

i) Interest rate risk...continued

As of March 31, 2016	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Non- Interest bearing $	Total $
Financial liabilities							
Demand and deposit liabilities - domestic	281,010,092	-	-	-	-	4,471,447,227	4,752,457,319
Demand and deposit liabilities - foreign	-	-	-	-	-	1,807,143	1,807,143
Financial liabilities held for trading	-	-	-	-	-	6,196,019	6,196,019
IMF Government general resource accounts	-	-	-	-	-	1,083,238	1,083,238
	281,010,092	-	-	-	-	4,480,533,627	4,761,543,719
Total interest repricing gap, March 31, 2016	1,049,490,982	408,625,654	744,415,853	1,681,245,347	588,984,271	(4,469,444,821)	3,317,286

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

d) Currency risk

The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management seeks to manage this risk by setting limits on the level of exposure by currency, which are monitored daily.

Available-for-sale – foreign investment securities
The Bank's investment guidelines require that all non-US dollar securities be hedged back to the US dollar. As of March 31, 2017, the foreign securities portfolio included Euro securities of $47.9M, Canadian securities of $23.1M and Australian securities of $16.9M. As of March 31, 2016, the foreign securities portfolio included Australian securities of $32.1M, and Euro securities of $30.3M. The investment managers have entered into forward contracts to sell the non-USD positions forward on a periodic rolling basis. All gains and losses arising from currency revaluation of these assets and the forward contracts are reported in the statement of profit or loss as they occur.

Regional and foreign currencies
The Bank facilitates the repatriation of foreign currency notes collected by member banks during their normal course of operations. The notes are purchased from the commercial banks and shipped to Bank of America on a monthly basis. To manage the foreign currency risk of holding these notes, the Bank forward sells these notes on the same day of purchase for value on the date that the counterparty receives them.

The Bank's exposure to foreign exchange risk is limited to the minimum balances held on non-USD demand accounts and investment in non-USD foreign securities. As at March 31, 2017, if exchange rates were to move by 5 per cent, profit for the year would have been $0.01M (2016: $0.1M) lower or higher and the net on-balance sheet financial position would have been $4.4M (2016: $3.1M) lower or higher.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management...*continued*

d) Currency risk...*continued*

The table below analyses assets and liabilities of the Bank into the respective currency positions as of March 31, 2017:

	Eastern Caribbean Dollar $	United States Dollar $	British Pound $	Euro $	Other $	Total $
Financial assets						
Balances with other central banks	-	11,578,537	187,915	-	90,187	11,856,639
Balances with foreign banks	-	52,855	-	-	-	52,855
Money market instruments and money at call	-	1,616,345,608	-	-	577	1,616,346,185
Financial assets held for trading	-	-	-	21,007	118,177	139,184
Available-for-sale – foreign investment securities	-	2,851,367,037	-	47,896,327	40,248,495	2,939,511,859
Balances with local banks	1,838,469	-	-	-	-	1,838,469
Due from local banks	21,037,397	-	-	-	-	21,037,397
Term deposits – domestic	10,059,690	-	-	-	-	10,059,690
Loans and receivables – participating governments' securities	73,334,339	-	-	-	-	73,334,339
Loans and receivables – participating governments' advances	40,496,304	-	-	-	-	40,496,304
Accounts receivable	10,022,357	-	-	-	-	10,022,357
Available-for-sale – domestic investment securities	624,186	-	-	-	-	624,186
	157,412,742	**4,479,344,037**	**187,915**	**47,917,334**	**40,457,436**	**4,725,319,464**
Financial liabilities						
Demand and deposit liabilities – domestic	4,737,355,128	-	-	-	-	4,737,355,128
Demand and deposit liabilities – foreign	9,957,859	327,124	-	-	-	10,284,983
IMF government general resource accounts	1,133,444	-	-	-	-	1,133,444
Financial liabilities held for trading	-	1,801	32,559	660,541	6,502	701,403
	4,748,446,431	**328,925**	**32,559**	**660,541**	**6,502**	**4,749,474,958**
Net on-balance sheet	**(4,591,033,689)**	**4,479,015,112**	**155,356**	**47,256,793**	**40,450,934**	**(24,155,494)**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. **Financial risk management**...*continued*

d) **Currency risk**...*continued*

The table below analyses assets and liabilities of the Bank into the respective currency positions as of March 31, 2016:

	Eastern Caribbean Dollar $	United States Dollar $	British Pound $	Euro $	Other $	Total $
Financial assets						
Balances with other central banks	-	4,201,129	620,944	-	104,215	4,926,288
Balances with foreign banks	-	77,071	-	-	-	77,071
Money market instruments and money at call	-	1,736,888,419	3,566	3	11,443	1,736,903,431
Financial assets held for trading	-	245,819	169	-	-	245,988
Available-for-sale – foreign investment securities	-	2,799,627,416	-	30,594,689	32,556,732	2,862,778,837
Balances with local banks	3,187,985	-	-	-	-	3,187,985
Term deposits – domestic	10,070,538	-	-	-	-	10,070,538
Loans and receivables – participating governments' securities	83,912,190	-	-	-	-	83,912,190
Loans and receivables – participating governments' advances	55,692,292	-	-	-	-	55,692,292
Accounts receivable	6,644,699	-	-	-	-	6,644,699
Available-for-sale – domestic investment securities	421,686	-	-	-	-	421,686
	159,929,390	4,541,039,854	624,679	30,594,692	32,672,390	4,764,861,005
Financial liabilities						
Demand and deposit liabilities – domestic	4,752,457,319	-	-	-	-	4,752,457,319
Demand and deposit liabilities – foreign	808,340	998,803	-	-	-	1,807,143
IMF government general resource accounts	1,083,238	-	-	-	-	1,083,238
Financial liabilities held for trading	-	2,429,175	44,921	1,107,384	2,614,539	6,196,019
	4,754,348,897	3,427,978	44,921	1,107,384	2,614,539	4,761,543,719
Net on-balance sheet	(4,594,419,507)	4,537,611,876	579,758	29,487,308	30,057,851	3,317,286

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

e) Liquidity risk

Liquidity risk is the risk that the Bank is unable to provide adequate liquidity support for the financial system to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. It also refers to the risk of financial loss associated with the conversion of assets to cash to meet financial obligations. This would result in the Bank's failure to maintain monetary and financial stability. The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits. Liquidity is a key criterion in determining the composition of the Bank's foreign reserves portfolio. The liquidity tranche is closely monitored in accordance with a cash flow management policy. Additionally, there is consistent monitoring and checking for compliance with approved portfolio diversification, asset allocation and asset quality.

The liquidity management process forms part of the Bank's wider mandate for reserve management and is carried out in accordance with approved guidelines by the Reserve Management Committee and monitored by management. The liquidity tranche is comprised of highly marketable assets that can easily be liquidated to meet unexpected demands. The process entails the following:

- Daily monitoring of balances on the Bank's call accounts to ensure that adequate funds are available to meet current and future requirements.
- Projections of cash inflows and outflows based on historical trends.
- Laddering of money market instruments in the liquidity tranche to ensure that adequate funds are available to meet current liquidity needs.
- Assets held to manage liquidity risk include balances with other central banks, balances with foreign banks, money market instruments and money at call, financial assets held for trading, available-for-sale - foreign investment securities, balances with local banks and due from local banks. At the reporting date, the Bank held $4,590,782,588 (2016: $4,608,119,600) of these instruments that are expected to readily generate cash inflows.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The resulting liquidity gap does not pose any significant risk to the Bank. Based on the nature of the financial liabilities which principally comprise of bankers current accounts (note 16) and is categorized in the up to 1-month grouping, payouts to commercial banks in the short term are unlikely as these commercial banks are required to maintain with the Bank a reserve equivalent to 6% of their total deposit liabilities.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. **Financial risk management**...*continued*

e) **Liquidity risk**...*continued*

Maturities of liabilities and assets, March 31, 2017	Up to 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Over 5 years $	Total $
Financial Liabilities						
Demand and deposit liabilities – domestic	4,737,355,128	-	-	-	-	4,737,355,128
Demand and deposit liabilities – foreign	10,284,983	-	-	-	-	10,284,983
Financial liabilities held for trading	61,697	639,706	-	-	-	701,403
IMF Government general resource accounts	1,133,444	-	-	-	-	1,133,444
	4,748,835,252	**639,706**	**-**	**-**	**-**	**4,749,474,958**
Financial Assets						
Balances with other central banks	11,856,639	-	-	-	-	11,856,639
Balances with foreign banks	52,855	-	-	-	-	52,855
Money market instruments and money at call	694,903,493	497,852, 670	423,590,022	-	-	1,616,346,185
Financial assets held for trading	139,184	-	-	-	-	139,184
Available-for-sale – foreign investment securities	79,053,402	169,485,710	506,147,477	1,621,199,608	563,625,662	2,939,511,859
Balances with local banks	1,838,469	-	-	-	-	1,838,469
Due from local banks	21,037,397	-	-	-	-	21,037,397
Term deposits – domestic	899,538	1,639,816	7,520,336	-	-	10,059,690
Loans and receivables – participating governments' securities	-	51,463	1,631,837	1,715,157	69,935,882	73,334,339
Loans and receivables – participating governments' advances	24,623,144	-	15,873,160	-	-	40,496,304
Accounts receivable	952,333	333,263	3,894,330	431,557	4,410,874	10,022,357
Available-for-sale – domestic investment securities	-	-	-	-	624,186	624,186
	835,356,454	**669,362,922**	**958,657,162**	**1,623,346,322**	**638,596,604**	**4,725,319,464**
Net liquidity gap, March 31, 2017	**(3,913,478,798)**	**668,723,216**	**958,657,162**	**1,623,346,322**	**638,596,604**	**(24,155,494)**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. **Financial risk management**...*continued*

e) **Liquidity risk**...*continued*

Maturities of liabilities and assets, March 31, 2016	**Up to 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Over 5 years $**	**Total $**
Financial Liabilities						
Demand and deposit liabilities – domestic	4,752,457,319	–	–	–	–	4,752,457,319
Demand and deposit liabilities – foreign	1,807,143	–	–	–	–	1,807,143
Financial liabilities held for trading	5,639,394	556,625	–	–	–	6,196,019
IMF Government general resource accounts	1,083,238	–	–	–	–	1,083,238
	4,760,987,094	556,625	–	–	–	4,761,543,719
Financial Assets						
Balances with other central banks	4,926,288	–	–	–	–	4,926,288
Balances with foreign banks	77,071	–	–	–	–	77,071
Money market instruments and money at call	1,184,829,346	335,374,959	216,699,126	–	–	1,736,903,431
Financial assets held for trading	245,988	–	–	–	–	245,988
Available-for-sale – foreign investment securities	113,323,458	70,228,060	489,145,167	1,677,962,767	512,119,385	2,862,778,837
Balances with local banks	3,187,985	–	–	–	–	3,187,985
Term deposits – domestic	1,051,437	1,737,491	7,281,610	–	–	10,070,538
Loans and receivables – participating governments' securities	3,268,651	1,164,328	1,828,990	2,572,736	75,077,485	83,912,190
Loans and receivables – participating governments' advances	24,573,974	–	31,118,318	–	–	55,692,292
Accounts receivable	749,616	369,144	1,597,396	640,222	3,288,321	6,644,699
Available-for-sale – domestic investment securities	–	–	–	–	421,686	421,686
	1,336,233,814	408,873,982	747,670,607	1,681,175,725	590,906,877	4,764,861,005
Net liquidity gap, March 31, 2016	(3,424,753,280)	408,317,357	747,670,607	1,681,175,725	590,906,877	3,317,286

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management...*continued*

e) Liquidity risk...*continued*

Derivative cash flows

The following table shows the derivative financial instruments (forward contracts) that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

At March 31, 2017	0-3 months	3-6 months	Total
Derivatives held for trading (forward contracts)			
Foreign exchange derivatives			
- Outflow	(53,496,541)	–	(53,496,541)
- Inflow	45,842,456	–	45,842,456

At March 31, 2016	0-3 months	3-6 months	Total
Derivatives held for trading (forward contracts)			
Foreign exchange derivatives			
- Outflow	(113,867,798)	–	(113,867,798)
- Inflow	37,955,899	–	37,955,899

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management...*continued*

f) Fair value

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

(i) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented in the Bank's statement of financial position at their fair value:

	Carrying value		Fair value	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Financial assets				
Balances with other central banks	**11,856,639**	4,926,288	**11,856,639**	4,926,288
Balances with foreign banks	**52,855**	77,071	**52,855**	77,071
Money market instruments and money at call	**833,051,907**	1,314,881,475	**833,051,907**	1,314,881,475
Balances with local banks	**1,838,469**	3,187,985	**1,838,469**	3,187,985
Due from local banks	**21,037,397**	–	**21,037,397**	–
Term deposits – domestic	**10,059,690**	10,070,538	**10,059,690**	10,070,538
Loans and receivables – participating governments' securities	**73,334,339**	83,912,190	**73,334,339**	83,912,190
Loans and receivables – participating governments' advances	**40,496,304**	55,692,292	**40,496,304**	55,692,292
Accounts receivable	**10,022,357**	6,644,699	**10,022,357**	6,644,699
	1,001,749,957	1,479,392,538	**1,001,749,957**	1,479,392,538
Financial liabilities				
Demand and deposit liabilities – domestic	**4,737,355,128**	4,752,457,319	**4,737,355,128**	4,752,457,319
Demand and deposit liabilities – foreign	**10,284,983**	1,807,143	**10,284,983**	1,807,143
IMF government general resource accounts	**1,133,444**	1,083,238	**1,133,444**	1,083,238
	4,748,773,555	4,755,347,700	**4,748,773,555**	4,755,347,700

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management...*continued*

f) Fair value...*continued*

(i) Financial instruments not measured at fair value…continued

Off-balance sheet financial instruments	Carrying value 2017 $	2016 $	Fair value 2017 $	2016 $
Eastern Caribbean Securities Exchange Limited undertaking and guarantee	**–**	–	**4,874,845**	4,874,845

Determination of Fair Value

The following methods and assumptions have been used to estimate the fair value of each class of financial instrument for which it is practical to estimate a value:

- Short-term financial assets and liabilities: The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of regional and foreign currencies, balances with other central banks, balances with foreign banks, money market instruments and money at call, treasury bills, balances with local banks, due from participating governments, interest receivable, and accounts receivable. Short-term financial liabilities are comprised of demand and deposit liabilities – domestic and foreign, interest payable and certain other liabilities.

- Long-term loans and receivables: The estimated fair value of long-term loans and receivables is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining terms to maturity. Some of the financial assets included in participating governments' securities and accounts receivable are long term.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management...*continued*

f) Fair value...*continued*

Fair Value Hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in valuations where possible.

The following table presents the Bank's financial assets and liabilities that are measured at fair value at March 31, 2017:

	Level 1 $	Level 3 $
Financial assets		
Commercial paper	**449,921,422**	-
Certificate of Deposits	**333,372,856**	-
Financial assets held for trading	**139,184**	-
Available-for-sale – foreign investment securities	**2,939,511,859**	-
Available-for-sale – domestic investment securities	**-**	624,186
	3,722,945,321	624,186

	Level 1 $	Level 3 $
Financial liabilities		
Financial liabilities held for trading	**701,403**	-

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management...*continued*

f) Fair value...*continued*

Fair Value Hierarchy...*continued*

The following table presents the Bank's financial assets and liabilities that are measured at fair value at March 31, 2016:

	Level 1 $	Level 3 $
Financial assets		
Commercial paper	381,521,788	-
Certificate of Deposits	40,500,168	-
Financial assets held for trading	245,988	-
Available-for-sale – foreign investment securities	2,862,778,837	-
Available-for-sale – domestic investment securities	-	421,686
	3,285,046,781	421,686

	Level 1 $	Level 3 $
Financial liabilities		
Financial liabilities held for trading	6,196,019	-

g) Capital risk management

The Bank's objectives when managing capital are:

- Safeguard the Bank's ability to continue as a going concern
- Manage and safeguard the value of the Eastern Caribbean currency
- Maintain a strong capital base to support its developmental activities

The Bank manages capital through the maintenance of a general reserve according to prescribed guidelines as mandated in the ECCB Agreement Act 1983 (note 2t). As at March 31, 2017, the general reserve was $111,106,309 (2016: $104,867,765).

h) Operational risk

Operational risk is the risk of direct or indirect loss in both financial and non-financial terms arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure. It may also arise from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all departments.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

h) Operational risk*...continued*

Managing operational risk in the Bank is seen as an integral part of day-to-day operations and management, which includes explicit consideration of both the opportunities and the risks of all business activities. The Bank's objective is to manage operational risk so as to balance an avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the management team of each department. This responsibility is supported by bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various Bank activities.

Compliance with corporate policies and departmental control systems are managed by:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of the controls and procedures to assess the risks identified;
- Development and periodic testing of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where it is effective;
- Weekly reporting to the senior management/risk management committee;
- Quarterly management affirmation by each department's surveillance officer that corporate policies and departmental internal control systems have been complied with; and
- A structured induction program for new employees.

Compliance with the Bank's standards is supported by a programme of periodic reviews undertaken by the Internal Audit Department. The results of the reviews are discussed with the management of the department to which they relate and summaries are submitted to the Board Audit and Risk Committee and Executive Committee of the Bank.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

i) Strategic Risk

The Bank is in the process of finalizing a strategic plan to guide its operation over the period 2017-2021. This plan is hinged on four (4) basic pillars which reflect the purpose of the Bank, namely:

a. Financial sector stability and development;
b. Fiscal and debt sustainability;
c. Growth, competitiveness and employment;
d. Organizational effectiveness.

It is recognized that effective delivery of the strategic initiatives as contained in the plan is heavily dependent on the supporting policies and operations which have attendant risks. These risks may be influenced by a wide range of internal and external factors, including an inappropriate use of resources or a fundamental change in the circumstances on which the assumptions were predicated. The Bank has therefore identified specific monitoring frameworks and reporting lines to minimize any negative impact of a perceived or actual failure to deliver on its strategic objectives.

j) Critical accounting estimates and judgements

The Bank's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which have to be made in the course of preparation of the financial statements. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated pension obligation
The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the pension asset.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. The Bank considers the interest rates of high-quality instruments, normally long-term government bonds that are denominated in Eastern Caribbean currency which is the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

3. Financial risk management*...continued*

j) Critical accounting estimates and judgements*...continued*

Impairment of financial assets

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows of impaired receivables as well as the timing of such cash flows.

Available-for-sale securities

As at March 31, 2017, the Bank held available-for-sale investment securities of $2,940,136,045 (2016: $2,863,200,523). Quoted debt securities accounted for $2,928,601,754 (2016: $2,849,762,722). The value of available-for-sale securities which were trading below cost at March 31, 2017 was $1,968,612,259 (2016: $575,239,552) with total unrealised losses of $29,331,240 (2016: $652,582). Management considers these losses temporary.

Valuation of land and buildings

The Bank utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of different valuation methods which are all sensitive to the underlying assumptions chosen.

4. Balances with other central banks and foreign banks

	2017 $	2016 $
Balances with other central banks		
Balances with Regional central banks	10,934,252	3,397,406
Balances with European central banks	187,916	803,723
Balances with North American central banks	734,471	725,159
Total balances with other central banks	**11,856,639**	4,926,288
Balances with foreign banks		
Current accounts denominated in United States dollars	**52,855**	77,071
Current	**11,909,494**	5,003,359

These balances are non-interest bearing.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

5. Money market instruments and money at call

By currency	2017 $	2016 $
Balances denominated in United States dollars	**1,614,481,202**	1,736,504,487
Balances denominated in Australian dollars	**450**	1,585
Balances denominated in Canadian dollars	**127**	9,858
Balances denominated in Pound Sterling	**-**	3,566
Balances denominated in Euro	**-**	3
	1,614,481,779	1,736,519,499
Interest receivable	**1,864,406**	383,932
Total money market instruments and money at call	**1,616,346,185**	1,736,903,431

By financial instrument type	2017 $	2016 $
Money market instruments maturing in less than ninety days:		
Money at call	**129,678,202**	686,165,930
Term deposits	**674,509,299**	559,724,959
Commercial paper	**238,997,591**	233,441,181
Certificate of deposits	**148,177,810**	-
Included in cash and cash equivalents (note 24)	**1,191,362,902**	1,479,332,070
Money market instruments maturing after ninety days:		
Commercial paper	**210,923,831**	148,080,607
Term deposits	**27,000,000**	68,606,654
Certificate of deposits	**185,195,046**	40,500,168
	423,118,877	257,187,429
Interest receivable	**1,864,406**	383,932
Total money market instruments and money at call	**1,616,346,185**	1,736,903,431

Money market instruments include commercial paper purchased at discounts, term deposits and certificate of deposits with interest rates ranging from 0.63% to 1.93% (2016: 0.01% to 0.91%).

Money at call includes cash balances available to the Bank's money managers and funds held at the United States Federal Reserve Bank for the day to day operations of the Bank. These balances earned interest at rates ranging from 0.00% to 0.36% (2016: 0.00% to 0.37%) during the year.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

6. Term deposits

	2017 $	2016 $
Fixed Deposits:		
- Bank of Nova Scotia, St. Kitts	**7,063,600**	6,920,506
- CIBC FirstCaribbean International Bank, St. Kitts	**2,874,489**	3,023,610
	9,938,089	9,944,116
Interest receivable	**121,601**	126,422
Total term deposits	**10,059,690**	10,070,538
Current	**10,059,690**	10,070,538

The deposits held with Bank of Nova Scotia, St. Kitts (BNS) and CIBC First Caribbean International Bank – St. Kitts (CIBC/FCIB) are not available for use in the Bank's day-to-day operations. These balances are pledged as liquidity support for loans and advances issued by BNS and CIBC/FCIB to the Bank's employees, at rates that are relatively low in comparison to the normal market rates in the ECCU. These term deposits earned interest at rates of 2.5% (2016: 2.5%) per annum during the year.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

7. Financial instruments

a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

As of March 31, 2017	Loans and receivables $	Assets at fair value through profit or loss $	Available -for-sale $	Total $
Financial assets				
Balances with other central banks	11,856,639	-	-	11,856,639
Balances with foreign banks	52,855	-	-	52,855
Money market instruments and money at call	833,051,907	-	783,294,278	1,616,346,185
Financial assets held for trading	-	139,184	-	139,184
Available-for-sale - foreign investment securities	-	-	2,939,511,859	2,939,511,859
Balances with local banks	1,838,469	-	-	1,838,469
Due from local banks	21,037,397	-	-	21,037,397
Term deposits - domestic	10,059,690	-	-	10,059,690
Loans and receivables - participating governments' securities	73,334,339	-	-	73,334,339
Loans and receivables - participating governments' advances	40,496,304	-	-	40,496,304
Accounts receivable	10,022,357	-	-	10,022,357
Available-for-sale - domestic investment securities	-	-	624,186	624,186
	1,001,749,957	**139,184**	**3,723,430,323**	**4,725,319,464**

As of March 31, 2017	Liabilities at fair value through profit or loss $	Other financial liabilities $	Total $
Financial liabilities			
Demand and deposit liabilities - domestic	-	4,737,355,128	4,737,355,128
Demand and deposit liabilities - foreign	-	10,284,983	10,284,983
Financial liabilities held for trading	701,403	-	701,403
IMF government general resource accounts	-	1,133,444	1,133,444
	701,403	**4,748,773,555**	**4,749,474,958**

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

7. Financial instruments...*continued*

a) Financial instruments by category...*continued*

	Loans and receivables $	Assets at fair value through profit or loss $	Available-for-sale $	Total $
As of March 31, 2016				
Financial assets				
Balances with other central banks	4,926,288	-	-	4,926,288
Balances with foreign banks	77,071	-	-	77,071
Money market instruments and money at call	1,314,881,475	-	422,021,956	1,736,903,431
Financial assets held for trading	-	245,988	-	245,988
Available-for-sale - foreign investment securities	-	-	2,862,778,837	2,862,778,837
Balances with local banks	3,187,985	-	-	3,187,985
Due from local banks	-	-	-	-
Term deposits - domestic	10,070,538	-	-	10,070,538
Loans and receivables - participating governments' securities	83,912,190	-	-	83,912,190
Loans and receivables - participating governments' advances	55,692,292	-	-	55,692,292
Accounts receivable	6,644,699	-	-	6,644,699
Available-for-sale - domestic investment securities	-	-	421,686	421,686
	1,479,392,538	245,988	3,285,222,479	4,764,861,005

	Liabilities at fair value through profit or loss $	Other financial liabilities $	Total $
As of March 31, 2016			
Financial liabilities			
Demand and deposit liabilities - domestic	-	4,752,457,319	4,752,457,319
Demand and deposit liabilities - foreign	-	1,807,143	1,807,143
Financial liabilities held for trading	6,196,019	-	6,196,019
IMF government general resource accounts	-	1,083,238	1,083,238
	6,196,019	4,755,347,700	4,761,543,719

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

7. Financial instruments...*continued*

b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed using external credit ratings.

Available-for-sale financial assets

Foreign investment securities held by the Bank are debt of governments with a country rating of Aa or better (by Moody's or equivalent), or debt that carries the unconditional guarantee of such governments, and included in the list of acceptable sovereign risks and debt of international institutions that are specifically listed in the Bank's Investment Guidelines. These securities are of superior credit quality and protection of interest and principal is considered high.

Loans and receivables

Cash at banks and money market instruments are held at approved financial institutions which have a minimum bank deposit rating of A1/P-1 Moody's or as measured by another international rating agency. These financial institutions must be incorporated in one of the approved countries listed in the Bank's Investment Guidelines. Other loans and receivables included in financial assets are not rated.

Accounts receivable include amounts that are past due and for which the Bank has recognised a specific allowance for doubtful receivables after the assessment.

The Bank does not have any other financial assets that are past due or impaired.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

8. Available-for-sale investment securities

	2017 $	2016 $
Domestic securities		
Equity securities		
Caribbean Information and Credit Rating Agency Services Ltd. 156,180 (2016: 156,180) ordinary shares of $2.70 each - unquoted, at cost	**421,686**	421,686
Eastern Caribbean Automated Clearing House Services Inc. 20,500 (2016: Nil) ordinary shares of $10.00 each - unquoted, at cost	**202,500**	-
	624,186	421,686
Foreign securities		
Debt securities		
- quoted, at fair value	**2,928,601,754**	2,849,762,722
Interest receivable	**10,910,105**	13,016,115
Total foreign securities	**2,939,511,859**	2,862,778,837
Total investment securities	**2,940,136,045**	2,863,200,523
Current	**755,310,775**	673,118,371
Non-current	**2,184,825,270**	2,190,082,152
	2,940,136,045	2,863,200,523

The movement in investment securities may be summarised as follows:

	Domestic Securities $	Foreign Investment Securities $
Balance as of March 31, 2015	**421,686**	**2,527,900,901**
Additions	-	5,036,447,795
Disposals (sale and redemption)	-	(4,719,326,183)
Net gain transfer to equity	-	8,055,121
Net gain transfer from equity	-	(3,314,912)
Balance as of March 31, 2016	**421,686**	**2,849,762,722**
Additions	202,500	4,232,720,338
Disposals (sale and redemption)	-	(4,114,415,365)
Net loss transfer to equity	-	(38,638,473)
Net gain transfer from equity	-	(827,468)
Balance as of March 31, 2017	**624,186**	**2,928,601,754**

The Bank transferred gains of $827,468 (2016: gains of $3,314,912) from equity into the statement of profit or loss.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

8. Available-for-sale investment securities*...continued*

Gains less losses from investment securities comprise:

	2017 $	2016 $
Net realised gains from disposal of available-for-sale financial assets	**827,468**	3,314,912

9. Loans and receivables: Participating governments' securities

a) Participating governments' securities: Debentures

	Nominal value 2017 $	Amortised cost 2017 $	Nominal value 2016 $	Amortised cost 2016 $
Government of Antigua and Barbuda				
9% Debentures maturing 2018	**1,715,157**	**1,715,157**	2,572,736	2,572,736
3.5% Debenture maturing 2027	**69,935,882**	**69,935,882**	75,077,485	75,077,485
	71,651,039	**71,651,039**	77,650,221	77,650,221
Interest receivable	**-**	**1,683,300**	-	1,828,990
Total participating governments' securities: Debentures	**71,651,039**	**73,334,339**	77,650,221	79,479,211

The Government of Antigua and Barbuda 15-year 3.5% treasury bond maturing in 2027 arose as a result of the liquidity support extended to Bank of Antigua Limited under emergency powers exercised by the Eastern Caribbean Central Bank on February 20, 2009.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

9. Loans and receivables: Participating governments' securities*...continued*

b) Participating governments' securities: Treasury bills

	Nominal value 2017 $	Amortised cost 2017 $	Nominal value 2016 $	Amortised cost 2016 $
Treasury bills - Government of Antigua and Barbuda treasury bill maturing 2016	-	-	3,300,000	3,239,640
Treasury bills - Government of Grenada treasury bill maturing 2016	-	-	1,160,000	1,141,440
	-	-	4,460,000	4,381,080
Interest receivable	-	-	-	51,899
Total participating governments' securities: treasury bills	-	-	4,460,000	4,432,979
Total participating governments' securities	**71,651,039**	**73,334,339**	82,110,221	83,912,190
Current		**1,683,292**		6,261,969
Non-current		**71,651,047**		77,650,221
		73,334,339		83,912,190

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

9. Loans and receivables: Participating governments' securities*...continued*

The movement in loans and receivables: participating governments' securities may be summarized as follows:

	Debentures $	Treasury Bills $	Total $
Balance as of March 31, 2015	**87,215,531**	**8,810,760**	**96,026,291**
Payment of principal	(9,565,310)	-	(9,565,310)
Reduction in Treasury Bill holdings	-	(4,429,680)	(4,429,680)
Balance as of March 31, 2016	**77,650,221**	**4,381,080**	**82,031,301**
Payment of principal	(5,999,182)	-	(5,999,182)
Reduction in Treasury Bill holdings	-	(4,381,080)	(4,381,080)
Balance as of March 31, 2017	**71,651,039**	-	**71,651,039**

10. Loans and receivables: Participating governments' advances

	2017 $	2016 $
Operating accounts:		
- Government of Anguilla	**14,277,078**	13,229,963
- Government of St. Vincent and the Grenadines	**8,267,217**	-
- Government of Grenada	**2,078,849**	3,497,929
- Government of Saint Lucia	**-**	7,846,082
	24,623,144	24,573,974
Temporary advances:		
- Government of St. Vincent and the Grenadines	**15,839,312**	25,252,606
- Government of Antigua and Barbuda	**-**	5,622,328
	15,839,312	30,874,934
Interest receivable	**33,848**	243,384
Total temporary advances	**15,873,160**	31,118,318
Total due from participating governments' advances	**40,496,304**	55,692,292
Current	**40,496,304**	55,692,292

Amounts due from participating governments for temporary advances and operating account overdraft balances are unsecured and usually accrue interest at 6.50% per annum.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

11. Accounts receivable and prepaid expenses

	2017 $	2016 $
Prepaid expenses	**18,794,813**	26,067,510
Accounts receivable	**10,625,337**	7,058,880
Staff mortgage loans	**652,129**	900,928
	30,072,279	34,027,318
Provision for impairment of receivables	**(1,255,109)**	(1,315,109)
	28,817,170	32,712,209
Current	**13,586,940**	12,557,177
Non-current	**15,230,230**	20,155,032
	28,817,170	32,712,209

Staff mortgage loans accrue interest at a rate of 4% per annum and are secured by real estate property with variable repayment terms. As the loans are granted at a preferential interest rate, this has given rise to a short term employee benefit asset in the amount of $184,788 (2016: $261,227) at the statement of financial position date. This amount is included in prepaid expenses.

The Bank's receivables have been assessed for indicators of impairment. Accounts receivable include amounts that are past due for which the Bank has recognised a specific provision for impairment of receivables after the assessment. The provision for impairment of receivables is assessed by reference to collectability by conducting aging analysis and assessing the current financial condition of debtors.

An amount due from the Eastern Caribbean Enterprise Fund (ECEF) was found to be impaired following the receipt of a letter from the Board of Directors of the ECEF dated 7 April 2016 indicating that the operations of the company had been suspended. Accordingly, a provision for impairment of $1,315,109 had been recorded for the year ended 31 March 2016. During the current financial year, the provision has been reduced by $60,000 as a result of the recovery of impaired receivables.

Reconciliation of provision for impairment on accounts receivable

The movement in provision for impairment on accounts receivable is as follows:

	2017 $	2016 $
Balance, beginning of year	**1,315,109**	-
Provision during the year	**-**	1,315,109
Amounts recovered during the year	**(60,000)**	-
Balance, end of year	**1,255,109**	1,315,109

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

12. Financial assets held for trading

The Bank's derivatives relate to currency forwards. Currency forwards represent commitments to purchase foreign currency and are initially recognised at fair value on the date that a derivative contract is entered into and are subsequently remeasured at their fair value.

The following is an analysis of the currency forwards held with positive fair value as at March 31, 2017:

Currency sold /purchased	Notional value of contracts	Notional value of contracts EC$ equivalent	Value date of contracts	Fair value of contracts $
CAD	**11,440,119**	**23,230,346**	April 5, 2017	**101,628**
EUR	**1,910,200**	**5,534,914**	April 17, 2017	**21,007**
AUD	**8,266,098**	**17,077,196**	April 21, 2017	**16,549**
		45,842,456		**139,184**
		Current		**139,184**

The following is an analysis of the currency forwards held with positive fair value as at March 31, 2016:

Currency sold /purchased	Notional value of contracts	Notional value of contracts EC$ equivalent	Value date of contracts	Fair value of contracts $
GBP	38,500	103,950	April 25, 2016	169
USD	14,019,240	37,851,949	April 4, 2016	245,819
		37,955,899		245,988
		Current		245,988

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

13. Investments in associated undertakings using the equity method

Article 42 (1) of the Eastern Caribbean Central Bank Agreement Act 1983 empowers the Bank, with the approval of the Monetary Council, to administer or participate in corporations or schemes established for the purpose of promoting the development of money, capital or securities markets in the territories of participating governments.

Article 42 (2) of the Eastern Caribbean Central Bank Agreement Act 1983 authorises the Bank, with the approval of the Monetary Council, to subscribe to hold and sell shares of a corporation organised with the approval or under the authority of the participating governments for any of the purposes specified in Article 42 (1). The following are institutions which were established under Article 42 (1):

Eastern Caribbean Home Mortgage Bank (ECHMB)
The Bank holds 24.8% (2016: 24.8%) of the share capital of the ECHMB – 25,000 Class "A" shares at a cost of $100 each and 41,812 Class "A" shares at a cost of $160 each. The Company was established as a vehicle to foster the development of the money market and secondary market for mortgages in the territories of the participating governments of the ECCB Agreement Act 1983.

Eastern Caribbean Securities Exchange (ECSE)
The Bank holds 30.8% (2016: 30.8%) of the share capital of the ECSE – 300,000 Class "A" shares at a cost of $10 each. The ECSE was established to enhance and increase investment opportunities, and to foster the development of a securities market in the territories of participating governments of the ECCB Agreement Act 1983. The Eastern Caribbean Central Securities Depository Limited (ECCSD) and Eastern Caribbean Central Securities Registry Limited (ECCSR) are both wholly owned subsidiaries of the ECSE.

Organisation of Eastern Caribbean States Distribution and Transportation Company (ODTC)
The Bank holds 20% of the share capital of the ODTC – 2,001 Class "A" shares at a cost of $10 each. The Company was established as a vehicle to foster the development of the distribution and transportation sector in the territories of the participating governments of the ECCB Agreement Act 1983. The company has not commenced operations as of March 31, 2017.

The Bank's investments in associates are detailed below:

	2017 $	2016 $
Eastern Caribbean Home Mortgage Bank (ECHMB)		
Balance at beginning of year	**14,176,431**	14,056,370
Share of profit for the year	**758,797**	621,151
Dividend received in year	**(501,090)**	(501,090)
Balance at end of year	**14,434,138**	14,176,431
Eastern Caribbean Securities Exchange (ECSE)		
Balance at beginning of year	**1,851,605**	1,394,877
Share of profit for the year	**227,238**	456,728
Balance at end of year	**2,078,843**	1,851,605

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

13. Investments in associated undertakings using the equity method*...continued*

	2017 $	2016 $
OECS Distribution and Transportation Company (ODTC)		
Balance at beginning of year	**20,010**	20,010
Purchase during the year	**-**	-
Balance at end of year	**20,010**	20,010
Total investments in associated undertakings	**16,532,991**	16,048,046
Non-current	**16,532,991**	16,048,046

The total share of profit of associates recognised in the statement of profit or loss was $986,035 (2016: $1,077,879).

The Bank's interest in its principal associates, both of which are unlisted, is as follows as of March 31, 2017:

Entity	Assets $	Liabilities $	Revenues $	Profit $	% Interest held %
ECHMB	**244,430,363**	**(185,272,710)**	**11,161,552**	**3,059,667**	**24.8**
ECSE	**36,349,551**	**(28,244,788)**	**3,819,145**	**737,787**	**30.8**

The Bank's interest in its principal associates, both of which are unlisted, is as follows as of March 31, 2016:

Entity	Assets $	Liabilities $	Revenues $	Profit $	% Interest held %
ECHMB	247,817,342	(189,703,738)	12,464,009	2,504,642	24.8
ECSE	48,405,424	(41,038,448)	4,232,161	1,482,884	30.8

The Bank's interest has been determined on the basis of the unaudited financial statements for these entities as the timing for receipt of the audited financial statements is after the scheduled date for finalization of the ECCB's accounts. The 2016 comparatives represent audited financial results for these entities, which were not materially different to the unaudited amounts used in the preparation of the Bank's financial statements for the year ended March 31, 2016.

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

14. Intangible assets

	Computer software $
Cost	
Balance at April 1, 2015	16,092,144
Additions	201,039
Balance at March 31, 2016	16,293,183
Balance at April 1, 2016	**16,293,183**
Additions	**881,061**
Balance at March 31, 2017	**17,174,244**
Accumulated amortisation	
Balance at April 1, 2015	11,800,969
Amortisation	2,032,661
Balance at March 31, 2016	13,833,630
Balance at April 1, 2016	**13,833,630**
Amortisation	**1,531,044**
Balance at March 31, 2017	**15,364,674**
Net book value	
At April 1, 2015	4,291,175
At March 31, 2016	2,459,553
At March 31, 2017	**1,809,570**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

15. Property, plant and equipment

	Land $	Buildings $	Furniture and office equipment $	Computer systems $	Land improvements $	Motor vehicles $	Capital work in progress $	Total $
Cost								
Balance at April 1, 2015	25,932,000	102,140,000	21,191,322	5,702,947	-	725,400	304,352	155,996,021
Transfers	-	13,391	804,994	-	28,267	-	(846,652)	-
Additions	-	-	512,497	327,147	-	12,000	680,193	1,531,837
Derecognition/disposals	-	-	(5,661)	-	-	-	-	(5,661)
Balance at March 31, 2016	25,932,000	102,153,391	22,503,152	6,030,094	28,267	737,400	137,893	157,522,197
Balance at April 1, 2016	25,932,000	102,153,391	22,503,152	6,030,094	28,267	737,400	137,893	157,522,197
Transfers	-	-	179,292	198,541	-	-	(377,833)	-
Additions	-	-	486,496	178,180	22,315	233,972	889,769	1,810,732
Derecognition/disposals	-	-	(3,186)	(1,800)	-	-	-	(4,986)
Balance at March 31, 2017	**25,932,000**	**102,153,391**	**23,165,754**	**6,405,015**	**50,582**	**971,372**	**649,829**	**159,327,943**

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

15. Property, plant and equipment...*continued*

	Land $	Buildings $	Furniture and office equipment $	Computer systems $	Land improvements $	Motor vehicles $	Capital work in progress $	Total $
Accumulated depreciation								
Balance at April 1, 2015	-	-	17,522,356	5,283,105	-	660,142	-	23,465,603
Depreciation charge	-	3,194,900	1,176,414	333,484	942	19,100	-	4,724,840
Depreciation write-back on disposal	-	-	(5,661)	-	-	-	-	(5,661)
Balance at March 31, 2016	-	3,194,900	18,693,109	5,616,589	942	679,242	-	28,184,782
Balance at April 1, 2016	-	3,194,900	18,693,109	5,616,589	942	679,242	-	28,184,782
Depreciation charge	-	3,195,260	1,343,240	321,772	3,943	54,497	-	4,918,712
Depreciation write-back on disposal	-	-	(3,186)	(1,800)	-	-	-	(4,986)
Balance at March 31, 2017	**-**	**6,390,160**	**20,033,163**	**5,936,561**	**4,885**	**733,739**	**-**	**33,098,508**
Net book value								
At April 1, 2015	25,932,000	102,140,000	3,668,966	419,842	-	65,258	304,352	132,530,418
At March 31, 2016	25,932,000	98,958,491	3,810,043	413,505	27,325	58,158	137,893	129,337,415
At March 31, 2017	**25,932,000**	**95,763,231**	**3,132,591**	**468,454**	**45,697**	**237,633**	**649,829**	**126,229,435**

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

15. Property, plant and equipment*...continued*

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of March 31, 2017:

	Land $	Buildings $	Total $
Cost	**7,544,960**	**73,470,569**	**81,015,529**
Accumulated depreciation	**-**	**(34,187,427)**	**(34,187,427)**
Net book value	**7,544,960**	**39,283,142**	**46,828,102**

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of March 31, 2016:

	Land $	Buildings $	Total $
Cost	7,544,960	73,470,569	81,015,529
Accumulated depreciation	-	(37,382,687)	(37,382,687)
Net book value	7,544,960	36,087,882	43,632,842

The land and buildings were revalued by independent valuators, DLG Consultants Limited in March of 2015. Valuations are based on the market value. The revaluation of the land and buildings categories as of March 31, 2015 resulted in a revaluation surplus of $11,598,841 which was credited to revaluation reserves.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

16. Demand and deposit liabilities - domestic

	2017 $	2016 $
Banker's balances - Current accounts	**3,053,260,745**	3,126,923,225
Currency in circulation	**1,012,598,164**	967,457,653
Bankers Collateral account	**193,107,250**	170,500,181
Participating governments' call accounts	**184,250,591**	251,904,354
Participating governments' debt restructuring escrow accounts	**59,618,256**	184,306
Bankers' dormant accounts	**58,379,196**	50,363,716
Participating governments' fiscal reserve tranche II	**51,292,706**	60,983,784
Participating governments' operating accounts	**48,073,159**	31,769,487
Eastern Caribbean Securities Registry	**15,944,526**	27,193,437
Accounts payable, accruals and provisions	**6,405,418**	6,544,444
Participating governments' sinking fund call accounts	**9,232,393**	14,374,111
Eastern Caribbean Asset Management Corporation	**9,000,000**	4,000,000
BAICO Recapitalisation Holding Account	**8,243,848**	8,243,848
Participating governments' fiscal tranche I call accounts	**8,012,380**	7,989,695
British American Liquidity Support	**5,964,988**	6,202,219
Participating governments' drug service accounts	**4,600,762**	3,806,137
British Caribbean Currency Board Coins in Circulation	**2,567,857**	2,568,338
Organisation of Eastern Caribbean States operating accounts	**1,690,009**	410,917
Bankers' call accounts	**1,437,359**	2,311,478
Commemorative coins in circulation	**1,379,972**	1,379,972
British Caribbean Currency Board Residual Fund	**833,628**	833,628
CANEC Debt Management Advisory Services	**530,296**	44,750
Eastern Caribbean Automated Clearing House	**440,056**	312,293
Resolution Trust Corporation	**267,887**	1,545,023
Statutory and legislative bodies' operating accounts	**85,309**	110,676
ECHMB Operating accounts	**69,450**	4,430,454
Local governments' operating accounts	**46,543**	46,543
OECS Distribution and Transportation	**22,380**	22,650
Total demand and deposit liabilities – domestic	**4,737,355,128**	4,752,457,319
Current	**4,737,355,128**	4,752,457,319

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

16. Demand and deposit liabilities - domestic*...continued*

During the year the following balances earned interest at rates ranging from 0.19% to 0.51% (2016: 0.01% to 0.23%) per annum: fiscal tranche I, bankers' call accounts and fixed deposits, participating governments and statutory bodies' fixed deposits and ECHMB operating accounts.

Participating governments' fiscal reserve tranche II

The Monetary Council has approved the establishment of a fiscal reserve fund. In accordance with the Bank's profit distribution policy, forty per cent (40%) of the annual share of distributable profits to member governments is transferred to the participating governments' fiscal tranche II call account. There was no allocation from profit to the fund in the current financial year (2016: Nil).

	2017 $	2016 $
Balance at beginning of year	**60,983,784**	67,979,568
Loans to participating governments	**(20,000,000)**	(10,000,000)
Loan repayments during the year	**10,308,922**	3,004,216
Allocation from net income	**-**	-
Balance at end of year	**51,292,706**	60,983,784

Participating governments' fiscal tranche I call accounts

These accounts earn interest at the prevailing call rate offered by the Bank and are readily accessible by the respective governments. There was no allocation from profit to the fund in the current financial year (2016: Nil).

	2017 $	2016 $
Balance at beginning of year	**7,989,695**	7,313,939
Interest on account	**22,685**	5,623
Transfers	**-**	670,133
Balance at end of year	**8,012,380**	7,989,695

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

17. Demand and deposit liabilities - foreign

	2017 $	2016 $
Other regional central banks and agency accounts	**328,097**	999,774
International Bank for Reconstruction and Development accounts	**6,467,661**	482,452
Caribbean Development Bank accounts	**1,808,230**	303,622
Caribbean Financial Services Corporation account	**1,680,995**	21,295
Total demand and deposit liabilities - foreign	**10,284,983**	1,807,143
Current	**10,284,983**	1,807,143

These balances earned interest at rates ranging from 0.19% to 0.51% (2016: 0.01% to 0.23%) per annum during the year.

18. IMF government general resource accounts

	2017 $	2016 $
Saint Lucia	**434,020**	433,974
Antigua & Barbuda	**206,138**	204,550
Grenada	**161,553**	132,634
St. Vincent and the Grenadines	**105,709**	111,970
St. Kitts and Nevis	**113,186**	105,671
Commonwealth of Dominica	**112,838**	94,439
Total IMF government general resource accounts	**1,133,444**	1,083,238
Current	**1,133,444**	1,083,238

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

19. Financial liabilities held for trading

The following is an analysis of the currency forwards held with negative fair value as of March 31, 2017:

Currency sold/ purchased	Notional value of contracts	Notional value of contracts EC$ equivalent	Value date of contracts	Fair value of contracts $
CAD	**532,300**	**1,070,474**	April 17, 2017	**6,496**
CHF	**2,000**	**5,395**	April 17, 2017	**6**
EUR	**17,366,100**	**49,536,561**	April 17, May 11 & June 6 2017	**660,541**
GBP	**812,700**	**2,706,183**	April 17, 2017	**32,559**
USD	**65,627**	**177,192**	April 3, 2017	**1,801**
		53,495,805		**701,403**
			Current	**701,403**

The following is an analysis of the currency forwards held with negative fair value as of March 31, 2016:

Currency sold/ purchased	Notional value of contracts	Notional value of contracts EC$ equivalent	Value date of contracts	Fair value of contracts $
AUD	15,711,300	42,420,510	April 12, 2016	2,596,374
CAD	448,300	1,210,410	April 25, 2016	18,165
EUR	12,395,068	33,466,684	April 18 & 25, June 1, 2016	1,107,385
GBP	408,000	1,101,600	April 25, 2016	44,921
JPY	1,587,407,000	35,668,594	April 4, 2016	2,429,174
		113,867,798		6,196,019
			Current	6,196,019

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

20. Other reserves

	2017 $	2016 $
Property, plant and equipment revaluation reserve	**82,106,312**	82,106,312
Unrealised holding (loss) gain - investment securities	**(17,424,849)**	22,041,092
Pension reserve	**26,510,000**	14,467,000
Self-insurance reserve fund	**11,390,470**	10,980,827
Capital reserve	**6,537,928**	6,537,928
Export Credit Guarantee fund	**1,808,877**	1,808,877
Unrealised holding gain – money market instruments	**132,806**	7,664
Total reserves	**111,061,544**	137,949,700

Export Credit Guarantee fund

Under Article 42 (1) of the Eastern Caribbean Central Bank Agreement Act 1983, the Bank is empowered to administer or participate in an export credit guarantee scheme. In exercise of this power, the Bank has assigned to one of its departments, the objective of providing pre-shipment export credit guarantees to commercial banks in respect of advances made to exporters from the Organisation of Eastern Caribbean States.

Article 42 (4) of the Eastern Caribbean Central Bank Agreement Act 1983 provides for the Bank to make discretionary contributions out of its profits towards a guarantee fund for administering the Export Credit Guarantee Scheme. The Board of Directors have agreed to maintain the fund at a minimum of $1,000,000.

Capital reserve

Capital reserve includes the land (8.3568 acres) on which the Bank's headquarters (Sir K Dwight Venner and Phase II Buildings) are constructed, which was donated by the Government of St. Kitts and Nevis. The land was independently valued at $629,528 in 1991 for Sir K Dwight Venner Building and $2,720,000 in 2001 for Phase II. In 2003 the Government of St. Kitts and Nevis donated an additional 0.61 acres to the Bank, which has been independently valued at $498,400. In 2005, the Government of St. Kitts and Nevis donated an additional 2 acres of land which has been independently valued at $2,690,000.

Self-insurance reserve

The Board of Directors have agreed to appropriate annually to the Self-insurance Reserve, from net income, such amount equivalent to the quoted premium from an insurance carrier, to cover potential catastrophe in respect of the Bank's headquarters buildings and full coverage for the other properties. It also agreed to a funded cap of 20% of the replacement value of the relevant buildings (determined by independent valuation).

Pension reserve

The Board of Directors have decided to make appropriations annually to or from net income for the amounts necessary to maintain a pension reserve equivalent to the pension asset.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

20. Other Reserves*...continued*

Revaluation Reserve: Available-for-sale investment securities

The movements of the "Revaluation Reserve: Available-for-sale securities" as a result of changes in the fair values are as follows:

	Foreign investment securities $	Money market instruments $	Total $
Balance at March 31, 2015	17,300,883	(1,765)	17,299,118
Revaluation of available-for-sale securities	8,055,121	-	8,055,121
Revaluation transfer to profit or loss on disposal of available-for-sale securities	(3,314,912)	9,429	(3,305,483)
Balance at March 31, 2016	**22,041,092**	**7,664**	**22,048,756**
Revaluation of available-for-sale securities	(38,638,473)	-	(38,638,473)
Revaluation transfer to profit or loss on disposal of available-for-sale securities	(827,468)	125,142	(702,326)
Balance at March 31, 2017	**(17,424,849)**	**132,806**	**(17,292,043)**

21. Pension asset

The Bank contributes to a defined pension scheme covering substantially all full-time employees. The assets of the plan are held separately in an independent trustee administered fund. The pension scheme is valued every three years by a firm of independent qualified actuaries, Bacon Woodrow & de Souza Limited – Actuaries and Consultants. The latest available full valuation was at March 31, 2016; it used the projected unit credit method, and showed that the fair value of the Fund's assets at March 31, 2016 represented 116% of the benefits that had accrued to members as at that date. The fair value of the Fund's assets at that time was $101.7 million (2013: $86.4 million) and the required future service contribution rate was 20.6% (2013: 20.2%) of pensionable salaries. The actuary performed a roll-forward of the valuation to March 31, 2017. The next detailed full valuation will be conducted as at March 31, 2019.

	2017 $	2016 $
The amounts recognised in the statement of financial position are as follows:		
Present value of pension obligation	**(79,144,000)**	(84,093,000)
Fair value of plan assets	**105,654,000**	98,560,000
Present value of over funded surplus	**26,510,000**	14,467,000
Net asset recognised in the statement of financial position	**26,510,000**	14,467,000

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

21. Pension asset*...continued*

	2017 $	2016 $
Reconciliation of amount reported in the statement of financial position:		
Pension asset, beginning of year	**14,467,000**	20,517,000
Net pension costs during the year	**(2,616,000)**	(2,334,000)
Re-measurements recognised in other comprehensive loss	**12,370,000**	(6,048,000)
Contributions to pension scheme	**2,289,000**	2,332,000
Pension asset, end of year	**26,510,000**	14,467,000

Effective April 1, 2007, the Bank adjusted its contribution to the Pension Fund from 16% to 12% to benefit from the current overfunded position of the pension fund and as prescribed by rule 4(3) of the Pension Fund Trust Deed and Rules (1992).

	2017 $	2016 $
The movement in the defined benefit obligation over the year is as follows:		
Beginning of year	**84,093,000**	79,173,000
Current service cost	**3,529,000**	3,665,000
Interest cost	**5,732,000**	5,438,000
Contributions by plan participants	**572,000**	583,000
Actuarial gain	**(10,311,000)**	(1,754,000)
Benefits paid	**(4,471,000)**	(3,012,000)
	79,144,000	84,093,000

	2017 %	2016 %
The defined benefit obligation is allocated between the Plan's members as follows:		
Active and promoted members	**77.0**	85.0
Deferred members	**0**	0
Pensioners	**23.0**	15.0

	2017	2016
The weighted average duration of the defined benefit obligation at the year end	**14.9 years**	16.4 years

33% of the benefits for active members are for those over age 55 and are vested.

33% of the defined benefit obligation for active members is conditional on future salary increases.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

21. Pension asset...*continued*

	2017 $	2016 $
The movement in the fair value of plan assets over the year is as follows:		
Plan assets at start of year	**98,560,000**	99,690,000
Interest income	**6,837,000**	6,968,000
Return on Plan assets, excluding interest income	**2,059,000**	(7,802,000)
Employer contributions	**2,289,000**	2,332,000
Contributions by plan participants	**572,000**	583,000
Benefits paid	**(4,471,000)**	(3,012,000)
Expense allowance	**(192,000)**	(199,000)
	105,654,000	98,560,000

	2017 $	2016 $
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	**3,529,000**	3,665,000
Net interest on net defined benefit asset	**(1,105,000)**	(1,530,000)
Administration expenses	**192,000**	199,000
Total expense included in staff costs (note 27)	**2,616,000**	2,334,000

	2017 $	2016 $
The amounts recognised in other comprehensive loss were as follows:		
Experience gains (losses)	**12,370,000**	(6,048,000)
Total amount recognised in other comprehensive loss	**12,370,000**	(6,048,000)

	2017 %	2016 %
The principal actuarial assumptions used were as follows:		
Discount rate	**7.0**	7.0
Average individual salary increases	**5.0**	6.0

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

21. Pension asset...*continued*

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at March 31, 2017 are as follows:

	2017	**2016**
Life expectancy at age 60 for current pensioners in years		
Male	**21.0**	21.0
Female	**25.1**	25.1
Life expectancy at age 60 for current members age 40 in years		
Male	**21.4**	21.4
Female	**25.4**	25.4

Plan assets are comprised as follows:

	2017 **$**	**2016** **$**
Developed market equities	**42,297,000**	40,398,000
EC Government issued nominal bonds and treasury bills	**10,209,000**	11,157,000
USD denominated bonds	**49,528,000**	42,353,000
XCD cash and cash equivalents	**3,473,000**	2,789,000
USD cash and cash equivalents	**3,974,000**	3,069,000
Net current assets	**(3,827,000)**	(1,206,000)
Fair value of Plan Assets at end of year	**105,654,000**	98,560,000

The largest proportion of assets is invested in debt instruments. Overseas equities in developed markets and USD denominated bonds have quoted prices in active markets. The value of the Eastern Caribbean government bonds are shown at their par values.

The Plan's assets are invested based on a strategy agreed with the Plan's Trustees. There are no asset-liability matching strategies used by the Plan.

22. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank considers the participating governments, board of directors and key management personnel as related parties.

Participating Governments

The receivables from and payables to participating governments arise mainly from the Bank carrying out one of its key roles as banker to participating governments as provided for in part nine (ix) of the ECCB Agreement Act 1983.

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

22. Related party balances and transactions*…continued*

The year end balances arising from transacting with participating governments are as follows:

	2017 $	2016 $
Receivables from participating governments		
Loans and receivables: participating governments' securities (note 9)	**73,334,339**	83,912,190
Loans and receivables: participating governments' advances (note 10)	**40,496,304**	55,692,292
Payables to participating governments (note 16)		
Participating governments' call accounts	**184,250,591**	251,904,354
Participating governments' fiscal reserve tranche II	**51,292,706**	60,983,784
Participating governments' operating accounts	**48,073,159**	31,769,487
Participating governments' sinking fund call accounts	**9,232,393**	14,374,111
Participating governments' fiscal tranche I call accounts	**8,012,380**	7,989,695
Participating governments' drug service accounts	**4,600,762**	3,806,137
Participating governments' debt restructuring escrow accounts	**59,618,256**	184,306

Interest income earned on receivables during the year was $6,220,772 (2016: $7,131,302). The receivables carry interest rates of 3.5% to 9% (2016: 3.5% to 9%) per annum.

Interest expense on payables during the year was $581,671 (2016: $161,353). The payables carry interest rates of 0.19% to 0.51% (2016: 0.01% to 0.23%) per annum.

A number of transactions were entered into with related parties in the normal course of business. These include loans and other transactions. The volume of related party transactions and outstanding balances at the year-end are as follows:

	2017 $	2016 $
Staff mortgage loans		
Loans outstanding at beginning of year	**374,963**	472,968
Loans movement during the year	**(90,393)**	(98,005)
Loans outstanding at end of year	**284,570**	374,963
Term deposits		
Bank of Nova Scotia, St. Kitts	**566,802**	612,129
CIBC FirstCaribbean International, St Kitts	**613,063**	642,335
	1,179,865	1,254,464

EASTERN CARIBBEAN CENTRAL BANK

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

22. Related party balances and transactions…*continued*

The term deposit balance represents amounts pledged as liquidity support for loans issued by BNS, St. Kitts and CIBC FirstCaribbean International, St Kitts to ECCB eligible employees (note 6).

Interest income earned on loans and advances during the year was $40,909 (2016: $17,183). The loans carry an interest rate of 4% (2016: 4%) per annum. The repayment terms of the loans vary. The outstanding loans are primarily for mortgages and are secured by the mortgaged property.

Key management personnel compensation

The salaries, fees and benefits paid to the Board of Directors and key management personnel of the Bank during the year amounted to $3,604,245 (2016: $4,007,176). The following is an analysis of these amounts:

	2017 $	2016 $
Salaries and other short-term employee benefits	**3,264,471**	3,664,525
Board of Directors' fees	**192,774**	192,000
Post-employment benefits	**147,000**	150,651
	3,604,245	4,007,176

23. Contingencies and commitments

Capital commitments

At March 31, 2017, there were no commitments for capital expenditure (2016: Nil).

Credit extension to participating governments

Article 40 (1) of the ECCB Agreement Act 1983 stipulates that "the Bank may, subject to such terms and conditions as the Board may prescribe, make temporary advances to each Participating Government to meet its seasonal needs…". This can take the form of ECCB's direct investment in government securities, overdrafts on operating accounts and temporary advances.

The approved credit allocation to participating governments for the current financial year is $563,605,000 (2016: $450,645,000). The details are presented in the table below:

	2017 $	2016 $
Government of Saint Lucia	**122,801,000**	88,965,000
Government of St Kitts and Nevis	**109,114,000**	88,637,000
Government of Antigua and Barbuda	**95,043,000**	115,430,000
Government of Grenada	**73,553,000**	45,794,000
Government of St Vincent and the Grenadines	**69,971,000**	49,383,000
Government of Commonwealth of Dominica	**63,063,000**	39,740,000
Government of Anguilla	**24,176,000**	18,299,000
Government of Montserrat	**5,884,000**	4,397,000
Total credit allocation	**563,605,000**	450,645,000

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

23. Contingencies and commitments*...continued*

Credit extension to participating governments*...continued*

The undrawn commitments to participating governments for the current financial year amounts to $435,732,000 (2016: $295,179,000). The details are presented in the table below:

	2017 $	2016 $
Government of Saint Lucia	**122,801,000**	88,965,000
Government of St Kitts and Nevis	**109,114,000**	88,637,000
Government of Grenada	**71,509,000**	35,841,000
Government of Commonwealth of Dominica	**63,063,000**	39,740,000
Government of St Vincent and the Grenadines	**45,904,000**	16,285,000
Government of Anguilla	**9,977,000**	5,069,000
Government of Antigua and Barbuda	**7,480,000**	16,245,000
Government of Montserrat	**5,884,000**	4,397,000
Total undrawn commitments	**435,732,000**	295,179,000

Pending litigation

There are six (6) pending legal claims against the Eastern Caribbean Central Bank (the "Central Bank") for which the likelihood of settlement appears remote.

(1) Claim No. GDAHCV2001/0490 initiated by Capital Bank International Limited in 2001 is pending before the Grenada Supreme Court. The Claimant is seeking:

(i) A declaration that it is entitled to be admitted to the membership of the Clearing House facility established by the Central Bank pursuant to the provisions of the Eastern Caribbean Central Bank Act 1983; and

(ii) An order directing the Central Bank to admit the Claimant immediately as a member of the Clearing House facility operating in Grenada.

At the High Court hearing of the case in September 2008, the court ordered that the trial of the matter be adjourned to a date to be fixed by the Registrar of the High Court on application by any of the parties to the matter. The Minister for Finance, in Grenada has since revoked the banking licence which was granted to Capital Bank International Limited, appointed a Receiver for the Bank and has also filed a petition before the court for the compulsory liquidation of the Bank.

(2) Summons in a civil action (No. 3:13-cv-00762-n) between: the Official Stanford Investors Committee (Plaintiff) and Bank of Antigua, Eastern Caribbean Central Bank, Antigua Commercial Bank, St. Kitts-Nevis-Anguilla National Bank Ltd, Eastern Caribbean Financial Holdings Company Ltd, National Commercial Bank (SVG) Ltd, Eastern Caribbean Amalgamated Bank, and National Bank of Dominica Ltd, and Antigua and Barbuda (Defendants) is pending before the United States District Court for the Northern District of Texas, Dallas Division. The Plaintiff is seeking inter alia:

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

23. Contingencies and commitments*...continued*

Pending litigation*...continued*

(i) An award of damages;

(ii) An order for the avoidance of fraudulent transfers;

(iii) An accounting as to the value of the Bank of Antigua.

On 26 March 2015, the Eastern Caribbean Central Bank (the "Bank") filed motion to have the matter dismissed for lack of subject matter jurisdiction and personal jurisdiction. The Plaintiff has filed its response to the motion to dismiss and the Bank has filed reply. The motion is now fully briefed and the parties await a ruling on that motion.

(3) Claim No. ANUHCV2015/0518 between: Sylvia O'Mard (Claimant/Applicant) and ABI Bank Ltd, Eastern Caribbean Central Bank and Dwight Venner (the Defendants/Respondents).

On 29 September 2015, Ms Sylvia O'Mard (the "Applicant") filed a fixed date claim against the ABI Bank Ltd, Eastern Caribbean Central Bank and Dwight Venner (the "Respondents"). The Applicant sought, among other things:

(i) A declaration that Article 5C(5)(a) of the Eastern Caribbean Central Bank Agreement is unconstitutional;

(ii) A declaration that the actions of the Respondents in failing to release funds due to the Applicant and held at the first-named Respondent amounted to a breach of the Applicant's constitutional rights;

(iii) An order for recovery of all sums demanded by the Applicant;

(iv) An order for restitution.

By Notice of Application filed on 18 November 2015, the Respondents applied to the Court for an Order declaring that the Court has no jurisdiction to try the claim as filed. The Court ordered a hearing of the Notice of Application including arguments in relation to the constitutionality of Article 5C(5)(a) of the Eastern Caribbean Central Bank Agreement on 15 December 2015. Following the hearing on 15 December 2015, the Court, on 22 December 2015, delivered its decision on the preliminary issue in favour of the Respondents dismissing the claim of the Applicant.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

23. Contingencies and commitments*...continued*

Pending litigation*...continued*

The Applicant appealed the decision of the High Court. On the hearing before the Court of Appeal on 8 December 2016, the Court ordered that the matter be remitted to the High Court with directions that the Attorney General be joined as a party and that a timetable be fixed by the High Court for the expeditious hearing of the matter.

(4) Claim No. AXAHCV2016/0051 between: Satay Limited et al (Claimants) v Martin Dinning, Hudson Carr, Shawn Williams, Robert Miller and Eastern Caribbean Central Bank (Defendants). By claim filed on 28 June 2016 the Claimants claim against the Defendants for breach of fiduciary duty the sum of US$13,028,906.17.

By Notice of Application dated 12 August 2016, the 1st, 2nd, 3rd and 5th Defendants applied to the Court for a declaration that the Court has no jurisdiction to try the claim as filed. The Defendants' application contesting the court's jurisdiction was heard on 13 October 2016 and the Court gave directions for the filing of written submissions by both sides. Written submissions have been filed by both sides. On 22 February 2017, the Court delivered its decision on the preliminary issue in favour of the Claimants. The Defendants filed application for leave to appeal that decision which was granted on 11 April 2017.

(5) Case No. 16-01279-MG Between: National Bank of Anguilla (Private Banking & Trust) Ltd (the Plaintiff) v. National Bank of Anguilla Ltd (NBA), National Commercial Bank of Anguilla Ltd (NCBA) And Eastern Caribbean Central Bank (ECCB) (hereinafter collectively 'the Defendants'). The Plaintiff filed complaint on 16 December 2016 before the United States Bankruptcy Court Southern District of New York against the Defendants alleging breach of fiduciary duty and gross negligence and seeking judgment to, inter alia:

(a) avoid transfers of net new money in the amount of US$9.15m to NBA and other transfers to the NCBA and ECCB as actual or constructively fraudulent transfers;

(b) recover the value of avoidable transfers from the Defendants;

(c) avoid and recover NBA's transfers of its funds and assets to NCBA and net payment of US$13,837,233.30 to ECCB; and

(d) damages for breach of fiduciary duty and gross negligence by the ECCB.

On 27 February 2017, the Eastern Caribbean Central Bank filed a motion to dismiss on the basis of lack of subject matter jurisdiction, personal jurisdiction and forum non conveniens. On 20 March 2017, the Plaintiff filed an amended complaint.

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

23. Contingencies and commitments*...continued*

Pending litigation*...continued*

(6) Claim No. AXA/HCV2017/0017 Between National Bank of Anguilla (Private Banking & Trust) (in administration); Caribbean Commercial Investment Bank Ltd (in administration) (Intended Applicants) and Chief Minister of Anguilla; Attorney General of Anguilla; Gary Moving (as Receiver of the National Bank of Anguilla and Caribbean Commercial Bank); Eastern Caribbean Central Bank (Intended Respondents).

The Intended Applicants have filed application for leave to apply for judicial review of various "decisions" made by the Intended Respondents concerning the implementation of the resolution strategy in respect of National Bank of Anguilla (NBA) and Caribbean Commercial Bank (CCB) including the appointment of the Receiver and the Receiver's actions including his transfer of certain assets and liabilities of NBA and CCB to National Commercial Bank of Anguilla. The application is scheduled to be heard on 18 May 2017.

Eastern Caribbean Securities Exchange Limited

During the year, the Bank has given the following undertaking and guarantee in respect of the Eastern Caribbean Securities Exchange Limited (“ECSE”), a public limited company registered under the Laws of St. Christopher and Nevis:

- An undertaking to postpone all claims in respect of present and future funds advanced to the Eastern Caribbean Securities Exchange Limited and its wholly-owned subsidiary companies by the Bank up to the year ending March 31, 2017. At the year end, the total funds advanced amounted to $2,874,845 (2016: $2,874,845). The last advance was during the financial year ended March 31, 2005.

- Guarantee cover in the event of a budgeted shortfall in respect of the ECSE and its wholly-owned subsidiary companies for the fiscal year ending March 31, 2017 in an amount not expected to exceed $2,000,000 (2016: $2,000,000).

The above undertaking and guarantee will be reviewed on March 31, 2018 and are irrevocable before this date.

Contractual obligation

The Bank contracted the services of De La Rue (DLR) Cash Systems Inc. to supply onsite labour equipment maintenance and corrective equipment maintenance to keep the CPS 1200 System in good working order or to restore it to good working order as necessary. The total contract is US$600,000 and extends for a period of 120 months effective March 2008. As at March 31, 2017, the commitment of the Bank was $162,000 (2016: $324,000).

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

23. Contingencies and commitments...*continued*

Leasehold obligation – operating leases...*continued*

Leasehold obligation – operating leases

All agency offices operate out of leased premises with lease terms ranging from 2 to 33 1/3 years. Lease rentals payable on operating leases are expensed on a straight line basis over the term of the leases.

Minimum lease payments subsequent to 2017 and in aggregate are as follows:

	2017 $	2016 $
2017	-	668,365
2018	**907,270**	391,540
2019	**625,950**	150,720
2020	**592,650**	150,720
2021	**472,230**	-
Thereafter	**830,000**	890,000
Total minimum lease payments	**3,428,100**	2,251,345

24. Cash and cash equivalents

	2017 $	2016 $
Money market instruments and money at call (note 5)	**1,191,362,902**	1,479,332,070
Regional and foreign currencies	**56,446,538**	51,120,655
Due from local banks	**21,000,000**	-
Balances with other central banks (note 4)	**11,856,639**	4,926,288
Balances with local banks	**1,838,469**	3,187,985
Balances with foreign banks (note 4)	**52,855**	77,071
Total cash and cash equivalents	**1,282,557,403**	1,538,644,069

25. Net interest income

	2017 $	2016 $
Interest income		
Available-for-sale: foreign investment securities	**37,373,890**	31,565,253
Money market instruments and money at call	**11,777,722**	2,423,617
Loans and receivables: participating governments' securities	**2,842,041**	3,727,472
Other interest income	**4,261,282**	4,348,872
	56,254,935	42,065,214

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

25. Net interest income *...continued*

	2017 $	2016 $
Interest expense		
Demand liabilities: domestic	**581,671**	161,353
	581,671	161,353
Net interest income	**55,673,264**	41,903,861

26. Other income

	2017 $	2016 $
Income from banking licence fees and penalties	**7,918,000**	2,280,000
Pension fund administrative and management fees	**637,677**	587,807
Miscellaneous income	**439,918**	268,975
Rental income	**300,000**	245,847
Gain (loss) on futures	**108,273**	(505,759)
Income from reserve requirement	**2,890**	1,552,460
Gain on dissolution of subsidiary (note 29)	**-**	11,544
Total other income	**9,406,758**	4,440,874

Rental income results from rental of office space to affiliate institutions ECHMB and ECSE, which are covered by leasehold rental contracts. The Bank also rents office space to Eastern Caribbean Institute of Banking (ECIB). The amounts due from ECIB are outstanding as at 31 March 2017.

27. Salaries, pensions and other staff benefits

	2017 $	2016 $
Salaries, wages and other benefits	**25,821,435**	25,307,002
Pension (note 21)	**2,616,000**	2,334,000
Social security	**911,655**	900,049
Vacation leave	**364,542**	44,527
Prepaid employee benefit	**59,553**	67,187
Total salaries, pensions and other staff benefits	**29,773,185**	28,652,765

EASTERN CARIBBEAN CENTRAL BANK
NOTES TO THE FINANCIAL STATEMENTS

(expressed in Eastern Caribbean dollars) March 31, 2017

28. Administrative and general expenses

	2017	2016
	$	$
General supplies and services	**7,449,169**	7,342,360
Professional and consulting fees	**7,371,906**	6,305,329
Utilities expenses	**2,830,123**	2,493,251
Training, recruitment and resettlement	**1,350,282**	399,866
Travel tickets, accommodation and subsistence	**999,165**	723,389
Conference and meetings	**985,772**	635,645
Rental Expense	**852,986**	728,422
Contribution to ECSRC	**830,362**	748,081
Legal fees	**823,383**	742,747
Insurance expense	**706,607**	709,364
Telephone costs	**686,092**	684,975
Staff vacation grant	**546,602**	411,343
Supervisory and regulatory expenses	**520,373**	577,458
Special projects	**460,875**	381,350
Repairs and maintenance	**376,128**	280,296
Other staff expenses and amenities	**300,696**	244,051
Contingencies	**266,849**	377,634
Subscriptions and fees	**204,139**	194,141
Community outreach	**172,047**	178,625
Cafeteria subsidy	**99,967**	144,986
Directors' travel and subsistence	**91,600**	30,691
Advertising and promotion	**83,379**	108,844
Affiliate groups	**63,791**	73,051
Contribution to staff association	**50,026**	63,972
Printing and postage	**16,541**	17,099
Impairment loss on financial assets	**-**	1,315,109
Total administrative and general expenses	**28,138,860**	25,912,079

29. Dissolution of Subsidiary

Effective 21 December 2015, Caribbean Assets and Liabilities Management Services (CALMS) Limited, a 100% owned subsidiary of the ECCB was wound up. Accordingly, the Bank has derecognised related assets and liabilities of CALMS Ltd.

The assets were represented by cash at bank, which was subsequently transferred to ECCB. The net assets represent the gain on dissolution of subsidiary of $11,544 which is included in other income for the year ended March 31, 2016.

NOTES

LIST OF COMMERCIAL BANKS MAINTAINING CLEARING ACCOUNTS WITH THE ECCB

As at 31 March 2017

ANGUILLA
CIBC FirstCaribbean International Bank (Barbados) Limited
National Commercial Bank of Anguilla Ltd
Scotiabank Anguilla Limited

ANTIGUA AND BARBUDA
Antigua Commercial Bank
Caribbean Union Bank Ltd
CIBC FirstCaribbean International Bank (Barbados) Limited
Eastern Caribbean Amalgamated Bank
RBC Royal Bank of Canada
RBTT Bank Caribbean Limited
The Bank of Nova Scotia

COMMONWEALTH OF DOMINICA
CIBC FirstCaribbean International Bank (Barbados) Limited
National Bank of Dominica Ltd
RBC Royal Bank of Canada
The Bank of Nova Scotia

GRENADA
CIBC FirstCaribbean International Bank (Barbados) Limited
Grenada Co-operative Bank Ltd
RBTT Bank Grenada Limited
Republic Bank (Grenada) Limited
The Bank of Nova Scotia

MONTSERRAT
Bank of Montserrat Limited
RBC Royal Bank of Canada

ST KITTS AND NEVIS
Bank of Nevis Limited
CIBC FirstCaribbean International Bank (Barbados) Limited
RBC Royal Bank of Canada
RBTT Bank (SKN) Limited
RBTT Bank Caribbean Limited
St Kitts-Nevis-Anguilla National Bank Limited
The Bank of Nova Scotia

SAINT LUCIA
1st National Bank St Lucia Ltd
Bank of Saint Lucia Ltd
CIBC FirstCaribbean International Bank (Barbados) Limited
RBTT Bank Caribbean Limited
RBC Royal Bank of Canada
The Bank of Nova Scotia

ST VINCENT AND THE GRENADINES
Bank of St Vincent and the Grenadines Ltd
CIBC FirstCaribbean International Bank (Barbados) Limited
RBTT Bank Caribbean Limited
The Bank of Nova Scotia


EASTERN CARIBBEAN CENTRAL BANK
Strategic
Finance
Currency
Growth
People
Union
Banking
Excellence
Accountability
Caribbean
Goal
Teamwork
Results
Service
Future
Transform
Fiscal
Council
Thriving
Stability
Development
Economic
Citizens
Monetary
Innovation
Environment
Resilience
Soundness
Strength
Vision
Mission
Collaboration
Dollar
Truth
Focus
Safety
Connect
Advancement
Effectiveness
Technology
ECCB

Eastern Caribbean Central Bank
P O Box 89
Basseterre
St Kitts and Nevis, West Indies
Tel: (869) 465-2537 Fax: (869) 465-9562

Visit our website: www.eccb-centralbank.org