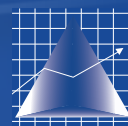


ANNUAL REPORT 2020



ECSE

EASTERN CARIBBEAN SECURITIES EXCHANGE



VISION

To be the medium of choice for wealth creation and capital-raising in the Eastern Caribbean Currency Union.

MISSION

To provide the Eastern Caribbean Currency Union (ECCU) with an accessible market place in which to issue and trade securities, to clear and settle trades, and to register companies in a transparent, seamless, confidential and secure manner.

STATEMENT

To grow revenues by leveraging our advanced technological capacity to offer the most efficient and appropriate capital market products and services to a broadened clientele, based on responsive, client-focused operations, and strategic marketing and outreach activities.

VALUES

Accountability & Transparency

Efficiency, Professionalism & Competence

Integrity, Reliability & Dependability

Responsive & Client-Focused

Areas of Value Creation

In pursuing our mission as a market infrastructure, we also focus on creating long-term value for stakeholders through the utilisation of various forms of capital.



Our Financial Capital

The financial resources of the exchange are used to operate a safe, transparent, and efficient market and support growth, expansion, and innovation. The ECSE balances the need to provide a return to its shareholders through the distribution of dividends and retaining capital to fund its operations and achieve its objectives.



Our Systems and Infrastructure

As a technology-driven exchange, our operations are heavily reliant on our IT systems used to securely process transactions between issuer and investors. Utilising world-class technology is a key component of our business model and allows the ECSE to meet the needs of our stakeholders and provide them with a safe, accessible, and efficient marketplace.



Our Organisational Knowledge and Brand

The ECSE's brand is based on the technology, systems, policies, and procedures we have developed and the experience of how to operate a safe and efficient market. Our brand also relies on positive relations with our stakeholders for the proper functioning of the securities market and to meet stakeholder expectations.



Our people

The ECSE is a specialised organisation requiring competent employees with skills and experience in financial markets. We aim to attract, develop, and retain high calibre employees who are instrumental in the execution of our strategy and delivery of a safe and efficient market.



Our Relationships

The ECSE plays a critical role in the regional economy. We influence and interact with a range of stakeholders to ensure that we remain a trusted partner in the financial sector and work to create an environment that creates value for issuers and investors.

ECSE Group at a Glance

The ECSE Group consists of the Eastern Caribbean Securities Exchange (ECSE) Ltd, the parent company, and the Eastern Caribbean Central Securities Depository (ECCSD) Ltd, a wholly owned subsidiary. These companies were established in 2001, along with another wholly owned ECSE subsidiary, the Eastern Caribbean Central Securities Registry Ltd, which has since been subsumed into the ECCSD, as the three market institutions to launch the Eastern Caribbean Securities Market (ECSM). The ECSM, which was the first organised regional securities market within the 8 Member countries of the Eastern Caribbean Currency Union (ECCU), provide investors with an alternative to invest their savings to secure their future. It facilitates the transfer of private sector savings to productive investments, which is expected to increase productive activity in the real sector, facilitate private sector development and create avenues for employment.

The ECSE Group is positioned as the provider of a critical service to the Eastern Caribbean's financial services sector. The ECSE Group acts as an intermediary between investors willing to provide capital over the short, medium or long-term to fund the recurrent and capital expenditure of Governments and companies.

What We Do

The ECSE Group operates a multi-asset class securities exchange that provides trading, clearing and settlement services to individual and institutional investors where they can buy and sell securities and earn a return on their investment.

Primary Market

We operate the primary markets which give issuers an opportunity to raise money through the issue of new securities.

Secondary Market

We operate the secondary market which allows investors to trade their securities freely.

Post-Trade Services

We clear and settle all primary market auctions and secondary market trades efficiently, securely, and irrevocably, ensuring that sellers get paid for the securities they have sold, and buyers receive the securities they have bought.

Corporate Actions

We process corporate actions resulting in the distribution of income to investors.

Data

We report on market activity and corporate actions and publish issuer filings and disclosures.

Our Stakeholders

Employees

We aim to provide employees with a safe work environment that allows for personal fulfillment from making a meaningful contribution to an organisation with regional significance.

Investors

We aim to provide investors with a reliable, secure, accessible, and efficient marketplace that generates an attractive return on their investment for wealth creation.

Regulators

We work with the primary regulators to create a safe, transparent, and efficient marketplace for investors and issuers.

Issuers

We aim to provide a marketplace that allows Governments and Companies to raise funding required to meet their capital and recurrent expenditure needs.

Banking Sector

We work with the Eastern Caribbean Central Bank and commercial banks to settle auctions and trades executed on the primary and secondary markets and distribute income to investors in an efficient, cost-effective, and safe manner.

Shareholders

We aim to return value to our shareholders through the payment of an annual dividend.



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at 31 March 2019

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Financial Review

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman



Mr Timothy NJ Antoine
Governor,
Eastern Caribbean Central
Bank

Deputy Chairman



Mr D Michael Morton, CBE
Director,
TDC Group of Companies



Mr Peter Blanchard, GCM
Managing Director,
General Insurance Company Ltd



Mrs Jennifer Nero
Business Consultant



Mrs Janice Jean-Jacques Thomas
Director/CEO,
Dominica Social Security



Mr Matthew Mathurin
Director,
National Insurance Corporation
Saint Lucia



Mr Dexter Ducreay
General Manager,
A.C. Shillingford & Company Ltd



Mr Trevor E Blake
Managing Director,
ECSE Group

COMPANY SECRETARY

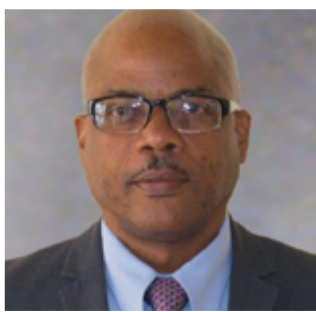


Ms Raemona Frederick
Senior Legal Officer,
Eastern Caribbean Central Bank

MANAGEMENT



Mr Trevor E Blake
Managing Director



Mr Tarlie Francis
Senior Manager,
Operations Division



Ms Tian Arthurton
Manager,
Accounting, Finance and
Administration Division

Registered Office

P. O. Box 94
Bird Rock
Basseterre
St. Kitts

Auditors

KPMG
2nd Floor, ABI Financial Centre
156 Redcliffe Street, P.O. Box W388
St John's, Antigua

Subsidiary Company

Eastern Caribbean Central Securities
Depository Limited (100%)

Solicitors

Kelsick, Wilkin & Ferdinand
South Independence Square Street, Basseterre, St Kitts

Bankers

St. Kitts-Nevis-Anguilla National Bank Ltd
Central Street, Basseterre, St. Kitts

CIBC FirstCaribbean International Bank (Barbados) Ltd
The Circus, Basseterre, St Kitts

STAFF



Seated from L-R:

Kimani Phillip, Accounting Assistant

Kerina Browne, Senior Client Services Representative – Operations Division

Denise Lynch-Wade, Administrative Assistant

Curdel Rouse, Operations Clerk

Standing from L-R:

Geron Burnett, Senior Manager - Operations Division (Designate)

Seon Stewart, Accounting Officer

Sherizan Mills, Client Services Representative – Operations Division

Ron Andrew, Information Technology Officer

Trellon Charles, Information Technology Officer

Not pictured:

Teesea Nero, Client Services Representative – Operations Division

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

The Eastern Caribbean Securities Exchange Limited (ECSE) and the Eastern Caribbean Central Securities Depository Limited (ECCSD) continue to promote high standards and principles of corporate governance throughout the Group. This statement of corporate governance practices provides a brief description of the Group's approach to governance.

LEGAL FRAMEWORK

The ECSE was incorporated in the Federation of Saint Christopher and Nevis under the Companies Act of 1996 as a public limited liability company. It is licensed under the Securities Act of 2001, a uniform regional body of legislation in Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Christopher and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The Act provides for the protection of the investing public by creating the Eastern Caribbean Securities Regulatory Commission (ECSRC) that regulates the securities market, securities exchanges, persons engaged in securities business and the public issue of securities. The ECSE facilitates the trading of a

range of financial products, including equities, corporate bonds, and government securities.

The ECCSD, a wholly owned subsidiary of the ECSE, was also incorporated in Saint Christopher and Nevis in 2001 as a public limited liability company, under the 1996 Companies Act. The ECCSD is also licensed and regulated by the ECSRC, under the Securities Act of 2001.

BOARD OF DIRECTORS

The Board of Directors of the ECSE is responsible for the strategic guidance of the Company, and is focused on both protecting the interests of all stakeholders and optimising shareholder value.

The Board of Directors consists of eight members, seven non-executive directors elected in accordance with Article 81 of the Articles of Association of the ECSE, and the Managing Director. The Directors include regional business leaders and professionals, who bring considerable expertise and experience to the decision-making

processes. The Board of Directors typically meets on a bi-monthly basis and regularly reviews the Group's financial and operational performance.

In accordance with the Articles, all of the non-executive Directors retire at each Annual General Meeting of the company. Directors are eligible for nomination by their respective classes for re-election to the Board.

BOARD COMMITTEES

Committees of the Board are established, in accordance with Article 80 of the ECSE's Articles, to enhance the Board's effectiveness in the proper governance of the Group. During the year, the Board revamped its Committee structure, for greater effectiveness and relevance to current operations.

The Committees, and their composition, at 31 March 2019 were as follows:

Audit and Risk Committee

Mrs Jennifer Nero – **Chairperson**
Mr Matthew L Mathurin
Mr Dexter Ducreay

Budget and Finance Committee

Mr D Michael Morton, CBE – **Chairman**
Mr Peter Blanchard, GCM
Mrs Janice Jean-Jacques Thomas
Mr Trevor E Blake

Human Resources Committee

Mrs Janice Jean-Jacques Thomas – **Chairman**
Mr D Michael Morton, CBE
Mr Dexter Ducreay
Mr Trevor E Blake

Disciplinary Committee

Mr Peter Blanchard, GCM – **Chairman**
Mr Matthew L Mathurin
Mrs Jennifer Nero

The Company Secretary facilitates the functioning of the Committees.

ECCSD

The Board of Directors of the subsidiary company, the ECCSD Ltd, is comprised as follows:

Mr Timothy S Antoine – **Chairman**
Mr D Michael Morton, CBE – **Deputy Chairman**
Mr Peter Blanchard, GCM
Mrs Jennifer Nero
Mr Dexter Ducreay
Mr Trevor E Blake – **Managing Director**

Company Secretary

Ms Raemona Frederick

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am again pleased to present to you, our shareholders, the Annual Report of the Eastern Caribbean Securities Exchange Limited (ECSE) Group, chronicling the results for the year ended 31 March 2020.

The ECSE has concluded another successful and productive year. Progress was made on strategic priorities that emanated from the strategic visioning process started in the final quarter of the last financial year. However, this continues to be work in progress. Much of this progress to date was focused on the organizational restructuring, which lead to internal operational efficiency gains, and on the marketing and outreach activities that provided a heightened awareness of the Group and its products and services.

During the year, the Group experienced steady growth in its activities. The number of market listings increased by six to 154, led by the increase in listed sovereign debt securities. The Regional Government Securities Market (RGSM) remained vibrant, fueling the growth in activity. This market continued to return significant benefits to

participating Governments, enabling them to raise \$1.4 billion during the year, almost 10% above the sum raised in the previous year, and to lower their borrowing cost, as the average rates on all Treasury bill tenors declined. Secondary market activity, however, remained subdued.

The Group's financial performance in the year was strong and encouraging. The profit recorded for the year amounted to \$3.4 million, more than 2.5 times the profit in the previous year. While, the results included \$1.4 million in income not directly related to the current year's operations, even adjusting for this, the profits generated from operations for the financial year at just under \$2.0 million was more than 48% above the prior year's performance.

This strong performance augurs well for the future of the Group and signals the ability of the Group to return an improved dividend to shareholders this year.

Fortunately, the ongoing COVID-19 pandemic begun to affect our region near the end of the financial year, and

CHAIRMAN'S STATEMENT

therefore had no appreciable impact of the operations of the Group in this year. However, as the pandemic continues to deepen, and the effect on the region's economies increases in severity, we could anticipate some impact in the future.

In closing, I take this opportunity to express my gratitude to my fellow directors for their assistance in the strategic guidance of the ECSE Group, and to thank the Management and staff for their dedicated service during the year. I must acknowledge, at this point, our outgoing Senior Manager, Mr Tarlie Francis, who retires from the Group at 31 March. As we say adieu to him, I must record our deep appreciation for his stellar contribution to the institution over the past 11 years. I wish him every success in his future endeavours.

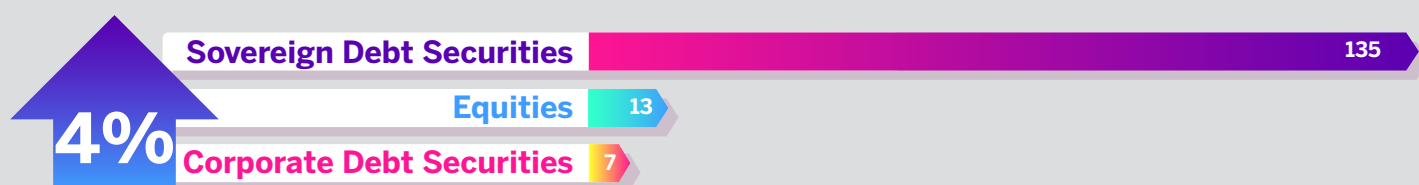
Finally, I wish to thank you, our shareholders, for your unswerving commitment to the Group over the years, without which, the success we have had to date could not have been achieved. I am therefore pleased to announce that your Board has proposed to return \$1.0 million to you, by way of a dividend of \$1 per share. We look forward to your continuing support as we pursue future development of the Group and of the securities markets in our Currency Union.



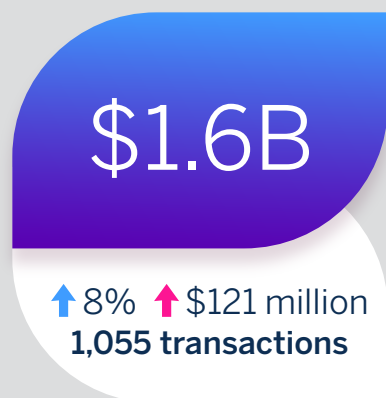
Timothy N J Antoine
Chairman

MARKET OPERATIONS HIGHLIGHTS

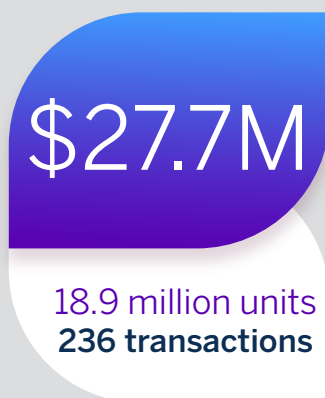
TOTAL LISTINGS ON THE ECSE



AGGREGATE PRIMARY MARKET PROCEEDS



SECONDARY MARKET TRADES



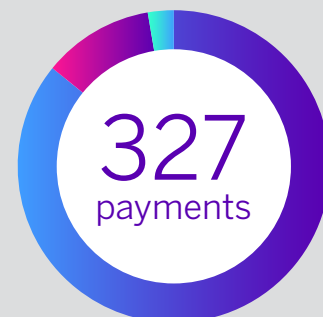
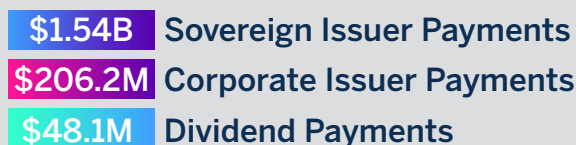
SECURITIES CLEARED AND SETTLED



GOVERNMENTS' RGSM PROCEEDS



ECCSD CORPORATE ACTION PAYMENTS



REVIEW OF OPERATIONS

The global economy was expected to grow by 3.2% in 2019 despite an escalating trade war and increased tariffs on trade between the United States and China and weakening economic growth in Europe during the second half of 2018. However, global expansion failed to meet expectations with growth for 2019 estimated at 2.9%, weighed down by country-specific factors in some emerging market economies, and by structural issues such as low productivity growth and aging demographics in advanced economies.

Weakness in growth, which fell from 3.6% in 2018 was driven by a decline in manufacturing activity and global trade, with higher tariffs and persistent trade policy uncertainty dampening investor sentiment and demand for capital goods. Economic growth in the United States and the Euro area declined to 2.3% and 1.2% respectively during 2019, slightly below projections, due to fears caused by rising geopolitical tensions between the US and Iran and trade tensions between the US and China and the US and the European Union.

Further downward pressure came from weaknesses in large emerging market economies such as Brazil, India, Mexico, and Russia, worsening macroeconomic conditions in Argentina and social unrest in Venezuela, Libya and Yemen which rounded out the difficult picture for 2019.

Economic activity in the Eastern Caribbean Currency Union (ECCU) recorded another year of growth, the ninth consecutive year, with projected growth of 3.3% in 2019, following growth of 3.9% in 2018. This expansion was fuelled by strong performances in key sectors including hotels, restaurants, transport, storage and communications. On a disaggregated basis, provisional numbers revealed that economic activity expanded in all eight member countries.

Growth forecasts for the currency union remains highly contingent on the volatile global developments associated with the COVID-19 pandemic. As ECCU countries shut their borders, tourism activity, which is an essential source of foreign exchange earnings and economic growth is likely to experience severe setbacks. However, a gradual

pick-up in activity in the latter quarter of the year is likely if the spread of the coronavirus is sufficiently contained and a vaccine becomes available for mass consumption. Additionally, declining oil prices may augur well for the global economy.

MARKET OPERATIONS

LISTINGS

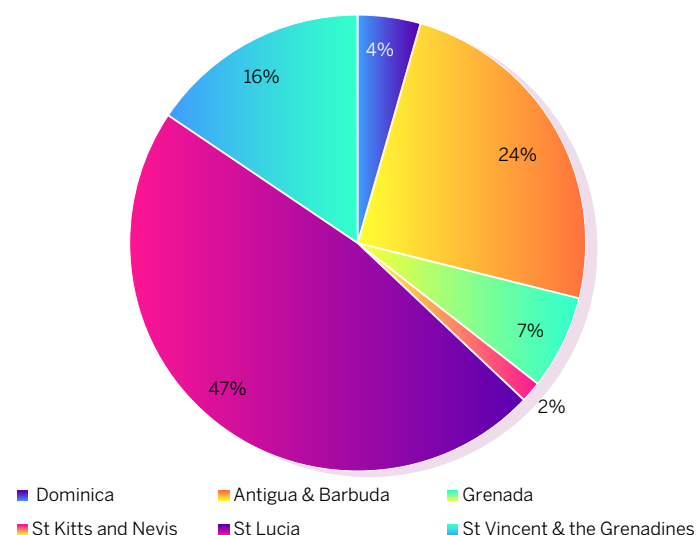
During 2019/20, total listings on the ECSE grew by 4% to 155 securities, consisting of 135 sovereign debt securities, seven corporate debt securities and 13 equities.

During the year, 77 new fixed income securities were listed on the market, comprising of 44 Treasury bills, seven Treasury notes, 21 Bonds and five issues of Commercial Paper. Over the same period, 71 securities matured and were redeemed, resulting in a net increase of six debt instruments for the year. The 71 maturing securities included 45 Treasury bills, eight issues of Commercial Paper, eight Treasury notes and 10 sovereign Bonds. Listed Equities remained unchanged

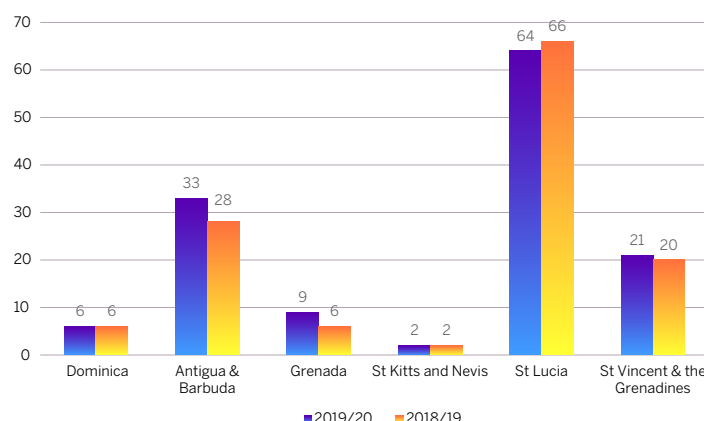
Sovereign Debt Securities

During the year, the number of sovereign debt instruments listed on the ECSE increased by seven, to 135, accounting for 86.5% of total market listings at 31 March 2020.

Sovereign Debt by Issuer 2019/2020



Sovereign Debt by Issuer



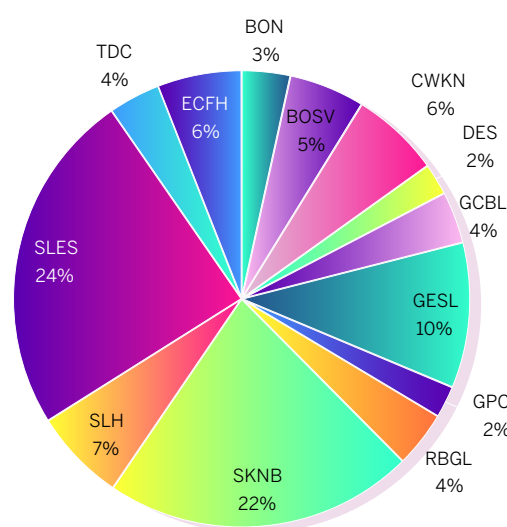
Corporate Securities

There were 20 listed corporate securities on the ECSE as at 31 March 2020, one less than at the previous year end. These securities comprised of 13 equities and seven corporate debt instruments.

MARKET CAPITALISATION

At 31 March 2020, total market capitalisation stood at \$1.8 billion, a slight decrease of \$5.7 million or 0.3% from its position at the previous year-end. This was due to declines in the prices of CWKN and ECFH, which contributed 6.3% and 6.2%, respectively to total market capitalisation.

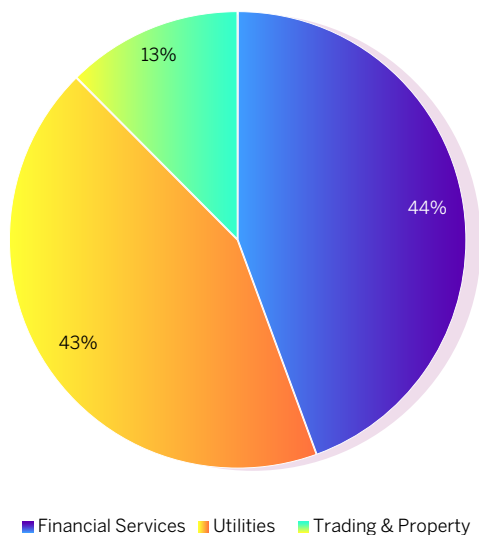
Market Capitalisation 2019/2020



REVIEW OF OPERATIONS

Financial services companies accounted for \$817.9 million of total market capitalisation with utilities contributing \$795.6 million followed by the trading and property sectors which added \$229.6 million to market capitalisation.

Market Capitalisation by Sector 2019/2020



PRIMARY MARKET ACTIVITY

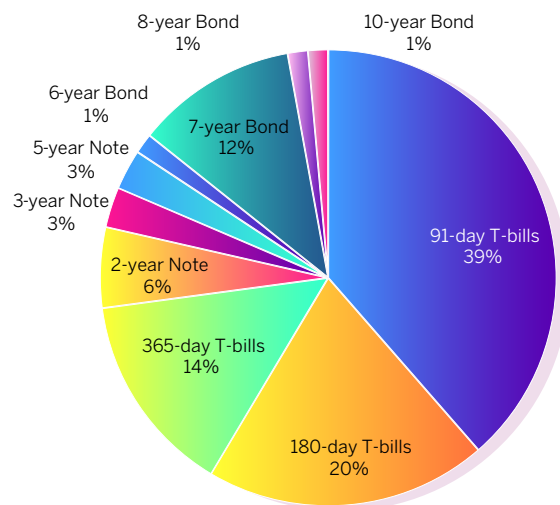
The Regional Government Securities Market (RGSM) continued to be the main driver of primary market activity. The Governments of Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines collectively raised \$1.4 billion through the issue of 70 instruments. In comparison, on the Eastern Caribbean Securities Market (ECSM), seven issues of Commercial Paper raised \$197.8 million. Total auction proceeds for the financial year ended 31 March 2020 increased by \$121.20 million or 8% over the previous financial year.

Issuer	2019/2020	2018/2019	Change	
	\$M	\$M	\$M	%
RGSM				
Antigua & Barbuda	297.9	245.0	52.9	21.59%
Commonwealth of Dominica	125.2	80.0	45.2	56.50%
Grenada	113.1	108.8	4.3	3.95%
Saint Lucia	468.7	496.2	-27.5	-5.54%
Saint Vincent & the Grenadines	408.7	360.9	47.8	13.24%
RGSM TOTAL	1413.6	1290.9	122.7	9.50%
ECSM				
Eastern Caribbean Home Mortgage Bank	197.6	199.1	-1.5	-0.75%
ECSM TOTAL	197.6	199.1	-1.5	-0.70%
TOTAL	1,611.2	1,490.0	121.2	8.13%

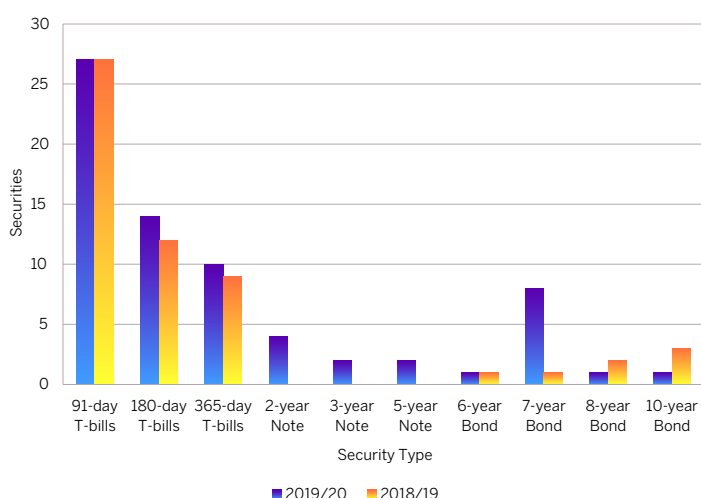
RGSM

During the year, 70 securities were auctioned on the RGSM. These issues comprised 51 Treasury bills, eight Treasury notes and 11 Bonds.

RGSM Issues by Type 2019/2020



RGSM Issues by Type



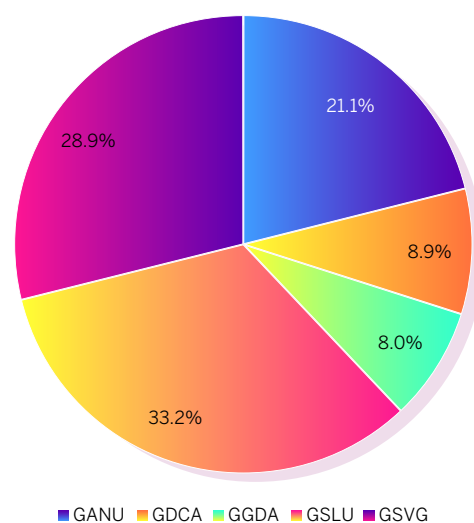
The Governments of Antigua & Barbuda, the Commonwealth of Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines, were active in the market, together raising a total of \$1.4 billion, which was \$122.7 million and 9.5% higher than the amount raised in the previous year.

The Government of Saint Lucia was the market leader, raising \$468.7 million from seven issues of 91-day and eight issues of 180-day Treasury bills; two Treasury notes of 2-year tenor and eight Bonds of the following tenors; one 5-year, one 6-year, four 7-year, one 8-year and one 10-year.

The Government of Saint Vincent and the Grenadines was the second most active issuer, accounting for \$408.7 million or approximately 29% of RGSM proceeds for the financial year.

The contribution of issuing Governments to RGSM activity in 2019/2020 is shown in the chart below.

Primary Market Activity – RGSM 2019/2020



Governments continued to benefit from a strong demand for sovereign securities, as evidenced by the significant levels of oversubscription in RGSM auctions. During the year, 61 of the 70 auctions were over-subscribed by \$534.2 million or 40.2%.

Issuing Government	Number of Auctions	Aggregate Offer Amount (\$M)	Auctions Over Subscribed	Over Subscriptions	
				\$M	%
Antigua & Barbuda	16	250	14	122.80	49.1
Commonwealth of Dominica	6	125	6	73.20	58.6
Grenada	8	110	6	62.20	56.5
Saint Lucia	25	444	20	130.00	29.3
Saint Vincent & the Grenadines	15	401	15	146.00	36.4
Total	70	1,330.0	61	534.20	40.2

REVIEW OF OPERATIONS

Six of the securities auctioned on the RGSM were undersubscribed as shown in the table below. The shortfall of \$20.1 million was 1.5% of the aggregate offer amount. In comparison, three issues were undersubscribed by a total of \$7.1 million or 0.6% of the offered amount in the previous year.

Issuing Government	Number of Auctions	Aggregate Offer Amount (\$M)	Auctions Under Subscribed	Under Subscriptions	
				\$M	%
Antigua & Barbuda	16	250	2	11.9	4.8
Commonwealth of Dominica	6	125	0	0	-
Grenada	8	110	0	0	-
Saint Lucia	25	444	4	8.1	1.8
Saint Vincent & the Grenadines	15	401	0	0.	-
Total	70	1,330.0	6	20.0	1.5

Notwithstanding the increase in the number of under-subscribed auctions, the average discount rate on all tenors of Treasury bills declined compared to the previous financial year. The average 91-day Treasury bill rate fell from 2.62% to 2.42%; the average 180-day Treasury bill rate fell from 3.40% to 3.20%; and the average 365-day Treasury bill rate fell from 3.83% to 3.30%, enabling Governments to benefit from a reduction in their short-term borrowing costs.

A summary of RGSM auction activity from its launch in November 2002 to 31 March 2020 is provided in the table below. Governments have raised over \$15.2 billion on the RGSM reflecting the continuing importance of this market as a source of funding for regional Governments.

Issuing Government	Bonds	Notes	Treasury Bills	Total Raised (\$M)
Antigua & Barbuda	11	11	120	2,349.72
Dominica	5	0	42	915.3
Grenada	0	3	114	1,888.56
Saint Kitts & Nevis	1	0	0	75.0
NIA*	0	0	4	73.3
Saint Lucia	61	12	171	5,075.2
Saint Vincent & the Grenadines	15	2	211	4,853.9
Total	93	28	662	15,230.98

* Guaranteed by Government of St Kitts and Nevis. No longer issues on the RGSM.

Eastern Caribbean Securities Market (ECSM)

On the Eastern Caribbean Securities Market (ECSM), the Eastern Caribbean Home Mortgage Bank Ltd, the sole corporate issuer, raised \$197.8 million in seven auctions of commercial paper. This was \$1.2 million or 0.6% lower than the amount raised on the ECSM during the year ended 31 March 2019.

The seven fixed income securities auctioned on the ECSM during the review year were all oversubscribed, by a total \$87.5 million or 52% of the offer amount.

During the year, the rate on ECHMB's paper averaged 2.2%, 0.31 percentage points below the average rate of 2.51% in the previous year.

SECONDARY MARKET ACTIVITY

Secondary market trades during the year comprised 18.9 million units of securities with a traded value of \$27.7 million from 236 transactions. Compared to the previous year, this represents a 5% increase in trades and a 2.50% increase in value. A 3% reduction in traded volume was reflective of lower trading volumes in fixed income securities.



Sovereign Securities

Trading in sovereign securities during the financial year amounted to 16.6 million units, which traded at a value of \$17.2 million. This was lower than in the previous financial year when 19.4 million units traded valued at \$26.1 million.

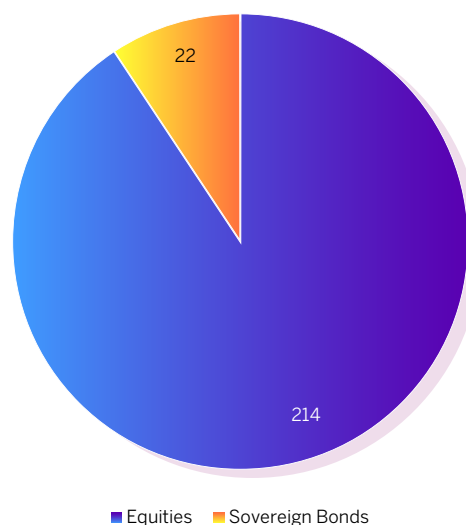
Equities

During the year, 2.3 million units of equities were traded at a value of \$10.5 million in 214 transactions. While the number of transactions recorded remained the same, volume and value were markedly higher than in 2018/2019 when 0.166 million shares traded at \$0.9 million.

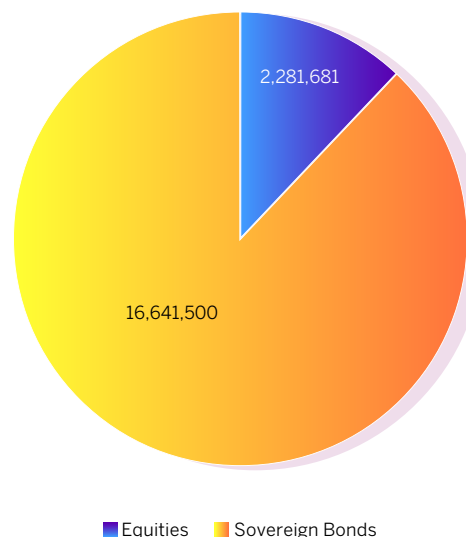
ECFH, which recorded a traded volume of 2.0 million units valued at \$9.5 million, was the most actively traded stock with 70 trades, accounting for 33% of all equities

transactions. SKNB, which recorded a traded volume of 76,353 units at a value of \$0.2 million was the next most active share with 38 trades or 18% of equities transactions.

Secondary Market Trades 2019/2020

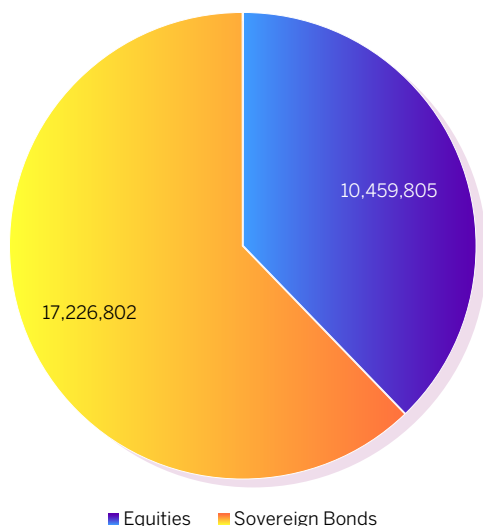


Secondary Market Volume Traded (Units) 2019/2020



REVIEW OF OPERATIONS

Secondary Market Value Traded (\$) 2019/2020



Odd Lot Trades

A total of 2,161 units of securities were traded in the odd lot market during the year at a value of \$11,783.74. Odd lot volumes in 2019/20 fell slightly, by 1% from the previous year, when 2,137 units of securities traded while value increased from \$9,124.90.

Symbol	Quantity	Trade Value (\$)
BON	120	420
BOSV	128	864
ECFH	700	3,114
GCBL	210	1,520
GESL	190	1,900
RBGL	40	1,840
SKNB	610	1,830
SLH	125	250
TDC	38	46
Total	2,161	11,784

Cross Trades

During the year, 1.3 million units of securities were put through the market in 29 transactions as shown in the table below:

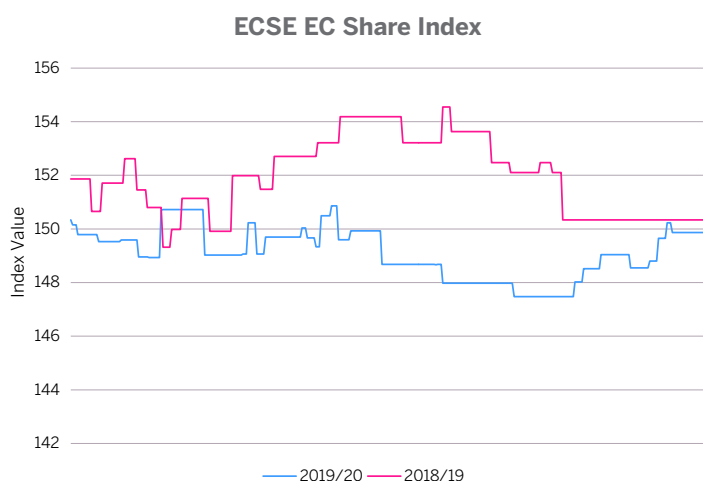
Trading Symbol	Traded Volume (2019/20)	Traded Volume (2018/19)
BON	38,500	5,856
BOSV	1,590	3,082
CWKN	500	1,000
ECFH	1,000	415
GCBL	500	9,150
GESL	2,000	5,500
RBGL	0	1,520
SLES	0	0
SLH	91,924	55,000
SKNB	92,000	40,366
TDC	354,778	54,283
LCG100524	225,000	0
VCG070625	0	3,631,000
LCG080921	0	8,625
LCG060921	0	20,000
FAG100828	500,000	375,000
Totals	1,307,792	4,210,797

This level of activity represented a marked decrease compared to that of the previous financial year when 4.2 million units were put through the market in 36 transactions. As seen in the table above, this decrease was due mainly to the reduced activity in debt securities, which represented 96% of the total cross trade activity in 2018/19.

ECSE EC SHARE INDEX

The ECSE's EC Share Index, which stood at 150.34 at the start of the year, decreased by 0.47 points or 0.3% to close at 149.87 on 31 March 2020.

This was mainly due to decreases in the prices of five equities, BON, CWKN, ECFH, GCBL and TDC. The following chart illustrates the movement of the index during the period 1 April 2019 to 31 March 2020 with comparative movement during April 2018 to March 2019.



The graph below is an illustration of the performance of the index from its inception in 2005 to 31 March 2020.



DEPOSITORY ACTIVITY

Clearing and Settlement

During the year, the Eastern Caribbean Central Securities Depository Ltd (ECCSD) cleared and settled 1.63 billion units of securities in 1,291 transactions. This comprised 1.61 billion units of securities from 1,055 primary market transactions and 18.9 million units from 236 secondary market transactions. This activity was 8% higher in volume and value than that recorded in the financial year ended March 2019.

The 1.61 billion units of securities cleared and settled from primary market activity were comprised entirely of debt instruments, 1.4 billion units of which were sovereign debt issued on the RGSM, and the remaining 197.7 million units, corporate paper issued on the ECSM corporate debt market. The 18.9 million units of securities processed from secondary market activity comprised 16.6 million units of debt securities from 22 fixed income trades, and 2.3 million units of equities from 214 transactions.

Securities' Register

At 31 March 2020, the ECCSD maintained the registers for 162 securities; 144 fixed income instruments and 18 equities.

REVIEW OF OPERATIONS

Fixed Income

The 144 fixed income instruments on register comprised 112 Bonds and Notes and 26 Treasury bills for six central Governments and one local Government, and six Commercial Paper issues. Details of the fixed income registers are provided in the table below.

Issuer	Commercial Paper	Notes & Bonds	Treasury Bills	Total
Corporate				
ECHMB	6	0	-	6
Corporate Total	6	0	-	6
Sovereign				
Antigua & Barbuda	-	22	11	33
Commonwealth of Dominica	-	5	1	6
Grenada	-	6	4	10
Saint Kitts and Nevis	-	2	-	2
Saint Lucia	-	58	6	64
Saint Vincent & the Grenadines	-	19	3	22
Sovereign Total	-	112	25	137
NIA	-	-	1	1
Total Debt Registers	6	112	26	144

Equities

The ECCSD maintains the registers for 18 equities, 13 of which are listed on the ECSE. The list of issuers with their registers maintained by the ECCSD at 31 March 2020 is shown below.

Equities	Symbol
Listed	
Cable & Wireless Saint Kitts & Nevis Ltd	CWKN
Bank of Saint Vincent & the Grenadines Ltd	BOSV
Dominica Electricity Services Ltd	DES
East Caribbean Financial Holding Company Ltd	ECFH
Grenada Electricity Services Ltd	GESL
Grenada Co-operative Bank Ltd	GCBL
Grenreal Property Corporation Ltd	GPCL
Republic Bank Grenada Ltd	RBGL
S L Horsford & Company Ltd	SLH
Saint Kitts Nevis Anguilla National Bank Ltd	SKNB
Saint Kitts Nevis Anguilla Trading & Development Co. Ltd	TDC
Saint Lucia Electricity Services Ltd	SLES
The Bank of Nevis Ltd	BON
Unlisted	
Anguilla Electricity Company Ltd	AECL
Cable and Wireless Grenada Ltd	CWG
Eastern Caribbean Home Mortgage Bank Ltd	ECHB
Eastern Caribbean Securities Exchange Ltd	ECSE
National Bank of Dominica Ltd	NBD

Charges

At 31 March 2020, there were 526 charges registered on securities maintained at the ECCSD. These covered 369.4 million units of 99 securities, comprising 354.8 million units of 84 debt instruments, and 14.6 million units of 15 equities.

During the year, 54 new charges were registered, 21 fewer than in the previous financial year, when 75 new charges were registered. Relatedly, 24 charges, 25 fewer than in the prior year, were released.

Corporate Actions

During the financial year ended 31 March 2020, the ECCSD processed 327 corporate action payments amounting to \$1.79 billion on behalf of 10 corporate and seven sovereign clients. This included debt service payments of \$1.54 billion on behalf of sovereigns, and \$206.2 million on behalf of corporate issuers. Dividend payments totaled \$48.1 million.

Payments processed during the review period, comprised 48 Treasury bill redemptions amounting to \$1,038 billion, for six central Governments and one local Government; 239 payments of interest and principal totaling \$502 million on the medium and long-term debt instruments of six central Governments; 23 payments of interest and principal amounting to \$206.2 million on Bonds issued by one corporate client; and 17 dividend payments totaling \$48.1 million to the shareholders of 10 companies. Details of these payments are provided in the table below.

Total payments for the financial year ended 31 March 2020 represents an increase of \$70.2 million or 4% from the amount processed in the year ended 31 March 2019.

REDEMPTIONS AND INTEREST PAYMENTS

Corporates

Eastern Caribbean Home Mortgage Bank (ECHMB)

During the year, the ECCSD made payments totaling \$206.2 million on behalf of the Eastern Caribbean Home Mortgage Bank. This comprised 23 semi-annual interest payments amounting to \$5.1 million and principal repayments of \$201.1 million on nine maturing Commercial Paper issues. The total of \$206.2 million paid in the review year reflects a marginal increase of 1.3% from payments made during the year ended March 2019.

Nevis Island Administration

The ECCSD redeemed the Nevis Island Administration (NIA) 365-day Treasury bill, paying out \$3 million to holders opting not to reinvest. A new 365-day bill was issued to those reinvesting.

Sovereign Issuers	Bonds & Notes		Treasury Bill Redemptions \$M	Total \$M
	Interest \$M	Principal \$M		
Antigua & Barbuda	21.4	84.1	215.0	320.5
Commonwealth of Dominica	9.5	31.0	80.0	120.5
Grenada	9.2	13.6	106.9	129.7
Saint Kitts & Nevis	4.8	6.0	0	10.8
Saint Lucia	76.5	189.4	297.0	562.9
Saint Vincent & the Grenadines	15.8	40.7	336.0	392.5
Total	137.2	364.8	1,034.9	1,536.9

REVIEW OF OPERATIONS

Sovereigns

Government of Antigua and Barbuda

On behalf of the Government of Antigua and Barbuda, the ECCSD made 48 payments totalling \$320.5 million, comprising interest payments of \$21.4 million on 17 Bonds and seven notes, principal repayments amounting to \$84.1 million, and \$215 million in the redemption of 10 Treasury bills. The total payment of \$320.5 million is an increase of 35% from the amount paid in the financial year ended March 2019.

Government of the Commonwealth of Dominica

During the year, the ECCSD made payments totaling \$120.5 million on behalf the Government of the Commonwealth of Dominica. This comprised eight semi-annual interest payments totaling \$9.5 million, principal repayments amounting to \$31 million on amortising and maturing Bonds, and \$80 million in redemption of four Treasury bills. Total payments made on behalf of Dominica in the year ended March 2020 represents an increase of 26% from the amount paid in the previous year, resulting from the redemption of a short-term bond.

Government of Grenada

Over the financial year ended 31 March 2020, the ECCSD made 17 payments totalling \$129.7 million on behalf of the Government of Grenada. This sum comprised redemption payments on seven Treasury bills totaling \$106.8 million and five payments of interest and principal amounting to \$9.2 million and \$13.6 million, respectively, on six Bonds. The total of \$129.7 million in the review year remained the same as in the 2019 financial year.

Government of Saint Kitts & Nevis

During the year, 24 monthly payments of interest amounting to \$4.8 million, and of principal totaling \$6 million, were made on behalf of the Government of Saint Kitts & Nevis on its restructured amortising par and

discount Bonds. The payment during the review year decreased slightly by 6%, from the amount processed in the year ended March 2019.

Government of Saint Lucia

A total of 139 payments amounting to \$562.9 million was made on behalf of the Government of Saint Lucia during the financial year ended 31 March 2020. This comprised 15 Treasury bill redemptions totalling \$297 million; 124 interest and principal repayments totalling \$265.8 million made on 43 EC dollar Bonds, 13 US dollar Bonds, 10 EC dollar Treasury notes and two US dollar Treasury notes. The current year total of \$562.8 million paid on behalf of the Government of Saint Lucia was 9% lower than the amount processed in the year ended March 2019.

Government of Saint Vincent and the Grenadines

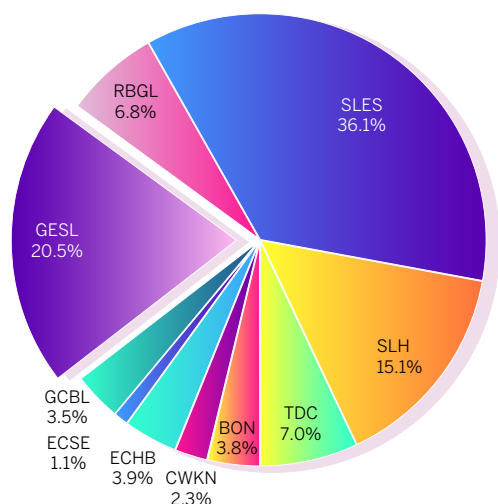
On behalf of the Government of Saint Vincent and the Grenadines, the ECCSD processed 44 payments totaling \$392.5 million during the review year. This comprised 12 redemptions of 91-day Treasury bills totaling \$336 million; semi-annual interest payments amounting to \$15.8 million and principal repayments that totaled \$40.7 million. Total payments on behalf of the Government of Saint Vincent and Grenadines increased slightly by 2% from the amount paid the previous year ended March 2019.

Dividend Payments

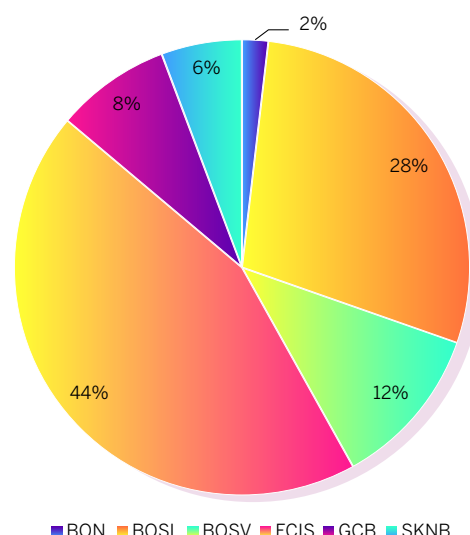
During the year ended 31 March 2020, the ECCSD processed dividends amounting to \$48.1 million to shareholders of 10 companies. The largest contributor to total dividend payments was Saint Lucia Electricity Services Limited (SLES), which paid out \$17.4 million, representing 36% of the total dividends distributed.

The total dividend distribution represents an increase of 10% from the amount paid in the previous year.

Dividend Payments 2019/2020



Buying Broker Trades 2019/2020



INTERMEDIARY MARKET ACTIVITY

Broker-dealer activity measured by the number of transactions on the primary and secondary markets comprised 1,478 transactions in which 1.6 billion units of securities traded. This represents an increase of 196 transactions or 19% from the previous financial year, due mainly to higher activity in the primary markets.

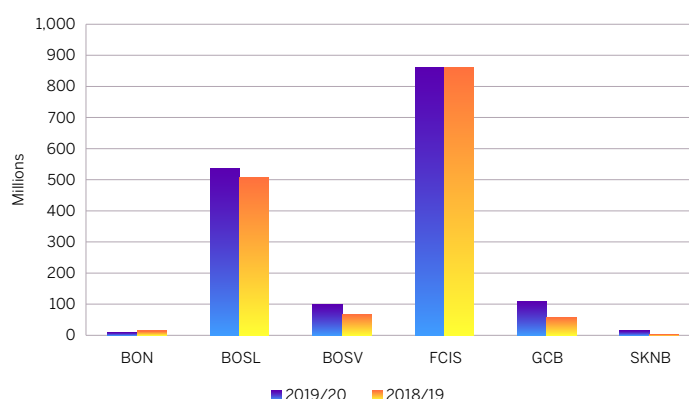
Bank of Saint Lucia (BOSL), Bank of Saint Vincent and the Grenadines (BSVG), First Citizens Investment Services Ltd (FCIS), Grenada Co-operative Bank Ltd (GCB) and Saint Kitts Nevis Anguilla National Bank Ltd (SKNB), recorded increases in the number of securities traded. The most active, FCIS, increased its volume to 883.9 million units, up 2.7% from its 2019 performance of 860.6 million units.

Buy-side Activity

The six broker-dealers participated on the buy-side of transactions on the primary and the secondary markets, completing 1,291 transactions in which 1.6 billion units of securities were traded. FCIS produced the highest activity with 571 transactions, followed by BOSL with 368 transactions. The following chart illustrates each brokers' contribution to activity on the buy side of the primary and secondary markets during the year. FCIS recorded the largest number of transactions, followed by BOSL.

Buy-side volumes from brokers' during the year, with comparable volume for the corresponding 2018/19, are shown below.

Buying Broker Transaction Volume

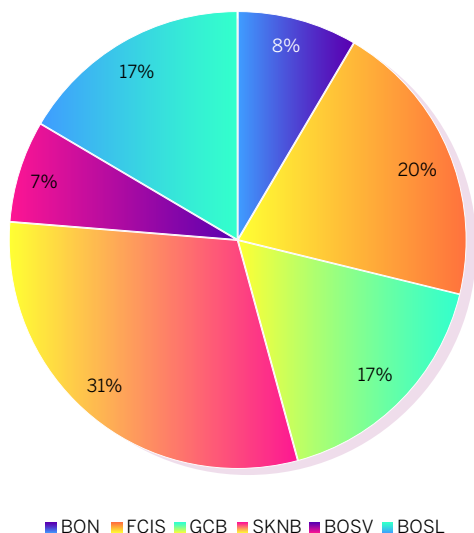


Sell-side Activity

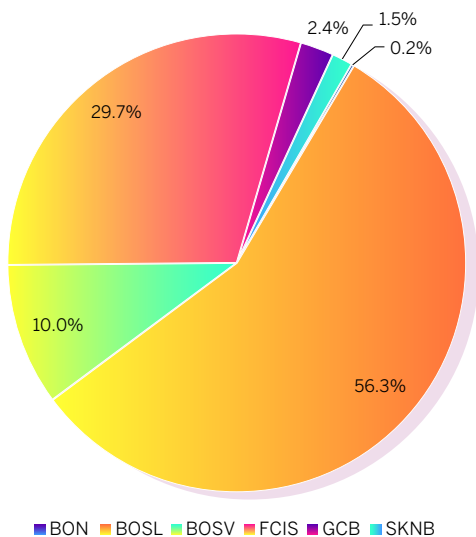
All brokers engaged in sell-side transactions during the year, completing 236 transactions, in which 18.9 million units of securities were traded. Compared with the previous financial year, this represents a marginal increase of 11 in the number of transactions, but a 0.6 million unit fall in volume traded, reflective of a decrease in secondary trades of sovereign securities. Broker contribution to sell side activities is shown in the chart below.

REVIEW OF OPERATIONS

Selling Broker Trades 2019/2020

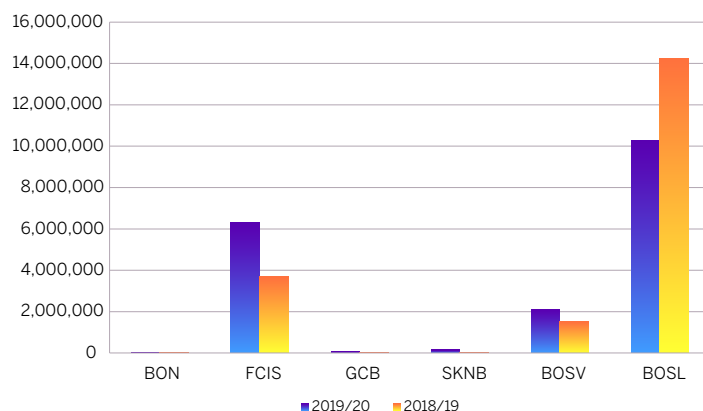


Selling Broker Value 2019/2020



Four of the six brokers, BOSV, FCIS, GCB and SKNB recorded increases in sell volumes compared with the previous year.

Selling Broker Volume



BOSL was the market leader with 10.3 million units for the financial year ended 31 March 2020. This was a decrease of 3.9 million units from the volume it recorded in the previous year.

Intermediary Working Group

The Intermediary Working Group (IWG) held two meetings during the financial year. At these meetings, held in December 2019 and January 2020, matters relevant to market operations, ECSM System Certification Course, establishment of a broker dealer association and the 2020 in-person Continuing Professional Development workshop, were discussed.

At the meeting held in January 2020, in accordance with the IWG rotation policy, the Chairmanship was passed to Bank of Saint Lucia Ltd, and First Citizens Investment Services Ltd assumed the Vice-Chair position, both for a period of one year.

20th ECSM Certification Workshop

During 2019/2020, the 20th ECSM Certification Programme Workshop and Examinations (ECSM-CPWE) were held in October/November. The Workshop was held online using the Zoom video conferencing platform during the period 21 to 29 October. The exams were held on 7 and 8 November 2019. The workshop attracted 14 participants

from institutions across the ECCU and Barbados. Of the 13 who sat the exams, nine were successful.

IT ISSUES

During the fourth quarter of the year, the ECSE commenced procurement of firewall and DIA services, in order to establish the Group's own VPN and migrate its servers from the ECCB's network infrastructure. Vendors have been engaged for the provision of these services and the changeover is targeted for completion by the 2nd quarter of the 2020/21 financial year.

During the year, as part of an upgrade to Microsoft 365, work commenced on the migration of e-mail services from an external provider to in-house hosting of these services. The upgrade to Microsoft 365 provided the ECSE with valuable collaboration and productivity tools along with greater control over its email.

In the third quarter of the 2019/20 financial year, the ECCSD was granted Full Participant ACH membership status. The required interface adjustments to the CSD application to facilitate straight-through-processing as well as in-house testing and analysis are ongoing, and a programme for external testing via the ACH gateway to commercial banks' test-sites will be scheduled.

In terms of website development, Trinidad-based Monster Media Group Limited was engaged to implement the ECSE's website redesign and relaunch. This is expected to impact positively on the Group's marketing outreach for investment awareness, securities-holder services and business development.

MARKETING, EDUCATION AND AWARENESS

YOUTH PROGRAMMES

The ECSE continued its annual involvement in the schools' programmes to provide work experience to 5th Form and college students desirous of taking up a career within the financial sector. As part of this programme, a student of the Clarence Fitzroy Bryant College in Saint Kitts commenced an eight-week attachment at the ECSE in March 2020. However, this was truncated due to COVID-19 restrictions.

CORPORATE GOVERNANCE

The ECSE maintained its promotion of activities in respect of high corporate governance standards for company leaders throughout the region. In July 2019, the ECSE held a professional development workshop for Company Secretaries in Grenada. The 11 participants represented nine entities in four ECCU countries.

IPO SEMINARS

In order to increase the number of listed companies and securities on the ECSM, the ECSE collaborated with the regional Chambers of Industry and Commerce to host IPO seminars where participants were sensitised about accessing capital by listing on the ECSE. Seminars were held in Antigua & Barbuda in August, Dominica in September and Saint Lucia in November.

SHAREHOLDER EVENTS

In 2019/20, the ECSE Group continued to offer shareholder meeting facilitation services, which included the administration of key aspects of the meetings, to listed companies. During the year, the ECSE was engaged by Grenada Electricity Services Ltd and the Bank of Nevis Limited for their Annual General Meetings.

REVIEW OF OPERATIONS

The ECSE also operated investor service desks at these AGMs and those of other listed companies. Staff members provided information and facilitated account maintenance as well as payment option and address changes at these meetings.

ADMINISTRATION

PERSONNEL

Resignations

Ms Markysa O'Loughlin resigned from the position of Business Development Officer effective 18 February 2020 after one year of service. The ECSE wishes to thank her for the contributions to the company.

Mr Tarlie Francis retired on 31 March 2020 after eleven years of service. The ECSE places on record its deep appreciation to Mr Francis for his sterling contribution and extends best wishes to him in his future endeavours.

Recruitment

On 6 January 2020 Mr Trellon Charles and Mr Ron Andrew both nationals of Grenada joined the staff at the ECSE as Information Technology Officers.

On 23 March 2020 Mr Geron Burnett joined the staff at the ECSE. He succeeds Mr Tarlie Francis in the position of Senior Manager - Operations Division effective 1 April 2020.

Staff Development

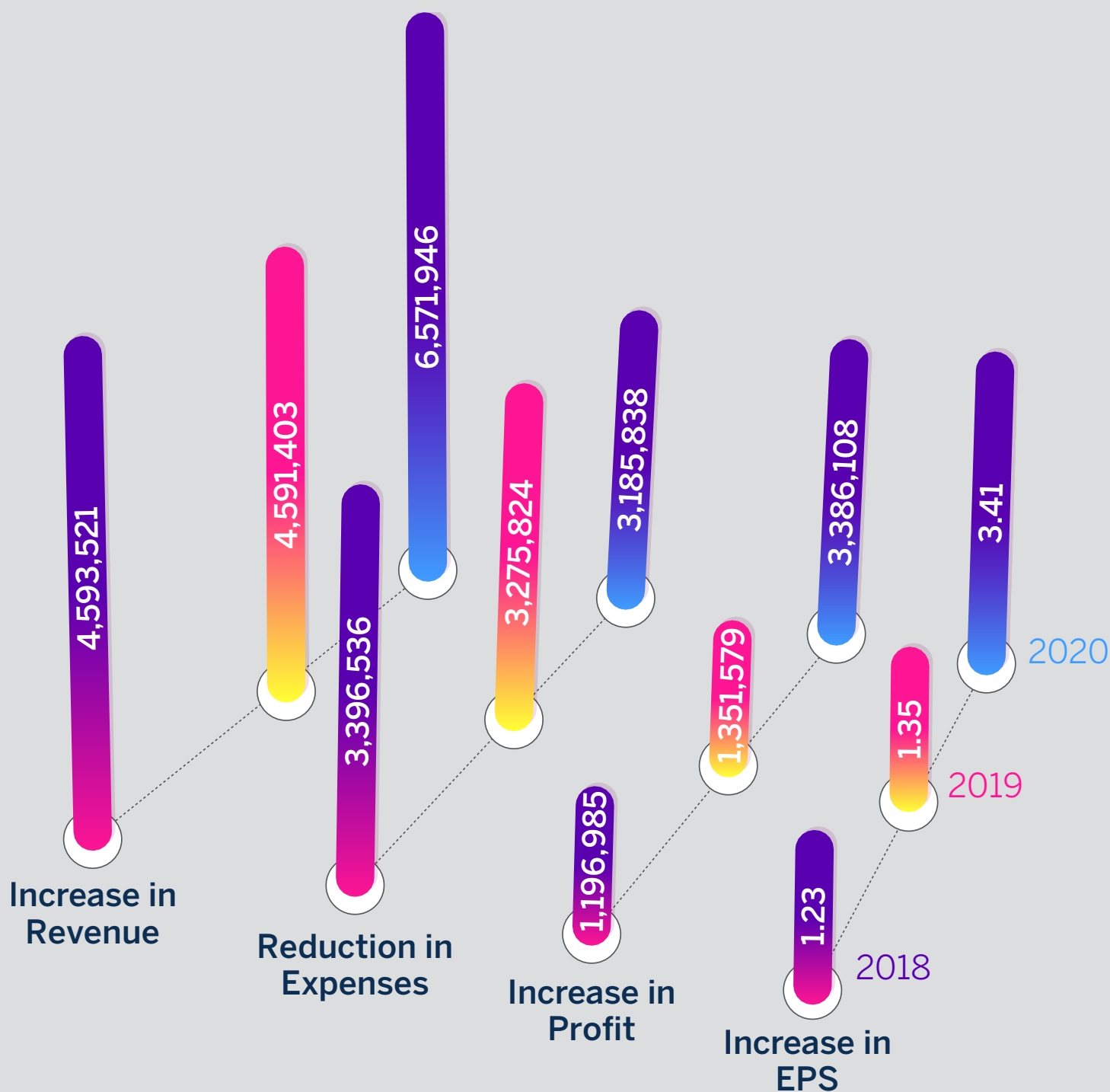
Improved knowledge of the core functions of the ECSE continued to be promoted by the Management of the ECSE. Throughout the period under review, the ECSE continued to assist staff in the development and maintenance of knowledge levels and skill sets in respect of their appropriate areas of responsibility. These development activities were undertaken through a combination of external and in-house training.

*“Like tiny seeds with potent power to push through
tough ground and become mighty trees, we hold innate
reserves of unimaginable strength. We are resilient.”*

– Catherine DeVrye



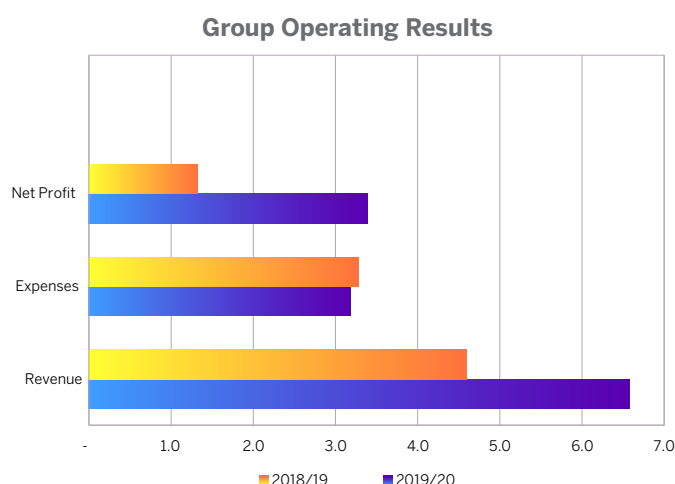
FINANCIAL HIGHLIGHTS



FINANCIAL REVIEW

PERFORMANCE

For the financial year ended 31 March 2020, the ECSE Group realised a profit of \$3.4 million. This represents a \$2.1 million or 1.6% increase over the results of the previous year, derived from gross revenues of \$6.6 million and operating expenses of \$3.2 million.



REVENUES

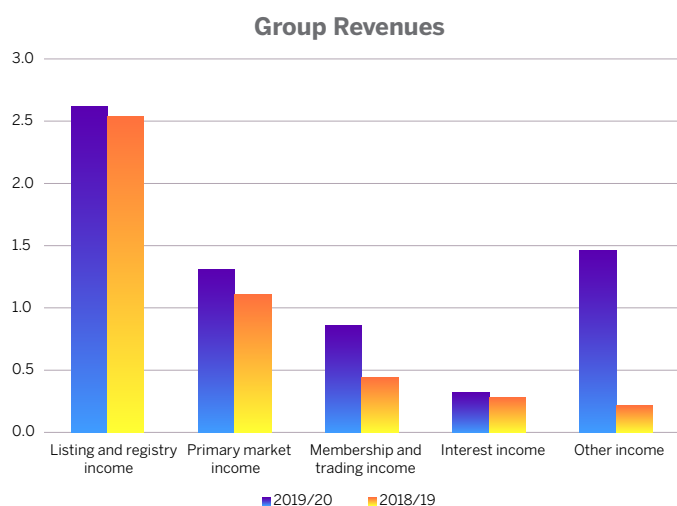
Total revenues for the financial year amounted to \$6.6 million, reflecting a 43% increase over total income in the last financial year. The major contributor to Group revenues in the review year was Listing and Registry Income, which accounted for \$2.6 million or 40% of total income. Other Income ranked the next largest contributor with \$1.5 million or 22% of total income, followed by Primary Market Income with \$1.3 million or 20% of total income and Membership and Trading income which accounted for \$0.9 million or 13% of total income.

Included in other income is an exceptional item of \$1.4 million resulting from the settlement of a long outstanding matter with the Eastern Caribbean Central Bank (ECCB) in which 50% of the balance due was written off by the ECCB.

Membership and Trading Income increased by \$0.4 million or 93.7%, due to an increase in market activity.

FINANCIAL REVIEW

Primary Market Income increased by \$0.2 million, due to an increase in auctions and facilitation and advisory fees. Listing and Registry Income increased by \$0.1 million or 3.2%, reflecting an increase in the number of listings and registrations of sovereign debt issues and Interest income grew by \$0.04 million.

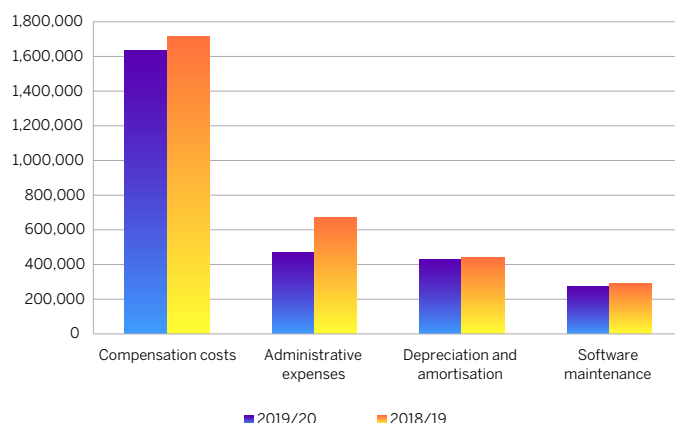


EXPENSES

The Group's total expenditure amounted to \$3.2 million, 3.0% below the prior year's expenditure. Four expense categories accounted for approximately 88% of total expenditure in the financial year ended 31 March 2020. Of the four expense categories, the top three, Compensation Costs, which accounted for \$1.6 million or 51% of the aggregate; Administrative Expenses - \$0.5 million or 15%; and Depreciation and Amortisation - \$0.4 million or 13%, have typically led Group expenditure. The fourth, Software Maintenance, totaled \$0.3 million or 8% of aggregate expenses.

In comparison to expenditure in 2018-2019 Compensation Cost decreased by \$0.1 million or 4.5% due to a reduction in the staff head count and Holiday Pay Provision. Administrative Expenses also decreased by \$0.2 million or 29.7% mainly due to a decrease in Seminar Costs, AGM Expenses and Registry, Stationery and Postage.

Group Expenditure



FINANCIAL POSITION

ASSETS

The Total Assets of the ECSE at 31 March 2020 stood at \$69.5 million, a reduction of \$25.1 million or 56.5% over the position at the previous year-end. This decrease was mainly due to the decline in Cash and Cash Equivalents of \$22.0 million. Of these balances, which amounted to \$58.4 million at year-end, \$52.4 million or 89.7% represented securities-holders' payables, including transitory funds for the payment of interest and principal on securities currently being redeemed. The ECSE's asset base, if adjusted for these third-party funds, would stand at \$17.1 million.

LIABILITIES

The Group's Liabilities totaled \$55.7 million, an increase of \$22.0 million or 65.1% over the previous year. The increase in liabilities is due mainly to the increase in securities-holders' funds, which stood at \$52.4 million. Adjusting for these third-party funds, total liabilities would amount to \$3.3 million.

During the year, the ECSE and the ECCB reached an agreement to resolve the long outstanding liability to the ECCB of \$2.87 million. Cognisant that this balance represented post-incorporation expenses incurred both

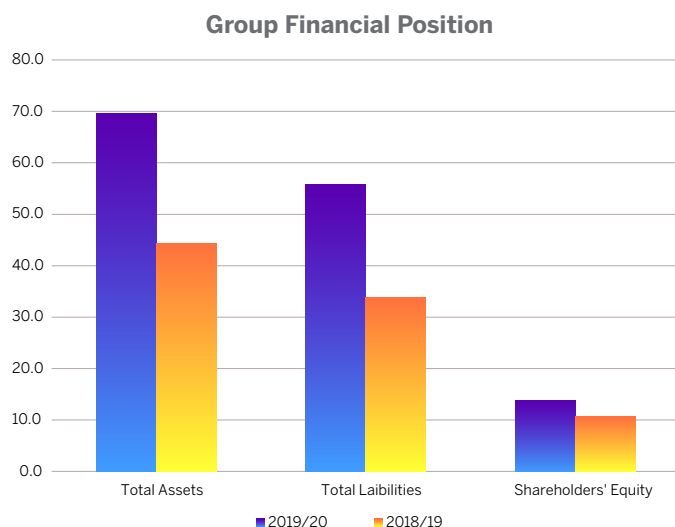
for the ECSE Group's operations and for the wider capital market development, the ECCB agreed to write off \$1.43 million, being 50% of the balance. The remaining 50 %, was applied as follows:

- i. the sum of \$274,190 in consideration for the allotment of the 27,419 ordinary shares remaining unsubscribed from the original offer, as Class A shares; and
- ii. the sum of \$1,163,233 in consideration for the issue of 116,323 \$10 3% Preference Shares, redeemable at par within a period of ten (10) years.


This was completed in June 2019.

SHAREHOLDERS' EQUITY

At 31 March 2020, the ECSE's capital base stood at \$13.8 million at year end, comprising shareholders' subscribed capital of \$10.0 million and an accumulated surplus of \$3.8 million. Shareholders' equity increased by \$3.1 million.



The performance of the Group in the past several years has continued to build shareholder value. The profits generated over this period, have completely erased the significant deficit that had accumulated from the early operations, restoring shareholders' equity position and adding value. The strong return on equity of 25% in the 2019 – 2020 financial year, more than double the 12% achieved in the previous year, provided a significant boost to the capital base.

A close-up photograph of a person's hands gripping a dark, craggy rock face. The person is wearing a grey long-sleeved shirt. The left hand has a white bandage wrapped around the index finger. The background is blurred, showing bare tree branches and a rocky landscape.

*“Resilience isn’t a single skill. It’s a variety
of skills and coping mechanisms.”*

– Jean Chatzky

DIRECTORS' REPORT

The Directors are pleased to submit their Report for the Financial Year ended 31 March 2020.

Principal Activities

The ECSE Group's principal activities consist of facilitating the primary issuance and secondary trading of corporate and sovereign securities, facilitating the clearance and settlement of issues and trades, maintaining securities holders' records, and providing custodial, registration, transfer agency and paying agency services in respect of listed and non-listed securities. There were no significant changes in the nature of the Group's activities during the year.

The ECSE and its subsidiary are licensed by the Eastern Caribbean Securities Regulatory Commission, under the provisions of the Securities Act, to carry out these activities.

Directors

In accordance with the Articles of Association, all eight elected non-executive Directors retire by rotation at the Annual General Meeting (AGM) of the Company.

The retiring Directors are eligible for nomination for re-election by their respective shareholder classes.

Directors' Interests

As at 31 March 2020, no Director held a beneficial or other interest in the issued capital of the Company.

At no time during, or at the end of the financial year, did any Director have a material interest in any contract or arrangement in relation to the business of the Company or its subsidiaries, other than the Managing Director's contract of employment.

Financial Results

The Company recorded a net profit of \$3.4 million on a consolidated basis for the year ended 31 March 2020. This represents a return on equity of 24.5% and earnings per share of \$3.41.

Dividends

The Directors recommend the payment of a dividend of \$1.00 per share for the year ended 31 March 2020. This dividend, which amounts to a total of \$1.0 million, or 29.5% of net profits for the year, is consistent with the established dividend policy.

Share Capital

In June 2019, the previously unallotted 27,419 Ordinary shares were issued to the ECCB as Class A shares, in part consideration of the balance due to ECCB. This therefore closed out the original offering of 1,000,000, taking paid up capital to \$10 million.

At 31 March 2020, the issued and outstanding capital of the Company comprised of 1,000,000 common shares.

The following shareholders held 5% or more of the issued capital of the company, at 31 March 2020:

	%
Eastern Caribbean Central Bank	– 32.74
National Insurance Services, Saint Vincent and the Grenadines	– 15.00
Antigua Commercial Bank Ltd	– 7.75
Bank of Saint Vincent and the Grenadines Ltd	– 5.00

At 31 March 2020, the ECCB also held 116,323 Redeemable \$10 3% Preference Shares. These Preference Shares that are redeemable at par within 10 years, were issued in June 2019, as part consideration for the balance due to ECCB.

Auditors

The auditors, KPMG, Chartered Accountants, retire at the AGM of the Company. KPMG, being eligible, offer themselves for re-appointment.

The Directors being satisfied with their performance, propose the re-appointment of KPMG as auditors for the financial year ending 31 March 2021.



FINANCIAL STATEMENTS

EASTERN CARIBBEAN SECURITIES
EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANIES

Consolidated Financial Statements
March 31, 2020

**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY
COMPANY**

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANY**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eastern Caribbean Securities Exchange Limited and its Subsidiary Company ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Eastern Caribbean and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT, continued

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANY**

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



INDEPENDENT AUDITORS' REPORT, continued

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANY**

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT, continued

To the Shareholders of
**EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANY**

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

Chartered Accountants
July 29, 2020

St. John's, Antigua

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Consolidated Statement of Financial Position

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Assets			
Current Assets			
Cash and cash equivalents	7	\$ 58,397,387	36,443,446
Accounts receivable and other assets	8	1,020,245	600,968
Investments	9	8,599,780	6,038,118
Total Current Assets		68,017,412	43,082,532
Non-current Assets			
Property and equipment	10	91,495	203,060
Intangible assets	11	819,117	1,104,755
Right-of-use assets	12	575,898	-
Total Non-current Assets		1,486,510	1,307,815
Total Assets		\$ 69,503,922	44,390,347
Liabilities and Shareholders' Equity			
Current Liabilities			
Lease liability	12	\$ 103,955	-
Accounts payable and accruals	13	52,929,710	29,690,843
Gratuity payable	14	-	131,808
Preference shares	19	1,163,230	-
Due to Eastern Caribbean Central Bank	16	-	2,874,845
Total Current Liabilities		54,196,895	32,697,496
Non-current Liabilities			
Gratuity payable	14	15,069	-
Retirement saving fund	15	999,978	1,039,527
Lease liability	12	478,266	-
Total Non-current Liabilities		1,493,313	1,039,527
Total Liabilities		55,690,208	33,737,023
Shareholders' Equity			
Share capital	18	10,000,000	9,725,810
Accumulated surplus		3,813,714	927,514
Total Shareholders' Equity		13,813,714	10,653,324
Total Liabilities and Shareholders' Equity		\$ 69,503,922	44,390,347

Approved for issue by the Board of Directors on July 29, 2020 and signed on its behalf by:



Mr. Timothy N. J. Antoine
Chairman



Mr. Trevor E. Blake
Managing Director

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

	Notes	2020	2019
Income			
Listing and registry income		\$ 2,620,415	2,539,338
Primary market income		1,311,666	1,110,519
Membership and trading income		858,173	442,970
Interest income		324,269	282,876
Other income	22	1,457,423	215,700
		6,571,946	4,591,403
General and Administrative Expenses			
Compensation costs		1,634,428	1,712,291
Administrative expenses		472,636	672,361
Depreciation and amortisation	10, 11	428,395	442,120
Depreciation of right-of-use asset	12	82,271	-
Software maintenance		270,582	289,275
Staff training		2,511	3,333
Legal and professional costs		75,874	107,935
Promotional activities		98,422	53,701
Provision for (Recovery of) expected credit losses on financial assets	8, 9	71,470	(5,192)
Bad debt write-off	8	300	-
Interest expense		48,949	-
		3,185,838	3,275,824
Net Profit, being Total Comprehensive Income for the Year		\$ 3,386,108	1,315,579
Earnings per Share	20	\$ 3.41	1.35

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Consolidated Statement of Changes in Shareholders' Equity

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Share Capital</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
Balance as at March 31, 2018	\$ 9,725,810	(371,176)	9,354,634
Impact of IFRS 9 implementation	-	(16,889)	(16,889)
Net profit, being total comprehensive income for the year	-	1,315,579	1,315,579
Balance as at March 31, 2019	9,725,810	927,514	10,653,324
Dividend payout	-	(499,908)	(499,908)
Issue of additional shares	274,190	-	274,190
Net profit, being total comprehensive income for the year	-	3,386,108	3,386,108
Balance as at March 31, 2020	\$ 10,000,000	3,813,714	13,813,714

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Consolidated Statement of Cash Flows

Year ended March 31, 2020

(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Net profit for the year		\$ 3,386,108	1,315,579
Adjustments for:			
Depreciation and amortisation		510,666	442,120
Interest income		(324,269)	(282,876)
Interest expense		48,949	-
Other income	22	(1,437,423)	-
Allowance for/(recovery of) expected credit losses on financial assets	8, 9	71,470	(5,192)
Bad debt	8	300	-
Operating profit before changes in working capital		2,255,801	1,469,631
Changes in:			
Accounts receivable and other assets		(473,535)	128,767
Accounts payable and accruals		23,238,867	(58,091,907)
Gratuity payable		(116,739)	59,096
Retirement saving fund		(39,549)	109,195
Net cash from/(used in) operating activities		24,864,845	(56,325,218)
Cash flows from investing activities			
Purchase of property and equipment	10	(31,193)	(7,260)
(Purchase)/Redemption of investments		(2,567,700)	1,907,745
Interest paid		(34,898)	-
Interest received		312,795	312,881
Net cash (used in)/from investing activities		(2,320,996)	2,213,366
Cash flows from financing activities			
Dividends paid		(499,908)	-
Interest paid on lease liability		(14,052)	-
Repayment of principal - lease liability		(75,948)	-
Net cash used in financing activities		(589,908)	-
Increase (decrease) in cash and cash equivalents during the year		21,953,941	(54,111,852)
Cash and cash equivalents at the beginning of the year		36,443,446	90,555,298
Cash and cash equivalents at the end of the year		\$ 58,397,387	36,443,446
Comprised as follows:			
Cash at bank		\$ 58,397,161	36,443,404
Cash on hand		226	42
		\$ 58,397,387	36,443,446

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

1. Incorporation and Principal Activity

The Eastern Caribbean Securities Exchange Limited (“ECSE”) was incorporated as a public limited company on May 8, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of St. Christopher and Nevis.

The ECSE carries on business as a regional securities exchange and facilitates the buying and selling of financial products, including corporate and government securities for the member territories of the Eastern Caribbean Currency Union.

The registered office is situated at Bird Rock, Basseterre, St. Kitts.

These consolidated financial statements for the year ended March 31, 2020 comprise the ECSE and its subsidiary, Eastern Caribbean Central Securities Depository Limited (“ECCSD”) (together “the Group”). The activities of this subsidiary are as follows:

- *The Eastern Caribbean Central Securities Depository Limited:*
The Eastern Caribbean Central Securities Depository Limited (“ECCSD”) was incorporated as a public limited company on August 2, 2001 under the provisions of the Companies Act (No. 22 of 1996) of the laws of Saint Christopher and Nevis. It is a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

The principal activity of the ECCSD is the provision of central securities depository services, including the post-trade clearing and settling of securities market transactions and other ancillary securities market activities. The ECCSD also electronically maintains the records of securities on behalf of issuers, which may include listed and non-listed public companies, government related entities, private companies, and individual security holders within the region.

The consolidated financial statements for the year ended March 31, 2019 comprise the ECSE and the ECCSD, along with the ECSE’s other previously held subsidiary, Eastern Caribbean Central Securities Registry Limited (ECCSR).

The Eastern Caribbean Central Securities Registry Limited (“ECCSR”) was incorporated as a public limited company on August 2, 2001 under the provisions of the Companies Act (No 22 of 1996) of the laws of Saint Christopher and Nevis. It was a wholly-owned subsidiary of Eastern Caribbean Securities Exchange Limited.

On May 7, 2019, the Eastern Caribbean Securities Exchange Limited, in its capacity as sole shareholder passed a special resolution to summarily wind up the ECCSR and continue its securities registry operations under the Eastern Caribbean Central Depository Ltd. This process was completed during the year.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

2. Basis of Preparation

(a) *Statement of Compliance:*

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented except as otherwise stated and are set out below.

The consolidated financial statements were authorised for issue by the Board of Directors on July 29, 2020.

(b) *Basis of Measurement:*

These consolidated financial statements have been prepared on the historical cost basis.

(c) *Functional and Presentation Currency:*

The consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Group's functional currency, rounded to the nearest dollar.

(d) *Use of Accounting Estimates and Judgments:*

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are as follows:

(a) *Basis of Consolidation:*

These financial statements consolidate those of the Group as of March 31, 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the relevant activities of the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All subsidiaries have a reporting date of March 31 and follow consistent accounting policies.

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

All intra-group transactions, balances, income and expenses, and any unrealised gains arising from those transactions are eliminated on consolidation.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (*cont'd*)

(b) *Cash and Cash Equivalents:*

Cash and cash equivalents include cash on hand, cash at banks and restricted amounts held by third party financial institutions with an original maturity date of three months or less. Cash and cash equivalents are carried at amortised cost.

(c) *Accounts Receivable:*

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Loss allowance for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the credit losses that result from all possible default events over the expected life of the financial asset. As at March 31, 2020, the Group is expected to collect all of its accounts receivable.

(d) *Property and Equipment:*

Property and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in profit or loss.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method, and is generally recognised in profit or loss.

Depreciation is provided on the straight line basis using rates estimated to write off the depreciable cost of the assets over their expected useful lives as follows:

Furniture and Fittings	4 years
Computer Equipment - Hardware	5 years
Motor Vehicles	5 years

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (*cont'd*)

(e) *Intangible Assets:*

Intangible assets are identifiable non-monetary assets without physical substance. These are measured at cost less accumulated amortisation and any accumulated impairment losses.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Capitalised costs are amortised on the straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date.

The estimated useful lives of computer software range from five (5) to seven (7) years.

(f) *Accounts Payable and Accruals:*

Accounts payable and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(g) *Provisions:*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(h) *Revenue:*

The Group principally derives its revenue from the rendering of services. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. It is measured at the fair value of consideration received or receivable excluding trade discounts. The Group's revenue is recognised at a point in time.

Revenue is recognised on the accrual basis when the services have been provided.

Interest income is reported on the accrual basis using the effective interest method.

(i) *Taxation:*

By letter dated May 27, 2003, the Group was granted a ten (10) year tax holiday (Corporation and other taxes).

On May 24, 2012, the Group made application for a further ten (10) year tax holiday.

The matter is still before the Government of St. Christopher and Nevis.

4. Changes in accounting policies

- (a) *New standards, amendments and interpretations mandatory for the first time for the financial year*
Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Further, an interest expense on the lease liability and depreciation on the right-of-use asset will be presented in the consolidated statement of profit or loss. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

The Group has initially applied IFRS 16 *Leases* from April 1, 2019. A number of other new standards are also effective from January 1, 2019, but they do not have a material effect on the Group's consolidated financial statements. The adoption of IFRS 16 has resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the right-of-use assets are equivalent to the lease liabilities, thereby no adjustment was recognised in retained earnings at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

- (a) *Definition of a lease*
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*, issued by IFRS Interpretations Committee (IFRIC). The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

4. Changes in accounting policies (*cont'd*)

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

(b) *As a lessee*

As a lessee, the Group leases office space for its operations. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for these leases, that is, these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) *As a lessor*

The Group does not act as a lessor.

(d) *Impact on transition*

There was no impact on transition to IFRS 16.

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

4. Changes in accounting policies (*cont'd*)

(b) New and amended standards and interpretations not yet effective

At the date of approval of the consolidated financial statements, there were certain new and amended standards and interpretations to existing standards, which were in issue, but were not yet effective and had not been early adopted by the Group. Those which management considered may be relevant to the Group are as follows:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the consolidated financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a Group has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that these new and amended standards, and interpretations will have on its consolidated financial statements when they become effective.

5. Financial Instruments

Recognition, Initial Measurement and Derecognition

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

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

Non-derivative financial assets – Classification and subsequent measurement

The Group classifies its financial assets into the amortized cost category.

Financial assets measured at amortised cost

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

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

5. Financial Instruments (*cont'd*)

*Non-derivative financial assets – Classification and subsequent measurement (*cont'd*)*

Business model assessment

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

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

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

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

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

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

5. Financial Instruments (*cont'd*)

Non-derivative financial assets – Impairment

The Group recognizes loss allowances for expected credit losses (ECL) on its financial assets measured at amortised cost. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition (Stage 2) or if there is objective evidence of impairment (Stage 3). If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses (Stage 1).

The ECL allowance associated with financial assets measured at amortised cost are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the assets.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit risk assessment. The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Consideration of how changes in economic factors affect ECLs are determined on a probability weighted basis. The Group considers as a backstop that significant increase in credit risk occurs when a receivable is more than 30 days past due and that there is a significant increase in credit risk when the investment grade of sovereign/corporate debt has been downgraded to below investment grade or when there has been a downgrade of more than one notch outside of the current grade e.g. from CariAAA to CariB or CariC.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months.

Definition of default

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

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

5. Financial Instruments (*cont'd*)

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

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For CDs and investments, the Group considers that a default has occurred and classifies the financial asset as credit impaired when the counterparty fails to pay principal and/or interest when payment falls due.

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

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

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

Classification and subsequent measurement of Financial Liabilities:

The Group's financial liabilities include accounts payable and accruals, provisions and the pension fund. These are measured at amortised cost.

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

6. Financial Risk Management

(i) Interest Rate Risk Exposure:

The Group does not have any significant exposure to interest rate risk.

(ii) Credit Risk Exposure:

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The maximum credit risk exposure of financial assets recognised in the consolidated statement of financial position is represented by the carrying amounts of the financial assets.

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

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

6. Financial Risk Management (*cont'd*)

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

Maximum exposure

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

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Certificates of Deposit	4,673,769	3,082,918
Treasury Bills	3,926,011	2,955,200
Cash resources	58,397,161	36,443,404
Accounts receivable	894,344	317,413

(iii) Fair Value:

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

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

(iv) Liquidity Risk:

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

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

	<u>Due within 1 Year</u>	<u>Total</u>
Financial Assets		
Year ended March 31, 2020		
Cash and cash equivalents	\$ 58,397,387	58,397,387
Investments	8,599,780	8,599,780
Accounts receivable and other assets	894,344	894,344
	<u>\$ 67,891,511</u>	<u>67,891,511</u>

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

6. Financial Risk Management (*cont'd*)

(iv) Liquidity Risk (*cont'd*)

Year ended March 31, 2019

Cash and cash equivalents	\$	36,443,446	36,443,446
Investments		6,038,118	6,038,118
Accounts receivable and other assets		<u>317,413</u>	<u>317,413</u>
	\$	<u>42,798,977</u>	<u>42,798,977</u>

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

		<u>Due within 1 Year</u>	<u>1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Financial Liabilities					
Year ended March 31, 2020					
Accounts payable and accruals	\$	52,929,710	-	-	52,929,710
Preference shares		1,163,230	-	-	1,163,230
Retirement Saving Fund		-	999,978	-	999,978
Gratuity payable		<u>-</u>	<u>15,069</u>	<u>-</u>	<u>15,069</u>
	\$	<u>54,092,940</u>	<u>1,015,047</u>	<u>-</u>	<u>55,107,987</u>
Year ended March 31, 2019					
Accounts payable and accruals	\$	29,690,843	-	-	29,690,843
Due to Eastern Caribbean Central Bank		2,874,845	-	-	2,874,845
Retirement Saving Fund		-	1,039,527	-	1,039,527
Gratuity payable		<u>131,808</u>	<u>-</u>	<u>-</u>	<u>131,808</u>
	\$	<u>32,697,496</u>	<u>1,039,527</u>	<u>-</u>	<u>33,737,023</u>

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

6. Financial Risk Management (*cont'd*)

(v) *Capital Management:*

The Group's policy is to maintain a strong capital base to encourage investor, creditor and market confidence, and to sustain future development of the Group. There were no changes to the way in which the Group managed its capital during the year.

(vi) *COVID-19:*

The World Health Organisation declared COVID-19 to be a global pandemic on March 11, 2020. It has since spread rapidly around the globe and has impacted companies both directly and indirectly. While it is not possible to reliably estimate the duration and full consequences of this pandemic, at this stage, it can be determined that the ECSE will not be severely impacted financially and there are no current threats to our ability to provide services to our customers. Management will continuously be monitoring this assessment for any changes during this crisis. Specific attention will be focused on the impacts on the financial markets and the overall economies of the ECCU, all of which are highly uncertain and cannot be predicted.

Consequent on the State of Emergency declared in St. Kitts & Nevis and the resulting curfew, the ECSE went into telecommuting mode. This transition, having been previously tested, was made without any critical disruptions to our service delivery. In order to protect their health and safety, staff will continue to telecommute until further notice.

7. Cash and Cash Equivalents

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash with commercial banks	15	\$ 58,397,161	36,443,404
Cash on hand		226	42
Total		\$ 58,397,387	36,443,446

Cash with Commercial Banks mainly consist of:

- (i) Unclaimed securities holders' dividends, interest and maturity payments in the amount of \$48,719,774 (2019: \$25,449,649).
- (ii) Funds held in escrow in the amount of \$3,662,551 (2019: \$3,626,619) representing securities holders' dividends, interest and maturity payments which are withheld for charged/pledged accounts and/or at the request of the Court.
- (iii) Included in the cash balance is an amount of \$999,978 (2019: \$1,039,527) which is set aside for the establishment of the ECSE Pension Fund. (See Note 15)

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANYNotes to Consolidated Financial Statements *(cont'd)*

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

8. Accounts Receivable and Other Assets

	2020	2019
Trade receivables	\$ 836,201	270,744
Less: Provision for expected credit losses (ECL)	(65,432)	-
	770,769	270,744
Prepayments	191,333	283,555
Interest receivable	58,143	46,669
	<u>\$ 1,020,245</u>	<u>600,968</u>

During the year ended March 31, 2020, the Group wrote off receivables valued \$300 (2019: Nil).

Provision for ECL

	2020	2019
Balance - beginning of the year	\$ -	-
Increase in provision	65,432	-
Balance - end of the year	<u>\$ 65,432</u>	<u>-</u>

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

9. Investments

	2020	2019
Certificates of Deposit	\$ 4,673,769	3,082,918
Treasury Bill GDB161020 @ 1.96%	980,392	995,038
Treasury Bill LCB150420 @ 3.469%	991,349	986,438
Treasury Bill GDB250620 @ 3.470%	991,349	985,421
Treasury Bill LCB210720 @ 3.923%	980,656	-
Total Investments	8,617,515	6,049,815
Less: Expected credit loss allowance	(17,735)	(11,697)
	\$ 8,599,780	6,038,118

Certificates of Deposit:

The certificates of deposit are held with various licensed commercial banks within the Organisation of Eastern Caribbean States and earn interest at rates varying from 1.5% to 3.5% per annum (2019: 1.0% to 3.00%) per annum.

Treasury Bills:

The treasury bills represent investment in the Government of Grenada's 365-day Treasury bill: GDB161020 at 1.96% maturing on 16 October 2020, GDB250620 at 3.47% maturing on 25 June 2020 and Government of Saint Lucia's 180-day Treasury bill: LCB210720 at 3.923% maturing on 21 July 2020 and LCB150420 at 3.469% maturing on 15 April 2020.

The movement in expected credit loss allowance is as follows:

	2020	2019
Balance at beginning of year	\$ 11,697	-
Impact of IFRS 9	-	16,889
Balance at beginning of year (adjusted)	11,697	16,889
Allowance for/(Recovery of) expected credit losses	6,038	(5,192)
Balance at end of year	\$ 17,735	11,697

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (cont'd)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

9. Investments (cont'd)

Treasury Bills (cont'd)

The Group's investment portfolio as at March 31, 2020 are in the following staging categories.

	2020			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Certificates of Deposit \$	4,673,769	-	-	4,673,769
Treasury Bills	<u>3,943,746</u>	<u>-</u>	<u>-</u>	<u>3,943,746</u>
Gross investments	8,617,515	-	-	8,617,515
Less: ECL allowance	<u>(17,735)</u>	<u>-</u>	<u>-</u>	<u>(17,735)</u>
\$	<u>8,599,780</u>	<u>-</u>	<u>-</u>	<u>8,599,780</u>

As at March 31, 2019, the Group's total investment portfolio was in the Stage 1 category also.

10. Property and Equipment

	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
Cost:				
At March 31, 2018	245,000	653,595	53,408	952,003
Additions	<u>-</u>	<u>7,260</u>	<u>-</u>	<u>7,260</u>
At March 31, 2019	\$ 245,000	660,855	53,408	959,263
Additions	<u>-</u>	<u>31,193</u>	<u>-</u>	<u>31,193</u>
At March 31, 2020	<u>\$ 245,000</u>	<u>692,048</u>	<u>53,408</u>	<u>990,456</u>
Depreciation:				
At March 31, 2018	110,966	442,267	50,994	604,227
Charge for the year	49,000	102,318	659	151,977
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At March 31, 2019	159,966	544,585	51,653	756,204
Charge for the year	<u>49,000</u>	<u>93,099</u>	<u>658</u>	<u>142,757</u>
At March 31, 2020	<u>\$ 208,966</u>	<u>637,684</u>	<u>52,311</u>	<u>898,961</u>
Net Book Value:				
At March 31, 2020	<u>\$ 36,034</u>	<u>54,364</u>	<u>1,097</u>	<u>91,495</u>
At March 31, 2019	\$ 85,034	116,270	1,756	203,060

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

11. Intangible Assets

	2020	2019
Computer Software:		
Cost at beginning of year	\$ 1,915,895	1,915,895
Additions during the year	-	-
Disposal	-	-
Cost at end of year	1,915,895	1,915,895
Accumulated amortisation – beginning of the year	811,140	520,996
Charge for the year	285,638	290,144
Disposal	-	-
Accumulated amortisation – end of the year	1,096,778	811,140
Net Book Value	\$ 819,117	1,104,755

12. Leases

The ECSE leases office space from the Eastern Caribbean Central Bank. The lease term is 3 years with an option to renew for the same time period after the end of the stated lease term. The ECSE is expected to exercise this option.

Information about the lease for which the ECSE is a lessee is presented below:

(a) *Amounts recognised in the statement of financial position:*

(i) *Right-of-use asset*

	Buildings
As at April 1, 2019 upon application of IFRS 16	-
Additions	658,169
Depreciation	(82,271)
Balance at March 31, 2020	575,898

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (cont'd)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

12. Leases (cont'd)

(ii) Lease liabilities

As at April 1, 2019 upon application of IFRS 16	-
Additions	658,169
Interest expense	14,052
Lease payments	(90,000)
	<hr/>
Balance at March 31, 2020	582,221
	<hr/>

Maturity analysis – contractual undiscounted cash flows:

Less than one year	103,955
One to five years	478,266
	<hr/>
Total undiscounted lease liabilities at March 31, 2020	582,221
	<hr/>

(b) Amounts recognised in profit or loss

Depreciation charge on right-of-use assets	82,271
Interest expense on lease liabilities	14,052
	<hr/>
Balance at March 31, 2020	96,323
	<hr/>

13. Accounts Payable and Accruals

	Notes	2020	2019
Unclaimed dividends, interest and maturity payments	7 (i)	\$ 48,719,774	25,449,649
Escrow liability	7 (ii)	3,662,551	3,626,619
Deferred income		248,318	271,474
Holiday pay accrual		134,952	207,372
Accruals		125,475	109,867
Accounts payable		38,640	25,862
		<hr/>	<hr/>
		\$ 52,929,710	29,690,843
		<hr/>	<hr/>

Deferred income represents advance payments from customers in relation to listing, registry and membership fees received but not yet earned.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

14. Gratuity payable

Gratuity payable relates to amounts payable to employees on completion of their contract of service to the Group. The non-current amount of \$15,069 (2019: current - \$131,808) has been provided to date.

15. Retirement Saving Fund

Included in the cash balance of \$58,397,161 (2019: \$36,443,404) is an amount of \$999,978 (2019: \$1,039,527) (See Note 7). This amount is held pending the establishment of the ECSE Pension Fund at which time the amount will be transferred.

16. Related Party Balances and Transactions

(a) Due to Eastern Caribbean Central Bank

The amount at the end of 2019 of \$2,874,845 represented advances made by the Eastern Caribbean Central Bank to finance the establishment costs of the Group (See Note 17).

In April 2019, the ECSE arrived at an agreement with the Eastern Caribbean Central Bank (ECCB) regarding this long outstanding payable (See Note 22).

(b) Key Management Personnel Compensation

The salaries, fees and benefits paid to key management personnel of the Group during the year amounted to \$786,048 (2019: \$773,080). The following is an analysis of these amounts:

	2020	2019
Salaries and other short-term employee benefits	\$ 694,828	683,818
Post-employment benefits	91,220	89,262
	<u>\$ 786,048</u>	<u>773,080</u>

During the year under review, the Eastern Caribbean Central Bank provided certain professional and other services at no cost to the Group.

17. Additional Financial Support

The Eastern Caribbean Central Bank gave the following undertaking and guarantee in respect of the Group:

Guarantee cover in the event of a budgeted shortfall in respect of the Group for the fiscal year ending March 31, 2021, but not to exceed \$2,000,000.

The above undertaking and guarantee will be reviewed at March 31, 2021 and is irrevocable before this date.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements *(cont'd)*

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

18. Share Capital

	2020	2019
Authorised:		
5,000,000 Ordinary Shares of \$10 each	\$ 50,000,000	50,000,000

Subscribed Capital:

<u>Class</u>	No. of Shares Issued at	Shares Issued During the Year	No. of Shares Issued at	Nominal Value	
	March 31, 2019		March 31, 2020	2020	2019
Class A	300,000	27,419	327,419	3,274,190	3,000,000
Class B	287,500	-	287,500	2,875,000	2,875,000
Class C	370,081	-	370,081	3,700,810	3,700,810
Class D	15,000	-	15,000	150,000	150,000
	<u>972,581</u>	<u>27,419</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>9,725,810</u>

On June 21, 2019, the ECSE issued 27,419 additional ordinary shares with a stated value of \$274,190 to the ECCB as part consideration in settlement of a remaining balance due to the ECCB of EC\$1,437,423. (See note 22)

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

18. Share Capital (*cont'd*)

Dividends

The ECSE is cognizant of the importance of providing to shareholders a return on their capital Invested. It is equally cognizant, however, of the need to retain a sufficient portion of earnings, to ensure the availability of adequate resources for future growth and development. The Board, therefore, has established a policy that stipulates that the dividend pay-out should not exceed 50% of net income in a given year.

Consistent with this policy, the Board unanimously approved Management's recommendation that \$500,000 be distributed as dividend pay-outs for the year ended 31 March 2019. At the 18th Annual General Meeting held on 4 October 2019, shareholders approved the payment of the proposed dividend, which translated to 51.4 cents per share. The dividend paid out on October 9, 2019, totaled \$499,908.

The classes are divided as follows:

Class A	Eastern Caribbean Central Bank;
Class B	Social Security Schemes, National Insurance Boards, Government owned or controlled institutions other than Government owned or controlled financial intermediaries;
Class C	Financial institutions;
Class D	Persons or institutions not covered in classes A to C.

Class Rights

- a) Other than the Eastern Caribbean Central Bank (Class A) no single shareholder shall hold, whether beneficially or otherwise, more than 20% of the issued share capital of the Group.
- b)
 - i) Classes holding 50% or more of the issued capital are allowed to nominate three (3) directors.
 - ii) Classes holding between 20% and 49% of the issued capital are allowed to nominate two (2) directors.
 - iii) Classes holding less than 20% of the issued capital are allowed to nominate one (1) director.

19. Preference Shares

On June 25, 2019, the ECSE issued 116,323 redeemable \$10 3% preference shares with a stated value of \$1,163,230 to the ECCB as part consideration in settlement of a remaining balance due to the ECCB of EC\$1,437,423. These preference shares, which were redeemable within a period of 10 years, were redeemed in full in April 2020.

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED AND ITS SUBSIDIARY COMPANY

Notes to Consolidated Financial Statements (*cont'd*)

March 31, 2020

(Expressed in Eastern Caribbean Dollars)

20. Earnings Per Share

The calculation of basic earnings per share is based on the following data:

	2020	2019
Earnings		
Net profit for the year	\$ 3,386,108	1,315,579
Number of Shares		
Weighted average number of ordinary shares	993,632	972,581
Earnings per Share	\$ 3.41	1.35

21. Contingent Liabilities and Capital Commitments

The Group had no capital commitments as at March 31, 2020 (2019: nil).

22. Other Income

	2020	2019
Due to Eastern Caribbean Central Bank - write off	\$ 1,437,423	-
Seminars and workshops	20,000	215,700
	\$ 1,457,423	215,700

In April 2019, the ECSE arrived at an agreement with the Eastern Caribbean Central Bank (ECCB) regarding a long outstanding payable (see Note 16). Under this agreement, the ECCB agreed to write-off 50 per cent of the total amount due, which amounted to \$1,437,423. This has been treated as other income.

The ECSE then agreed to issue 27,419 additional ordinary shares with a stated value of \$274,190, together with 116,323 redeemable cumulative preference shares with a stated value of \$1,163,230 to the ECCB in consideration of the remaining balance due. (Note 18 – *Share Capital* and Note 19 – *Preference Shares*).

23. Subsequent Event

In April 2020, the ECSE paid the ECCB in full settlement of the redeemable cumulative preference shares issued. (See Note 19)

LISTED SECURITIES AT 31 MARCH 2020

ISSUER

TRADING SYMBOL

Equities



Cable & Wireless Saint Kitts & Nevis Limited

CWKN



Dominica Electricity Services Limited

DES



Grenada Electricity Services Limited

GESL



Grenreal Property Corporation Limited

GPCL



Republic Bank (Grenada) Limited

RBGL



S L Horsford and Company Limited

SLH



Saint Kitts-Nevis-Anguilla National Bank Limited

SKNB



Saint Kitts Nevis Anguilla Trading and Development
Company Limited

TDC



Saint Lucia Electricity Services Limited

SLES



The Bank of Nevis Limited

BON



Bank of Saint Vincent and the Grenadines Limited

BSVG



East Caribbean Financial Holding Company Limited

ECFH



Grenada Co-operative Bank Limited

GCBL

Corporate Debt

ISSUER



Eastern Caribbean Home Mortgage Bank

SECURITIES:

(Trading Symbols)

HMB060420; HMB030620; HMB060720;
HMB300920; HMB221020; HMB301020

Sovereign Debt

ISSUER



Antigua and Barbuda

SECURITIES:

(Trading Symbols)

AGG100721; FAG150626; AGG300740; FAG070720; FAG100923;
FAG070121; AGG151228; FAG100724; FAG071221; AGG151029;
AGG151229; AGG0327AA; FAN030822; AGG100428; FAG100828;
AGB040620; AGG100329; AGG100525; FAG071023; FAG100325;
AGB260820; AGN220521; AGB070520; AGN180922; AGN091021;
AGB281020; AGB171120; AGB190520; AGB310520;
AGB140620; AGB220720; AGB190221; AGB160321

ISSUER



The Commonwealth of Dominica

SECURITIES:

(Trading Symbols)

DMG200624; DMG300634; DMG051122;
DMG070726; DMB280520; DMG070227

ISSUER



Grenada

SECURITIES:

(Trading Symbols)

GDG1530AA; GDB250720; GDG251240; GDG071222; GDG250940;
GDB161020; GDG1530AB; GDB051220; GDN110222

ISSUER



The Federation of Saint Kitts and Nevis

SECURITIES:

(Trading Symbols)

FKG200432; KNG450457

ISSUER

Saint Lucia

SECURITIES:(Trading
Symbols)

LCG100322; LCG101222; LCG100223; LCG080721; LCG080921;
 LCG100623; LCG100524; FLG100722; LCG150729; LCG101124;
 LCG100725; LCN010620; LCN0620AA; LCG060821; LCN301020;
 FLN031220; LCN041220; LCG060921; FLG061221; LCG100226;
 FLG060222; LCG100926; LCN011121; LCG080924; LCN0412AA;
 LCG100224; LCG071022; LCN290721; FLG060322; FLG0602AA;
 LCN100421; FLG071024; LCG101027; LCG071124; LCG100128;
 LCG070425; LCG100828; LCG080826; FLG071124; FLG050521;
 LCG0128AA; LCG1124AA; LCG1027AA; FLG1024AA; LCG060325;
 FLG081226; FLG040123; LCN240622; LCN190721; FLG070726;
 LCG081226; LCG050824; LCG070926; LCG071026; LCB130420;
 LCG061025; LCG101129; LCB270620; LCB060420; LCB150420;
 LCB210720; LCB050820; LCG080328; LCG070327







ISSUER

Saint Vincent and the Grenadines

SECURITIES:(Trading
Symbols)

VCG100422; VCG100323; VCG070821; VCG100826; FVG100826;
 VCG080225; VCG070623; VCG070524; VCN030720; VCG0724AA;
 VCG070625; VCG070725; VCG081126; VCG101128;
 FVG101228; VCG0725AA; VCN080524; VCG070926;
 VCB220420; VCG071226; VCB190520; VCB230620

MEMBER INTERMEDIARIES AT 31 MARCH 2019

INTERMEDIARY		LOCATION
Bank of Saint Lucia		Saint Lucia
Bank of Saint Vincent and the Grenadines Limited		Saint Vincent and the Grenadines
First Citizens Investment Services Limited		Saint Lucia/Saint Vincent and the Grenadines/Trinidad and Tobago
Grenada Co-operative Bank Limited		Grenada
Saint Kitts-Nevis-Anguilla National Bank Limited		Saint Kitts and Nevis
The Bank of Nevis Limited		Saint Kitts and Nevis



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