

CHARTING NEW DIRECTION



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

Currency Union





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.



Accountability & Transparency Efficiency, Professionalism & Competence Integrity, Reliability & Dependability Responsive & Client-Focused

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman



Mr Timothy NJ Antoine¹ Governor, Eastern Caribbean Central Bank





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



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



Mr George S Goodluck Managing Director, St Vincent Insurances 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 Trevor E Blake Managing Director, **ECSE** Group



Company Secretary Ms Maria Barthelmy Adviser - Strategic Planning & Projects Department Eastern Caribbean Central Bank

MANAGEMENT





Mr Tarlie Francis Senior Manager, Market Operations Division



Mr Losana Laws² Manager, Administration Division



Ms Tian Arthurton³ Manager, Administration Division

Registered Office

P O Box 94 Bird Rock Basseterre St. Kitts

Subsidiary Companies

Eastern Caribbean Central Securities Registry Limited (100%)

Eastern Caribbean Central Securities Depository Limited (100%)

Auditors

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

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

² Up to August 2017

³ From September 2017







~ Statement of Corporate Governance Principles ~

The Eastern Caribbean Securities Exchange Limited (ECSE), the Eastern Caribbean Central Securities Registry Limited (ECCSR) 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.

I.EGAI. FRAMEWORK

The ECSE was incorporated in the Federation of St 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, St Christopher and Nevis, Saint Lucia, and St 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 ECCSR and ECCSD, both wholly owned subsidiaries of the ECSE, were also incorporated in St Christopher and Nevis in 2001 as public limited liability companies, under the 1996 Companies Act. The ECCSR and ECCSD are also both 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 decisionmaking 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 have been established, in accordance with Article 80 of the ECSE's Articles, to enhance the Board's effectiveness in the proper governance of the Group.

The Committees, and their composition, at 31 March 2017 were as follows:

Audit Committee

Mrs Jennifer Nero - Chairperson Mr Matthew L Mathurin Mrs Janice Jean-Jacques Thomas

Budget, Finance and Administration Committee

Mr D Michael Morton - Chairman Mr Peter Blanchard, GCM Mr George S Goodluck

Listings and Registry Services Committee

Mr George S Goodluck - Chairman Mr Peter Blanchard, GCM Mr D Michael Morton

Intermediary Development and Market Structure Committee

Mr Peter Blanchard, GCM - Chairman Mr George S Goodluck Mrs Jennifer Nero

The Company Secretary facilitates the functioning of the Committees.

SUBSIDARY COMPANIES

The Boards of Directors of the two subsidiary companies, the ECCSR Ltd and the ECCSD Ltd are comprised as follows:

Mr Timothy N J Antoine - Chairman Mr D Michael Morton, CBE - Deputy Chairman Mr Peter Blanchard, GCM Mr George S Goodluck Mrs Jennifer Nero Mr Trevor E Blake - Managing Director

Company Secretary Ms Maria Barthelmy

¹ From September 2017





~ Chairman's Statement ~

On behalf of our Board of Directors, I am pleased to present the Annual Report on the results of the Eastern Caribbean Securities Exchange Limited (ECSE) Group for the financial year ended 31 March 2018.

I assumed the Chairmanship of the ECSE Group in July 2017 with a veritable sense of the burgeoning possibilities for the ECSE Group and a strong desire to advance our region's development leveraging the modern platform of the ECSE Group. With this desire top of mind and with the full support of the Board of Directors and management, our Board engaged in a strategic advance (not retreat) in January 2018 to determine the new strategic directions of the ECSE.

Over its almost 17 years of existence, the ECSE has had a positive impact on the region. Without doubt, the most notable success, is that through the Regional Government Securities Market (RGSM), participating governments have raised in excess of \$11.5 billion. Additionally, the ECSE and its subsidiaries have contributed to enhanced governance for both sovereigns and corporates. However, as it stands, less than 1 in 10 ECCU citizens are actively involved in our regional securities exchange. Clearly, this is a huge missed opportunity for economic development and empowerment.

Consequently, the Board now proposes to do all that it can to make the ECSE, a key source of wealth creation for citizens and investors in the ECCU. To that end, the Board has adopted five (5) strategic priorities, going forward. They are:



Enhancing and expanding products and services

We intend to rationalise the current offerings of products/services and systematically develop, then introduce, carefully selected new products/ services based on data analytics.

Increasing access to and participation in our securities market

We aim to significantly improve access to and participation on our securities exchange especially by individuals and small businesses by removing or lowering of existing "barriers to entry".

Augmenting organisational fitness and capacity

We will rationalize the current Group structure and staffing and recruit appropriate skills to ensure the revamped ECSE Group is fit for purpose.

Growing revenue

We will embark on an aggressive revenue growth drive which ensures that as many "significant" companies, as possible, are listed, drawing on support from ECSE's influential partners.

4 Increasing Marketing & Outreach

We will develop and implement a marketing and outreach plan for identified target investors. Of necessity, this plan will include cultivating a culture and capability of "healthy trading" among our youth for the long-term viability of the ECSE and for the development of the Eastern Caribbean Currency Union.

In light of these priorities, we have adopted a new Vision Statement and Mission for the ECSE Group which are as follows:

ECSE Vision Statement

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

ECSE 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.

We thank ECCU governments for their unwavering support. We will require their ongoing support to effect appropriate legislative amendments and other much needed reforms.

Shareholders, we thank you for your support over the years and invite your active participation in the pursuit of the foregoing strategic priorities as we seek to realise the promise and full potential of the ECSE Group and enhance shareholder value and returns.

I hereby place on record, my gratitude to the Board of Directors, Management and Staff for your support over the past year.

Timothy N J Antoine

REVIEW OF OPERATIONS





~ Review of Operations ~

Activity in the global economy remained robust in 2017, growing by an estimated 3.1%, as increases in activity was recorded in about half of the world's economies.

Growth in the advanced economies strengthened, and is projected to have reached 2.3%, with strong improvements in the rates recorded in the US, the Euro Area and in Japan. This, however, still lagged the growth of 4.3% estimated in emerging market and developing economies, as activity in most regions expanded. The Middle East and North Africa and South Asia are estimated to have decelerated.

Global growth is projected to remain robust, at current levels into 2018. While some easing is anticipated in advanced economies, emerging market and developing economies are projected to grow faster in 2018, as the commodity exporting regions rebound.

The domestic economy, buoyed by the robust global activity, continued to expand in 2017, though slowing markedly to 1.35% from the 2.49% growth recorded in the Eastern Caribbean Currency Union (ECCU) in 2016. This deceleration is attributable, mainly, to the contractions experienced in Anguilla and Dominica, the ECCU member countries most affected by the devastating 2017 hurricane season. Growth is also estimated to have slowed in Antigua and Barbuda, and to a lesser extent, in St Kitts and Nevis and in St Vincent and the Grenadines.

Consistent with the global forecasts, growth in the ECCU is projected to expand in 2018, to 2.19%. All, but one - Dominica, of the member countries, will continue to record, or return to, positive growth during the year, led by expansion in Construction, and an upturn in other key sectors such as Tourism and Agriculture.

In this benign economic climate, the ECSE Group recorded another commendable performance. During the financial year, secondary market trading expanded appreciably,

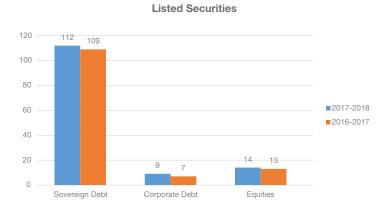


and the primary market activity strengthened, led by the robust government securities market. There was a net increase in listings, and some growth was recorded in registry activity. The Group achieved a strong financial performance, recording a profit of \$1.2 million for the year ended 31 March 2018.

MARKET OPERATIONS

LISTINGS

The number of securities listed on the Exchange increased by six or 4.7% over the year and stood at 135 at 31 March 2018. This comprised 112 sovereign debt securities, 14 equities and nine corporate debt instruments.



There were 73 new securities listed on the market during the year, comprising 49 Treasury bills, 4 notes, 16 bonds, three issues of commercial paper and one equity. Over the same period, 68 securities matured and were redeemed, resulting in a net increase of four in the number of fixed income listings. The 68 securities redeemed on maturity comprised 50 Treasury bills, seven bonds, seven issues of commercial papers, and four notes.

Sovereign Debt Securities

At year-end, the number of sovereign debt instruments listed on the ECSE stood at 112, increasing by three, or 2.8%, over the year. This asset class now represents 83.0% of total market listings, falling 150 basis points from its level at the previous year-end.

The Government of Saint Lucia remained the issuer of the largest number of listed securities, accounting for 49.1% of the listed sovereign debt and 40.7% of total market listing.

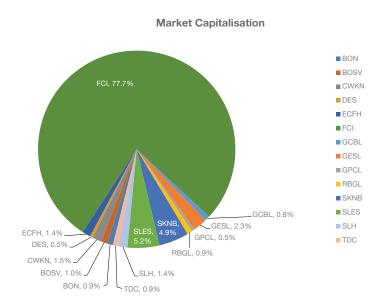
Sovereign Debts Listings 50 40 ANU DOM -GND 20 SKN ■SLU ■SVG

Corporate Securities

The number of listed corporate securities stood at 23 at 31 March 2018, comprising 14 equities and nine corporate debt instruments with maturities ranging from 1 year to 15 years. This represented an increase of three or 15% from the previous year-end, as during the year, there were two new issues of commercial paper and the ordinary shares of the Grenada Cooperative Bank Ltd, were listed on the market.

MARKET CAPITALISATION

At 31 March 2018, total market capitalisation was \$8.3 billion, an increase of \$31.3 million or 0.4% compared to that of 31 March 2017. This increase in market capitalisation is attributed mainly to the listing of the Grenada Cooperative Bank Ltd in July, a rights issue and an additional public offering by The Bank of Nevis Ltd, and a marked appreciation in the share price of the St Kitts-Nevis-Anguilla National Bank Ltd, which contributes 5% of total market capitalisation.



PRIMARY MARKET ACTIVTY

There was a marked increase in activity on the primary markets, during the year, led by the continued buoyancy in the the Regional Government Securities Market (RGSM). A total of 71 securities were auctioned on the ECSE's primary issuance platform during the financial year, translating to an increase of 15 instruments or 26.8%, from the activity recorded in the previous year. Of the total, 60, or 84.5%, were issued on the RGSM.

Overall, a total of \$1.4 billion was raised in the primary markets, \$211.1 million or 17.1% above the sum raised in the previous year.

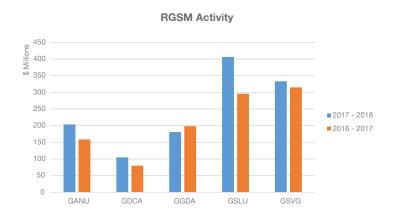
RGSM

Activity on the RGSM remained strong during the financial year ended 31 March 2018. Sovereign issuers stepped up their activity on the market auctioning 60 securities, an increment of 11 or 22.5% over the previous year. These auctions raised a total of \$1.2 billion, which represents a \$181.0 million or 17.3% increase from the amount raised in the previous year.

Of the five sovereign issuers active on the RGSM, four, the Governments of Antigua-Barbuda, the Commonwealth of Dominica, Grenada and Saint Lucia, increased the number of securities auctioned. The Government of St Vincent and the Grenadines maintained its issuances at the same level as the previous year. All of these issuers, with the exception of the Government of Grenada, which had an 8.9% decline, recorded increases in the sum raised in the auctions.



The Government of Saint Lucia was the market leader in the financial year, raising \$406.2 million from the auctions of 16 Treasury bills and four bonds. This represented an increase of \$110.7 million or 37.5% in the auction proceeds and of 6 or 42.9% in the number of auctions, compared to the previous year. The Government's activity accounted for one-third of the market, both in terms of the funds raised and number of auctions.



The Governments of Grenada and St Vincent and the Grenadines were the next most active issuers, each auctioning 12 instruments during the year. St Vincent and the Grenadines raised \$333.0 million from 11 Treasury bills and a 7-year bond, accounting for approximately 27.0% of total RGSM proceeds. Grenada auctioned 11 Treasury bills and one 2-year note, raising \$180.8 million.

Sovereign issuers continued to benefit from a strong demand for investments, as evidenced by the significant, albeit lower than in the previous year, levels of over-subscription in RGSM auctions. During the year 49 of the 60 auctions were over-subscribed by \$499.8 million or 42.1%, which exerted a downward pressure on discount rates, despite being 13.5% below the level in the previous year when 45 out of 49 auctions were over-subscribed by \$577.5 million or 60.5%.

In general, Governments' cost of funds fell appreciably. The average discount rate on 91-day Treasury bills fell by 400 basis points to 2.92%, and on 180-day bills, by 170 basis points to 3.59%. The 365-day bill rates declined marginally, by less than one basis point, to 4.26%.

ECSM

The market for the primary issuance of corporate securities recorded enhanced activity in the year ended 31 March 2018. Two corporate issuers, the Eastern Caribbean Home Mortgage Bank (ECHMB) and The Bank of Nevis Ltd (BON), issued 11 securities during the year, raising \$214.2 million on the primary market of the Eastern Caribbean Securities Market (ECSM). The total proceeds was \$30.1 million or 16.4% higher than the amount raised in the previous financial year, with both issuers contributing equally to the increase. The ECHMB stepped up its activity during the year, and auctioned nine issues of commercial paper, which raised a total of \$199.1 million. The BON made an additional public offering (APO) and a rights issue that together generated \$15.1 million.

SECONDARY MARKET ACTIVITY

Activity in the secondary market grew significantly in the financial year ended 31 March 2018, compared to the previous year. During the year 6.5 million units of securities were traded in 223 transactions at a value of \$7.6 million. The number of trades and the volume of securities traded more than doubled the levels of the previous year.

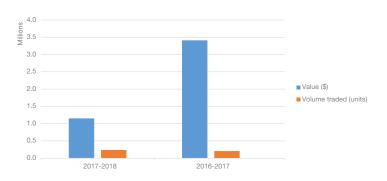
Fixed Income

Secondary market activity was again dominated by trades of fixed income securities, which in the review year consisted solely of sovereign debt instruments. The volume of debt securities traded grew by 136.0% to 6.3 million units. This accounted for 96.4% of total secondary market trades, up from 91.6% a year earlier.

Equities

During the year, 215 trades of equities were executed on the main trading board, in which 235,877 units of equities were traded at a value of \$1.2 million. While increases were recorded in the number of transactions and of units traded, the value declined significantly as this year's trades were in lower-priced equities compared to those in the previous year.

Equities Trades



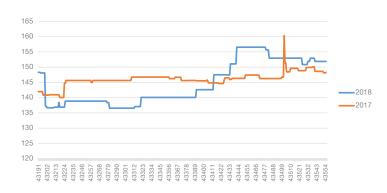
SKNB, which recorded a traded volume of 85,246 units at a value of \$222,699.20 was the most actively traded stock with 63 trades accounting for 29.3% of all equities transactions. TDC, which recorded a traded volume of 60,413 units at a value of \$95,863 was the next most active with 26 trades or 12.1% of equities transactions.



EC-SHARE INDEX

The ECSE EC-Share Index climbed 3.57 points or 2.4% over the year to close at 151.87 on 31 March 2018. This increase in the index mainly reflects an appreciation in the prices of three securities, CWKN, SKNB and TDC.





REGISTRY SERVICES

Registry services continued to expand and to make a strong contribution to the Group's overall performance. Growth was recorded in most of the service areas. including maintenance of securities registers, corporate actions and pledge/charge registrations.

Registrations

The number of securities registers maintained by the ECCSR increased by six from the previous year's end position, to 142 at 31 March 2018. This comprised 123 fixed income instruments and 19 equities, held on behalf of 26 issuers, 19 corporates six Sovereigns and one Local Government.

Of the 123 fixed income instruments registered, 113 comprised sovereign debt issues of five Central Governments, nine represented Commercial Paper issued by one corporate, and one, an issue of Local Government Treasury bills. All of the fixed income securities, with the exception of the Local Government Treasury bill and a sovereign bond, were listed on the market at year-end. Of the 19 equities, 14 were listed.

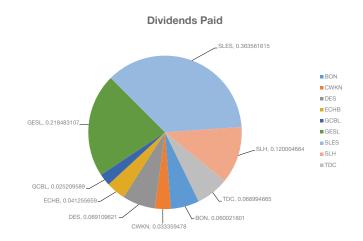
Corporate Actions

During the financial year ended 31 March 2018, the ECCSR processed 295 corporate action payments amounting to \$1.7 billion on behalf of nine corporate and seven sovereign clients. This included debt service payments of \$1.5 billion, on behalf of sovereigns, and of \$188.7 million, on behalf of corporate issuers. Dividend payments totaled \$45.2 million.

Corporate action transactions in the year, included 55 Treasury bill redemptions amounting to \$1.1 billion, for six central Governments and one local Government; 211 payments of interest and principal totaling \$398.5 million on long-term debt instruments of five central Governments; 14 payments of interest and principal amounting to 188.7 million on commercial papers issued by one corporate client; and 15 dividend payments of \$45.2 million to the shareholders of nine companies.

Dividends

During the year ended 31 March 2018, the ECCSR processed dividends amounting to \$45.2 million to shareholders of nine companies. The total dividend distribution represents an increase of 22.7% from the sum distributed in the previous year. The largest contributor to total dividend payments was St. Lucia Electricity Services Limited (SLES) which paid out \$16.4 million, representing 36.4% of the total dividends distributed.



Debt Service Payments

Corporates

During the year, the ECCSR made payments totaling \$188.7 million on behalf of the sole issuer of corporate debt, the Eastern Caribbean Home Mortgage Bank (ECHMB). This comprised 14 semi-annual interest payments of \$4.6 million on ECHMB's corporate paper, and principal repayments of \$184.1 million in redemption of those maturing in the financial year. The total of \$188.7 million paid on corporate debt in the review year reflects a \$9.3 million or 4.7% decrease from that of the previous year ended March 2017, when \$8.5 million was paid out in the early redemption of a bond.

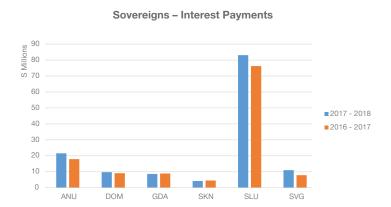






Sovereigns

Payments to holders of sovereign debt securities during the year amounted to \$1.4 billion, increasing by \$48.1 million or 3.4% from the previous year. The contributors to this increment were the Government of St Vincent and the Grenadines, which increased disbursements by \$67.1 million or 22.3% to \$368.0 million, and the Government of Dominica, which paid out an additional \$25.7 million or 27.0%, to total \$120.8 million. The other Governments, including the Government of Saint Lucia which contributed largest share - 38.0% - of the total, recorded decreases in their levels of disbursement.



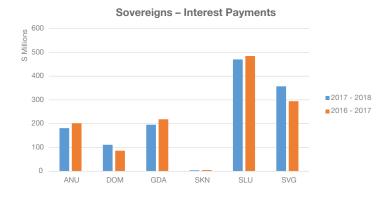
Interest

During the year, interest paid on Treasury notes and bonds amounted to \$138.2 million, which represented an increment of \$14.0 million or 11.3%, on the disbursement in the previous year. Four of the six sovereign issuers contributed to this increase; two, the Governments of Grenada and of St Kitts and Nevis, recorded declines.

Principal Redemptions

Principal redeemed on matured and amortising sovereign debt securities during the year totaled \$1.32 billion, which was \$34.0 million or 2.6% higher than the sum in the previous year. Treasury bill redemptions amounted to \$1.06 billion, increasing marginally by \$15.2 million or 1.5%. Principal repayments on notes and bonds increased by \$18.9 million or 7.8% over the year to amount to \$260.3 million.

Two issuers, the Governments of Dominica and of St Vincent and the Grenadines, were the only contributors to the growth in principal redemptions. Dominica increased redemptions by 29.1% or \$25.0 million, due mainly to the retirement of a maturing bond. St Vincent and the Grenadines recorded an increment of 21.8% or \$63.8 million in disbursements that amounted to \$357.0 million, due mainly to the redemption of \$55.0 million more in Treasury bills than in the previous year. The Government of Grenada recorded lower levels of principal repayments during the financial year.



The Government of Saint Lucia disbursed \$470.4 million in Treasury bill redemptions and semi-annual debt service payments on its various bonds and notes during the year. Saint Lucia's aggregate disbursements, while falling 3.0% from that of the previous year's total, continued to account for largest share - 35.7% - of aggregate sovereign debt repayment.

Other Services

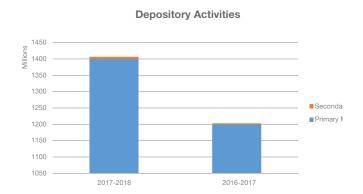
Charges/Pledges

At 31 March 2018, there were 472 charges/pledges registered on securities maintained at the ECCSR. These covered 222.2 million units of 82 securities, comprising 189.4 million units of 67 debt instruments, and 32.8 million units of 15 equities.

During the year, 68 new charges/pledges, 17 more than in the previous financial year, were registered on 60.0 million units of 38 securities. Relatedly, 51 charges/pledges, 14 more than in the prior year, were released, resulting in an increment of 17 in the number of charges registered.

DEPOSITORY ACTIVITY

During the year, the Eastern Caribbean Securities Depository Ltd (ECCSD) cleared and settled 1,560 transactions through the movement of 1.4 billion securities. This comprised 1,337 transactions generated in the primary markets, and 223 transactions resulting from secondary market trades. This volume was 17.0% higher than that recorded in the financial year ended March 2017.



The activity during the year included the processing of 1.2 billion units of Government securities and 207.8 million units of corporate securities from 772 primary market transactions. The CSD also processed, 6.3 million units of Government securities from 8 transactions, and 0.2 million units of equities from 215 transactions, resulting from the secondary market trades.



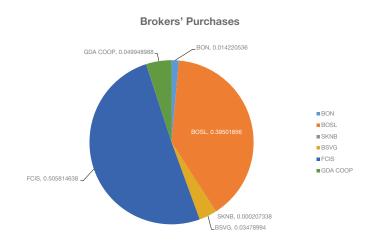
INTERMEDIARIES

There was no change in the composition of the ECSE member intermediary network during the year. The six broker dealers continued to serve the market across the currency union from their respective locations. Following a brief hiatus, the industry grouping, the Intermediary Working Group (IWG), met in November 2017 and February 2018, to deliberate on such matters as market operations, training, and outreach activities, including preparations for the Financial Information Month. In accordance with the rotation policy, the Bank of St Vincent and the Grenadines Ltd succeeded The Bank of Nevis Limited as Chairmanship of the grouping, and the Bank of Saint Lucia Limited assumed the vice-chairmanship.

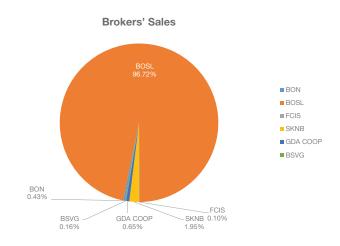
Intermediary Market Activity

Broker-dealer activity expanded in the year ended 31 March 2018, as measured both by the number of transactions and by the volumes traded. During the year, intermediaries negotiated 1.4 billion units of securities in 1,560 transactions on the primary and secondary markets. This represented a sharp, 92.6% hike in the number of trades, and a 16.9% increase in volumes, due mainly to the expansion in primary market activity. All six broker dealers were active in the primary and secondary markets, buying and selling securities.

Buy-side activity varied by broker dealers, with volumes ranging from 0.3 million units to 729.8 million units. Four, the Bank of Saint Lucia Ltd (BOSL), First Citizens Investment Services Ltd (FCIS), Grenada Co-operative Bank Ltd (GCBL) and St Kitts Nevis Anguilla National Bank Ltd (SKNB), recorded increases in volumes, while The Bank of Nevis Ltd (BON) and the Bank of St Vincent and the Grenadines Ltd (BSVG) recorded marked declensions.



FCIS produced the highest volume, with 50.6% of the aggregate buy-side transactions. BOSL followed with 569.9 million units or 39.5%.



The six broker dealers together placed a total of 6.5 million units of securities in the secondary market during the year, more than doubling the volume in the previous financial year. Activity varied markedly amongst the individual brokers, with one, BOSL, accounting for 96.7% of the sales volume. Four, BOSL, BSVG, FCIS and GCBL, recorded increases compared with the previous year.

INFORMATION TECHNOLOGY

During the financial year, the ECSE made significant progress on its thrust to completely revamp and modernise its IT infrastructure. The major component of this initiative, the project to implement the new modern trading and post-trade applications, was brought to fruition, with the successful migration to the new Montran Trading System. Residual post-launch activities such as the formatting of migrated data and modifications to the structure of system generated reports, to ensure full benefit is derived from the transition to the new applications, continued through to year-end.

The completion of this final phase of the project enabled the migration of historical data from the legacy Oracle Database, which powered the Sitrel engine, to Microsoft Single Query Language (MSQL), and the decommissioning of the legacy Sun servers. All of the Group's applications and databases' now sit on the new HP servers.

EDUCATION AND AWARENESS

INFORMATION DISSEMINATION

The ECSE continued to distribute reports on trading and market events to radio, television and print media houses in the region for public dissemination. These daily reports keep the general public informed of activity on the markets. The ECSE also provides reports on Regional Government Securities Market (RGSM) primary market activity to Bloomberg news media in the USA, a major financial media institution, for dissemination to its subscribers.

The ECSE also issued its own and Issuers' press releases on significant market events and activities. These, along with the market reports, statutory filings and material disclosures by listed issuers continued to be publicly disseminated by posting on the ECSE's website, www. ecseonline.com.

EVENTS

16th Anniversary/FIM

The ECSE celebrated the 16th anniversary of the launch of its operations on 19 October 2017. Members of the Board of Directors, Management and Staff participated in a commemorative church service in Basseterre in celebration of this anniversary.

The ECSE also participated in Financial Information Month (FIM) activities during October 2017 in conjunction with other financial institutions in the OECS. The FIM logo and theme song were posted on the ECSE's website during October; on each Friday in October, Staff donned T-shirts displaying the FIM theme; and Members of the ECSE Management and invited representatives of listed Issuers attended the FIM Business Symposium and Innovative Forum.

Shareholder Events

During 2017-2018, the ECSE Group continued to offer Annual General Meeting (AGM) facilitation services to companies listed on the Exchange. In May 2017, as in previous years, the ECSE administered key aspects of



Grenada Electricity Services Ltd's AGM. Registry staff operated securities-holders' service desks at the AGMs of six listed companies at which investors were provided with information and account maintenance services, such as payment option and address changes.

Youth Outreach

Secondary School students

The ECSE continued its annual involvement in a special secondary school programme to provide work experience to a 5th Form student aspiring to a career within a financial institution. As a part of this programme, a student of the Cayon High School completed a one-week attachment at the ECSE in December.

MEMBERSHIPS & AFFILIATIONS

The ECSE Group companies continued to maintain membership of strategic industry associations and organisations, to benefit from training and networking opportunities and exposure to industry developments. Through the ECCSD, the Group continued to play an active role in the Association of Securities Depositories of the Americas (ACSDA), the leading hemispheric industry association. In April, at the 19th Annual General Assembly held in La Paz, Bolivia, the Managing Director was reelected to the Executive Committee of ACSDA for a third consecutive two-year term.

The ECCSR also maintained its membership of the Securities Transfer Association.

CORPORATE GOVERNANCE **INITIATIVES**

The ECSE continued to promote high governance standards amongst corporate leaders throughout the region, with a particular focus on director training. In November, the ECSE collaborated with the Institute of Chartered Secretaries and Administrators/Chartered Secretaries Canada (ICSA/CSC) in the delivery of a Directors' Education and Accreditation Programme (DEAP) in St Kitts.

The ECSE also maintained its membership of the Caribbean Association of Audit Committee Members (CAACM), and continued to support its activities. In June, two members of the Board's Audit Committee participated in the 11th Annual Conference & General Meeting held in St Kitts.

ADMINISTRATION

PERSONNEL

Milestones

Two members of staff completed 10 years of service in the ECSE Group during Financial Year 2017-2018. In January 2018 Ms. Denise Lynch-Wade, Administrative Assistant, and in May 2017 Ms. Alecia Pemberton, Operations Officer achieved that milestone. The ECSE Group extends congratulations to Ms. Lynch-Wade and Ms Pemberton for their long service and their valued contributions over the 10 years.

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.



Ms. Denise Lynch-Wade



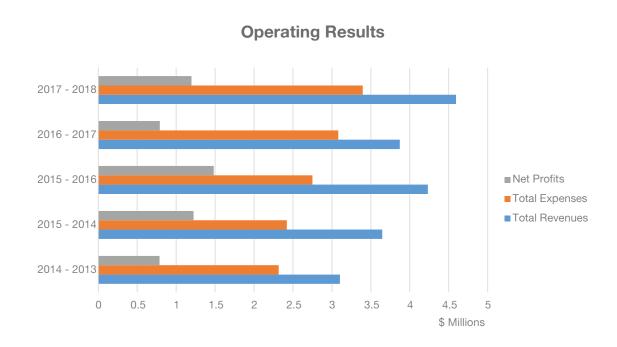
Ms. Alecia Pemberton





~ Financial Review ~

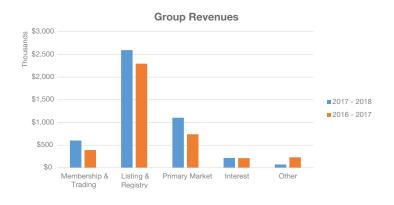
Performance: For the financial year ended 31 March 2018, the ECSE Group's operations realised a profit of \$1.2 million. This represents a \$0.4 million or 51.4% increase over the results of the previous year, as while Operating Expenses increased by \$0.3 million, Revenues expanded by \$0.7 million.





REVENUES

Total revenues for the financial year amounted to \$4.6 million, reflecting an 18.6% increase over total income in the last financial year. As in the previous year, the major contributor to Group revenues in the review year was Listing and Registry Income, which accounted for \$2.59 million or 56.5% of total income. Other major contributors were Primary Market Income, which at \$1.10 million, represented 24.1%, of revenues; and Membership and Trading Income of \$0.60 million or 13.1% of the total.



Compared to previous financial year, FY2016-2017, Listing and Registry Income grew by \$0.30 million or 13.1%, reflecting an increase in the number of listings and registrations of sovereign debt issues. Membership and Trading Income rose by \$0.21 million or 53.5%, due to significant uptick in market activity. Primary Market Income grew by \$0.36 million or 49.2%, due to increases in number of securities auctioned during the year. Other Income declined by \$0.16 million or 67.8%, due to a reduction in seminar income.

EXPENSES

The Group's total expenditure amounted to \$3.4 million, 10.2% above the prior year's aggregate. Four expense categories accounted for approximately 95% of total expenditure in the financial year ended 31 March 2018. Of these, the top three, Compensation Costs, which accounted for \$1.81 million or 53.3% of the aggregate; Administrative Expenses - \$0.63 million or 18.6%; and Depreciation and Amortisation - \$0.43 million or 12.8%, have typically led Group expenditures. During the year, however, Software Maintenance increased significantly to \$0.34 million or 10.1% of aggregate expenses, due to an extra-ordinary non-recurring payment.

Total expenditure in 2017-2018 grew by \$0.31 million or 10.2% when compared to expenditure in the previous financial year. While increases were recorded in five of the eight categories, the major contributors were more the \$0.16 million or 84.4% escalation in Software Maintenance costs, which resulted primarily from end of contract costs paid to the service provider of the decommissioned legacy trading application, and the \$0.13 million or 43.7%, increase in Depreciation and Amortization, reflecting the increased charge resulting from the acquisition of the new IT systems. When adjusted for these items, the Group's expenditure were well contained.

FINANCIAL POSITION

Assets

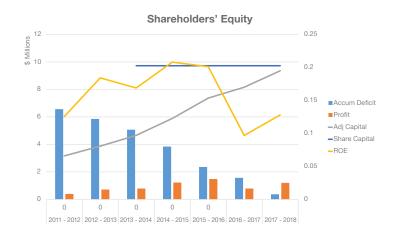
The Total Assets of the ECSE at 31 March 2018 stood at \$101.0 million, an increase of \$64.6 million or 177.5% over the position at the previous year-end. This increase was mainly due to the growth in Cash and Cash Equivalents and Investments of \$65.2 million or 195.3%. Of these balances, which amounted to \$90.6 million at year-end, \$87.0 million or 96.0% represented securities-holders' payables, including transitory funds held for 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 \$14.1 million.



The Group's Liabilities totaled \$91.7 million, an increase of \$63.4 million or 224.5% over the previous year. The increase in liabilities is due mainly to the growth in securities-holders' funds, which stood at \$90.6 million. Adjusting for these third-party funds, total liabilities would amount to \$4.7 million.

Shareholders' Equity

The ECSE's capital base amounted to \$9.4 million, comprising shareholders' subscribed capital of \$9.7 million and the accumulated deficit of \$0.37 million. Shareholders' equity increased by \$1.2 million or 14.7% over the year, boosted by the profits realized in the financial year.



Looking Ahead





~ Looking Ahead ~

During the year past, the ECSE Group embarked on a process that focuses on its strategic direction, and the need to propel the operations towards a new dimension of growth and development. In January, the Board met in a strategic planning session to craft a clear strategic direction for the Group for the immediate, medium and long term. In preparation for this session, the Management and staff held a number of brainstorming meetings, which formed the basis of a comprehensive situational analysis that was presented to the Board. The Board after considerable discussion, agreed to the following vision and mission.





The Board, in addition, adopted a number of strategic priorities, including the following:

Product Development/ Business Development

Objective

to rationalise the current offerings of products/services and systematically develop, then introduce, carefully selected new products/services based on data analytics.

Revenue Growth

Objective

to embark on an aggressive revenue growth drive which ensures that as many "significant" companies as possible are listed, drawing on support from ECSE's influential partners.

Improved Market Access

Objective

to significantly improve access to the exchange by specified segments of the market through deliberate removal or lowering of existing "barriers"

Marketing & Outreach

Objective

to develop and implement a strategic marketing and outreach plan that appropriately targets specific groups through optimal use of technology while ensuring ECSE's long term success through cultivating a culture and capability of "healthy trading" among the youth.

Strategic initiatives were also identified to achieve the objectives of each of the priority areas.

The Board also subsequently endorsed and accepted the following strategy statement and the values identified by Management to shape the organizational culture:

To implement and operationalize this new strategic thrust, Management developed operational plans, with key performance indicators, responsible parties, time frames and resource requirements. These were incorporated into the business plan and budget for the ensuing financial year, and approved by the Board.

This strategic framework has set the parameters to guide the operations of the Group into the future, and set it on a new growth trajectory.

Strategy 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





~ Directors' Report ~

The Directors are pleased to submit their Report for the Financial Year ended 31 March 2018.

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 subsidiaries are licensed by the Eastern Caribbean Securities Regulatory Commission, under the provisions of the Securities Act, to carry out these activities.

DIRECTORS

At a meeting of the Board held on 28 June 2017, the directors appointed Mr Timothy N J Antoine, Governor of the Eastern Caribbean Central Bank, to the Board of Directors to fill the vacancy created by passing of the former Chairman, Sir K Dwight Venner, with effect from 1 July 2017. Mr Antoine was also elected as Chairman of the Board at that meeting.

Subsequently, at the 16th AGM, held on 6 October 2017, upon nomination by Class A, Mr Antoine was duly reelected to the Board of Directors.

In accordance with the Articles of Association, all of the 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 2018, 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.

FINANCIAL RESULTS

The Company recorded a net profit of \$1.2 million on a consolidated basis for the year ended 31 March 2018.

SHARE CAPITAL

The issued and outstanding capital of the Company is comprised entirely of 972,581 common shares. At 31 March 2018, 27,419 shares remained available from the initial offering of 1,000,000 shares.

The following shareholders held 5% or more of the issued capital of the company, at 31 March 2018:

•••••	• • • • • • • • •	• • • • • • • • • • • • •
		%
Eastern Caribbean Central Bank	-	30.85
National Insurance Services,		
St Vincent and the Grenadines	-	15.42
Antigua Commercial Bank Ltd	-	7.97
Bank of St Vincent and the		
Grenadines Ltd	-	5.14

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 2019.



FINANCIAL STATEMENTS

(Click here)

EASTERN CARIBBEAN SECURITIES
EXCHANGE LIMITED AND ITS
SUBSIDIARY COMPANIES

Consolidated Financial Statements
March 31, 2018



LISTED SECURITIES AT 31 MARCH 2018

ISSUER	TRADING SYMBOL
	QUITIES

BankofSVincent 8theCircadines Notate Na Cassista meter	Bank of St. Vincent and the Grenadines Limited	BOSV
CABLE & WIRELESS	Cable & Wireless St Kitts & Nevis Limited	CWKN
	Dominica Electricity Services Limited	DES
* ECFH	East Caribbean Financial Holding Company Limited	ECFH
FirstCaribbean extraorded bask	CIBC FirstCaribbean International Bank Limited	FCI
Grenada Co-operative Bank Limited	Grenada Co-operative Bank Limited	GCBL
grenlec	Grenada Electricity Services Limited	GESL
Grenzeal Property Corporation Limited	Grenreal Property Corporation Limited	GPCL
Republic Bank (Greenda) Limited	Republic Bank (Grenada) Limited	RBGL
	S L Horsford and Company Limited	SLH
N. STEVENSKA SOCIOLO	St Kitts-Nevis-Anguilla National Bank Limited	SKNB

ST, KITTS - NEVIS - ANGUILLA NG & DEVELOPMENT COMPAN	St Kitts Nevis Anguilla Trading and Development Company Limited	TDC
	St Lucia Electricity Services Limited	SLES
THE BANK OF NEVIS LIMITED	The Bank of Nevis Limited	BON

ISSUER	TRADING SYMBOL
CORPORATE DEBT	
Eastern Caribbean Home Mortgage Ban	HMB040418 HMB010618 HMB040718 HMB290918 HMB201018 HMB241118

HMB281218 HMB300119 HMB270319



ISSUER	TRADING SYMBOL

SOVEREIGN DEBT



Antigua and Barbuda

AGB030618; AGB090319 AGB101118; AGB130718 AGB200518; AGB241018 AGB280418; AGN031019 AGN140919; AGN271119 AGN220320; AGG0327AA AGG050319; AGG050619 AGG051218 AGG100721 AGG151029; AGG151228 AGG151229; AGG300740 FAG070720; FAG070121 FAG071221; FAG100923 FAG100724; FAG150626 FAN030822



The Commonwealth of Dominica

DMB040518; DMG050719 DMG050220; DMG051122 DMG200624; DMG300634



Grenada

GDB060618; GDB210718 GDB111018; GDB301118 GDN090220; GDG1530AA



The Federation of St Kitts and Nevis KNG450457; FKG200432



Saint Lucia

LCB160418; LCB140618 LCB260618; LCB270618 LCB070818; LCB170718 LCN250819; LCN141019 LCN240220; LCN010620 LCN0620AA; LCN301020 LCN041220; LCN0412AA; LCN100421 LCN290721; LCN011121; LCG080718 LCG100718; LCG060219; LCG061019 LCG071019 LCG061119; LCG0611AA LCGo611AB; LCGo70320; LCGo80320 LCG080721; LCG060821; LCG060921 LCG080921; LCG100322; LCG071022 LCG101222; LCG100223; LCG100623 LCG100224; LCG100524; LCG080924 LCG071124; LCG101124; LCG100725 LCG100226; LCG100926; LCG101027 LCG100128; LCG150729; FLN050918 FLN031220; FLG070719; FLG061119 FLG061221 FLG060222; FLG0602AA FLG060322; FLG100722; FLG071024



St Vincent and the Grenadines

VCB040618; VCB270418 VCN061118; VCN110919 VCN030720; VCG070821 VCG100422; VCG100323 VCG070623; VCG070524 VCG0724AA; VCG080225 VCG100826; FVG100826



MEMBER INTERMEDIARIES AT 31 MARCH 2018

INTERMEDIARY		LOCATION
Bank of Saint Lucia	Bankof Saint Lucia	Saint Lucia
Bank of St Vincent and the Grenadines Limited	Eankofst/incent sche/Grenadines	St Vincent and the Grenadines
First Citizens Investment Services Limited	First Citizens Investment Services	Saint Lucia/St Vincent and the Grenadines/ Trinidad and Tobago
Grenada Co-operative Bank Limited	Grenada Co-operative Bunk Limited	Grenada
St Kitts-Nevis-Anguilla National Bank Limited	ATTION AND ADMITTALE AND ADMIT	St Kitts and Nevis
The Bank of Nevis Limited	THE BANK OF NEVIS LIMITED	St Kitts and Nevis



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