

**Schedule 3  
FORM EC SRC - Q**

**(Select One)**

Quarterly Report  
For the period ended June 30, 2015

OR

TRANSITION REPORT

**(Applicable where there is a change in reporting issuer's financial year)**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Issuer Registration Number: ECFH 28062001SL

East Caribbean Financial Holding Company Limited

(Exact name of reporting issuer as specified in its charter)

Saint Lucia

(Territory or jurisdiction of incorporation)

No. 1 Bridge Street, Castries St. Lucia

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 758-456-6000

Fax number: 758-456-6702

Email address: ecfh@candw.lc

N/A

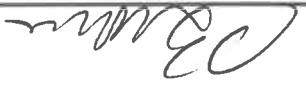
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

Name of Chief Executive Officer:

Esther Browne - Weekes



Signature

3/10/15

Date

Name of Director:

Lisle Chase



Signature

3/10/15

Date

**SIGNATURES**

CLASS	NUMBER
Preference Shares	830,000
Ordinary Shares	24,465,589

**INFORMATION TO BE INCLUDED IN THE REPORT**

**1. Financial Statements**

Provide quarterly Financial Statements in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

(a) (Condensed Balance Sheet as of the end of the most recent financial year and just concluded quarter.

(b) Condensed Statement of Income for the interim three, six and nine months of the current financial year and corresponding period in the previous financial year.

(c) Condensed Statement of Cash Flows for the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.

(d) Examples of financial data items to be included in constructing financial statements for various types of businesses are provided in Parts A-D. These items are meant to serve as guidelines only.

(e) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

**2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

**(a) Liquidity**

Identify any known trends or commitments, demands, events that will result in increasing or decreasing in any material way. If a deficiency is identified, or that are reasonably likely to result in the reporting issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified,

indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

The Group's liquidity levels continued to strengthen further in the 2nd Quarter of 2015. The liquidity of both of the Group's domestic banking subsidiaries, Bank of Saint Lucia Limited and Bank of Saint Vincent and the Grenadines Limited reflected traditionally high levels in the early part of the calendar year and the offshore banking subsidiary continued to attract large deposits despite reducing market deposit interest rates. Liquidity levels demonstrate continued customer confidence in the Group and the domestic banks within the Group are well prepared to meet demand for new and well secured lending opportunities.

**(b) Capital Resources**

Describe the reporting issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements.

The Group's Capital Ratios have strengthened since March 2015 reflecting increased year on year profits earned by all subsidiaries. Group Capital also benefited from unrealised gains on internationally traded investments caused by increased market values. There are no material commitments for capital expenditure other than commitments related to the normal expenditure of running the business.

**(c) Results of Operation.**

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

The ECFH Group recorded pre-tax income of \$11M for the First Half of 2015. The primary focus remains obtaining maximum recovery on the previously

provisioned non-performing loan portfolio of Bank of Saint Lucia Limited and to this end significant progress has been made since June 2014 on the disposal of collateral securing the largest of these loans. Management is also directing attention towards ensuring collection of payments on performing loans to ensure that transfers to the non-performing classification can be minimised in the future and towards ensuring that there is clear guidance on the levels of risk acceptable to the Group in its future lending activities. The Group has suffered reduced income due to poor demand for loans and the continuing low interest rate environment which has affected investment income but it has also benefited from a significant reduction in cost of funds arising from the reducing deposit interest rates in the domestic market.

3.

### **Disclosure of Risk Factors.**

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The significant risks to which the Group is exposed include credit risk, liquidity risk, market risk, operational risk and foreign exchange risk. The Group ensures that risk mitigation in any one area does not inadvertently increase exposure in other areas.

### **Credit Risk**

During the period under review, the quality of loans approved were monitored, credit risk reviews were conducted on all lending over a stipulated dollar value and loans approved were analyzed to ensure general compliance with approved credit risk management guidelines. Reviews of the quality and performance of the credit portfolio were undertaken by the Asset Liability Committee to identify trends and concentrations and take corrective action as necessary.

### **Market Risk**

The Group is stepping up its efforts to manage market risks. To improve its management of market risk, the Group is using a financial risk simulation model to assess market and liquidity risks and to analyze various stress testing scenarios. Foreign exchange exposure is monitored on a regular basis by the respective business units as well as the Asset Liability Committee. There were no instances of unmanaged exposures during the period under review.

### **Operational Risk**

The Group complies with all Anti Money Laundering legislation and other related laws in all jurisdictions in which it operates. With regards to FATCA, the ECFH Group was able to implement all of the requirements of FATCA by the stipulated time of July 1, 2014. All requirements for onboarding as required by FATCA were

finalized during the second quarter of 2014. All staff members of the ECFH Group received FATCA related training prior to July 1, 2014. The Group is now in the process of updating the account details of our existing customers and preparing for reporting to the US Authorities via the respective Inland Revenue Departments.

#### **Liquidity Risk**

The Group's liquidity risk is monitored by the Group Asset Liability Committee. Careful liquidity management ensures that the regulatory reserve requirement is always met by the domestic banks and that Capital Adequacy Ratios remain above minimum levels. The Liquidity policy and associated liquidity contingency plans are in place.

#### **4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

**There were no legal proceedings during the quarter.**

#### **5. Changes in Securities and Use of Proceeds.**

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)
- Offer closing date (provide explanation if different from date disclosed in the registration statement)
- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer
- Net proceeds of the issue and a schedule of its use

- Payments to associated persons and the purpose for such payments

There were no changes in Securities and Use of Proceeds using the quarter.

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no working capital restrictions and other limitations upon the payment of dividends during the quarter.

## 6. Defaults Upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund installment, state the amount of the default and the total arrears on the date of filing this report.

- (b) If any material arrears in the payment of dividends has occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

There were no defaults upon Senior Securities.

If any matter was submitted during the period covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnishes the following information:

- (a) The date of the meeting and whether it was an annual or special meeting. The Annual Meeting of Shareholders was held on 26<sup>th</sup> May 2015.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

There was no election of Directors at the said meeting.

(c) A brief description of each other matter voted upon at the meeting and state the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

There were no matters voted upon by ballots.

(d) A description of the terms of any settlement between the registrant and any other participant.

There was no settlement between the registrant and any other participant.

(e) Relevant details of any matter where decision was taken otherwise than at a meeting of such security holders.

The matters voted upon were by a show of hands and were as follows:

- To consider and adopt the Report of the Auditors and the Audited Financial Statements of the Company for the year ended December 31<sup>st</sup> 2014
- To consider and adopt the report of Directors
- To appoint Auditors and authorise Directors to fix their remuneration

**8. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRRC - MC report (related to disclosure of material

**7. Submission of Matters to a Vote of Security Holders.**



information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - Q report.

**Part A**

**Relevant Financial Data Items for Commercial and Industrial Companies**

**Item Descriptions**

- Cash and Cash Items
- Marketable securities
- Notes and Accounts Receivables-Trade
- Allowances for doubtful accounts
- Inventory
- Total Current Assets
- Intangible Assets
- Property Plant and Equipment
- Accumulated Depreciation
- Other Assets (explain)
- Total Assets
- Accounts Payable
- Total Current Liabilities
- Other Liabilities (explain)
- Bonds, mortgages and similar debt
- Preferred stock-mandatory redemption
- common stock
- other stockholder's equity
- Total liabilities and stockholder's equity
- net sales of tangible products
- total revenues
- cost of tangible goods sold
- total costs and expenses applicable to sales and revenues
- other costs and expenses
- provision for doubtful accounts and notes
- Interest and amortisation of debt discount
- Income before taxes and other items
- income tax expense
- income/loss continuing operations
- discontinued operations
- extraordinary items
- Cumulative effect-changes in accounting principles
- net income or loss
- earnings per share -primary
- earnings per share - fully diluted

**Part B**

**Relevant Financial Data Items for Bank Holding Companies and Banks**

**Item Descriptions**

- Cash and due from banks
- interest bearing deposits
- Borrowings from the ECGB, Inter-bank Market activity and other bank borrowings
- trading account assets
- investment and mortgage backed securities held for sale
- Investments: to provide schedule of type, rates, maturity and place – (whether domestic/regional or foreign)
- loans
- allowances for losses
- Fixed Assets
- total assets
- other liabilities
- Total deposits
- short-term borrowings
- long-term debt
- preferred stock-mandatory redemption
- preferred stock-no mandatory redemption
- common stocks
- other stockholder's equity
- total liabilities and stockholder's equity
- contingent accounts
- interest and fees on loans
- interest and dividends on investments
- other interest income
- total interest income
- interest expense on deposits
- total interest expense
- net interest income
- provision for loan losses
- investment securities gains/losses
- other expenses
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items
- cumulative changes in accounting principles
- net income or loss
- earnings per share-primary
- earnings per share-fully diluted

**Part C**

**Relevant Financial Items for Broker-Dealers Holding Companies**

**Items Description**

- Cash and cash items
- receivables from brokers and dealers, customers and others
- securities purchased under resale agreements
- financial instruments owned
- fixed assets
- total assets
- short term borrowings including commercial paper
- payable to customers, brokers/dealers (including clearing brokers) and others
- securities sold under agreements to repurchase
- long-term debt
- preferred stock-mandatory redemption
- preferred stock - no mandatory redemption
- common stock
- other stockholder's equity
- total liabilities and stockholder's equity
- revenue from trading activities
- interest and dividends
- commissions
- interest expense
- other sources of revenue
- compensation and employee related expense
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items, less tax
- cumulative change in accounting principles
- net income or loss
- earnings per share - primary
- earnings per share - fully diluted

## Part D

### Relevant Financial Data Items for Public Utility and Utility Holding Companies

#### Item Descriptions

- total net utility plant
- other property and investments
- total current assets
- total deferred charges
- balancing amount for total assets
- total assets
- common stock
- capital surplus, paid in, retained earnings
- total common stockholders equity
- preferred stock subject to mandatory redemption
- preferred stock not subject to mandatory redemption
- long term debt, net
- short term notes
- notes payable
- commercial paper
- long term debt--current portion
- preferred stock--current portion
- obligation under capital leases
- obligation under capital leases--current portion
- balancing amount for capitalisation and liabilities
- total capitalisation and liabilities
- gross operating revenue
- other operating expense
- total operating expense
- operating income (loss)
- other income (loss), net
- income before interest charges
- total interest charges
- net income
- preferred stock dividends
- earnings available for common stock
- common stock dividends
- total annual interest charges on all bonds
- cash flow from operations
- earnings per share--primary
- earnings per share--fully diluted



**East Caribbean Financial Holding Company Limited**  
**Interim Consolidated Balance Sheet**  
**As at June 30, 2015**

(expressed in thousands of Eastern Caribbean dollars)

	June 30 2015 (Unaudited)	December 31 2014 (Audited)	June 30 2014 (Unaudited)	Change 12mths %
<b>Assets</b>				
Cash and balances with Central Bank	401,814	291,837	243,956	65%
Due from other banks	823,088	751,491	701,391	17%
Trading financial assets	8,597	8,615	20,620	-58%
Deposits with non-bank financial institutions	6,895	6,318	3,642	89%
Treasury bills	23,093	516	6,476	257%
Originated loans - Loans & Advances to customers	1,749,208	1,770,710	1,822,262	-4%
- Bonds	10,033	10,033	10,031	0%
Investments securities - held to maturity	73,731	42,783	60,792	21%
- available-for-sale	646,342	595,992	526,321	23%
Pledged assets	21,366	23,866	23,282	-8%
Due from reinsurers	-	-	3,953	-100%
Due from insurance agents, brokers and policyholders	-	-	1,571	-100%
Investment in associated undertaking	12,061	12,061	10,339	17%
Property plant and equipment & intangibles	151,044	153,070	145,129	4%
Investment Properties	6,790	6,790	15,214	-55%
Other assets	43,522	31,899	41,282	5%
Income tax recoverable	3,236	3,912	4,355	0%
Deferred tax asset	3,490	3,490	5,188	0%
Retirement Benefit Asset	9,622	9,622	7,268	32%
<b>Total assets</b>	<b>3,993,932</b>	<b>3,723,005</b>	<b>3,653,072</b>	<b>9%</b>
<b>Liabilities</b>				
Deposits from banks	85,436	91,880	106,379	-20%
Due to customers	3,410,112	3,119,488	3,024,125	13%
Other funding instruments	24,216	23,812	23,449	3%
Borrowings	147,310	152,883	203,964	-28%
Preference shares	4,150	4,150	4,150	0%
Due to reinsurers	-	-	3,202	0%
Insurance Claims and Deferred Revenue	-	-	7,192	0%
Other liabilities	43,485	60,545	11,467	279%
Dividends Payable	-	567	277	0%
<b>Total Liabilities</b>	<b>3,714,709</b>	<b>3,453,325</b>	<b>3,384,205</b>	<b>10%</b>
<b>Shareholders' equity</b>				
Share capital	170,081	170,081	170,081	0%
Contributed capital	1,118	1,118	3,289	-66%
Unrealized Gain / (loss) on investments	(2,734)	(5,305)	2,589	-206%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	158,875	160,419	152,986	4%
Retained earnings	(119,513)	(128,773)	(123,323)	-3%
Profit for the period after taxes	7,747	9,547	(634)	-1322%
<b>Parent shareholders' equity</b>	<b>229,429</b>	<b>220,941</b>	<b>218,844</b>	<b>5%</b>
<b>Minority Interest</b>	<b>49,793</b>	<b>48,739</b>	<b>50,023</b>	<b>0%</b>
<b>Total equity and liabilities</b>	<b>3,993,932</b>	<b>3,723,005</b>	<b>3,653,072</b>	<b>9%</b>





**East Caribbean Financial Holding Company Limited**  
**Interim Consolidated Statement of Changes in Equity**  
**For the six month period ended June 30, 2015**  
(expressed in thousands of Eastern Caribbean dollars)

	Ordinary Shares \$'000	Contributed Capital \$'000	Reserves \$'000	Revaluation Surplus \$'000	Unrealised gain / (loss) on investments \$'000	Retained Earnings \$'000	Total \$'000	Non- controlling Interest \$'000	Total Equity \$'000
<b>Balance at 1 January 2014</b>	170,081	1,118	154,297	13,855	(5,346)	(123,376)	210,629	50,082	260,711
Total comprehensive income for the year	-	-	-	-	41	10,705	10,746	1,446	12,192
Transfers from reserves	-	-	6,555	-	-	(6,555)	-	-	-
Dividends paid by subsidiaries	-	-	-	-	-	-	-	(1,813)	(1,813)
Disposal of subsidiary	-	-	-	-	-	-	-	(976)	(976)
Contributions	-	3,000	-	-	-	-	3,000	-	3,000
Contributions withdrawn	-	(3,000)	-	-	-	-	(3,000)	-	(3,000)
Reserve Reduction	-	-	(433)	-	-	-	(433)	-	(433)
<b>Balance at 31 December 2014</b>	170,081	1,118	160,419	13,855	(5,305)	(119,226)	220,942	48,739	269,681
<b>Balance at 1 January 2015</b>	170,081	1,118	160,419	13,855	(5,305)	(119,226)	220,942	48,739	269,681
Total comprehensive income for the period	-	-	-	-	2,571	7,747	10,318	1,789	12,107
Prior period adjustment	-	-	-	-	-	(287)	(287)	-	(287)
Dividends paid by subsidiaries	-	-	-	-	-	-	-	(735)	(735)
Capital drawings	-	-	(1,544)	-	-	-	(1,544)	-	(1,544)
<b>Balance at 30 June 2015</b>	170,081	1,118	158,875	13,855	(2,734)	(111,766)	229,429	49,793	279,222



**East Caribbean Financial Holding Company Limited**  
**Interim Consolidated Statement of Income**  
**For the six month period ended June 30, 2015**  
(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2015	(Audited) 12 mths to December 31, 2014	(Unaudited) 6 mths to June 30, 2014	Change 12mths %
<b>Continuing Operations</b>				
Interest income	77,150	162,911	79,305	-3%
Interest expense	35,086	81,152	38,978	-10%
<b>Net interest income</b>	<b>42,064</b>	<b>81,759</b>	<b>40,327</b>	<b>4%</b>
Other income	28,974	61,471	24,814	17%
<b>Operating income</b>	<b>71,038</b>	<b>143,230</b>	<b>65,141</b>	<b>9%</b>
Impairment loss - Loans	7,671	20,431	15,255	-50%
Other operating expenses	52,331	105,099	47,383	10%
<b>Profit for the period before taxation and dividends</b>	<b>11,036</b>	<b>17,700</b>	<b>2,503</b>	<b>341%</b>
Dividends on preference Shares	-	291	-	0%
Provision for income tax	1,574	7,158	982	60%
<b>Profit for the period from continuing operations</b>	<b>9,462</b>	<b>10,251</b>	<b>1,521</b>	<b>522%</b>
<b>Discontinued Operation</b>				
Profit/(Loss) from discontinued operation	-	813	(238)	-100%
<b>Profit for the period</b>	<b>9,462</b>	<b>11,064</b>	<b>1,283</b>	<b>637%</b>
<b>Attributable to:</b>				
- Equity holders	7,747	8,735	(634)	
- Minority interest	1,715	1,516	1,917	
<b>Profit for the period</b>	<b>9,462</b>	<b>10,251</b>	<b>1,283</b>	
<b>Earnings per share</b>				
- basic	\$0.31	\$0.39	(\$0.03)	
- diluted	\$0.30	\$0.38	(\$0.03)	



**East Caribbean Financial Holding Company Limited**  
**Interim Consolidated Statement of Cash Flows**  
**For the six month period ended June 30, 2015**  
(expressed in thousands of Eastern Caribbean Dollars)

	(Unaudited) 6 mths to June 30, 2015 \$'000	(Audited) 12 mths to December 31, 2014 \$'000	(Unaudited) 6 mths to June 30, 2014 \$'000
<b>Operating Activities</b>			
- Profit before income tax	11,037	18,513	2,265
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	168,384	185,349	(74,100)
<b>Cash flows from operating activities</b>	<b>179,421</b>	<b>203,862</b>	<b>(71,835)</b>
Cash flows from investing activities	(2,218)	(114,454)	8,220
Cash flows from financing activities	(8,432)	(62,488)	(10,114)
Net increase in cash and cash equivalents	168,772	26,920	(73,729)
<b>Cash and cash equivalents at beginning of period</b>	<b>916,132</b>	<b>889,212</b>	<b>889,212</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,084,904</b>	<b>916,132</b>	<b>815,483</b>

