

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended March 31, 2012

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.

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

SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Robert
Norstrom

Victor
Eudoxie

Signature

Signature

Date

Date

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 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.

Liquidity levels continued to increase in the first quarter. The influx is due to a growth in customer deposits throughout the banking subsidiaries accompanied by low demand for loan facilities and limited suitable investment opportunities.

A large part of the increased deposit by the group's offshore bank-Bank of St. Lucia International is temporary and is expected to be liquidated in the short to medium term. Management anticipates that the impact of customer withdrawals will be mitigated as the bank continues to increase business.

(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 most significant Capital expenditure relates to a new administrative building presently under construction in the North of St Lucia. The building will be occupied by the offshore banking and brokerage subsidiaries and is scheduled for completion later in the year. Another significant capital expenditure incurred during the prior year was the purchase of an administrative building by Bank of St. Vincent and the Grenadines. The Group's Borrowings have declined since December 2011 due to the redemption of the Bank of St. Lucia investment Note. The majority of investors have placed the proceeds on certificate of deposits with the bank resulting in little cash outflow.

(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 Group continues to be affected by the challenges faced both globally and regionally. During the quarter the bank restructured a number of loans in an attempt to assist corporate clients experiencing difficulty with servicing their debt. This has resulted in a reduction in expected interest income on loans and advances. The acquisition of the National Commercial Bank of St. Vincent (now rebranded as Bank of St. Vincent and the Grenadines) in 2010 and new ventures undertaken by the Bank of St. Lucia International have augured well for the Group with those subsidiaries reporting better than expected performance for the year to date.

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, market risk, operational risk, foreign exchange risk, liquidity risk and reputation risk. There is always a challenge in ensuring risk mitigation in any one area does not inadvertently increase exposure in other areas.

Credit Risk

Credit risk is determined to be the largest single risk faced by the ECFH Group. At March 31, 2012, credit activity (loans and investments) amounted to approximately 73% of total assets.

The Group's delinquency level has been affected significantly because of the effects of the global financial crisis on one large hotel project. As a result of the classification of this hotel project, the ratio of non-productive loans to total loans moved substantially to 14.2% at March 31, 2012 as compared to 8.23% at the end of the same quarter of the previous year. Without the classification of this hotel project, the delinquency ratio would be 7.61%. The Group has been working with the management of the hotel project and significant progress has been made towards regularization of the account. Efforts are ongoing to attain the Central Bank's benchmark of 5%.

Notwithstanding the above, the Group continued to monitor the quality of loans being approved, conducting credit risk reviews on all lending over a stipulated dollar value and analysis on loans approved to ensure general compliance with approved credit risk management guidelines. Reviews of the quality and performance of the credit portfolio are undertaken on a regular basis to identify trends and concentrations and take corrective action as necessary.

In terms of credit defaults, there were two debt restructuring exercises undertaken during the period under review that had implications for the quality of the investment portfolio. St Kitts & Nevis announced a government debt restructure program which is expected will translate into losses of approximately \$8.15 million (or 1.3% of the value of the portfolio) for the Group. The total exposure to GOSKN totaled \$16.3 million at the time of default. Trinidad Cement Ltd also announced a debt restructure program. The exposure to TCL at year end was \$11.4 million but the proposed restructure was not expected to cause any losses to the ECFH Group.

Market Risk

Every investment considered by the Group is subjected to research and risk assessments to ensure that only quality investments are booked. Country risks as well as concentration risks are assessed for each investment proposal. Authorization limits have been established for approval of investments at respective subsidiaries. Additionally, the portfolio of investments is continually monitored for changes in value of instruments and circumstances of institutions with which the Group conducts business. Growth in the offshore banking area has resulted in an increase in the number of foreign currencies being managed which means increased exposure to foreign exchange risk. 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 significant exposure during the period under review.

Market risk is considered high given the current market environment and high volatility experienced globally as well as stress on regional government bonds.

Liquidity Risk

Liquidity in general, is managed by the Group Treasury Unit. The Group's liquidity risk is monitored on a regular basis by the Internal Liquidity Committee and the Group Asset/Liability Committee. The ECFH Liquidity Management Committee meets on a more frequent basis than the ALCO to monitor and better manage the Group's liquidity. The Group dealt with the liquidity challenges through a restructuring of the balance sheet including refinancing of some loans, securitization, raising deposit levels and establishing new lines of credit with both regional and international financial institutions. Careful liquidity management ensured that the ECCB's reserve requirement was always met by the domestic bank and that Capital Adequacy Ratios remained above minimum levels.

During the year, the Group's banking subsidiaries Bank of St. Lucia (hereinafter referred to BOSL) and Bank of St. Vincent and the Grenadines (hereinafter referred to BOSVG) were able to successfully maintain ECCB liquidity reserves requirement while meeting their commitments. While liquidity levels fluctuated during 2011, the banking subsidiaries generally experienced excess liquidity with the decreased demand for loans and reduced supply of quality investment opportunities during the quarter under review. There were challenges faced in the placement of excess funds in the earlier part of the year especially given the global crisis and the effect on sovereign debt.

During the period under review, there was greater use of the Group's Financial Simulation Model. The model that was developed with the assistance of International Finance Corporation (IFC) was now fully utilized by the Risk Management and Compliance Services of the ECFH to make financial projections. Since September 2011, quarterly reports have been submitted to ALCO on BOSL financials. Stress tests on capital and profitability were conducted in the 2nd and 3rd quarters:

- In September, comprehensive stress tests were conducted on 4 potential loss scenarios including 20 % drop in deposits, drop in interest rates on loans and conversion of largest loans to non-productive status.
- In December, further stress tests were conducted on BOSL financials simulating 7 potential loss scenarios including impact of St Kitts & Nevis debt restructure program and possible contagion on sovereign debt in the OECS and CARICOM, losses on international sovereign debt portfolio and conversion to non-productive status of additional loans within the BOSL loan portfolio.

All subsidiaries were in compliance with the capital adequacy ratios. Stress tests were undertaken of BOSL simulating various loss scenarios. In all cases, the capital adequacy ratios remained above the required 8%. Stress scenarios will be developed for BOSVG and BOSLIL during 2012

The model continues to be fine-tuned along with the integration of the Mortgage Finance Company (hereinafter referred to MFC).

In January 2012, a test of the Liquidity Management Contingency Plan was conducted. The results were favourable and the test highlighted some areas that needed to be addressed. Subsequently, the Contingency Plan was reviewed and amended to close identified gaps.

Based on the findings of the model and other qualitative assessments, the liquidity risk facing the ECFH for the period under review was assessed as medium.

Operational Risk

Use of the project management approach ensures that new products and services are thoroughly assessed before and after launch as pertains to risk, compliance, related procedures and affected processes, internal controls and reporting feedback. The Group

continues to implement technology projects to enhance service delivery and risk reviews are undertaken for all projects considered to be of moderate to high risk.

The expansion of the ATM network to areas outside of the domestic bank has presented challenges in terms of monitoring and ensuring continuous service. Management of these machines has been partially subcontracted to a security company with a regional head office. Although the security company has experience in providing such a service in other Caribbean countries, this was the first time that the local company was attempting to provide such services and as such there were some problems encountered associated with the learning curve. There has been a decline in the problems encountered in this regard as the local company improved its competency during the last quarter. The ECFH Group is in the advance stages of entering into a similar arrangement for the provision of ATM services to another group of stakeholders. It is anticipated that the experiences of the initial ATM project will assist in minimizing or eliminating totally the repetition of some of the problems that surfaced previously.

Card fraud is one area to which the domestic bank is exposed. In the last quarter we have seen the increased use of fraudulent cards at our ATMs. These cards are not issued by any of the banks operating locally but by international banks. This problem is being experienced throughout the domestic banking sector. The information on those international cards have been compromised and reproduced on other electronic cards such as gift cards. We have responded by changing the hardware of all of the Group's ATM machines to make it more difficult for criminals to use our machines to perpetrate fraud. All banks operating locally are working with police to reduce the use of their ATMs for fraudulent purposes.

Notwithstanding the above, in 2011 BOSL incurred losses of \$39,000 on its day to day debit and credit card business as a result of fraudulent transactions for which the bank was deemed liable. The loss was approximately 0.01% of the total card usage which is below the industry benchmark of 2%.

The ECFH Group remains vulnerable in its website and internet banking product offerings and has been implement systems designed to improve security and reduce its exposure in this area. In terms of IT Security, the ECFH signed a contract with international Canadian company for managed security surveillance services which involves monitoring the network for intrusion attempts. In December 2010, ECFH signed an anti-phishing monitoring contract with an international security firm. Web monitoring is done 365x24x7. For the year, while no rogue websites were discovered, some registrations containing keywords related to ECFH were identified.

The Group's commitment to ensuring business continuity and resilience has remained constant. The Group currently has an off-island recovery site for the offshore bank and a local recovery site that was commissioned in 2005. The Group has also purchase BCP software which allows the Group to develop, maintain and test its business continuity plans in a more systematic way. In this regard, business continuity plans have been developed for most subsidiaries, branches and key departments. A consultant was hired to

develop the business continuity plan for the Group's Information Management and Technological Services (IMTS) given the importance of this department to the Group's recovery efforts after a disaster. The newly acquired member of the ECFH Group, Bank of St. Vincent and the Grenadines (BOSVG) was acquired with documented business continuity plans in place utilizing a software package that was different from the software utilized by the rest of the ECFH Group. It is expected that over the next few years that all plans will be housed in one software.

Reputation Risk

Reputation risk is the risk that negative publicity regarding the Group's business practices will lead to a loss of revenue or litigation. The Group's reputation; particularly the trust afforded it by customers and counterparties can be irrevocably tarnished due to perceived or real breaches in its ability to conduct business securely and responsibly. In addition, the ECFH Group is responsible for risks associated with the activities of third-party service providers with which they contract.

All risks impact on reputation; therefore, maintaining reputation involves appropriately identifying, analyzing and managing risks that can adversely impact the Group's business. The Group continued to meet its corporate social responsibility encompassing involvement in local communities, employment practices, impact on the environment and sustainable economic and social development, while maintaining strong relationships with business partners. A recent customer survey undertaken by reputable regional firm indicated the reputation of the Group was very favorable. 60% of the respondents maintain a relationship with Bank of Saint Lucia and 78% of them indicated a positive level of satisfaction with the BOSL. This was the second highest rating given for all banks operating in St. Lucia.

The Group has developed and adheres to a robust Anti-Money Laundering/Anti-Terrorist Financing policy as well as Corporate Governance policy for the Group. In developing these policies, best international practices were used.

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.

- (b) 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 instalment, 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 instalment, 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.

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

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.
- (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.
- (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.
- (d) A description of the terms of any 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.

There were no matters to a Vote of Security Holders through the solicitation of proxies submitted during the quarter.

8. Other Information.

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