

Schedule 1
FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended December 31, 2008

Issuer Registration number

ECFH28062001SL

East Caribbean Financial Holding Company Limited

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

Saint Lucia
(Territory of incorporation)

NO 1 Bridge Street P O BOX 1860 Castries Saint Lucia

(Address of principal office)

Reporting issuer's:

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

Fax number: (758) 456-6702

Email address: ecfh@candw.lc

(Provide information stipulated in paragraphs 1 to 15 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months

Yes_____

No X

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
Ordinary	23,965,589
Preference	1,330,000

SIGNATURES

Name of Chief Executive Officer
Robert Norstrom

Name of Director:
Victor Eudoxie

Signature

Signature

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. **Business.**

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

The Group continues to focus on selective strategic initiatives that will contribute to its overall growth and expansion. In this regard, negotiations with the **International Finance Corporation (IFC)**, a member of the World Bank Group, continued with the signing of an agreement between Bank of Saint Lucia and IFC in May 2008 for the provision of a US\$20 million loan to provide financing to corporate entities and expand access to finance for small and medium enterprises (SMEs) in St. Lucia. The arrangement with IFC also included advisory services to assist Bank of Saint Lucia structure its SME lending.

The IFC program aims to increase the level of credit available to SME's and micro entrepreneurs across the region by providing participating financial institutions with investment and advisory services designed to increase their ability to serve lower and middle income borrowers. This SME strategy which is currently being rolled out will strengthen the Bank of Saint Lucia's developing banking services. Further initiatives from this relationship are under consideration.

Further strengthening in development banking services took place in September 2008 with the establishment of an **Agri-Business Services Unit** within the Corporate and Development Banking Department. The Agri -Business Services Unit, with dedicated staff in both the northern and southern regions of the island, seeks to create an enabling environment for agriculture business development through the provision of appropriate financial and technical interventions to farmers and agriculture business entrepreneurs

One of the critical strategic objectives over the medium to long term is to encourage the growth of capital market activities including merchant banking and brokerage services throughout the region. Recognizing that the Group is in a position to achieve growth in the business lines of asset management and capital market activities, a strategic decision was taken to separate the core business lines of the Investment Banking Department. With effect from July 2008 the Department was replaced by two entities – **the Bank of Saint Lucia Wealth & Asset Management Services (WAM)** and **ECFH Global Investment Solutions Limited (Global Investments)**.

WAM remains a department within Bank of Saint Lucia and offers specialized financial products and portfolio management services to individuals and institutional clients. Whilst **Global Investments**, a fully owned subsidiary of ECFH, offers merchant banking, brokerage services, structured financial product development and custodian services in the local and regional markets to institutional clients and Governments.

In 2008, ECFH on behalf of its subsidiary ProDev, went to market with a bond issue in order to refinance debt for the Company and for financing a new building scheduled for construction in 2009. With over EC\$40M raised, the success of this bond speaks to the confidence of the market in the Group particularly following the successful \$100M APO in 2007.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed off since the beginning of the financial year for which this report is filed.

The Company does not own any real estate in its name. The real estate of the group are owned and managed by a subsidiary – Property Development and Holding Company of Saint Lucia Limited.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the financial year.

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

If any matter was submitted during the financial year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish 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 May 14, 2008.

- (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.

The meeting involved the election of Lisle Chase as a director for a three year term.

- (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.

The matters voted upon at the meeting were done by a show of hands and were as follows:

Annual Meeting of Shareholders 14.05.08

1. To receive the Audited Financial Statements of the company for the year ended December 31, 2007 and the Report of the Auditors
2. To receive the Report of Directors
3. To sanction Dividends paid for the twelve-month period ended December 31, 2007
4. To appoint Auditors and authorize Directors to fix their remuneration
5. To elect Directors

- (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 a 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 year.

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report

6. Financial Statements and Selected Financial Data.

Provide audited Financial Statements, Statement of Revenue Reserves, and Changes in Financial Position for the year ended. The relevant financial data items to be used in constructing the financial statements are provided in Parts A-D.

Include the following documents with the financial statement:

- (i) Auditor's report; - attached
- (ii) A balance sheet as of the end of each of the two most recent financial years.- attached
- (iii) Consolidated statements of income, statements of cash flows, and statements of other stockholders' equity for each of the two financial years preceding the date of the most recent audited balance sheet being filed. - attached
- (iv) Financial statements for the most recent financial year. –attached
- (v) Notes to Financial Statements - attached

7. Disclosure About 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.

Risk management is an integral component of all decisions and business processes within the ECFH Group, and becomes even more vital in these challenging economic times.

ECFH continues to operate an effective system for identifying, communicating and dealing with risks at an early stage, through detailed Board-approved Risk Management Policies. The aim is to identify the potential risks associated with our activities as early as possible, assess the possible consequences of their occurrence, and take suitable mitigation measures.

The Risk Management procedures are constantly being improved, supplemented and optimized in line with regulatory requirements and international best practices. In 2008, the Group's Anti-Money Laundering Policy was revised and policies were developed to govern Correspondent Banking Relations, Liquidity Management and Inter-Company Transactions. Work also commenced on a comprehensive Information Systems Security Policy.

During the year under review, while ensuring that all risks were maintained within tolerance limits, the Group determined that the following represented the significant areas of risks: liquidity risk, credit risk, market risk, operational risk, foreign exchange risk and reputation risk.

Liquidity Risk

The Group's liquidity risk is monitored by the Asset/ Liability Committee (ALCO). Liquidity challenges affecting the local banking sector in the previous year continued throughout 2008. In August 2008, the Board approved a Liquidity Management Policy & Contingency Plan that provide guidelines on liquidity management, including timely implementation of appropriate strategies to source funds while optimizing returns on investments. The implementation of this policy enabled the Group to effectively manage liquidity during the year in review.

Emphasis is placed on ensuring that excess funds are placed in good quality, earning investments. At December 31, 2008, the investment portfolio amounted to approximately \$431.3 million. Local Government securities valued at \$113 million or 28% of the total portfolio, while investments in the OECS region comprised 25% of the portfolio.

Credit Risk

Credit risk remains the largest single risk faced by the ECFH Group. At December 31, 2008, credit activity (loans and advances) amounted to 60.3% of total assets.

At December 31, 2008 the ratio of non-productive loans to total loans was 5.7 %; a reduction from 6.2 % at December 2007. Efforts are still ongoing to attain the international benchmark level of a maximum of 5%.

The Group continued to monitor the quality of loan underwriting and general compliance with approved guidelines and to conduct credit risk reviews on all lendings over the stipulated lending limits of branches. Reviews of the quality and performance of the credit portfolio are undertaken on a regular basis to identify trends, monitor sector concentrations and take corrective action as necessary.

Market Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices and foreign exchange rates), the correlations among them and their levels of volatility.

For the review period, foreign exchange risk was considered to be moderate as the Group was able to adequately manage Foreign Exchange exposures. The ALCO continues to play a major role in monitoring the Group's foreign exchange exposure on a timely basis.

Any new investment considered by the Group is subjected to research and risk analysis to ensure that only quality investments are booked.

Operational Risk

Operational risk is the potential for incurring losses from problems with service or product delivery and is a function of internal controls, information systems, employee integrity, customer relationships and other external influences.

During the year in review considerable attention was placed on the Group's Business Continuity Management Programme (BCP), and work progressed on the new BCP software to be implemented Group-wide in 2009.

In the last quarter of 2008 an Information Technology Security Audit was conducted. Implementation of the recommendations of the report received in December has begun and will be completed early in 2009.

In order to maintain operational efficiency and to ensure a high quality of service ultimately to the external customer, Service Level Agreements between the corporate service units and all subsidiaries were established and signed in September 2008.

8. 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
- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no changes in the rights of the holders of any class of Registered Securities and Use of Proceeds

9. 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 and Dividends.

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Provide a discussion of the results of operation covering aspects such as liquidity, capital resources and results of operations. Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The financial year 2008 presented the Group with a more challenging operating environment than anticipated and tested the organization's ability to respond swiftly to changes in economic and market forces. With higher inflationary levels, moderate economic activity in the local economy and the financial aftershocks of the 2007 United States sub-prime mortgage crisis on the international front, timely reassessment of the Group's risks was required. The proactive approach to risk management minimized the Group's investment portfolio to the risk exposure to the apparent uncertain environment

The advent of the financial market turmoil also negatively impacted liquidity hence liquidity management was prioritized together with a renewed effort at raising deposits in order to fund lending, operational and expansion initiatives.

Efforts at improving operational efficiency continued while strengthening Risk Management and Corporate Governance procedures towards global best practice. The Group continues to allocate resources to implement its corporate social responsibility policy which would contribute to improvement in the socio-economic environment.

Group Balance Sheet

Notwithstanding the growth of \$33.3 million or 1.7% of the Group's asset base, the quality of assets improved with the continued reduction in the non-productive loan portfolio as well as the rebalancing of the investment portfolio thereby minimizing the risk exposure of the portfolio. Loans and advances net of provisions and investments constitute 60.3% and 20.8% of total assets respectively.

The gross loan portfolio moved from \$1,130.0 million to \$1,255.3 million during the 2008 financial year, increasing by \$113.0 million.

	2008	2007	2006
	\$ mil	\$ mil	\$ mil
Performing loans	1,187.8	1,050.4	831.6
Non-performing loans	67.4	80.0	94.7
Gross loans	1,255.3	1,130.4	926.3
Loan loss provisions	23.6	27.1	31.4
Non-performing loans to gross loans	5%	7%	10%
Provisions to non-performing loans	35%	34%	33%
Provisions to gross loans	2%	2%	3%

Customer deposits' reduced by \$59.6 million and stood at \$1,248.4 million. However, the net decline in deposits was largely due to a reduction of deposits within Bank of Saint Lucia International Limited of \$124.3 million. Bank of Saint Lucia Limited operating within the domestic environment recorded growth in customer deposits by \$69 million. The Group secured new borrowings of US\$20 million from International Financial Corporation (IFC) to support its lending programs and raised funds through a bond issue of over EC\$40 million by its property company mainly for the construction of a new building to accommodate its expanding subsidiaries.

	Dec. 08	Dec. 07
	\$ mil	\$ mil
Deposits		
Savings	544.0	309.4
Time deposits	390.4	541.0
Demand deposits	403.3	373.6
	1248.4	1,308.0

Shareholders equity moved from \$318.3 million to \$335.7 million, an increase of 5.5%. Return on assets and equity moved from 2.5% and 17.9% in 2007 to 2.3% and to 14.3% in 2008, respectively.

(ii) 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 Schemes 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 ECFH'S material commitments for capital expenditure as of the end of the latest fiscal period was in the area of information technology. This was as a result of efforts at business improvement through the use of technology, which would improve productivity and efficiency throughout the group. These would be funded through normal business operations .

There were no material changes in the company's capital mix and the financing mix remained the same as in previous years.

(i) 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.

Results of Operations

The rate of growth in profitability for the Group declined for the financial year ended December 2008, and was recorded at 6%. However this must be assessed in the context of the current environment when compared to the most recent past. An environment characterized by uncertainty and declining growth expectation. While much of the turmoil emanated from the developed countries, the developing world has not been spared its effects.

The Group's profit before taxes of \$ 51.4 million at December 31, 2008 exceeded profits of 2007 by 4%. Net profit after tax amounted to \$46.9 million. Interest income from loans exceeded the previous year by 14.8%. However, interest income from investment reduced by 9.8%. The decline was due to a general reduction in investment returns and the rebalancing of the investment portfolio to more secured investments paying lower rates and by extension preserving capital. While total income grew by 7%, at a lower rate than expenses at 8.2%, it is worth noting

that \$4.1 million included in total expenses are non-recurring costs. All subsidiaries recorded profits for 2008 with EC Global recording a profit for the first time since commencement of operating four years ago.

			% Change	
	2008	2007	2008	2007
	\$ mil	\$ mil	\$ mil	
Income from loans& advances	102.6	89.4	74.0	14.8% 20.8%
Income from investments	14.8	25.8	21.4	42.6% 20.6%
Income from investment banking services	19.0	11.7	10.0	62.4% 17.0%
Non-interest income	31.9	30.4	24.1	5.1% 26.0%
Total income	167.5	157.3	129.5	7.0% 21.4%
Total operating expenses	116.1	108.0	91	8.2% 18.7%
Net income before taxes	51.4	49.2	38.5	4.5% 28.0%
Earning per share	1.94	2.25	2.4	- -

The Group's financial and operational ratios at year-end were acceptable but were less favorable than the previous year. Growth in profits was lower than previous years which can be attributed to the general uncertainty in the market and reduced economic activity. Non-performing loans to total loan portfolio, although showing some improvement, remained higher than the desired level of 5% and was recorded at 5.4%. Non-performing loans declined by almost \$12.6 million during the year. Non-interest income to staff cost was recorded at 102% exceeding the benchmark of 100%. The Group's efficiency ratios were calculated at 56% with provisions and 55% without provisions for non productive loans.

Analysis of Group Revenue	Dec. 08	Dec. 07	
	\$ mil	\$ mil	% Change
Interest income			
Interest from loans and advances	102,617	89,431	15%
Interest from investments	14,776	25,743	-43%
Interest from investment banking services	19,021	11,700	63%
Total interest	136,414	126,874	8%
Non-interest income			
Income from fees and commissions	16,230	16,657	-3%
Fees & commission from Investment Banking services	709	894	-21%
Income from FX gains, trading and commissions	8,863	8,712	2%
Net premium income	1,564	1,420	10%
Other income	3,752	2,739	66%
Total non-interest income	31,118	30,422	5%

Total Revenue 167,531 157,296 7%

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure. Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

There were no changes in and disagreements with auditors on Accounting and Financial Disclosures.

12. Directors and Executive Officers of the Reporting Issuer.

Furnish biographical information on directors and executive officers indicating the nature of their expertise and ability to contribute in the business development efforts of the reporting issuer.

PROFILE OF DIRECTORS

Victor Eudoxie

Profession : Retired Banker
Substantive Position : Chairman
Board Member since : 1997
Appointed by : Government of Saint Lucia

Hildreth Alexander

Profession : Management
Qualification : MBA - Marketing
Substantive Position : Businessman
Board Member since : 1997
Elected by : Minority Shareholders

Emma Hippolyte

Profession : Accountant
Qualification : CGA
Substantive Position : Director – National Insurance Corporation
Board Member since : 1999
Elected by : Minority Shareholders

Henry Mangal

Profession : Management
Qualification : Bsc. Accounting
Substantive Position : Permanent Secretary – Ministry of Youth & Sports
Board Member since : 1999
Elected by : Minority Shareholders

Isaac Anthony

Profession : Accounting & Finance
Qualification : Bsc. Accounting, MBA
Substantive Position : Permanent Secretary, Ministry of Finance/ Director of Finance
Board Member since : March 2007
Appointed by : Government of St. Lucia

Cadie St. Rose-Albertini

Profession : Attorney At Law
Qualification : LLB (Hons), L.E.C.
Substantive Position : Legal Counsel – National Insurance Corporation
Board Member since : May 2007
Appointed by : National Insurance Corporation

Lisle Chase

Profession : Accountant
Qualification : FCCA, CA
Substantive Position : CEO- Financial Centre Corporation
Board Member since : June 2008
Appointed by : Minority Shareholders

Reuben Deubry

Profession : Licensed Land Surveyor
Substantive Position : Managing Director – Deubry & Associates
Board Member since : July 2008
Appointed by : OECS Bank Group

George L Lewis

Profession : Engineering
Qualification : B.Sc, MS Petroleum Engineering
Substantive Position : Director – Republic Bank of Trinidad & Tobago
Board Member since : 2004
Appointed by : Republic Bank of Trinidad & Tobago

Robert Norstrom

Profession	: Banker
Qualification	: Associate and Fellow of the Charter Institute of Bankers, UK (Warwick University)—Corporate Finance, Executive Management Development Program- University of the West Indies
Substantive Position	: Group Managing Director
Associated Banking Experience	: 40 years
Years employed with Group	: 5 years

SENIOR MANAGEMENT PROFILE

Robert Norstrom - FCIB (UK)
Group Managing Director

Esther Browne - MSc. Finance
General Manager – ECFH Corporate Services

Nestor Alfred - MBA
General Manager – Strategic Development & Expansion

Jenni Killam - MSc. Human Resource Mgt
Senior Manager -Human Resources

Marcus Joseph - CGA
Financial Controller

Maria Fowell - MBA, MCFI (UK)
Senior Manager Marketing & Group Communications

Beverly Henry – MBA Financial Management
Senior Manager Credit Risk

Lyndon Arnold - High Hons. Dip – Computer Programming & Analysis
Senior Manager Information Management and Technology Systems

Estherlita Cumberbatch - ACIS, LLB
Corporate Secretary

Donna Matthew - MBA
Senior Risk Manager

Andrea St. Rose --LLB (Hons), CA, CGA, FCIS, CFE, MBA
Intenal Audit Consultant

13. Security Ownership of Certain Beneficial Owners and Management.

Furnish percentage shareholdings of beneficial owners and management with holdings in excess of 5%.

Name	Percentage of Holding
Government of Saint Lucia	20.00
Republic Bank Limited	20.00
OECS Indigenous Banks	15.00
National Insurance Corporation	15.00

14. 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 - K report.

15. List of Exhibits

List all exhibits, financial statements, and all other papers and documentation filed with this report.

Auditor's Report 2008
Financial Statements for 2008
Notes to Financial Statements for 2008

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