

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended 31 March 2016
Pursuant to Section 98(2) of the Securities Act, 2001

OR

TRANSITION REPORT
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

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

(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

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Name of Director:

Signature

Signature

Date

Date

Name of Chief Financial Officer:

Signature

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported 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 reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with 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 just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) 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 Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The ECFH Group made a small loss in the 2015 financial year and a similar performance was recorded in Q1 of 2016 as provisioning continued on Bank of St. Lucia's non performing loan portfolio. The primary focus remains obtaining maximum recovery on these loans and on the disposal of collateral securing the largest 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.

Despite the impact of the non performing loans, the Group's Capital Ratios have been broadly maintained since December 2015. The unrealised losses on internationally traded investments caused by reduced market values which were experienced in Q4 of 2015 reversed to a large extent in Q1 of 2016 as investments in emerging markets bonds recovered and international interest rates remained low.

There are no material commitments for capital expenditure other than commitments related to the normal expenditure of running the business.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the 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.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The 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.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

The Group's liquidity levels remained very strong in the 1st Quarter of 2016. 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 benefited from stable deposits despite continuing reductions in deposit rates further to the reduction in the minimum deposit rate which took effect in May 2015. Bank of St. Lucia International Limited mirrored the experience of the domestic banks and also experienced stable deposit levels. Liquidity levels demonstrate continued customer confidence in the Group.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

There are no material Off Balance Sheet items.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) 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, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The paragraphs above provide details of the key issues affecting the Group's financial results.

One important initiative that has now commenced in earnest in Q1 is the move towards amalgamation of the operations of certain of the Group's subsidiaries. This is being done in order to extract capital and cost efficiencies and will lead to shared operations between the domestic banks that operate within the Group.

3. 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. 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, operational risk, reputational, liquidity risk, market 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 Group remained focused on enhancing the quality of the loans portfolio, through improved credit analysis and underwriting of new lending opportunities. International best practices were employed in the assessment of all credits coupled with comprehensive credit risk reviews on lending over a stipulated dollar value. During the quarter, the Group continuously assessed limits to the various sectors to mitigate any concentration risk to ensure general compliance with approved credit risk management guidelines. Reviews of the quality and performance of the credit portfolio were undertaken by the High Risk and Asset-Liability Committees, to identify trends and concentrations and take corrective action as necessary.

Operational Risk

The Group remains vulnerable to operational risk, which emanates from both its internal and external environments. To minimize the potential impact, the Group continues to adopt a proactive approach to mitigating operational risk through effective risk management tools and techniques.

Reputational Risk

The Group complies with all Anti Money Laundering legislation and other related laws, in all jurisdictions in which it operates. As it relates to FATCA, the ECFH Group was able to implement all of the requirements of FATCA by the stipulated time of July 1, 2014. The Group is currently working towards updating the account details of its existing customers and preparing for reporting to the US Authorities via the respective Inland Revenue Departments.

Market Risk

Market risk remains at an acceptable level within the Group. To enhance the management of market risk, the Group adopts a forward looking approach of measuring market risk, through the use of a financial risk simulation model to conduct stress testing. Foreign exchange exposure is monitored on a daily basis by the respective business units as well as the Asset Liability Committee, to ensure that the bank is not exposed beyond its stipulated risk appetite.

Liquidity Risk

The Group's liquidity risk is actively monitored by the Group Asset-Liability Committee. Active liquidity management ensures that the regulatory reserve requirement is always met by the domestic banks. The Group has updated Liquidity policies for all subsidiaries with the associated approved liquidity contingency plans.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR 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.

There were no changes in securities and use of proceeds during the quarter.

(a) 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 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 per cent 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.

There were no defaults upon Senior Securities.

- (b) If any material arrears in the payment of dividends have 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.

Not Applicable.

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

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

- (a) The date of the meeting and whether it was an annual or special meeting.

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

- (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.

Not Applicable

- (c) A brief description of each other matter voted upon at the meeting and a statement of 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.

Not Applicable

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

There are 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.

Not Applicable.

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 (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. 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 – OR report.

Not Applicable.