

Schedule 2
FORM ECSRC – OR

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended June 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:

ANDRE LIAN

André Lian

Signature

4/08/2016

Date

Name of Director:

TREVOR M. HENRY

T. Henry

Signature

4/8/2016

Date

Name of Chief Financial Officer: (Acting)

KETHA AUGUSTIE

K. Augustie

Signature

3/8/16

Date

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

General Discussion and Analysis of Financial Condition

The Group and by extension the banking sector in the region is faced with the challenges of tightening interest margins resulting from significant funding costs from high liquidity levels, low loan demand consistent with limited incremental economic activity and downward pressure on loan rates from competitive pressure. There also lies the uncertainty of further deterioration in the loan portfolio if the economies does not improve. Some banks have to deal with these issues by imposing charges on deposit accounts to enhance non interest income. One competitor has imposed an exorbitant fee which serves to deter small depositors.

The ECFH Group has set out a five point strategic plan which sought to primarily deal with the inherent issues in its largest subsidiary-Bank of St.Lucia Limited and further enhance the performance of the profitable subsidiaries. The five point plan includes: (1) a capital augmentation plan (2) a plan to improve asset quality (3) cost containment (4) cautious growth and (5) cultural realignment.

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 are very high and continue to rise. The increased liquidity trend was evident in both Bank of Saint Lucia Limited and Bank of St Vincent as deposit levels rose, matched by marginal loan growth in BOSVG and a contraction of the loan portfolio in the case of BOSL. The increased deposit levels were partially due to the migration of funds from a competitor in response to its introduction of punitive fees. There was an 8% growth in investments but the rate of growth in liquidity outstripped the level of placements given that investment opportunities consistent with the prescribed risk profiles were limited.

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 operation
- 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 ECFH Group financial performance for the half-year ended June 30th 2015, in large measure reflects the commencement of the implementation of a strategy geared towards dealing with the critical issue of capital adequacy that emanates from the legacy of a substantial pool of non-performing loans, thereby serving to reposition the organization with a view to its return to sustainable profitability.

Actions that are intended to result in the successful amalgamation of the domestic retail banking entities in St. Lucia and St Vincent & the Grenadines are now ongoing. This, in conjunction with other strategic initiatives including improvement in asset quality and cost containment are expected to place the group on a recovery path over the next eighteen months. The Group's total assets grew to \$3.926 million from \$3.773 million reported at December 2015.

The growth in the balance sheet was primarily as a result of an increase in the customer deposit portfolio. Deposits growth during the latter part of the period was impacted by the decision of a retail competitor to induce the migration of many of its smaller customers by way of the introduction of punitive fees. The impact of these actions is likely to be felt over the remainder of the current year.

Growth in the demand for credit has not matched the growth in deposits; consequently additional pressure has been placed on the capacity to generate interest spreads.

The Group recorded a net loss of \$16.6 million, mainly attributable to losses of \$27M in Bank of Saint Lucia Limited (BOSL). These losses reflected the commitment to address the pool of non-performing loans in its portfolio as a necessary precursor to positioning the "cleansed" operation to return to profitability.

Over the six month period, the Bank of St. Vincent & the Grenadines Limited, Bank of St. Lucia International Limited and ECFH Global Investment Solutions Limited recorded after tax profits of \$4.95M, \$1.91M, \$1.73M respectively.

The strategic thrust embarked upon in the first half of the year is expected to continue throughout the remainder of the year and it is anticipated that the central initiative of the "cleansing" of the BOSL loan portfolio, buttressed by the successful enhancement of the capital base of the operation, will lead to similar results over the period.

The Board remains confident that the combined impact of the elements of the strategic undertakings will serve to ensure the restoration of the sustainable financial health of the consolidated operation.

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 arrear 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.

East Caribbean Financial Holding Company Limited

Interim Consolidated Balance Sheet

As at June 30, 2016

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2016 \$'000	(Audited) December 31 2015 \$'000	(Unaudited) June 30 2015 \$'000	12mths Change %
Assets				
Cash and balances with Central Bank	458,293	344,212	401,814	14%
Due from other banks	733,784	702,728	823,088	-11%
Trading financial assets	20,457	15,030	8,597	138%
Deposits with non-bank financial institutions	8,275	7,896	6,895	20%
Treasury bills	25,736	25,965	23,093	11%
Originated loans - Loans & Advances to customers	1,607,781	1,667,579	1,749,208	-8%
- Bonds	10,033	10,033	10,033	0%
Investments securities - held to maturity	114,930	98,807	73,731	56%
- available-for-sale	692,866	650,128	646,342	7%
Pledged assets	11,796	17,459	21,366	-45%
Investment in associated undertaking	14,292	14,292	12,061	18%
Property plant and equipment & intangibles	150,331	152,902	151,044	0%
Investment Properties	4,616	4,627	6,790	-32%
Other assets	44,186	46,271	43,522	2%
Income tax recoverable	2,319	3,768	3,236	0%
Deferred tax asset	3,896	3,896	3,490	0%
Retirement Benefit Asset	7,897	7,897	9,622	-18%
Total assets	3,911,488	3,773,490	3,993,932	-2%
Liabilities				
Deposits from banks	89,614	83,765	85,436	5%
Due to customers	3,386,334	3,228,649	3,410,112	-1%
Other funding instruments	15,197	19,936	24,216	-37%
Borrowings	98,995	116,646	147,310	-33%
Preference shares	4,150	4,150	4,150	0%
Other liabilities	75,276	68,394	43,471	73%
Dividends Payable	290	276	14	0%
Total Liabilities	3,669,856	3,521,816	3,714,709	-1%
Shareholders' equity				
Share capital	170,081	170,081	170,081	0%
Contributed capital	1,118	1,118	1,118	0%
Unrealized Gain / (loss) on investments	1,711	(10,541)	(2,734)	-163%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	158,282	158,710	158,875	0%
Retained earnings	(134,201)	(123,876)	(119,513)	12%
Profit for the period after taxes	(21,189)	(8,583)	7,747	-374%
Parent shareholders' equity	189,657	200,764	229,429	-17%
Minority Interest	51,976	50,910	49,793	4%
Total equity	241,632	251,674	279,222	-13%
Total equity and liabilities	3,911,488	3,773,490	3,993,932	-2%

East Caribbean Financial Holding Company Limited
Interim Consolidated Statement of Income
For the six month period ended June 30, 2016

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2016 \$'000	(Audited) 12 mths to December 31, 2015 \$'000	(Unaudited) 6 mths to June 30, 2015 \$'000	12mths Change %
Continuing Operations				
Interest income	71,369	155,803	77,150	-7%
Interest expense	27,290	64,717	35,086	-22%
Net interest income	44,079	91,086	42,064	5%
Other income	28,875	62,218	28,974	0%
Operating income	72,954	153,304	71,038	3%
Impairment Loss - Loans & Investments	32,936	45,009	7,671	329%
Other operating expenses	56,641	109,671	52,331	8%
(Loss)/ profit for the period before taxation and dividends	(16,623)	(1,376)	11,036	-251%
Dividends on preference Shares	-	291	-	0%
Provision for income tax	2,138	4,045	1,574	36%
(Loss)/ profit for the period	(18,761)	(5,712)	9,462	-298%
Attributable to:				
- Equity holders	(21,189)	(8,583)	(634)	
- Minority interest	2,428	2,871	1,917	
Profit for the period	(18,761)	(5,712)	1,283	
Earnings per share				
- basic	(\$0.87)	\$0.35	\$0.31	
- diluted	(\$0.84)	\$0.34	\$0.30	

East Caribbean Financial Holding Company Limited
Interim Consolidated Statement of Cash Flows
For the six month period ended June 30, 2016

(expressed in thousands of Eastern Caribbean Dollars)

	(Unaudited) 6 mths to June 30, 2016 \$'000	(Audited) 12 mths to December 31, 2015 \$'000	(Unaudited) 6 mths to June 30, 2015 \$'000
Operating Activities			
- (Loss)/profit before income tax	(16,623)	(1,376)	11,037
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	141,607	187,280	168,384
Cash flows from operating activities	124,984	185,904	179,421
Cash flows used in investing activities	(2,210)	(133,392)	(2,218)
Cash flows used in financing activities	(19,501)	(40,974)	(8,432)
Net increase in cash and cash equivalents	103,274	11,538	168,772
Cash and cash equivalents at beginning of period	934,173	916,132	916,132
Cash and cash equivalents at end of period	1,037,447	927,670	1,084,904

6 months to June 30, 2016	BOSL	BOSVG	BOSLIL	GIS	Other	Consolidation	Group
	\$000	\$000	\$000	\$000	\$000	Adjustments	\$000
Profit Before Tax							
Net Interest Income	24,125	16,777	4,453	77	(1,353)	-	44,079
Net fee and commission income	10,725	3,682	2,456	2,520	-	(13)	19,370
Other Income	4,869	2,357	962	66	3,844	(2,593)	9,505
Impairment charge loans	(32,500)	(436)	-	-	-	-	(32,936)
Depreciation and amortization	(1,052)	(1,457)	(572)	(9)	(1,670)	-	(4,760)
Operating Expenses	(33,611)	(14,135)	(5,390)	(623)	(728)	2,606	(51,881)
Profit Before Taxation	(27,444)	6,788	1,909	2,031	93	-	(16,623)
Income Tax	-	(1,833)	-	(305)	-	-	(2,138)
Profit for the period	(27,444)	4,955	1,909	1,726	93	-	(18,761)
Attributable to:							
Equity holders of the Company	(27,444)	2,527	1,909	1,726	93	-	(21,189)
Non-controlling interests	-	2,428	-	-	-	-	2,428
Profit for the period	(27,444)	4,955	1,909	1,726	93	-	(18,761)
Total Assets	2,148,927	948,063	850,324	14,949	358,921	(409,696)	3,911,488
Total Liabilities	2,047,063	841,990	805,400	7,405	117,647	(149,649)	3,669,856

6 months to June 30, 2015	BOSL	BOSVG	BOSLIL	GIS	Other	Consolidation	Group
	\$000	\$000	\$000	\$000	\$000	Adjustments	\$000
Profit Before Tax							
Net Interest Income	26,099	14,087	4,731	70	(2,923)	-	42,064
Net fee and commission income	10,135	3,338	3,519	1,672	-	(95)	18,569
Other Income	5,022	2,154	2,089	61	5,205	(4,126)	10,405
Impairment charge loans, investments and property	(7,509)	(162)	-	-	-	-	(7,671)
Depreciation and amortization	(1,202)	(1,451)	(61)	(9)	(846)	(669)	(4,238)

Operating Expenses	(30,641)	(13,359)	(5,331)	(574)	(2,409)	4,221	(48,093)
Profit Before Taxation	1,904	4,607	4,947	1,220	(973)	(669)	11,037
Income Tax	(286)	(1,105)	-	(183)	-	-	(1,574)
Profit for the period	1,618	3,502	4,947	1,037	(973)	(669)	9,462
Attributable to:							
Equity holders of the Company	1,618	1,786	4,947	1,037	(973)	(668)	7,747
Non-controlling interests		1,715	-	-	-		1,715
Profit for the period	1,618	3,502	4,947	1,037	(973)	(668)	9,462
Total Assets	2,100,028	891,430	1,035,354	19,897	342,306	(395,083)	3,993,932
Total Liabilities	1,952,833	789,811	993,338	14,851	96,852	(132,976)	3,714,709