

**Schedule 2
FORM ECSRC – OR**

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended March 2017
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 17102016LC

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:

DERRY WILLIAMS

Signature

27/04/17

Date

Name of Director:

LLEWELLYN GILL

Signature

27/04/17

Date

Name of Chief Financial Officer:

[Signature]

Signature

27/4/17

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

While there modest improvement in the economic conditions in St. Lucia and a number of countries within the Organisation of Eastern Caribbean States (OECS), the overall conditions still remained very challenging. Despite these challenges, the Eastern Caribbean Financial Holdings Group (ECFH) recorded a positive financial performance for the first quarter of the

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 continues to maintain liquidity levels well in excess of the prudential requirements. It is expected that this trend will continue for the remainder of the financial year given current and forecasted market conditions. At the end of the period there no known or impending events that were expected to impact on the overall liquidity position.

Additionally, there were no material commitment for capital expenditure that is expected to impact on the liquidity position in the near term.

The Capital Adequacy ratio for both banking subsidiaries was in excess of benchmarked prudential guideline of 8%.

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.

Off-Balance Sheet assets under management as at March 31st 2017 amounted to \$75.1 million. This comprised investment securities managed on behalf of clients. Under such arrangements, BOSL advises the client in the formulation of an investment policy and is given a discretionary investment management mandate to act in accordance with the approved policy. It is important to note that although BOSL has a fiduciary responsibility to these clients, there

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

During the first quarter of 2017 the Group finalized the sale of its Off Shore banking operations (BOSIL). It is expected that this sale will significantly reduce the total operating risk of the group and allow for greater focus on its domestic banking operations. The disposal is expected to reduce the total revenue.

The overall asset quality improved when compared to the previous period. Continued focus will be placed on the prudent management of assets with a view to sustaining the long term sustainability of 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 main risks to which the Bank is exposed include credit risk, operational risk, reputational, liquidity risk, market risk, and foreign exchange risk.

Credit Risk

Credit Risk remained high over the quarter. The Bank continued efforts towards enhancing the quality of the loans portfolio. 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 Bank assessed limits to the various sectors to mitigate any concentration risk, to ensure general compliance with approved credit risk management guidelines.

Operational Risk

Operational risk remained medium over the quarter. To minimize the potential impact of inherent risks, the Bank continued to adopt a proactive approach through the use of effective risk management tools and techniques. Additionally, two staff members of the Risk Management and Compliance Services of the Bank received training and certification in Enterprise Risk Management and Business Continuity Management at a seminar organized by the Eastern Caribbean Central Bank in the first quarter of 2017. The Bank complies with all Anti Money Laundering legislation and other related laws, in all jurisdictions in which it operates.

Liquidity Risk

Liquidity risk remained medium over the quarter. The Bank's liquidity risk is actively monitored by the Asset-Liability Committee. Active liquidity management ensures that regulatory reserve and liquidity requirements are always met and that all financial requests and obligations are met as they become due.

Remaining risk remain medium to low and stable.

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 were 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
Unaudited Consolidated Balance Sheet
As at March 31st, 2017

(Expressed in Eastern Caribbean Dollars)

	Unaudited Mar-17	unaudited Mar-16
Assets		
Cash and balances with Central Bank	378,145,919	389,516,804
Due from other banks	353,063,463	823,470,068
Deposits with non-bank financial institutions	12,111,397	9,173,357
Treasury bills	33,708,084	25,463,409
Loans & Advances to customers - Productive	1,370,419,878	1,427,620,374
Loans and Advances Nonproductive	229,652,122	360,801,847
Provision for loan losses	(117,355,485)	(139,436,327)
Unearned interest on discount loans	(191,190)	(192,726)
Investments held to maturity	140,642,572	116,354,305
available for sale	389,471,511	688,458,402
Investments held for trading	21,292,221	15,903,312
Pledged assets	10,547,943	16,966,802
Investment in associated undertaking	17,703,640	12,061,176
Property plant and equipment	132,922,294	146,945,499
Intangible Asset arising on Acquisition	3,948,405	5,195,301
Loan to related parties	0	0
Due from related parties	0	0
Other assets	37,968,284	53,588,413
Investment Properties	10,157,248	5,024,040
Income tax recoverable	4,131,639	5,656,822
Deferred tax asset	0	8,985,514
Retirement Benefit Asset	10,626,569	8,093,892
Asset of disposal group	0	
Total assets	3,038,966,515	3,979,650,284
Liabilities		
Due to customers	2,546,886,767	3,407,684,069
Due to banks	91,435,700	97,762,227
Other fund raising instruments	13,910,367	20,073,642
Borrowings	134,416,745	105,591,133
Other Liabilities	90,547,199	75,778,042
Due to Related Parties	0	0
Dividends Payable	566,415	276,007
Preference Shares	4,150,000	4,150,000
Income Taxes Payable	638,057	1,802,406
Deferred Tax Liabilities	297,528	3,157,411
Liabilities of disposal group	0	
Total Liabilities	2,882,848,778	3,716,274,937
Shareholders' Equity		
Share capital	176,081,060	170,081,060
Contributed capital	1,117,549	117,325
Unrealized gain/loss on Investments	3,805,750	(2,494,168)
Revaluation reserves	13,855,322	13,855,322
Reserves	163,566,708	157,564,731
Retained Earnings	(259,997,670)	(116,821,113)
Profit for the period	4,841,451	(8,378,628)
Parent's Shareholders' Equity	103,270,170	213,924,529
Minority Interest	52,847,567	49,450,818
Total shareholders' Equity	156,117,737	263,375,347
Total Equity and Liabilities	3,038,966,515	3,979,650,284

EAST CARIBBEAN FINANCIAL HOLDING COMPANY

Unaudited Consolidated Income Statement

For period ended March 31st, 2017

(expressed in Eastern Caribbean Dollars)

	Month			Year to Date	
	Unaudited			Unaudited	Unaudited
	Actual	Actual	Actual	YTD Actual	YTD Prior Yr
	Feb-17	Mar-17	Mar-16	Mar-17	Mar-16
Interest income on loans & advances	8,430,965	9,331,788	10,575,332	27,224,091	30,446,727
Interest income investments and bank deposits	2,588,590	289,436	2,407,334	5,493,152	7,141,148
Interest expense	4,058,908	3,962,262	4,662,105	12,309,603	13,937,098
Net interest income	6,960,647	5,658,962	8,320,561	20,407,640	23,650,777
Net fee and commission income	2,522,628	1,818,898	2,355,642	6,813,018	7,589,523
Net Foreign Exchange trading income	1,302,449	1,705,333	1,844,360	4,414,374	4,116,307
Rental Income	95,183	134,096	155,565	313,225	466,695
Gain/Loss Investments	(301,768)	(203,831)	(52,361)	(557,981)	(801,436)
Other Operating Income	176,104	1,151,427	223,444	1,566,477	387,928
Credit Arising from Acquisition	0	0	0	0	0
Dividend income	79,927	30,050	62	92,950	119,130
Provision for loan impairment	(1,374,184)	(1,377,720)	(15,508,314)	(4,066,457)	(16,947,316)
Provision for Investment Impairment	0	0	0	0	0
Staff costs	(3,586,544)	(2,464,835)	(3,902,725)	(9,430,183)	(11,452,625)
Other operating expenses	(3,771,663)	(2,662,888)	(4,787,523)	(10,098,015)	(13,041,679)
Profit for the year from discontinued operations	0	813,849	0	813,849	0
Gain/loss on disposal of Subsidiary		(2,859,051)		(2,859,051)	
Share of profit in associate	0	-	0	0	0
Income for the period before taxation	2,102,779	1,744,290	(11,351,289)	7,409,846	(5,912,696)
Dividend preference shares					0
Projected Taxation	298,035	690,745	132,087	1,578,343	1,054,680
Income for the period after taxation	1,804,744	1,053,545	(11,483,376)	5,831,503	(6,967,376)
Minority Interest	151,997	396,844	544,618	990,052	1,411,252
Net Income after minority Interest and taxation	1,652,747	656,701	(12,027,994)	4,841,451	(8,378,628)