

ECFH 2016 HALF YEAR REPORT TO SHAREHOLDERS

The ECFH Group financial performance for the half-year ended June 30th 2016, in large measure reflects the commencement of the implementation of a strategy geared towards dealing with the critical issue of capital adequacy that emanated 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 billion from \$3.773 billion 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.


Trevor Louisy
Chairman (Acting)


Estherlita Cumberbatch
Corporate Secretary



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ECFH 2016 Half Year Report



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)	7,747	
- Minority interest	2,428	2,871	1,715	
Profit for the period	(18,761)	(5,712)	9,462	
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 from investing activities	(2,210)	(133,392)	(2,218)
Cash flows from 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

1. Accounting Policies

The accounting policies applied to these Interim Financial Statements are consistent with those policies applied in the Group's Financial Statements for the year ended 31 December 2015

2. Segment Analysis

The following Segment Analysis of continuing operations is prepared in accordance with IFRS-8.

6 months to June 30, 2016	Consolidation						Group \$000
	BOSL \$000	BOSVG \$000	BOSLIL \$000	GIS \$000	Other \$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	Consolidation						Group \$000
	BOSL \$000	BOSVG \$000	BOSLIL \$000	GIS \$000	Other \$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)	(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