



[Adaptability



**ANNUAL
REPORT
2011**

[OUR VISION]

Global Growth from local roots.

[OUR MISSION]

To be customer focused, innovative and efficient.

To be the preferred provider of superior financial products and services through caring professional staff and appropriate technology.

To exceed shareholder expectations and be a catalyst for development.

[OUR CORE VALUES]

Service Excellence: uncompromising commitment to satisfy the financial needs of our customer.

Results orientation: holding ourselves accountable for actions and behaviors that lead to the realization of our vision, mission and values.

Respect for the Individual: building strong relationships by respecting each other.

Integrity: upholding high moral principles and ethical standards.

Teamwork & Collaboration: using complementary and collective knowledge to execute the organizational plans.

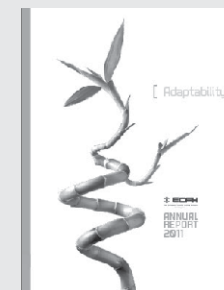
Professionalism: demonstrating the highest level of skill in executing our day to day activities.

Social responsibility: contributing to the development of ethical and social values in our communities.

[contents]

- a. Bank of Saint Lucia Limited
- b. Bank of Saint Vincent & the Grenadines Limited
- c. Bank of Saint Lucia International Limited
- d. ECFH Global Investment Solutions Limited
- e. EC Global Insurance Company Limited
- f. Property Holding & Development Company of Saint Lucia Limited
- g. Mortgage Finance Company of Saint Lucia Limited

[cover]



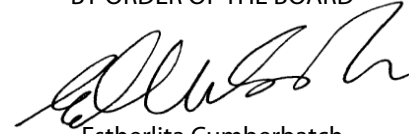
LIKE THE RESILIENT BAMBOO THAT THRIVES IN ADVERSE SOIL AND CLIMATIC CONDITIONS, ECFH'S STRENGTH IS IN ITS ADAPTABILITY, NO MATTER THE ECONOMIC ENVIRONMENT.

NOTICE OF ELEVENTH ANNUAL MEETING

Notice is hereby given that the Eleventh Annual Meeting of the East Caribbean Financial Holding Company Limited will be held at the Civil Service Association Centre, Sans Souci, Castries, Saint Lucia on Thursday, June 14th 2012, at 5:00 p.m., for the following purposes:

1. To consider a resolution to waive the notice of the meeting
2. To consider and adopt the Report of the Auditors and the Audited Financial Statements for the year ended December 31, 2011
3. To consider and adopt the Report of Directors
4. To sanction Dividends paid for the twelve-month period ended December 31, 2011
5. To appoint Auditors and authorize Directors to fix their remuneration

BY ORDER OF THE BOARD



Estherlita Cumberbatch
Corporate Secretary

NOTE:
PERSONS ENTITLED TO NOTICE

In accordance with Section 108(2) of the Companies Act, Chapter 13:01 Revised Laws of Saint Lucia 2001, the Directors of the Company have fixed May 22nd, 2012 as the Record Date for the determination of shareholders who are entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Registered Office of the company during usual business hours.

ECFH Group Corporate Information

REGISTERED OFFICE & POSTAL ADDRESS

1 Bridge Street
P.O. Box 1860
Castries, Saint Lucia, West Indies
Email: ecfh@candw.lc
Website: www.ecfh.com
Telephone: (758) 456 6000
Fax: (758) 456 6702

Chairman: Victor Eudoxie
Corporate Secretary:
Estherlita Cumberbatch B.Sc. (Mgmt),
LLB (Hons)

LEGAL COUNSELS

Caribbean Law Offices
99 Chaussee Road
P.O. Box 835
Castries, Saint Lucia

Francis & Antoine Chambers
Financial Centre Building
1 Bridge Street, Castries, Saint Lucia

SUBSIDIARIES

Bank of Saint Lucia Limited
1 Bridge Street
P.O. Box 1862
Castries, Saint Lucia, West Indies
Tel: (758) 456 6000
Fax: (758) 456 6720
Email: info@bankofsaintlucia.com
Web: www.bankofsaintlucia.com

**Bank of Saint Lucia
International Limited**
P.O. Box RB 2385
Rodney Bay, Gros Islet
Saint Lucia, West Indies
Tel: (758) 452 0444
Fax: (758) 452 0445
Email: info@boslil.com
Web: www.boslil.com

Bank of St. Vincent & the Grenadines Limited

Reigate Building, Granby Street
P.O. Box 880,
Kingstown, St. Vincent, West Indies
Tel: (784) 457 1844
Fax: (784) 456 2612
Email: info@bosvg.com
Web: www.bosvg.com

ECFH Global Investment Solutions Limited

1 Bridge Street
P.O. Box 1862
Castries, Saint Lucia, West Indies
Tel: (758) 456 6826
Fax: (758) 456 6740
Email: info@ecfhglobalinvestments.com
Web: www.ecfhglobalinvestments.com

EC Global Insurance Company Limited

2 Bridge Street, P.O. Box 1860
Castries, Saint Lucia, West Indies
Tel: (758) 451 3244
Fax: (758) 458 1222
Email: ecglobal@ecfh.com
Web: www.ecglobalinsurance.com

Mortgage Finance Company of Saint Lucia Limited

1 Bridge Street
Castries, Saint Lucia, West Indies
Tel: (758) 456 6000
Fax: (758) 456 6702
Email: ecfh@candw.lc

Property Holding & Development Company

of Saint Lucia Limited
1 Bridge Street
P.O. Box 1860
Castries, Saint Lucia, West Indies
Tel: (758) 456-6872
Fax: (758) 451-7929
Email: prodev@ecfh.com

REGULATORS

Eastern Caribbean Central Bank
Eastern Caribbean
Securities Regulatory Commission
Ministry of Finance – Saint Lucia
Ministry of Finance –
St. Vincent & the Grenadines
Financial Services
Supervisory Unit – Saint Lucia
Finance Intelligence Unit –
St. Vincent & the Grenadines
Registrar of Insurance – Saint Lucia

EXTERNAL AUDITORS

PriceWaterhouseCoopers
Chartered Accountants
P.O. Box 195
Castries, Saint Lucia

ECFH OWNERSHIP

Name	% of holding
Private Individuals & Institutions	29%
Government of Saint Lucia	20%
Republic Bank Limited	20%
National Insurance Corporation (Saint Lucia)	17%
OECS Indigenous Banks & Financial Institutions	14%

CORRESPONDENT BANKS & RELATIONSHIPS FOR BANKING SUBSIDIARIES

OECS

Antigua Commercial Bank
Eastern Caribbean
Amalgamated Bank (ECAB)
First Citizens
Investment Services Limited
National Bank of Dominica Limited
Republic Bank of Grenada Limited
St. Kitts, Nevis, Anguilla
National Bank Limited

REGIONAL

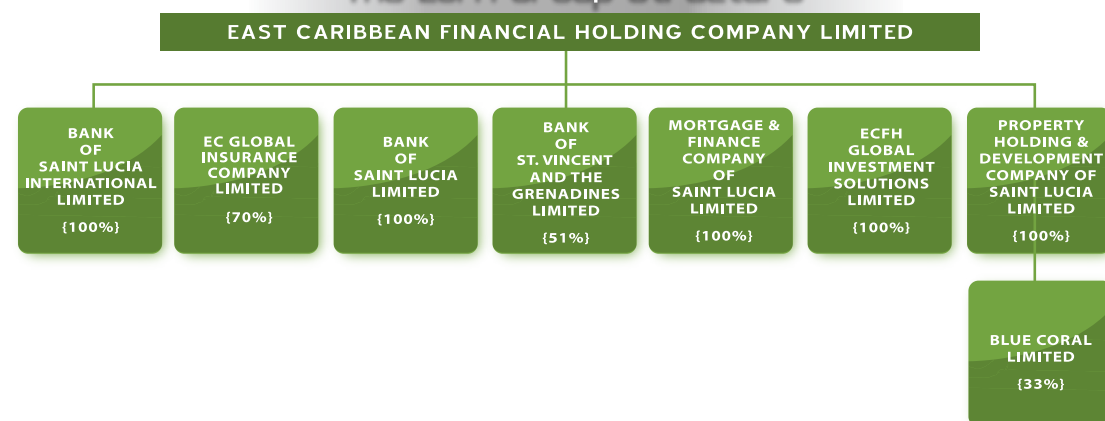
Barbados National Bank Inc.
First Citizens Bank Limited
National Commercial Bank
of Jamaica Limited
Republic Bank Limited
Republic Bank Guyana Limited
RBC Dominion
Securities Global Limited
Unit Trust Corporation

INTERNATIONAL

Bank of America NA
Bank of New York
Banque Cramer & Cie SA
Bred Banque Populaire
Citibank NA
Commerzbank AG
Crown Agents
Financial Services Limited
Deutsche Bank Securities, Inc

Dominick Company AG,
Private Bank
The Hong Kong & Shanghai
Banking Corporation Limited
ING Belgium SA/NV
Lloyds TSB Bank Plc
Morgan Stanley Smith Barney
Toronto Dominion Bank
UBS International Inc.

The ECFH Group Structure



ECFH Corporate Profile

NAME OF COMPANY	BUSINESS	PERIOD ESTABLISHED / ACQUIRED	CAPITALIZATION 2011 EC \$M	BALANCE SHEET ASSETS 2011 EC \$M	PRINCIPAL OFFICER
East Caribbean Financial Holding Company Limited	Group Parent Holding Company	2001	224.1	303.8	Esther Browne
Bank of Saint Lucia Limited	Universal Banking - Retail, Commercial, Corporate, Development, Wealth & Asset Management	2001	250.3	1,925.0	Robert Norstrom
Mortgage Finance Company of Saint Lucia Limited	Residential Mortgage Financing	2001	23.8	243.6	Joanna Charles
Property Holding Management & Development Company of Saint Lucia Limited	Real Estate Holding, Management & Development	2001	45.1	112.8	Elizabeth Bousquet
EC Global Insurance Company Limited	General Insurance	2004	3.7	16.1	Leathon Khan
Bank of Saint Lucia International Limited	Private and/or Offshore Banking	2004	22.7	551.1	Ryan Devaux
ECFH Global Investment Solutions Limited	Brokerage and Merchant Banking	2008	2.2	3.6	Joel Allen
Bank of St. Vincent and the Grenadines Limited	Universal Banking - Retail, Commercial, Investment Banking	2010	91.4	698.0	Derry Williams

EAST CARIBBEAN FINANCIAL GROUP

Financial Highlights

	2011	2010	2009	2008	2007
	EC\$000	EC\$000	EC\$000	EC\$000	EC\$000
Income Statement					
Interest Income	181,337	138,034	129,848	136,414	126,874
- Interest Expense	84,134	63,090	53,120	52,385	53,565
= Net Interest Income	97,203	74,944	76,728	84,029	73,309
+ Other Income net	44,246	38,291	35,102	31,118	30,421
= Operating Income	141,449	113,235	111,830	115,147	103,730
- Staff Costs	43,491	36,297	33,284	30,496	29,633
- Administrative costs	55,313	37,858	32,839	32,198	23,459
- Provisions	35,615	32,629	5,888	1,007	1,396
= Net Income before Taxes	7,030	6,451	39,819	51,446	49,242
+ / (-) Taxes	1,649	3,239	(13,721)	(4,561)	(4,998)
+ / (-) Minority Interest	(2,753)	(168)	(160)	(30)	15
= Net Income after Taxes and Minority Interest	5,926	9,522	25,938	46,855	44,259
Balance Sheet					
Cash and Balances with Central Bank	144,923	212,649	76,604	82,859	58,753
+ Investments	844,449	1,075,496	575,657	576,365	740,525
+ Loans	1,849,160	1,725,382	1,314,827	1,231,688	1,103,303
+ Other	350,973	267,467	202,194	151,132	106,103
= Total Assets	3,189,505	3,280,994	2,169,282	2,042,044	2,008,684
Deposits	2,560,392	2,619,226	1,539,946	1,462,125	1,498,450
+ Borrowings	196,800	207,177	231,909	194,861	133,216
+ Other Liabilities	43,334	64,063	52,903	49,371	58,727
+ Capital	388,979	390,528	344,524	335,687	318,291
= Total Liabilities and Capital	3,189,505	3,280,994	2,169,282	2,042,044	2,008,684
Other Information					
Return on Equity	1.5%	2.6%	7.7%	14.3%	18.0%
Return on Assets	0.2%	0.4%	1.2%	2.3%	2.5%
Dividend Payout % age	41.3%	77.1%	46.7%	51.1%	53.6%
Book Value of Ordinary Shares (\$)	13.84	14.02	13.97	13.77	13.17
Average Market Value of Ordinary Shares (\$)	12.40	14.23	13.09	14.20	11.74
Earnings per Ordinary Share (\$)	0.23	0.38	1.06	1.94	2.25
Dividends per Ordinary Share (\$)	0.10	0.30	0.50	1.00	1.00
Provisions as % of Loan Portfolio	3.6%	2.5%	1.7%	1.9%	2.4%
Provisions as % of Non-performing Loan Portfolio	29.7%	30.0%	24.8%	34.8%	33.8%

[chairman's review]

economic overview

The global economic climate remained unstable in 2011 as several developments across the major continents impacted the global economy's recovery from the recession, including the US credit rating downgrade and the protracted high unemployment situation in the US; the ongoing Eurozone debt crisis and its impact on financial institutions; and the tragic events of the Japanese earthquake and tsunami causing major disruptions in the global supply chain.



VICTOR EUDOXIE – CHAIRMAN

IN THESE CONTINUED CHALLENGING AND LESS PREDICTABLE ECONOMIC TIMES ECFH REMAINS A STRONG WELL CAPITALIZED COMPANY AND THE LARGEST INDIGENOUS FINANCIAL INSTITUTION IN THE OECS.

As reported in World Economic Outlook, the IMF envisages "nothing beyond weak and bumpy recovery." The World Bank has reported that global growth and world trade have slowed sharply, and predicts that the global economy is expected to expand 2.5 and 3.1% in 2012 and 2013. Reflecting the growth slowdown the World Bank forecasts that world trade, which expanded by an estimated 6.6% in 2011, will grow only 4.7% in 2012, before strengthening to 6.8% in 2013.

The Eastern Caribbean region is predicted to continue its economic recovery in 2012, although growth in the least diversified economies is expected to remain weak, and all economies will continue to be threatened by the external economic climate.

For St. Lucia, 2011 was characterized as a year of rebuilding and returning the country to normalcy after much of the island infrastructure and economic mainstays were affected by Hurricane Tomas in October 2010. All of the major sectors were adversely affected and consequently the Gross Domestic Product (GDP) did not live up to economic forecast.

St. Lucia's tourism sector performed below expectations as total visitor arrivals fell by 4%. Activity in the construction sector, one of the major drivers of economic growth,

strengthened with the construction of the new general hospital and the rebuilding of St. Jude Hospital, coupled with intensified rehabilitation works on storm ravaged infrastructure. The manufacturing sector output levels fell partly based on the economic performance in the major export markets of the UK and US. Agricultural production in 2011 was adversely impacted by the damages caused by hurricane Tomas and the manifestation of the Black Sigatoka.

St. Vincent & the Grenadines was equally impacted by the devastation of Hurricane Tomas. Growth in 2011 was relatively flat at 0.8%. For 2011 the Government of St. Vincent & the Grenadines has reported growth in the tourism, manufacturing and construction sectors of 18.7%, 6.5% and 1% respectively. Success in these sectors however was offset mainly by a significant decline in the agriculture sector (both banana and non-banana agriculture).

Group Performance - In these continued challenging and less predictable economic times the East Caribbean Financial Holding Company Limited (ECFH) remains a strong well capitalized company and the largest indigenous financial institution in the OECS. The Group continues to see positive growth in several of its lines of business in particular, offshore banking, capital markets, brokerage, loans and general insurance.

The average ECFH share price was \$12.40, a drop of approximately \$1.50 from the previous year consistent with other share price movements within the financial sector as the impact of the financial and economic crisis continues to affect the performance of the industry.

The Group recorded net profit after tax for the financial year ending 2011 of \$8.7 million. As with 2010, performance for the year was affected by provisions for impaired loans; in addition there were provisions for impairment of regional bonds.

10th Anniversary Celebrations - In July 2011 the Group commemorated a significant milestone, the 10th Anniversary of the establishment of ECFH. A number of activities were planned for the month long celebrations including an Anniversary Thanksgiving Event and customer appreciation activities. A number of milestones were achieved over the past ten years including growth in the Group's asset base, diversification of lines of business, regional expansion, technological advancements, improved convenience banking solutions and a greater skill set capacity.

Corporate Social Responsibility - ECFH understands its role as a good corporate citizen and remains committed to the overall sustainable development of Saint Lucia, its people and the environment. To this end, ECFH continues to make significant contributions in the areas of financial literacy and empowerment, educational development, cultural development, community outreach, sports and environmental awareness, supporting projects both on a national and community level.

In 2011 particular attention was given to staff volunteerism, resulting in staff involvement in the national volunteerism programme *Do Something World*, ECFH's own *Greedy for Green* environmental projects, and *Because We Care* community give back programmes.

The Group's largest subsidiary, Bank of Saint Lucia Limited, for yet another year was

recognized by the Eastern Caribbean Central Bank as a Good Corporate Citizen in the areas of Educational Development & Cultural Development.

Future Plans - Given the prevailing economic climate, it is critical that ECFH adapts to the changing environment. With this in mind a review of the strategic direction of the Group was undertaken in October 2011 for the period 2012-2014. Strategic initiatives agreed for implementation have the overall objectives of enhancing operational efficiency and integration of business activities towards *Achieving Excellence*.

Acknowledgments

I would like to take this opportunity to thank the Board of Directors of the ECFH and subsidiary boards for their commitment and support during another challenging year. I would like to acknowledge two Directors who resigned from the Board at the end of the year Ms. Emma Hippolyte and Mr. Henry Mangal who both made a significant contribution to the Board over their many years of service.

I thank all our shareholders and customers for their continued confidence in the Group as we commit to continue to work to deliver benefits to all our stakeholders.

Finally, I would like to thank the Management and staff who continued despite challenging times, to play a role in achieving the successes of the organization.

[corporate governance]

THE BOARD ESTABLISHES THE COMPANY'S VALUES AND ENSURES THAT ITS OBLIGATIONS TO SHAREHOLDERS AND OTHER STAKEHOLDERS ARE UNDERSTOOD AND MET.

The Board of Directors of the East Caribbean Financial Holding Company Limited is responsible for the governance of the Group, and is committed to adhering to the highest standards of Corporate Governance. It is guided by a formal Corporate Governance Policy.

The Board comprises appointed and elected directors who govern the affairs of the Group. It reviews the Group's strategies, financial objectives, operating plans and plans for management succession. The Board meets every month and special meetings may be held when the need arises.

The Board provides leadership of the Group within a framework of sound corporate governance practices, prudent and effective controls that facilitate risk assessment and management. It sets the Group's strategic goals and objectives. The Board establishes the company's values and ensures that its obligations to shareholders and other stakeholders are understood and met.

All Directors must take decisions objectively in the interest of the company.

There is a clear delineation of responsibilities between the running of the Board and the executive responsibility for the running of the Group. No one individual has unrestricted powers of decision making.

The roles of Chairman and Group Managing Director cannot be exercised by the same individual.

To facilitate accountability and transparency, no one individual or group of individuals dominates the decision making process.

The Board comprises eleven members, ten of whom are elected or appointed by the holders of ordinary shares and one, the Group Managing Director, is an Executive Director. Collectively, the members of the Board must demonstrate a balance of skills and experience appropriate for the requirements of the business.

Subsidiary Boards

The ECFH Board should be aware of all material risks and other issues that may ultimately affect the Group. As some of these risks may originate in subsidiaries, it is necessary that the parent board be able to exercise adequate oversight over the activities of the subsidiaries.

- Except for the Group Chairman and Group Managing Director, no Director shall hold more than three directorships in the Group.
- Except in exceptional circumstances, the chairmanship of subsidiaries will be held by a member of the ECFH Board.

- Non-executive directors should always constitute a majority of the Boards of subsidiaries and no subsidiary shall take a decision where the majority in a quorum is of executive directors.
- The Board shall ensure that adequate risk management procedures are in place to identify, assess and monitor risk activities and to provide the desired balance between risk acceptance and returns. The Risk Management Function of the Board is delegated to the Asset Liability Management Committee, which is chaired by the Group Managing Director. The Committee meets at least quarterly and reports to the Board quarterly.

Committees of the Board

In an effort to effectively allocate tasks and responsibilities at the Board level, the Board has established committees with clearly defined objectives, authorities, responsibilities and tenure. These committees serve the Boards of all subsidiary companies. The Board shall not delegate matters requiring special approvals to any of its committees.

These committees consist mainly of independent directors and meet at least three times a year or when the need may arise. The Committees are as follows:

Audit Committee

This Committee is responsible for providing oversight of the company's operations, in particular:

- The quality and integrity of the financial statements of the Group
- The effectiveness of the systems of internal control over financial reporting
- The internal and external audit processes, the Group's processes for monitoring compliance with applicable laws and regulations, risk management processes and the code of conduct.

The Committee met eight times during the year and is comprised of five members all of which are non-executive as follows:

- Lisle Chase – Chairman
- Victor Eudoxie

- Isaac Anthony
- Henry Mangal - Resigned January 31, 2012 to be filled shortly
- One vacancy

Credit Committee

This Committee considers and approves credit proposals in excess of management's limit and meets on a needs basis. The Committee met three times during the year and is comprised of five members including four non-executive and one executive member as follows:

- Victor Eudoxie - Chairman
- Hildreth Alexander
- Henry Mangal – Resigned January 31, 2012 to be filled shortly
- Robert Norstrom
- One vacancy

Human Resources Committee

This Committee is responsible for approving staff compensation, staff policies, and appointment of Senior Management and is also responsible for Management succession planning. The Committee met twice during the year and is comprised of the following members:

- Victor Eudoxie - Chairman
- Hildreth Alexander
- Lisle Chase
- Henry Mangal – Resigned January 13, 2012 to be filled shortly
- Robert Norstrom

Governance Committee


This Committee assists the Board in fulfilling its responsibilities in providing for qualified board succession and for promoting the integrity of the Company through the establishment of appropriate corporate governance principles. The committee is comprised of the following members:

- Victor Eudoxie - Chairman
- Isaac Anthony
- Three vacancies


Candidates are being considered to fill the vacancies that currently exist on the Committees.

[profile of directors]

Victor Eudoxie
 Profession: Retired Banker
 Substantive Position: Chairman
 Board Member since: July 1997
 Appointed by:
 Government of St. Lucia
 Nationality: Saint Lucian




Hildreth Alexander
 Profession: Management
 Qualification: MBA – Marketing
 Substantive Position: Director,
 St. Lucia Employers Federation
 Board Member since: July 1997
 Elected by: Ordinary Shareholders
 Nationality: Saint Lucian




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



Llewelyn Gill
 Profession: Chartered Accountant
 Qualification: SLMM, FCGA, FCIS,
 FCCA
 Substantive Position:
 Principal, G.Llewellyn Gill & Co.
 Board Member since: July 2010
 Appointed by:
 National Insurance Corporation
 Nationality: Saint Lucian



Lisle Chase
 Profession: Accountant
 Qualification: FCCA, CA
 Substantive Position:
 CEO- Financial Centre Corporation
 Board Member since: June 2008
 Appointed by:
 Ordinary Shareholders
 Nationality: Saint Lucian



[directors' report]

YOUR DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2011.

Lennox Timm

Profession: Accountant
 Qualification: FCCA, MAAT
 Substantive Position: Financial Controller, National Insurance Services, SVG
 Board Member since: February 2011
 Appointed by: OECS Bank Group
 Nationality: Vincentian



Jacqueline Quamina

Profession: Attorney At Law
 Qualification: LLB, MA, MBA
 Substantive Position: Group General Counsel/Corporate Secretary, Republic Bank Limited
 Board Member since: March 2004
 Appointed by: Republic Bank Limited
 Nationality: Trinidadian



Terrence Farrell

Profession: Economist
 Qualification: Ph. D, M. Sc, B. Sc - Economics
 Substantive Position: Consultant - Business Development, Finance & Economics
 Board Member since: February 2011
 Appointed by: Republic Bank of Trinidad & Tobago Limited
 Nationality: Trinidadian



Robert Norstrom

Profession: Banker
 Qualification: Associate & Fellow - Chartered Institute of Bankers, (UK)
 Substantive Position: Group Managing Director
 Board Member since: October 2004
 Nationality: Trinidadian



CONSOLIDATED FINANCIAL RESULTS AND DIVIDENDS	2011 EC\$M	
Profit attributed to Shareholders	8.7	
Transfer to Statutory Reserve	(2.8)	
Transfers to General and other Reserves	(2.9)	
	3.0	
Dividends		
Ordinary Interim - 10 cents per share	2.5	
Preference	0.3	
Balance Retained	0.2	
Share Capital	2011	2010
Ordinary	170.0	170.0
Preference	4.2	4.2
Contributed Capital /Other General Reserves	73.4	74.4
Statutory Reserves	87.2	84.4
Adjusted Retained Earnings	7.9	10.3
Attributable to Equity Holders	342.7	343.3

Directors

On November 15, 2011 Ms. Emma Hippolyte, a director elected to represent ordinary shareholders resigned to pursue a career in elective politics. On January 31 2012, Mr. Henry Mangal, a director elected to represent ordinary shareholders resigned to assume an overseas appointment.

Replacements for both Ms. Hippolyte and Mr. Mangal are now being considered in accordance with the Governance rules of the Group.

Directors' Interest

The interests of the Directors holding office at the end of the Company's Financial Year in the Ordinary Shares of the Company were as follows:-

Director	Beneficial Interest
Victor Eudoxie	1,610
Terrence Farrell	Nil
Hildreth Alexander	200
Isaac Anthony	4,739
Jacqueline Quamina	2,500
Lisle Chase	Nil
Llewelyn Gill	200
Robert Norstrom	11,500
Lennox Timm	Nil

There has been no change in these interests occurring between the end of the Company's Financial Year and one month prior to the date of the Notice convening the Annual Meeting.

At no time during or at the end of the Financial Year has any Director had any material interests in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

Substantial Interests in Share Capital as at December 31, 2011

Preference Shares:

National Insurance Corporation – 100% of the issued and outstanding shares totaling 830,000.

Ordinary Shares:

Government of Saint Lucia	20%
Republic Bank Limited	20%
National Insurance Corporation	17%

Shareholders Relations

The shares of the East Caribbean Financial Holding Company Limited (ECFH) have been listed on the Eastern Caribbean Securities Exchange (ECSE) from October 19, 2001. As a result, all shares are traded on the exchange, and records maintained by them in accordance with the regulations of the Exchange. A total of Twenty three thousand three hundred and twenty nine shares were traded at an average price of \$12.40 per share during the 2011 financial year.

As the issuer of the shares, the ECFH has the responsibility to ensure that all necessary information is communicated to shareholders on a timely basis and that dividends are paid in accordance with the dividend policy approved by the Board of Directors.

During the year, Directors approved and granted two new secondary school scholarships to children of shareholders residing in St. Lucia, bringing the total number of scholarships granted to date to ten. The scholarships are awarded annually on the basis of the students obtaining highest scores at the Common Entrance Examinations.

AUDITORS

Tenders for the selection of Auditors for the three year period, 2012 – 2014 have been sent to Auditing firms. Upon receipt they will be evaluated, and recommendations will be presented to shareholders for the appointment of Auditors based on the information contained in the Management Information Circular.

In accordance with Section 162 (i) of the Companies Act, Cap.13.01, the term of the appointment will extend from the close of one Annual Meeting until the next Annual Meeting of the Company.

Enriching Lives [corporate social responsibility]

In 2011, the ECFH Group spent in excess of EC\$500K on various environmental, educational, social and cultural activities, groups, events and organizations. The Group understands its pivotal societal role as a catalyst for community and national development - the value of building strong communities, and building relations with all stakeholders – to contribute to economic and social development through responsible corporate citizenship.

The Group's comprehensive Corporate Social Responsibility Policy supports organizations and initiatives aligned closely to its key focus areas: Financial Education & Empowerment,

Educational Development, Cultural Development, Community Outreach, Sports and Environmental Awareness.

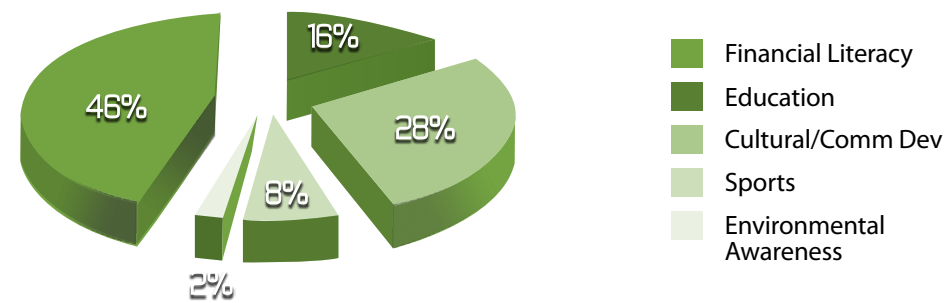
The Group's legacy of responsible corporate citizenship has been recognized with the largest subsidiary, Bank of Saint Lucia in 2011 receiving two major Good Corporate Citizen Awards from the Eastern Caribbean Central Bank (ECCB) for Educational Development & Cultural Development.

Some of the highlights of ECFH's 2011 Corporate Social Responsibility Programme are provided below.

CSR AREA	% OF TOTAL SPEND	MAJOR INITIATIVES
EDUCATIONAL DEVELOPMENT	16%	<ul style="list-style-type: none"> Centre for Adolescent Renewal and Education (CARE) offers holistic educational opportunities for youth at risk National Enrichment Learning Unit (NELU) learning centres focuses on adult literacy through the National Enrichment Learning Programme (NELP) The People's Workshop community youth coaching and mentoring programme Student Loan Programme financial assistance to students pursuing tertiary level education EC Global/NCF Schools Chess Tournament & Championship supporting holistic educational development of students
CULTURAL DEVELOPMENT & COMMUNITY OUTREACH	28%	<ul style="list-style-type: none"> St. Lucia Carnival fostering talent and creativity through King and Queen of the Bands & Panorama after a two year hiatus Schools' Instrumental Music Festival supporting the traditional art form of steel pan St. Lucia Jazz major sponsor of Main Stage Jazz, Jazz in the South, Jazz on the Pier & Jazz on the Grill. Creole Heritage Month Creole Art Exhibition, La Wenn Kweyol and a Creole Literacy Programme for school children and adults National Community Foundation (NCF) in aid of disadvantaged persons and groups across St. Lucia Holy Family Children's Home renewed covenant with orphanage for underprivileged children Sir John Compton Foundation assisted in the purchase of grand piano for St. Lucia School of Music. Do Something World volunteerism programme for the benefit of communities Donations to various social welfare institutions including St. Lucia Crisis Centre, Upton Gardens Girls Centre, St. Lucy's Home, The Marian Home for the Elderly and the Salvation Army Because We Care staff donation clothing and food supplies to a number of charities including Feed the Poor Ministries and Cornerstone












CSR AREA	% OF TOTAL SPEND	MAJOR INITIATIVES
SPORTS	8%	<ul style="list-style-type: none"> • Castries Football Council 2011 Summer Football Fiesta annual summer programme for students • Saint Lucia Under-16 National Netball Team 12th Annual Netball Championships in St. Kitts & Nevis – Team St. Lucia emerged overall winners • Continued Financial support of Guy Brown Memorial Volleyball Championships, St. Lucia Cricket Association and St. Lucia Basketball Federation
ENVIRONMENTAL AWARENESS	2%	<ul style="list-style-type: none"> • Greedy for Green Programme to encourage and promote conscious environmental practices and behavior within the workplace to encourage staff volunteerism • Staff Volunteerism in Environmental Conservation Projects including National Clean Up Campaign, National Tree Planting Efforts, Vieux Fort Town Square Project & One Day on Earth Tree Planting Exercise • Youth Environment Forum to promote responsible environmental behavior through the development of young advocates for conservation and preservation
FINANCIAL EDUCATION & EMPOWERMENT	46%	<ul style="list-style-type: none"> • Financial Focus ECFH's flagship financial literacy series and • Financially Speaking newspaper column providing the public with essential financial tips and advice • Budgeting & Savings Presentations to scores of primary and secondary schools, and community groups across the island • Junior Achievement Programme Gold Level support to provide students with first-hand experience in operating their own business

CSR Expenditure 2011



In 2012, the Group will continue in its efforts to develop and expand its support for various programmes and initiatives to build communities as a reliable and strong corporate citizen.

[profile of senior management]

<p>Robert Norstrom FCIB (UK) Group Managing Director</p> 	<p>Esther Browne M.Sc Finance General Manager - Group Corporate Services</p> 	<p>Nestor Alfred MBA General Manager - Group Strategic Development & Expansion</p> 	<p>Jenni Killam M.Sc HRM Senior Manager - Human Resource Management, Development & Training</p> 
<p>Estherlita Cumberbatch ACIS, LLB – Corporate Secretary</p> 	<p>Gordon Cochrane BA, CA Group Financial Controller</p> 	<p>Donna Matthew MBA Senior Manager - Risk Management & Compliance</p> 	<p>Beverly Henry MBA Financial Services – Senior Manager, Credit Risk</p> 
<p>Maria Fowell M.Sc Marketing Senior Manager - Marketing & Corporate Communications</p> 	<p>Lyndon Arnold Diploma Computer Programming & Analysis Senior Manager - Information Management & Technology Services</p> 	<p>Melissa Simon FCCA Manager Internal Audit</p> 	

management discussion & analysis -
group managing director

In 2011 ECFH celebrated its 10th Anniversary and given the progress of the organization there was much to celebrate.



ROBERT NORSTROM -
GROUP MANAGING DIRECTOR

The Group has grown from an \$800 million asset base in 2001 to a \$3.2 billion asset base.

Subsidiaries have moved from the planning stages to operational reality and in so doing the Group has obtained good results through the subsidiaries of Bank of Saint Lucia, BOSLIL and EC Global. Lines of business have been diversified by introducing Wealth and Asset Management and capital markets and brokerage services to the Group. International financial institutions continue to benchmark ECFH, and on the regional scene in both the case of Eastern Caribbean Amalgamated Bank (ECAB) and Bank of St. Vincent & the Grenadines (BOSVG), it was Eastern Caribbean Central Bank that invited ECFH to work with them and acquire shareholding interest in an effort to transform these two regional institutions.

As predicted, challenging times within global and domestic economies persisted in 2011. The world's economic climate, characterized by instability and uncertainty, continues to impact the local economy and the increasingly competitive local market.

Group Financial Analysis

East Caribbean Financial Holding Limited (ECFH) continues to meet the strategic objectives of the Group; and consistently give back to the communities in which the

Group and its subsidiaries operate. The Group recorded net profit after tax at \$8.7 million in 2011 compared with \$9.7 million in 2010. The Group's subsidiaries of Bank of St. Lucia International, EC Global Insurance Company and ECFH Global Investment Solutions Limited recorded growth in profits in 2011.

Bank of Saint Lucia Limited, the Group's largest subsidiary, recorded a loss after tax of \$9.5 million; however total assets grew by 6.5% to \$1,925 million. The performance of the Bank was affected mainly by the provision for impaired loans and regional bond investments, as the local and regional economies continued to experience economic difficulties with little recovery in 2011.

The Group's liquidity remained strong in 2011 and the capital adequacy ratio was maintained at approximately 19% and above the 8% benchmark. Cost management remained a critical area of focus.

Bank of St. Vincent & the Grenadines Limited (BOSVG) the newest subsidiary of the Group performed very well in 2011 reporting profits of \$5.19 million before tax.

Bank of Saint Lucia International Limited (BOSLIL), the Group's offshore banking business has also shown considerable improvement in 2011, recording a net profit of US\$1.92 million. BOSLIL continues to diversify its business making strides in penetrating the South American market. In 2012 BOSLIL will launch two private mutual funds, the BOSLIL Equity Fund and the BOSLIL Bond Fund.

The Mortgage Finance Company of Saint Lucia recorded a profit of \$5.8 million in 2011;

whilst the Property Holding & Development Company Limited recorded profit before taxes at \$3.17 million in 2011.

The general insurance subsidiary of the Group, EC Global Insurance Limited, in its seventh year of operation achieved the million dollar mark for the first time with a net profit before tax of EC\$1.06 million. This follows the weak performance in 2010 impacted by Hurricane Tomas.

Strategic Direction 2012-2014

The Group's liquidity remained strong in 2011 and the capital adequacy ratio was maintained at approximately 19% and above the 8% benchmark.

Every three to five years the ECFH Group assesses its operating performance and the market environment and determines the direction of the

organization for the following period. The last ECFH strategic planning was undertaken in 2007 and most of the strategic objectives set then have been successfully completed – regional expansion, service diversification, improved technology, expansion of convenience banking services including card services, and some streamlining of operations.

In October 2011 the Group embarked on its strategic planning sessions to chart the way forward for its future direction. A review of business performance, priorities and prospects was undertaken which aided in formulating strategic options for the individual subsidiaries and the group as a whole. The strategic options centered on service excellence, productivity improvement, operational efficiencies and cost management in order to maintain market share and profitability at an acceptable level for all stakeholders. It was decided that to enhance and sustain the Group's positive performance greater collaboration between the individual subsidiaries and Corporate Services must

take priority and a number of business activities must be integrated and centralized.

In December 2011 the ECFH Board of Directors approved the three-year strategy 2012-2014. The Group has engaged the professional services of Ernst & Young Services Limited (EYSL) to conduct an operational process review as the first step towards the implementation of some of the key initiatives that are central to the Group's Strategic Plan. This work will take place within the first and second quarters of 2012, and will focus on the critical banking subsidiaries of Bank of Saint Lucia Limited, Bank of St. Vincent & the Grenadines Limited and Bank of Saint Lucia International Limited. Staff of the Group will be engaged throughout the process assisting EYSL.

Other Key Initiatives

Construction progressed on the new ECFH building in Gros Islet despite some scheduling setbacks with completion scheduled for July 2012. The new premises will house the Bank of Saint Lucia International (BOSLIL), the Wealth & Asset Management division of Bank of Saint Lucia, and ECFH Global Investment Solutions Limited.

The Soufriere waterfront building, purchased in 2010 through the Group's property development subsidiary was renovated in 2011 and the relocation of the Bank of Saint Lucia Soufriere branch is on schedule for the first quarter on 2012.

Human Resources

This year, the HR Department initiated three (3) significant projects aimed at strengthening capacity in relation to HR administration and employee performance.

- Implementation of a new Human Resource Information System (HRIS) with a Payroll, HR Administration and Self Service component.
- A job reclassification project to review and upgrade the organization's job classification structure, job evaluation processes and compensation framework.

- A performance based incentive plan project to develop and implement a group-wide performance incentive program.

Due to be completed by mid-2012, it is anticipated that the successful implementation of these projects will greatly enhance the HR department's operational effectiveness in facilitating productivity improvement and appropriate compensation.

2012 Outlook

As we move into 2012 the Group's ultimate focus will be on *Achieving Excellence*, through integration, productivity and efficiency improvements. The ECFH core values of Service Excellence, Results Orientation and Teamwork and Collaboration will be at the forefront of all Group initiatives.

Greater attention will be placed on the core banking business of the Group with emphasis on the credit portfolio of Bank of Saint Lucia. Subsidiaries such as BOSLIL, BOSVG and ECFH Global Investments Solutions are expected to make an even greater contribution to the overall profits of the Group in 2012. The Mortgage Finance Company is expected to be integrated into the Bank of Saint Lucia by mid-year and rationalization of the Group's property portfolio will shortly be underway.

Acknowledgments

I would like to thank the Boards of Directors of ECFH and its subsidiaries for their guidance and support. We have accomplished much that we can be proud of this year and this could not have been achieved without the commitment and loyalty of the management and staff of the entire Group. I sincerely thank you and look forward to a productive year for ECFH in 2012.

[risk management report]

The Group has always maintained prudent risk management as an integral part of the decision making process. The system involves identifying potential risks associated with business activities as early as possible, assessing the possible consequences and implementing suitable measures to mitigate against adverse outcome.

In 2011 comprehensive reviews were conducted on all investment policies governing the subsidiaries' investment portfolios, the Group's Inter-company Transactions and Related Party Transactions Policies and the policy governing Anti-Money Laundering and Counter Terrorist Financing.

The following represented the significant areas of risks during the year: credit risk, liquidity risk, market risk, operational risk and compliance risk.

Credit Risk

The growth in loans and the management of the risks inherent within the portfolio continued to be the main focus for the Group despite the sluggish economy and the financial squeeze on both individuals and businesses. Loans grew by 8% to \$1.9 billion, in contrast to the trend in the industry which showed a general decline in loan growth both locally and regionally.

The Group has identified significant risks in the tourism and land development sectors for which special attention is being paid. There was considerable focus on the management of stressed accounts and efforts placed on ensuring compliance with both internal and regulatory limits.

The management of bad debts and loan loss provisioning remained a critical component of risk management. Management strategies included monitoring for early identification of stressed accounts, restructuring,

consolidations and recovery initiatives to reduce the impact of provisions. Though loan loss provisions increased by \$24 million during the year, this was as a result of the prudent approach of the Group in light of the economic uncertainties projected for the short term. This was partially tempered by recoveries of previously written off loans.

Given the current economic environment and instability within certain key sectors including tourism, the Group will continue to work with businesses and consumers to manage the level of delinquency and the provisioning for loan impairment. Non-performing loans increased from 8% to 12% during the year mainly in the tourism sector.

Liquidity Risk

During the year, the banking subsidiaries all met their regulatory reserve requirements. At December 31, 2011, the investment portfolio amounted to \$844 million. Of the total portfolio, 47% was invested in liquid or near liquid instruments including money market accounts, treasury bills and CDs.

Market Risk

New investments continue to be subjected to appropriate risk analysis to ensure that only quality investments in line with the respective Investment Policies are booked. Market risk was considered high due to the volatility on the international market, while a number of regional securities came under stress during the year. Unrealized loss on investments increased by \$3.9 million mainly due to the net downward movements in the market value of available for sale investments. The Group recorded provisions on impaired Regional Government Securities amounting to \$11.5 million in total.

For the review period, foreign exchange risk

was considered to be moderate and the Group was able to adequately manage its Foreign Exchange exposures. Foreign Exchange exposures.

Operational Risk

During the year, there was some focus on boosting information security practices throughout the Group. The Information Security Policies were approved by the Board and in the third quarter, the Group contracted security surveillance services for the network to further strengthen network resilience.

The Group has a comprehensive business continuity management program which is supported by Business Continuity Plan (BCP) software. ECFH annually undertakes emergency evacuation drills at all locations. Earthquake drills were also conducted to help employees respond to this type of event.

Compliance Risk

There was substantial focus on Anti-Money Laundering (AML)/Counter Financing of Terrorism (CFT) compliance during the year. The AML/CFT policy was revised in line with

the changes to the Money Laundering Prevention Act No 8 of 2010. June was designated as AML Month for the subsidiary companies located in Saint Lucia, while BOSVG had an AML Week in November. The AML Week and Month were used to increase awareness of money laundering and terrorist financing through various activities and to ensure that all employees and directors were exposed to the requisite training stipulated in the legislation.

Capital Adequacy

All banking subsidiaries recorded Tier 1 capital in excess of regulatory requirements. Various stress testing scenarios were applied to determine any impact on the capital of Bank of Saint Lucia Limited. The Bank's capital remained well above the regulatory requirement when stressed for various levels of liquidity and credit risks. The integration of the Group's mortgage finance company into Bank of Saint Lucia Limited will result in an increase in the Bank's capital by approximately \$20 million or 8%.

[historical financial ratios]

	2011	2010	2009	2008	2007	
EFFICIENCY	Efficiency Ratio without Provision	69.6%	64.9%	58.7%	55.0%	51.1%
	Efficiency Ratio with Provision	94.7%	93.7%	63.9%	55.9%	52.5%
	Net Income per Staff	12,450	20,345	55,306	100,765	99,460
PROFITABILITY	ROE	1.5%	2.6%	7.6%	14.3%	18.0%
	ROA	0.2%	0.3%	1.2%	2.3%	2.5%
	Dividend Payout	41.3%	77.1%	46.7%	51.1%	53.6%
PORTFOLIO QUALITY	Non-performing loans as a % of Total Loans	12.0%	8.3%	7.0%	5.4%	7.0%
	Provision as a % of non-performing loans	29.7%	30.0%	24.8%	34.8%	33.8%
CAPITALIZATION	Tier 1 Capital/Deposits and Borrowings	16.2%	15.4%	22.8%	23.3%	22.1%
	Tier 1 Capital/Deposits	17.6%	16.8%	26.9%	26.9%	24.3%
	Capital Adequacy	19.3%	18.4%	19.4%	17.2%	22.2%
	Largest Loan as % of Capital	18.8%	18.8%	19.5%	16.4%	15.1%
RISK MANAGEMENT	Largest Loan/Total Loans	4.1%	4.1%	5.0%	4.4%	4.2%
	Three Largest Loans/Total loans	9.8%	10.2%	12.3%	12.4%	9.8%
	Ten Largest Loans/Total Loans	18.5%	18.8%	35.7%	21.3%	18.8%
	Largest Deposit/Total Deposits	2.3%	1.4%	2.7%	3.5%	2.1%
	Three Largest Depositors/Total Deposits	3.9%	2.1%	4.0%	5.4%	3.3%
	Ten largest Deposits/Total Deposits	6.7%	4.0%	7.0%	7.5%	5.2%

Report On Subsidiaries



Bank of Saint Lucia
ALL THE BANK YOU NEED

BOARD OF DIRECTORS

Victor Eudoxie – Chairman
Hildreth Alexander
Issac Anthony
Lennox Timm

Llewelyn Gill
Lisle Chase
Lennox Timm
Jacqueline Quamina

Terrence Farrell
Robert Norstrom

[profile of senior management]



Bank of Saint Lucia Limited

Balance Sheet

As of December 31, 2011

(expressed in Eastern Caribbean dollars)

	2011 \$	2010 \$
Assets		
Cash and balances with Central Bank	101,078,541	88,978,591
Treasury bills	–	6,889,524
Deposits with other banks	50,838,321	59,167,355
Deposits with non-bank financial institutions	478,861	2,319,511
Financial assets held for trading	3,912,845	6,681,142
Loans and receivables - loans and advances to customers	1,119,231,504	1,073,684,510
- bonds	2,566,111	2,566,111
Investment securities - held-to-maturity	10,866,454	24,150,139
- available-for-sale	220,683,996	189,554,101
Pledged assets	96,951,468	66,971,915
Due from related parties	263,941,533	250,889,598
Property and equipment	8,118,650	8,422,604
Other assets	34,624,781	19,834,769
Income tax recoverable	2,719,431	2,074,977
Deferred tax asset	8,994,203	5,832,126
Total assets	1,925,006,699	1,808,016,973
Liabilities		
Deposits from banks	53,672,390	33,865,846
Due to customers	1,202,797,827	1,086,781,533
Other funding instruments	286,337,719	259,886,772
Borrowed funds	120,546,806	147,669,117
Other liabilities	11,306,807	14,807,223
Total liabilities	1,674,661,549	1,543,010,491
Equity		
Share capital	188,918,745	188,918,745
Reserves	72,314,883	72,220,347
Unrealised loss on investments	(4,497,706)	(924,535)
Retained earnings	(6,390,772)	4,791,925
Total equity	250,345,150	265,006,482
Total liabilities and equity	1,925,006,699	1,808,016,973

Bank of Saint Lucia Limited
Statement of Income
For the year ended December 31, 2011
(expressed in Eastern Caribbean dollars)

	2011 \$	2010 \$
Interest income	117,129,233	115,809,606
Interest expense	(58,135,171)	(55,725,641)
Net interest income	58,994,062	60,083,965
Fee and commission income	15,656,333	14,389,243
Dividend income	84,140	84,140
Net foreign exchange trading income	8,971,028	8,417,895
Other gains	1,355,071	881,291
Operating expenses	(61,190,207)	(59,626,907)
Impairment losses on available for sale investments	(8,727,651)	(874,806)
Impairment losses on loans and advances	(27,793,014)	(30,344,527)
Loss before income tax	(12,650,238)	(6,989,706)
Income tax recovery	3,162,077	4,521,017
Loss for the year	(9,488,161)	(2,468,689)
Loss per share	(6.9)	(1.84)

THE BANK'S LIQUIDITY REMAINED STRONG THROUGHOUT THE YEAR AND IT MET ALL ITS COMMITMENTS TO ECCB IN RESPECT OF ITS RESERVE ACCOUNT.

Overall Performance

Bank of Saint Lucia recorded a net loss after tax of \$9.5 million; however total assets grew by 6.5% in 2011 to \$1.93 billion.

The performance of the Bank was affected mainly by the provision for impairment on loans, particularly lendings in the tourism sector, and regional bond investments, as the local and regional economies continued to experience difficulties with little recovery in 2011. It should be noted however that the Mortgage Finance Company of Saint Lucia recorded a net profit after tax \$5.8 million in 2011 and as this subsidiary will be integrated into the Bank of Saint Lucia by the middle of 2012 we expect an improvement in the Bank's results. This merger would involve an increase in the Bank's capital base in excess of \$20 million.

The Bank's loan portfolio registered a 6.4% increase up from the 3.7% growth recorded in 2010. The strongest growth was registered in overdrafts which grew by 16% followed by corporate loans at 7% and retail loans at 3%. The land loan promotion undertaken during 2010 was repeated during the year and contributed an increase of \$15 million to the portfolio. Non-performing loans increased to \$168.3 million, approximately 14% of the total loans portfolio, the main impact being in the tourism sector. With the high level of non-performing loans, interest income would also have been impacted. In 2012 particular attention will be placed on the credit portfolio of the Bank of Saint Lucia, working with borrowers to ensure that the loans portfolio does not deteriorate further.

Non-interest revenue increased by 10% compared to the previous year. This was due largely to a 9% increase in fee and commission income and a 54% increase in realized gains on investments.

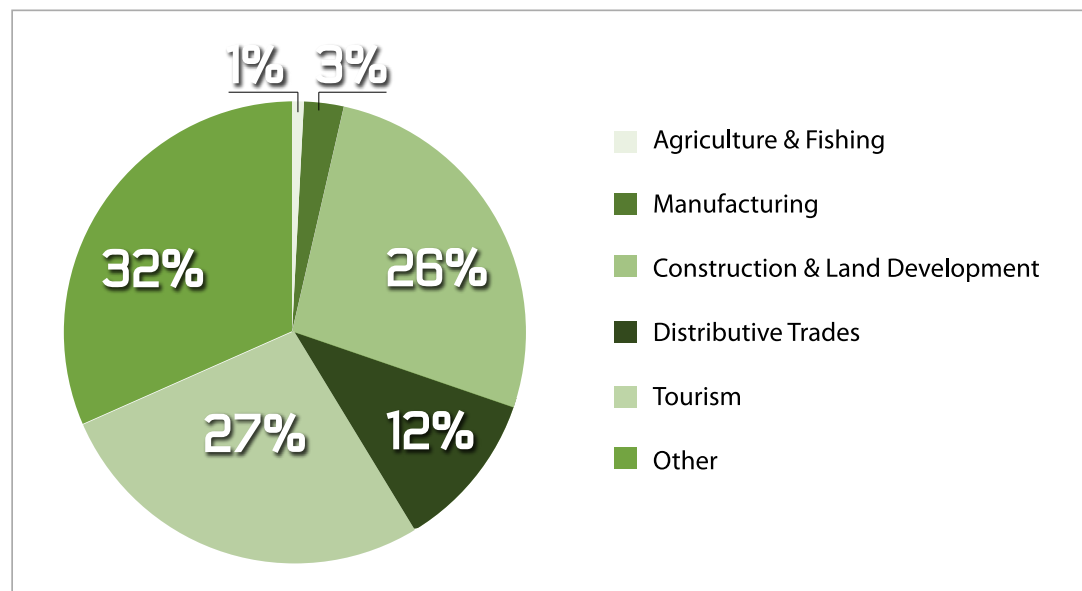
Bank of Saint Lucia's overall cost increased in 2011 by 2.6%. In 2012 emphasis will continue on ensuring that operating cost remains well managed.

The Bank's liquidity remained strong throughout the year and it met all its commitments to ECCB in respect of its Reserve Account.

Corporate & Development Banking

A total of 361 loans were administered by the division valued at \$666.4 million (excluding accrued interest) as at December 31, 2011. This represents an increase of 6.7% over the previous year. Of this total \$285.2 million or 42.8% were development loans, while \$381.2 million or 57.2% were corporate loans.

The most significant increases of the Corporate and Development loans portfolio were recorded in the construction and land development sector which grew by \$27.1 million and the professional and other services sectors which grew by \$3.3 million. Loans to the manufacturing sector increased by 5.5% to reach \$18.7 million, while Agriculture and fishing loans declined by 10%. Of the total Corporate and Development Banking loans portfolio, loans to the tourism sector accounted for \$181.5 million or 27% compared to \$177.1 million recorded in 2010.



Corporate & Development Loans by Economic Sector

Student Loan Financing

In keeping with the Bank's goal to serve as a catalyst to foster growth and development in St. Lucia the Bank approved and disbursed 139 new loans to students studying in various fields of study within and out of the Caribbean. This takes the total number of persons currently benefiting from the student loan program to 1,806.

During the period under review, the Bank's student loan portfolio grew to approximately \$98.3 million, an increase of approximately \$8 million over the previous year. Much of that growth came from students studying with regional institutions or distance learning programmes.

2011 Initiatives

New Loans Processing System

The new electronic Loans Originating System (LOS) was completed in 2011 and would be fully implemented across the branch network in the first quarter of 2012. This new operating system provides greater efficiency in the loans process which will result in more timely decisions to the customer and to provide easier access to customer data.

New Products & Services

Bank of Saint Lucia continues to lead the way in the commercial banking market through product development. In July 2011 the Bank

launched an innovative education savings plan, Edu-Start. This new product is designed for the specific purpose of saving for an individual's post-secondary school education. It is an investment product managed by the Wealth & Asset Management Division. Edu-Start has been well received by the market and to date approximately 286 accounts have been opened.

Also in July, the Bank continued its leadership in Convenience Banking opening an Express Service at Mega J, the first facility of its kind to be made available on island, thus pioneering the concept of supermarket banking in Saint Lucia. This outlet offers most of the services of a conventional branch and has more convenient operating hours for shoppers and customers. The service has had great success since opening.

The Bank's extensive network of 27 ATM and cash dispensers recorded a 10% increase in the volume of transactions as at December 2011.

Card Services

The card service business continues to be profitable. There was a 16% increase in the number of credit cards issued in 2011 over the previous year, and a 40% increase in international debit cards issued in 2011 over 2010.

The Bank's point-of-sales network remains critical in the growth of the card services business. Several merchants are opting for the wireless product *Swipe on the Go!* resulting in the percentage of wireless machines to total

machines increasing from 19% in 2010 to 27% in 2011.

Wealth & Asset Management (WAM)

Despite the external challenges experienced in 2011 the Wealth & Asset Management division recorded an overall growth of deposits and repurchase agreements of 10%, from EC\$261.8 million at end of December 2010 to EC\$287.8 million at end of December 2011, with the greatest increase realized in the Guaranteed Investment Certificate accounts.

Total assets grew by 7.33% year-on year from EC\$368.1 million at end of Dec-2010 to EC\$395.1 million at end of Dec-2011.

Worthy of note is the increase of 9% in overall revenue generated from active investment management of portfolios which resulted in realized gains on disposal of EC\$1.5 million. This is an aspect of the division's work that will be increased over the coming years.

Service Excellence

In 2012 Bank of Saint Lucia will place emphasis on the strategic pillar of operational efficiency and the core value of service excellence. As part of a group-wide strategic plan, Bank of Saint Lucia will undertake an operational process review. This is expected to be completed by mid-year and will chart the way for other project initiatives with a view to reducing cost and providing the customer with an even better experience.



**Bank of St. Vincent
& the Grenadines**
The Bank That Gives Me *more*

BOARD OF DIRECTORS:

Errol Allen - Chairman
Andre Iton
Evelyn Jackson

Judith Veira
Godwin Daniel
Victor Eudoxie

Robert Norstrom
Derry Williams

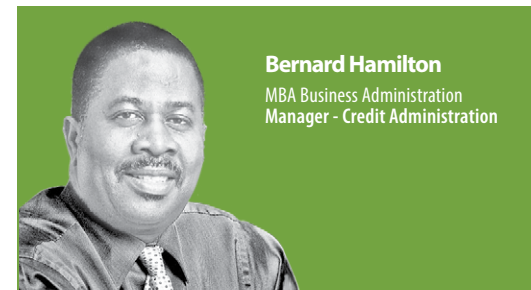
[profile of senior management]



Derry Williams
MBA Finance
Managing Director



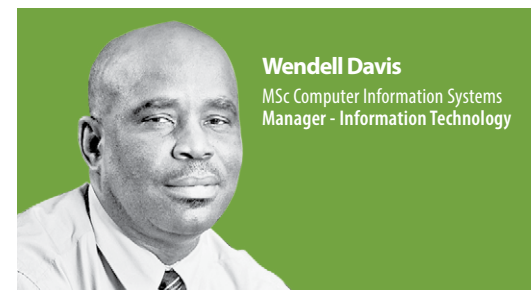
Bennie Stapleton
BSc Accounting, ACCA
Chief Financial Officer



Bernard Hamilton
MBA Business Administration
Manager - Credit Administration



Cerlian Russell
MBA Business
Management Administration
Manager - Operations



Wendell Davis
MSc Computer Information Systems
Manager - Information Technology



Nandi Williams
MA International Law
Corporate Secretary



Charron Dos Santos
Diploma in General Management
Senior Human Resource Officer



La Fleur Hall
MSc Audit Management
& Consultancy
Senior Compliance Officer

Bank of St. Vincent and the Grenadines Limited
Consolidated Statement of Financial Position
As at December 31, 2011

(expressed in Eastern Caribbean dollars)

	2011 \$	2010 \$
Assets		
Cash and balances with Central Bank	45,047,725	124,148,387
Treasury bills	4,643,605	7,421,866
Deposits with other banks	26,609,618	51,080,097
Financial assets held for trading	40,271	41,652
Loans and receivables - loans and advances to customers	454,708,591	401,538,278
- bonds	10,514,894	27,088,767
Investment securities - held-to-maturity	78,028,543	61,303,167
- available-for-sale	4,030,681	4,043,181
Pledged assets	-	1,259,208
Property and equipment	57,436,607	25,893,332
Investment property	3,809,400	-
Other assets	7,586,658	3,993,387
Income tax recoverable	3,572,397	3,834,389
Deferred tax asset	2,009,329	2,010,808
Total assets	698,038,319	713,656,519
Liabilities		
Deposits from banks	17,082,484	27,315,765
Due to customers	543,854,979	557,629,290
Other funding instruments	-	1,245,123
Borrowed funds	30,181,258	30,698,772
Other liabilities	15,516,898	10,404,355
Total liabilities	606,635,619	627,293,305
Equity		
Share capital	14,753,306	14,753,306
Reserves	14,753,306	14,753,306
Unrealised gains on investments	1,800,042	1,686,319
Retained earnings	60,096,046	55,170,283
Total equity	91,402,700	86,363,214
Total liabilities and equity	698,038,319	713,656,519

Bank of St. Vincent and the Grenadines Limited
Consolidated Statement of Income
As at December 31, 2011

(expressed in Eastern Caribbean dollars)

	Year ended December 31 2011 \$	6 months period ended December 31 2010 \$
Interest income	44,465,808	23,728,812
Interest expense	<u>(20,504,576)</u>	<u>(10,378,886)</u>
Net interest income	23,961,232	13,349,926
Fee and commission income	4,148,814	1,962,566
Dividend income	58,354	113,167
Net foreign exchange trading income	3,947,254	2,364,944
Other gains	-	4,450,754
Operating expenses	<u>(28,751,282)</u>	<u>(13,595,633)</u>
Impairment losses on investment securities	(1,748,198)	-
Recoveries (impairment losses) of loans and advances, net	<u>3,573,060</u>	<u>(2,037,240)</u>
Profit before income tax	5,189,234	6,608,484
Income tax expense	<u>(263,471)</u>	<u>(837,901)</u>
Profit for the period	<u>4,925,763</u>	<u>5,770,583</u>
Earnings per share	<u>0.49</u>	<u>0.58</u>

... SPECIFIC EMPHASIS WAS PLACED ON STABILIZING AND IMPROVING THE OVERALL ASSET QUALITY, WHICH WAS ACHIEVED TO A LARGE EXTENT.

First Year Operations

The year 2011 was another historic year for the Bank of St. Vincent and the Grenadines Limited. It was the first full year of operation under the stewardship of the East Caribbean Financial Holdings Ltd. (ECFH) which acquired 51% shareholding in the then National Commercial Bank (SVG) Ltd. During the year a number of key projects were undertaken with a view to align and streamline the operations of the emergent entity - Bank of St. Vincent and the Grenadines Limited (BOSVG). Among the noteworthy initiatives successfully undertaken in 2011 were:

- The rebranding of the Bank resulting in the launch of the new brand identity inclusive of a modern and sophisticated logo. The rebranding was supported by targeted marketing and public relations initiatives aimed at deepening existing loyalty and creating new loyalty within the market place.
- The opening of the Bank's new headquarters at Reigate, Kingstown on November 13, 2011. This new building, which was designed to provide greater comfort and convenience for customers and staff, is expected to contribute immensely to the general improvement in customer service and overall satisfaction in the years ahead.

Central to ensuring the success of initiatives implemented to date and those planned going forward, BOSVG has commenced the relevant training and change management programmes geared at achieving and maintaining alignment with the core values of the ECFH. To this end, a number of staff development training programmes, mainly in customer service and leadership, were implemented during the year. Structurally, we have also implemented a number of projects with the main objective of improving the

overall efficiencies throughout the Bank. In this regard, the Bank has successfully automated significant portions of the back office mainly in operations; information technology and finance and accounting.

Financial Performance

With respect to the financial performance for the year, the bank recorded profit before tax of \$5.2 million compared to \$6.6 million in 2010. During the year some expenses were incurred, mainly relating to the rebranding and the occupancy of the new headquarters, which will not recur in future periods. All other items performed in accordance with the budget expectations for the year. Total assets declined to \$698 million from \$714 million as at December 2010. As the economic challenges deepened, specific emphasis was placed on stabilizing and improving the overall asset quality, which was achieved to a large extent.

Corporate Social Responsibility

During 2011, BOSVG advanced support for the communities through its corporate social responsibility activities. A significant donation was made to the health sector with the joint acquisition of a CT Scan machine for the Milton Cato Memorial Hospital in Kingstown. Substantial disaster relief was also provided to the persons in the north of the country that were affected by the storms in April 2011. BOSVG also continued to support the other critical sectors such as youth and sports; culture and education. In the years ahead, the plan is to advance the relevant policies and programmes and the supporting framework that will ensure that the bank continues to satisfy its corporate social responsibility mandate.



BOARD OF DIRECTORS:
 Marius St. Rose – Chairman
 Robert Norstrom – Director
 Vern Gill – Director
 Theda Deterville – Director
 George Lewis – Director
 James Wadham – Director

Nestor Alfred – Director
 Estherlita Cumberbatch –
 Corporate Secretary

PRINCIPAL OFFICERS:
 Ryan Devaux – Chartered Accountant, Chief Executive Officer
 David Sookwa – AICB Bachelor of Commerce & Financial
 Services – Manager, Operations
 Gwyneth Taitt – ACIS, LLB –
 Product Development /Legal Manager
 Kim Vigier – ACCA Financial Controller



2011 has been an excellent year for BOSLIL. Despite the continued depressed global environment the Bank has performed well increasing its profitability and continued with the roll-out of numerous strategic initiatives, some started in the prior year, all of which will continue to advantageously position the Bank in the years ahead.

From a jurisdictional perspective, the legislative agenda was a busy one with the introduction of the Financial Sector Regulatory Authority as the single regulatory authority now responsible for all aspects of the financial services industry (with the exception of domestic banks) in St. Lucia. Enhancements were made to anti-money laundering legislation as well as the Proceeds of Crime Act. The concept of the Eligible Introducer was introduced into the legislation which enhances the Bank's ability to attract regulated intermediaries as clients – an important market segment for the Bank. All of these changes continue to be in line with global recommendations and best practices and ensure St. Lucia's long term

viability within the international financial services sector.

Financial Highlights 2011

Total assets at December 31, 2011 of US \$204.1 million (EC \$554.5 million) decreased by US \$69.3 million (EC \$188.4 million) relative to US \$273.4 million (EC \$742.9 million) at December 31, 2010. Similarly customer deposits decreased in line with the change in assets from US \$255.8 million (EC \$694.9 million) to US \$184.8 million (EC \$502.1 million). This decrease in assets and deposits is consistent with one large deposit noted in last year's commentary which was not scheduled to be a long term deposit and which left BOSLIL in December 2011. This type of deposit activity while it causes the balance sheet to fluctuate, does represent good earning potential and in that regard BOSLIL continues its effort to grow this aspect of the business. Adjusting for this non-routine transaction, the core assets of the bank increased from US \$153 million (EC \$415.7 million) to US \$204.1 million (EC \$554.5 million) through 2011.

(EC \$554.5 million) through 2011.

Net profit for the year ended December 31, 2011 was US \$1.92 million (EC \$5.22 million) as compared to US \$554.5 thousand (EC \$1.51 million) for the year ended December 31, 2010. Profitability was positively impacted by the fact that the average balance sheet for the year was approximately US \$279 million (EC \$759 million), higher than any previous year. The bank continued to maintain a conservative investment profile for its bond portfolios with amounts invested in bonds increasing from US \$34 million (EC \$93 million) to US \$45 million (EC \$122 million) during 2011. Consistent with prior years and the importance placed on protecting clients' deposits, 65.7% (2010 – 79%) of total assets were held as cash and cash equivalents as at December 31, 2011. Operating expenses increased during the year from US \$2.6 million (EC \$7.1 million) to US \$3.1 million (EC \$8.4 million). This increase was due primarily to increases in amounts paid to ECFH for central services, travel and entertainment and professional fees. These increases are in line with strategic decisions to continue investing in business development initiatives, including personnel, and the expansion efforts into Panama.

The decision was taken during the year to establish a bank with an international license in Panama. BOSLIL on behalf of the ECFH Group successfully presented the business case to the Superintendency of Banks of Panama in November 2011 and the process for establishment continues. It is anticipated that the new bank will be fully operational in 2012. This initiative is in line with the continued strategic initiative to

build out the South American market which represents an area of significant opportunity. BOSLIL continues to build a solid reputation in the market and differentiate its offering on the quality of service delivery.

Strategic initiatives to diversify the revenue base of the bank continue with the corporate management business being very well received by the market and beginning to contribute to the income of the Group and the launch of the BOSLIL Equity Fund and the BOSLIL Bond Fund in early 2012 now a reality. Further product initiatives include the introduction of fiduciary deposits and the enhancement of the card services solution.

Corporate governance and risk management remained robust through 2011 with improvements in the latter being made to enhance processes as necessary. Relationships with important stakeholders remain very good.

During 2011 BOSLIL experienced significant growth in business volumes and new clients, including intermediary clients, a very important segment for the Bank. Going forward investments in new technology will be required to ensure that the inevitable growth is managed and that excellent service standards, one of the main reasons for BOSLIL's success, are maintained. Continued investments in our people and hiring the best talent remain important for ensuring BOSLIL will continue to achieve its growth targets and contribute positively to the ECFH Group.



BOARD OF DIRECTORS

Lisle Chase – Chairman
Isaac Anthony
Cadie St. Rose-Albertini
Vern Gill

Robert Norstrom
Nestor Alfred
Esther Browne
Joanna Charles

Estherlita Cumberbatch –
Corporate Secretary

PRINCIPAL OFFICER:
Joel Allen, MBA in Finance &
International Business Strategy –
Senior Manager

ECFH Global Investment Solutions leadership team continues with the reorganizing of its business operation into a more focused and customer centric machinery.

Financial Statement Highlights	2011 US \$000	2010 US \$000
Assets		
Cash, Investments & Loans	203,674	273,098
Other	428	348
Total Assets	204,102	273,446
Liabilities and Equity		
Customer deposits	195,359	266,055
Other liabilities	320	433
Equity	8,423	6,958
Total Assets/Liabilities & Shareholder's Equity	204,102	273,446
Statement of Income		
Net Operating Income	5,010	3,176
Total Expenses	3,089	2,621
Net income after tax	1,921	555



The company's leadership team continued with the reorganizing of its business operation into a more focused and customer centric machinery. This process reaped improved results in 2011, a trend which should continue in 2012.

Summary Performance of Business Lines

The Merchant Banking segment continued to grow in 2011 as the company became more aggressive in its deal structuring efforts. At the close of the year, Merchant Banking revenues accounted for 59% of overall revenues. The company added the Government of Grenada to its client base during the year, having structured a Private Placement Treasury Bill for EC\$27M on their behalf and continued its longstanding partnerships with the Government of Saint Lucia, the Bank of Saint Lucia and other foundation Merchant Banking clients. The company was selected as arrangers on three (3) Merchant Banking deals with new clients, which had to be carried forward to 2012 because of the tumultuous market conditions.

2011 Year In Review

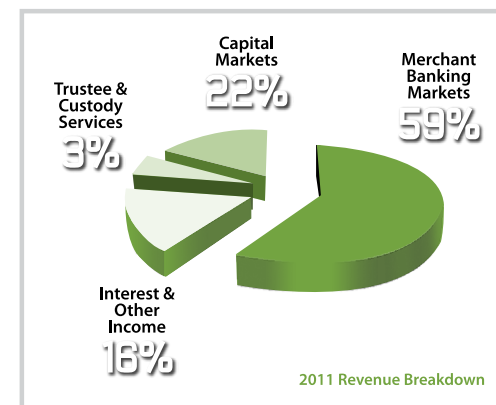
The global financial environment was extremely challenging during the year 2011 with weaker than normal performances of the bond and equity markets in the major world markets and in the Eastern Caribbean as well.

Notwithstanding these challenges, ECFH Global Investment Solutions Limited was able to grow its client base by approximately 10%, increase operating income by 28% and increase pre-tax profit to EC\$437,000 for the year ending December 31, 2011, resulting in a 40% increase over the previous year.

The Capital Market segment contributed 22% of overall revenues and also experienced growth during 2011. The growth in the Capital Market business was driven primarily by the newly introduced securities dealing activities and other secondary market activities. There are plans in place to continue growing the Capital Market business in 2012.

Trust and Custody Services fell to 3% of overall revenues due to the discontinuation of services previously provided to a large client within the ECFH Group in April 2011. Although management made progress in identifying replacement Custody clients, the new relationships were not consummated in time for year end.

Finally, revenues under the "other income" segment contributed 16% of overall



incomes. This segment is expected to continue to grow as the size of the company's balance sheet increases.

Other Highlights

In keeping with the ECFH thrust as innovators, ECFH Global Investment Solutions Limited created history by becoming the first OECS financial institution to have successfully arranged and hosted an Economic E-seminar (Webinar). The Webinar presenters and panelists examined the likely impact of the US credit rating downgrade and the lingering European debt crisis on the local and regional economies. There were clients and participants from most English-speaking Caribbean countries in attendance and online, along with those in North America.

The company continued to produce high quality research material on all ECSE-listed securities along with its periodic analyses of the wider Caribbean and international equity and debt markets. The firm's daily market summary, "The Daily Global", continues to be a reliable and vital source of information for many of its clients locally and across the Caribbean region.

In the spirit of giving, the company partnered with the St. Lucy's Home in Saint Lucia on two occasions during 2011, bringing greater comfort to the less fortunate in our society.

Going Forward

Although the global environment remains relatively fragile, the leadership team will continue to exercise proper judgment as we seek to roll out phase one of our expansion strategy in 2012 which includes the introduction of the new website, addition of new products and implementation of intra and extra-group strategic partnerships. These initiatives are all geared at enabling the company to continue providing value added services to its clients and to growing its profitability and market share.

Financial Statement Highlights	2011 EC\$ 000	2010 EC\$ 000
Assets		
Investments	2,124	1,165
Other	1,479	1,621
Total Assets	3,603	2,786
Liabilities & Equity		
Liabilities	1,396	911
Equity	2,207	1,875
Total Liabilities & Equity	3,603	2,786
Statement of Income		
Fee & Commission Income	1,315	1,013
Other Income	218	183
Expenses (tax included)	1,202	924
Net Income after Tax	331	272



BOARD OF DIRECTORS

Marius St. Rose
Hildreth Alexander
Thaddeus Antonie
Andrew Levy
Didicus Jules

Wendell Skeete
Byron Leslie
Robert Norstrom
Esther Browne
Estherlita Cumberbatch –
Corporate Secretary

PRINCIPAL OFFICERS:

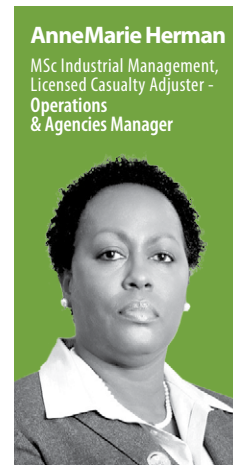
Leathon Khan
B.Sc, Chartered Insurance Practitioner –
Chief Executive Officer

AnneMarie Herman
MSc Industrial Management,
Licensed Casualty Adjuster –
Operations & Agencies Manager

Excellent loss ratios and significant growth in net insurance revenues produced for the company its best financial results to date with a pre-tax profit of EC\$1.06 Million.



Leathon Khan BSc
Chartered Insurance Practitioner -
Chief Executive Officer



AnneMarie Herman
MSc Industrial Management,
Licensed Casualty Adjuster -
Operations
& Agencies Manager

Market Overview

EC Global approached 2011 optimistically, armed with a strategic agenda of prudent and selective underwriting that was geared for top line growth and profitability. This was central to our recovery mechanism, following the temporary setback the company encountered with the onslaught of Hurricane Tomas in October 2010.

The year for the local insurance industry was characterized by the entry of new, foreign competition in the market and the emergence of basement pricing that tested the will of prudence. EC Global took the bold position to remain disciplined and undistracted and instead focused on strengthening customer relationships and improvements in service delivery as a means of creating competitiveness. This, in combination with a number of favorable factors, including excellent loss ratios and significant growth in net insurance revenues produced for the company its best financial results to date with a pre-tax profit of EC\$1.06 M.

Financial Highlights

Total assets stood at EC\$16M at the end of the reporting period decreasing over last

year by 16%. Underwriting surplus increased by 134% from the previous year to EC\$2.9M. Other operating income inclusive of interest income grew by 13% while operating expenses stayed within 7% of budget. Profit before tax amounted to EC\$1.06M for the year.

Portfolio Performance

Gross premiums written for 2011 were EC\$13.14M which was 10% above the 2010 total of EC\$11.98M. Property and Motor business which are the two main contributors to the portfolio amounted to EC\$8.66M (66%) and EC\$4.17M (32%) respectively. Motor business remains the more profitable business line contributing 75% of total insurance surplus. Claims incurred for the period totaled EC\$1.17M reducing by 89% against last year. Total Motor claims amounted to EC\$1M reducing by 35% and Property claims of EC\$0.1M reduced significantly from EC\$8.76M from the previous year.

Financial Statement Highlights as at December 31, 2011

	2011	2010
	EC\$000	EC\$000
Assets		
Cash and Investments	8,028	6,109
Reinsurance Assets	5,511	10,417
Other	2,534	2,621
Total Assets	16,073	19,147
Liabilities and Equity		
Liabilities	12,419	16,426
Equity	3,654	2,721
Total Equity and Liabilities	16,073	19,147
Income and Expenses		
Net Insurance Revenue (Surplus)	2,897	1,237
Other Income	1,378	1,218
Total Expenses (Including Tax)	(3,342)	(2,831)
Net Income/(Loss) after Tax	933	(376)



[marketing initiatives and outlook]

Rodney Bay Convenience Centre

The performance of the Rodney Bay Convenience Centre has been outstanding. It has been successful in its role of providing convenience for customers in the North of the island and for the new business it has generated to date. Over EC\$6.0M in premiums were processed at the Centre which included approximately EC\$1.03M in new business for the company. The Rodney Bay Convenience Centre will continue on a path of sustained growth, given the sales and marketing strategies which have been geared for the Centre.

Sales Executives

The team of Sales Executives continues to play a dynamic role in our market penetration strategies. They have generated a total premium income of EC\$1.58M in 2011 exceeding targets overall by 26%. The team of

Sales Executives will be expanded in 2012 to cover a wider cross-section of the island.

Expansion of Distribution Networks

EC Global will in 2012 expand its distribution network geographically across St. Lucia through the full implementation of the Bank of Saint Lucia Insurance Agency via its branch offices island wide. This initiative is geared at achieving growth and a more diversified spread of the company's risk and insurance portfolio.

A review of the existing strategic partnerships will also play a significant role in how the company will reposition itself to face the ever increasing competition and the effects of the global economic realities. Notwithstanding these challenges, the company's resolve to achieving excellence at all levels remains as its priority and the successes of 2011 will serve as a spring board towards this end.



BOARD OF DIRECTORS:
Victor Eudoxie - Chairman
Marius St. Rose
Hildreth Alexander
Robert Norstrom

Nestor Alfred
Esther Browne
Estherlita Cumberbatch -
 Corporate Secretary

PRINCIPAL OFFICER:
Elizabeth Bousquet
 MSc Int. Construction Management
 & Engineering -
 Senior Manager

The facility... (The new ECFH building will)... be completed with a significantly improved floor layout and would house modern amenities and technical systems to facilitate the operations of the Bank.



During 2011, The Property Holding and Development Company of Saint Lucia Limited (ProDev), continued its predominant operations of providing property development and maintenance services to the ECFH Group and other external tenants.

ProDev faced several challenges in 2011 following the passage of Hurricane Tomas in October 2010. Major repair work was required to be done to premises which were damaged by the hurricane including ECFH Archive building at Massade Gros Islet, the SLDB Building and the Bank of Saint Lucia Vieux Fort Branch.

New ECFH Building

ProDev also focused on the construction of the New ECFH building which commenced in February 2010 and continued throughout 2011. This building which overlooks the Rodney Bay Marina is being built in a French Colonial Design. The building will house the operations of three ECFH subsidiaries, BOSLIL, Wealth & Asset Management and ECFH Global Investment Solutions Limited with space available for rental.

New Soufriere Premises

In 2010 ProDev purchased a three floor building on the Soufriere Waterfront to facilitate the relocation of the Bank of Saint Lucia Soufriere Branch. Work to complete

PRODEV FACED SEVERAL CHALLENGES IN 2011 FOLLOWING THE PASSAGE OF HURRICANE TOMAS IN OCTOBER 2010.

the installation of the ancillary systems and to carry out the leasehold improvements was undertaken during the second half of 2011. The Branch would be relocated to the facility in February 2012. The facility would be completed with a significantly improved floor layout and would house modern amenities and technical systems to facilitate the operations of the Bank.

ProDev total assets as at 31st December 2011 stood at \$112.83M an increase of 7.99% over the 2010 figure of \$104.49M. The most significant increase was in the area of property, plant and equipment which increased from \$14.38M in 2010 to \$27.14M in 2011. This Increase was mainly due to the value of work done on the construction of the New ECFH and the New BOSL Soufriere Branch buildings undertaken in 2011.

Total liabilities as at 31st December 2011 were recorded at \$67.72M, an increase of 12.20% or \$7.35M.

Total net income before tax was \$3.17M, 10.3% below the 2010 figure of \$3.53M. Corporate taxes have been declared at \$1.07M, leaving a net profit after taxes of \$2.10M. The main reason for the drop in the net income from the previous year was the delay in the completion of the new ECFH Building.

Financial Statement Highlights	2011 EC\$ 000	2010 EC\$ 000
Assets		
Investment Properties	78,792	79,457
Investments	-	3,630
Other	34,039	21,398
Total Assets	112,831	104,485
Liabilities & Equity		
Long term loans	46,158	41,475
Other	21,565	18,897
Equity	45,108	44,113
Total Liabilities & Equity	112,831	104,485
Income & Expenses		
Total Income and gains	10,915	11,439
Total Expenses (including tax)	8,819	8,552
Net Income after Tax	2,096	2,887



BOARD OF DIRECTORS
 Victor Eudoxie - Chairman
 Hildreth Alexander
 Issac Anthony
 Llewelyn Gill

Lennox Timm
 Jacqueline Quamina
 Terrence Farrell

Lisle Chase
 Robert Norstrom

The Mortgage Finance Company faced similar challenges as the Bank of Saint Lucia during 2011. The mortgage portfolio increased during the year, due mainly to a repurchase of mortgages from the Eastern Caribbean Home Mortgage Bank. As a result, the company's total assets increased in value by 12% to \$243.6 million. Additional loan loss provisioning was required as the nonproductive portfolio increased, whilst expenses were contained at only a marginal increase. The result was the company reporting net income consistent with 2010.

Mortgage Finance Company of Saint Lucia Limited
 Financial Statement Highlights at December 31, 2011

	2011 EC \$000	2010 EC \$000
Assets		
Loans & Advances	242,987	216,799
Other	593	222
Total Assets	243,580	217,021
Liabilities and Equity		
Customer Deposits	26,384	36,657
Borrowings	89,704	82,737
Other Liabilities	1,048	1,074
Due to Related Parties	102,716	73,660
Equity	23,728	22,893
Total liabilities and Equity	243,580	217,021
Income & Expenses		
Net Interest Income	9,112	7,726
Other Income	427	390
Total Expenses (including tax and provisions)	3,704	2,258
Net Income after Tax	5,835	5,858

FINANCIAL REPORTING RESPONSIBILITIES

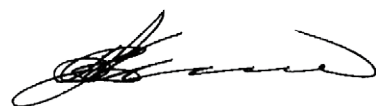
The management of the East Caribbean Financial Holdings Company is responsible for the preparation and fair presentation of the financial statements and other financial information contained within this Annual Report. The accompanying financial statements were prepared in accordance with International Financial Reporting Standards. Where amounts had to be based on estimates and judgments, these represent the best estimates and judgments of Management.

In discharging its responsibility for the integrity and fairness of the financial statements, and for the accounting systems from which they were derived, Management has developed and maintains a system of accounting and reporting which provides the necessary internal controls that ensure transactions are properly authorized, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. This is supported by written policies and procedures; quality standards in recruiting and training employees; and an established organizational structure that permits accountability for performance within appropriate and well-defined areas of responsibility. An Audit Unit that conducts periodic audits of all aspects of the Group's operations further supports the system of internal controls.

The Board of Directors oversees Management responsibility for financial reporting through the Audit Committee, which comprises only Directors who are neither officers nor staff of the Bank. The primary responsibility of the Audit Committee is to review the Group's internal control procedures and plan revision of those procedures, and to advise directors on auditing matters and financial reporting issues. The Group's head of Internal Audit has full and unrestricted access to the Audit Committee.

At least once a year the Eastern Caribbean Central Bank makes such examination and inquiry into the affairs of the Group as deemed necessary to ensure that the provision of the Banking Act relating to safety of depositors' funds and shareholders' equity is being observed and that the Group is in a sound financial condition.

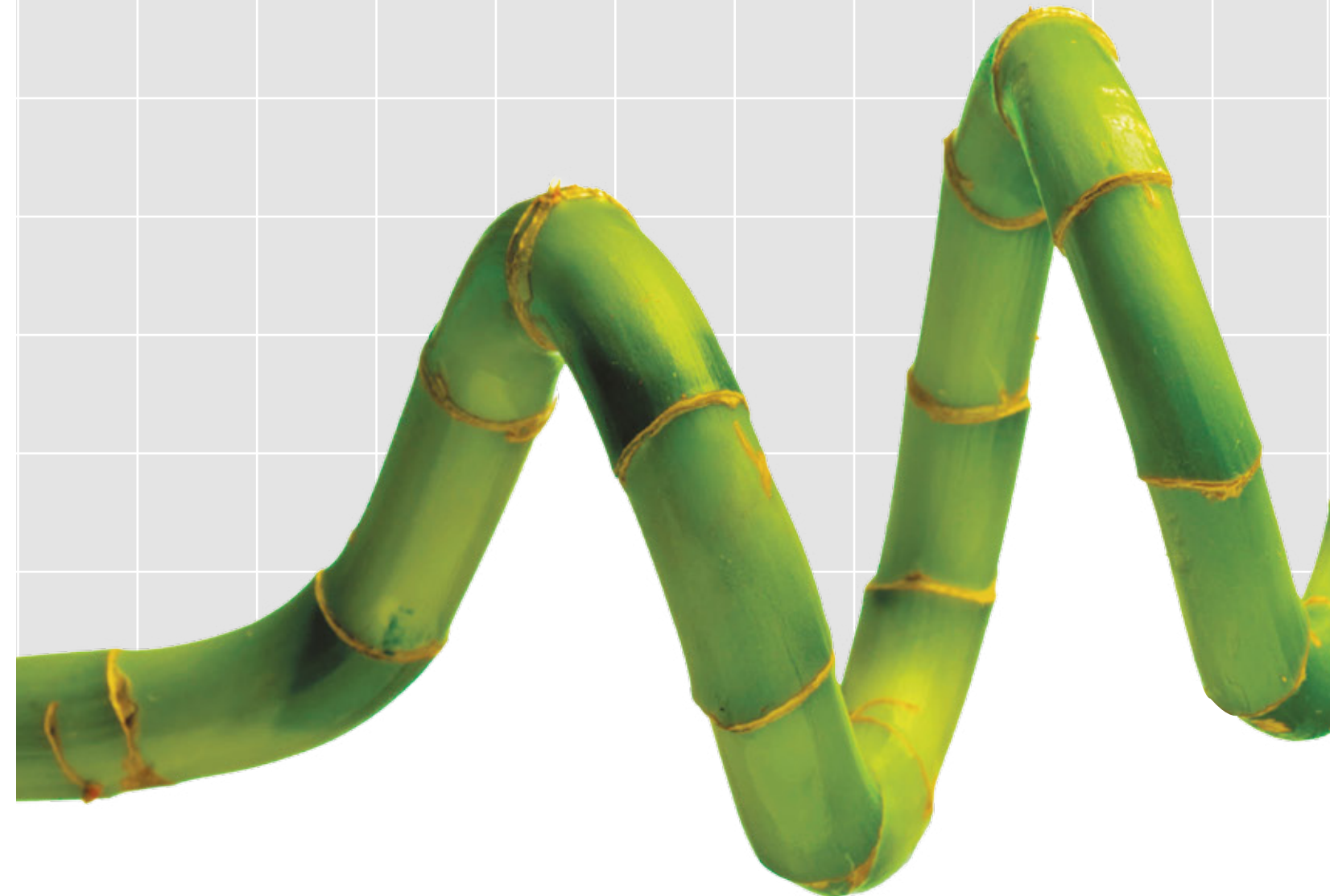
PriceWaterHouseCoopers, appointed as Auditors by the shareholders of the Group, have examined the financial statements and their report follows. The shareholders' auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings as to the integrity of the Group's financial reporting and adequacy of the systems of internal control.



Robert Norstrom
GROUP MANAGING DIRECTOR



Gordon Cochrane
GROUP FINANCIAL CONTROLLER



Consolidated FINANCIAL STATEMENTS

December 31, 2011 (expressed in Thousands of Eastern Caribbean Dollars)

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