Schedule 2
FORM ECSRC – OR

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended 30th June 2017
Pursuant to Section 98(2) of the Securities Act, 2001

OR

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

Issuer Registration Number: ECFH 17102016LC

East Caribbean Financial Holding Company Limited
(Exact name of reporting issuer as specified in its charter)

Saint Lucia
(Territory or jurisdiction of incorporation)

No. 1 Bridge Street, Castries St. Lucia
(Address of principal executive Offices)

(Reporting issuer's:
Telephone number (including area code): 758-456-6000
Fax number: 758-456-6702
Email address: estherlita.cumberbatch@ecfh.com

_____
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. _____

CLASS	NUMBER
Preference Shares	830,000
Ordinary Shares	24,465,589

SIGNATURES

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

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

Name of Chief Executive Officer:

Derry T. Williams

Signature

28th July 2017

Date

Name of Director:

Signature

28th July 2017

Date

Name of Chief Financial Officer:

Bennie C. Stapleton

Signature

28th July 2017

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

(a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.

(b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.

(c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.

(d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

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

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

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

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

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

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

General Discussion and Analysis of Financial Condition

During the first half of 2017, the Group continued with the implementation of the restructuring initiatives that commenced in the latter part of the 2016 financial year. As outlined in our 2016 Annual Report, the central focus of the approved initiatives was the restoration of the core capital and operations of Bank of Saint Lucia Limited, BOSL.

In the move towards the attainment of the aforementioned objective of addressing the critical issues in BOSL, the Group successfully concluded the divestment of Bank of Saint Lucia International Limited in March 2017. Subsequent to this, the divestment of a portion of the shares in the Bank of Saint Vincent and the Grenadines, BOSVG was completed with the sale of 31% to the Government of St. Vincent and the Grenadines. The Group currently retains 20% shares in BOSVG following the conclusion of the transaction on 30 June 2017.

While there was a loss on the sale of the Bank of St. Lucia International Limited, most of which was provided for in the previous financial year, a gain of approximately $1M was recognized on the divestment of the 31% ownership interest in the Bank of St, Vincent and the Grenadines.
The proceeds from the divestment of BOSLIL and BOSVG yielded an aggregate amount of $66M which was injected as capital into BOSL allowing for a marked improvement in the capital adequacy ratio of the Bank to 15.9% as at 30 June 2017, well above the regulatory minimum level of 8%.

Liquidity and Capital Resources

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

i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.

ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.

iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.

viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.

ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Buoyed by market conditions the Group's liquidity remained relatively stable for the first half of 2017. Bank of Saint Lucia Limited loan to deposit ratio was with the benchmark prudential guideline at 54.2% which mirrors the previous quarter.

Bank of Saint Lucia Limited continues to invest internationally in all major industrial sectors and geographic regions. This diversification has helped the Bank achieve its optimal risk adjusted return while keeping liquidity constant.

The capital adequacy ratio of Bank of Saint Lucia Limited currently at 15.9% was in excess of the 8% prudential guidelines. There are no material commitments for capital expenditure other than commitments related to the normal expenditure of running the business.

Off Balance Sheet Arrangements

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

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

Off-Balance Sheet assets under management as at June 30, 2017 amounted to $85.1 million. This comprised investment securities managed on behalf of clients. Under such arrangements, BOSL advises the client in the formulation of an investment policy and is given a discretionary investment management mandate to act in accordance with the approved policy. It is important to note that although BOSL has a fiduciary responsibility to these clients, there are adequate disclaimers and indemnifications against possible claims related to investment losses that may arise.

More than two thirds of these off-balance sheet funds comprise company retirement funds while the balance comprises statutory reserves of insurance companies and other corporate entities. Investments include all the major asset classes of fixed income, equity and money market facilities with at least 90% invested in fixed income. In addition, there is a predominance of investments in Commonwealth Caribbean sovereign and corporate entities to as much as 80% in keeping with existing restrictions in legislation governing the investment of pension and insurance assets.

Results of Operations

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

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

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls.

Overview of Results of Operations

There was a significant improvement in the performance of the Group for the first half of the financial year when compared to both the comparative period for 2016 and the audited 2016 year-end figures. Profit after tax was $4.0M compared to a loss of ($18.8M) for the similar period in 2016 and a loss of ($112M) for the year ended 31 December 2016. This turnaround in the overall profitability of the Group is attributable to the general improvement in the year to date performance of BOSL. The Bank recorded an after-tax profit of $6.8M compared to a loss ($24.2M) for the period ended 30 June 2016 and ($111M) for the year ended 31 December 2016.

The improved profitability of BOSL was achieved through relatively stronger performance in net interest income and other income categories. Notable improvements were achieved in fee income, foreign exchange gains and loan recovery income. With regards to the expense categories, there was substantial reductions in the areas of loan loss provisions and operating expenses resulting mainly from the implementation of the restructuring initiatives referred to above

For the first six month of the financial year recovery income in the Bank of St. Lucia was approximately $3.5M in comparison to $77K for the similar period in 2016 and $1.1M for the entire 2016 financial. The marked improvement in recovery income is reflective of implementation of a number of measures aimed at increasing the collections of the off-balance sheet portfolio

Migration of loans into non performing status was relatively flat when compared to the previous period, as such the non- performing loan ratio has held at an average of 18%.

The Bank of St. Vincent & the Grenadines recorded a loss ($2.4M) for the first six months of the financial year compared to a profit of $5.0M for the similar period in 2016 and $4.9M for the year ended 31 December 2016. The decline in profitability was due mainly to increased provisions for loan losses during the period

There was a significant improvement in the Capital Adequacy ratio of Bank of St. Lucia as a result of the injection of the proceeds from the disposal of the Bank of St. Lucia International Limited and the divestment of the 31% of the 51% shareholding in Bank of St. Vincent & the Grenadines. This resulted in the ratio moving from 9.2 % at the end of December 2016 to 15.9 % as at June 30th 2017.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Bank remains exposed to credit risk, operational risk, reputational risk, liquidity risk, market risk, and foreign exchange risk, of which those deemed high are expounded below.

Credit Risk
Credit Risk remained high over the quarter. The Bank continued efforts towards ensuring that new loans booked were within credit risk management guidelines and risk tolerance levels. International best practices were employed in the assessment of all credits, coupled with comprehensive credit risk reviews. The bank continued to review its credit portfolio on a monthly basis for the timely recognition of impairment losses incurred in accordance with IAS 39.

Operational Risk
Operational risk remained medium over the quarter. To minimize the potential impact of inherent risks, the Bank continued to adopt a proactive approach through the use of effective risk management tools and techniques. The Bank nears completion of its Risk Register towards evaluating all relevant business and regulatory risks and controls, and monitoring the robustness of mitigation actions in a structured manner. The Bank complies with all Anti Money Laundering legislation and other related laws, in all jurisdictions in which it operates.

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

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the quarter.

5. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

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

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

  _____

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

  _____

- Name and address of underwriter(s)

  _____

  _____

- Amount of expenses incurred in connection with the offer _____
- Net proceeds of the issue and a schedule of its use

  _____

  _____

- Payments to associated persons and the purpose for such payments

  _____

  _____

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no working capital restrictions and other limitations upon the payment of dividends during the quarter.

6. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There were no defaults upon Senior Securities.

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

Not applicable.

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

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

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

The Annual Meeting of Shareholders was held on May 18, 2017.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

Trevor Louisy was elected at the meeting to hold office for a term of three years. The term of office for all other directors continued after the meeting.
The Directors of the Company as follows:-
Andre Chastanet
Derry Williams
Llewellyn Gill
Trevor Louisy
Jacqueline Emmanuel-Flood
Farid Antar
Martin Dorville
Lennox Timm
Omar Davis
Marcus Joseph
John Tang Nian

(c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

The other matters voted upon at the meeting were as follows:

1. To consider and adopt the Report of the Auditors and the Audited Financial Statements for the year ended December 31, 2016

2. To consider and adopt the Report of Directors

3. To Appoint Auditors and authorize Directors to fix their remuneration

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

There were no settlement between the registrant and any other participant.

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not Applicable.

8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

Not Applicable

East Caribbean Financial Holding Company Limited

Consolidated Statement of Income

For the six month period ended June 30, 2017

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2017 $'000	(Audited) 12 mths to December 31, 2016 $'000	(Unaudited) 6 mths to June 30, 2016 $'000	12mths Change %
Continuing Operations				
Interest income	40,439	76,981	41,012	-1%
Interest expense	16,221	35,490	18,163	-11%
Net interest income	**24,218**	**41,491**	**22,849**	6%
Other income	25,694	52,901	19,418	32%
Operating income	**49,912**	**94,392**	**42,267**	18%
Impairment Loss - Loans & Investments	10,409	128,782	32,500	-68%
Other operating expenses	32,077	67,293	34,374	-7%
(Loss)/ profit for the period before taxation and dividends	**7,426**	**(101,683)**	**(24,607)**	-130%
Dividends on preference Shares	0	291	0	0%
Provision for income tax	1,149	5,726	2,137	-46%
Profit/(loss) from continuing operations	**6,277**	**(107,700)**	**(26,744)**	**-123%**
Profit/(Loss) for the year from discontinued operation	(448)	11,358	7,984	-106%
Loss on disposal of subsidiaries	(1,785)	(15,453)		0%
Profit/(loss) for the period	**4,044**	**(111,795)**	**(18,760)**	**-122%**
Attributable to:				
- Equity holders	4,044	(114,213)	(21,188)	
- Minority interest	0	2,418	2,428	
Profit for the period	**4,044**	**(111,795)**	**(18,760)**	
Earnings per share				
- basic	**$0.16**	**($4.33)**	**($0.87)**	
- diluted	**$0.15**	**($4.19)**	**($0.84)**	

East Caribbean Financial Holding Company Limited

Consolidated Balance Sheet

As at June 30, 2017

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2017 $'000	(Audited) December 31 2016 $'000	(Unaudited) June 30 2016 $'000	12mths Change %
Assets				
Cash and balances with Central Bank	255,894	366,874	458,293	-44%
Due from other banks	189,289	227,992	733,784	-74%
Trading financial assets	20,544	18,600	20,457	0%
Deposits with non-bank financial institutions	8,302	8,730	8,275	0%
Treasury bills	23,876	33,828	25,736	-7%
Originated loans - Loans & Advances to customers	870,035	1,474,613	1,607,781	-46%
- Bonds	0	10,033	10,033	-100%
Investments securities - held to maturity	91,558	131,459	114,930	-20%
- available-for-sale	403,900	371,596	692,866	-42%
Pledged assets	10,608	21,367	11,796	-10%
Investment in associated undertaking	35,891	17,704	14,292	151%
Property plant and equipment & intangibles	46,732	138,279	150,331	-69%
Investment Properties	37,188	9,328	4,616	706%
Other assets	80,778	63,258	44,186	83%
Income tax recoverable	3,332	4,179	2,319	0%
Deferred tax asset	0	0	3,896	0%
Retirement Benefit Asset	10,627	10,627	7,897	35%
Asset of disposal group	0	740,644	0	0%
Total assets	**2,088,554**	**3,649,111**	**3,911,488**	**-47%**
Liabilities				
Deposits from banks	49,393	85,901	89,614	-45%
Due to customers	1,809,817	2,441,886	3,386,334	-47%
Other funding instruments	13,980	13,839	15,197	-8%
Borrowings	85,964	139,710	98,995	-13%
Preference shares	4,150	4,150	4,150	0%
Other liabilities	22,117	93,112	75,276	-71%
Dividends Payable	0	566	290	0%
Deferred tax liability	0	298	0	0%
Liabilities of disposal group	0	724,067	0	0%
Total Liabilities	**1,985,421**	**3,503,529**	**3,669,856**	**-46%**
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	4,525	(793)	1,711	165%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	163,614	163,567	158,282	3%
Retained earnings	(254,102)	(139,891)	(134,201)	89%
Profit for the period after taxes	4,044	(114,213)	(21,188)	-119%
Parent shareholders' equity	**103,133**	**93,724**	**189,657**	**-46%**
Minority Interest	**0**	**51,858**	**51,976**	**-100%**
Total equity	**103,133**	**145,582**	**241,632**	**-57%**
Total equity and liabilities	**2,088,554**	**3,649,111**	**3,911,488**	**-47%**
	0			

East Caribbean Financial Holding Company Limited
Statement of Cash Flow
For the six month period ended June 30, 2017

(expressed in thousands of Eastern Caribbean Dollars)

	(Unaudited) 6 mths to June 30, 2017 $'000	(Audited) 12 mths to December 31, 2016 $'000	(Unaudited) 6 mths to June 30, 2016 $'000
Operating Activities			
- (Loss)/profit before income tax	7,426	(101,683)	(24,607)
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	91,839	167,897	149,591
Cash flows from operating activities	**99,265**	**66,214**	**124,984**
Cash flows used in investing activities	(562,023)	(138,646)	(2,210)
Cash flows used in financing activities	(7,929)	(21,267)	(19,501)
Net increase in cash and cash equivalents	(470,686)	(93,699)	103,274
Cash and cash equivalents at beginning of period	**840,474**	**934,173**	**934,173**
Cash and cash equivalents at end of period	**369,788**	**840,474**	**1,037,447**