

ECFH HALF YEAR REPORT TO SHAREHOLDERS

The ECFH Group performance for the half year ending June 2015, is an indication of the successful strategic initiatives undertaken towards the turnaround of the Group.

The improvement in performance was achieved even while the banking industry in the region continues to evolve. In May 2015, the Central Bank revised the minimum savings rate downward from 3% to 2%, thus reducing the cost of funds, but also intensifying competition for good lending opportunities among local banks and forcing down loan rates. The New Banking Act which encompasses more stringent regulations for the financial sector and significant changes in capital and reporting requirements will soon be introduced.

The Group's total assets grew to \$3,994 million from \$3,723 million reported at December 2014. The balance sheet growth was driven by deposit intake during the year, reflecting continued customer confidence. Liquidity levels remained strong, while the loan portfolio contracted due to the low loan demand in the economy and the deliberate actions by management to reduce the level of non-performing loans.

Profit after tax was \$9.5 million for the 2015 half year, reflecting an improvement of \$8.2million from June 2014. This result was achieved despite the low interest rate environment and limited investment opportunities. Impairment provisions were 50% lower than recorded at the half year ending June 2014. Continued progress is anticipated as the quality of the domestic banks' loan portfolios improve due to more stringent loan underwriting practices.

All subsidiaries within the Group recorded profits for the half year period. Bank of Saint Lucia Limited recorded a Net profit after tax of \$1.6 million, an improvement on last year's half year loss of \$5.0 million. Bank of St. Vincent and the Grenadines reported a satisfactory performance realizing a half year profit after tax of \$3.5M compared to \$4.1M in the previous year. The net profit reduction was driven mainly by a higher income tax charge. Bank of Saint Lucia International Limited recorded a 12% growth in net profit, increasing from \$4.4 million in 2014 to \$4.9 million for this half year, driven by increased fee and interest income, earned on increased transaction volumes and deposit levels. ECFH Global Investment Solutions Limited produced a \$1.0 million net profit after tax which is an encouraging 6% improvement over the previous year.

The half year performance of the Group reflects an improvement over the prior year; however the Group is still in process of implementing the strategies required to move towards full recovery. The Board of directors remains focused on re-building the capital base to compensate for previous years' losses, in this regard, it is prudent not to declare an interim dividend.

Lisle Chase
Chairman

Estherlita Cumberbatch
Corporate Secretary



Half Year Performance Review 2015



**Financial Leadership through trust, strength,
stability and profitable growth.**

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Parent Company of:

Bank of Saint Lucia Limited

ECFH Global Investment
Solutions Limited

Bank of Saint Lucia
International Limited

Bank of St. Vincent
& the Grenadines Limited

PILLARS OF PROGRESS

EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Balance Sheet
As at June 30, 2015

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2015 \$'000	(Audited) December 31 2014 \$'000	(Unaudited) June 30 2014 \$'000	12mths Change %
Assets				
Cash and balances with Central Bank	401,814	291,837	243,956	65%
Due from other banks	823,088	751,491	701,391	17%
Trading financial assets	8,597	8,615	20,620	-58%
Deposits with non-bank financial institutions	6,895	6,318	3,642	89%
Treasury bills	23,093	516	6,476	257%
Originated loans - Loans & Advances to customers	1,749,208	1,770,710	1,822,262	-4%
- Bonds	10,033	10,033	10,031	0%
Investments securities - held to maturity	73,731	42,783	60,792	21%
- available-for-sale	646,342	595,992	526,321	23%
Pledged assets	21,366	23,866	23,282	-8%
Due from reinsurers	-	-	3,953	-100%
Due from insurance agents, brokers and policyholders	-	-	1,571	-100%
Investment in associated undertaking	12,061	12,061	10,339	17%
Property plant and equipment & intangibles	151,044	153,070	145,129	4%
Investment Properties	6,790	6,790	15,214	-55%
Other assets	43,522	31,900	41,282	5%
Income tax recoverable	3,236	3,912	4,355	0%
Deferred tax asset	3,490	3,490	5,188	0%
Retirement Benefit Asset	9,622	9,622	7,268	32%
Total assets	3,993,932	3,723,006	3,653,072	9%
Liabilities				
Deposits from banks	85,436	91,880	106,379	-20%
Due to customers	3,410,112	3,119,488	3,024,125	13%
Other funding instruments	24,216	23,812	23,449	3%
Borrowings	147,310	152,883	203,964	-28%
Preference shares	4,150	4,150	4,150	0%
Due to reinsurers	-	-	3,202	0%
Insurance Claims and Deferred Revenue	-	-	7,192	0%
Other liabilities	43,485	60,545	11,467	279%
Dividends Payable	-	567	277	0%
Total Liabilities	3,714,709	3,453,325	3,384,205	10%
Shareholders' equity				
Share capital	170,081	170,081	170,081	0%
Contributed capital	1,118	1,118	3,289	-66%
Unrealized loss on investments	(2,734)	(5,305)	2,589	-206%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	158,875	160,419	152,986	4%
Retained earnings	(119,513)	(128,774)	(123,323)	-3%
Profit for the period after taxes	7,747	9,548	(634)	-1322%
Parent shareholders' equity	229,429	220,942	218,844	5%
Minority Interest	49,793	48,739	50,023	0%
Total equity and liabilities	3,993,932	3,723,006	3,653,072	9%

EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Statement of Income
For the six month period ended June 30, 2015

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2015 \$'000	(Audited) 12 mths to December 31, 2014 \$'000	(Unaudited) 6 mths to June 30, 2014 \$'000	12mths Change %
Continuing Operations				
Interest income	77,150	162,911	79,305	-3%
Interest expense	35,086	81,152	38,978	-10%
Net interest income	42,064	81,759	40,327	4%
Other income	28,974	61,471	24,814	17%
Operating income	71,038	143,230	65,141	9%
Impairment Loss - Loans	7,671	20,431	15,255	-50%
Other operating expenses	52,331	105,099	47,383	10%
Profit for the period before taxation and dividends	11,036	17,700	2,503	341%
Dividends on preference shares	-	291	-	0%
Provision for income tax	1,574	7,158	982	60%
Profit for the period from continuing operations	9,462	10,251	1,521	522%
Discontinued Operation				
Profit/(Loss) from discontinued operation	-	813	(238)	-100%
Profit for the period	9,462	11,064	1,283	637%
Attributable to:				
- Equity holders	7,747	9,548	(634)	
- Minority interest	1,715	1,516	1,917	
Profit for the period	9,462	11,064	1,283	
Earnings per share				
- basic	\$0.31	\$0.39	(\$0.03)	
- diluted	\$0.30	\$0.38	(\$0.03)	

EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Statement of Cash Flows
For the six month period ended June 30, 2015

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2015 \$'000	(Audited) 12 mths to December 31, 2014 \$'000	(Unaudited) 6 mths to June 30, 2014 \$'000
Operating Activities			
- Profit before income tax	11,037	18,513	2,265
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	168,384	185,349	(74,100)
Cash flows from operating activities	179,421	203,862	(71,835)
Cash flows from investing activities	(2,218)	(114,454)	8,220
Cash flows from financing activities	(8,432)	(62,488)	(10,114)
Net increase in cash and cash equivalents	168,772	26,920	(73,729)
Cash and cash equivalents at beginning of period	916,132	889,212	889,212
Cash and cash equivalents at end of period	1,084,904	916,132	815,483

1. Accounting Policies

The accounting policies applied to these Interim Financial Statements are consistent with those policies applied in the Group's Financial Statements for the year ended 31 December 2014

2. Segment Analysis

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

6 months to June 30, 2015	Consolidation						Group \$000
	BOSL \$000	BOSVG \$000	BOSLIL \$000	GIS \$000	Other \$000	Adjustments \$000	
Profit Before Tax							
Net Interest Income	26,099	14,087	4,731	70	(2,923)	-	42,064
Net fee and commission income	10,135	3,338	3,519	1,672	-	(95)	18,569
Other Income	5,022	2,154	2,089	61	5,205	(4,126)	10,405
Impairment loss- loans	(7,509)	(162)	-	-	-	-	(7,671)
Depreciation and amortization	(1,202)	(1,451)	(61)	(9)	(846)	(669)	(4,238)
Operating Expenses	(30,641)	(13,359)	(5,331)	(574)	(2,409)	4,221	(48,093)
Profit Before Taxation	1,904	4,607	4,947	1,220	(973)	(669)	11,036
Income Tax	(286)	(1,105)	-	(183)	-	-	(1,574)
Profit for the period	1,618	3,502	4,947	1,037	(973)	(669)	9,462
Attributable to:							
Equity holders of the Company	1,618	1,786	4,947	1,037	(973)	(669)	7,747
Non-controlling interests	-	1,715	-	-	-	-	1,715
Profit for the period	1,618	3,501	4,947	1,037	(973)	(669)	9,462
Total Assets	2,100,028	891,430	1,035,354	19,897	342,306	(395,083)	3,993,932
Total Liabilities	1,952,833	789,811	993,338	14,851	96,852	(132,976)	3,714,709

6 months to June 30, 2014	Consolidation						Group \$000
	BOSL \$000	BOSVG \$000	BOSLIL \$000	GIS \$000	Other \$000	Adjustments \$000	
Profit Before Tax							
Net Interest Income	25,588	13,510	4,525	54	(3,350)	-	40,327
Net fee and commission income	9,323	3,145	2,485	1,478	-	(167)	16,264
Other Income	3,954	2,316	1,551	142	4,214	(3,627)	8,550
Impairment loss- loans	(15,433)	178	-	-	-	-	(15,255)
Depreciation and amortization	(1,230)	(1,516)	(26)	(7)	(880)	(676)	(4,335)
Operating Expenses	(27,237)	(12,860)	(4,128)	(515)	(2,829)	4,521	(43,048)
Profit Before Taxation	(5,035)	4,773	4,407	1,152	(2,845)	51	2,503
Income Tax	-	(716)	-	(173)	(93)	-	(982)
Profit for the period	(5,035)	4,057	4,407	979	(2,938)	51	1,521
Attributable to:							
Equity holders of the Company	(5,035)	2,069	4,407	979	(2,867)	51	(395)
Non-controlling interests	-	1,988	-	-	(71)	-	1,917
Profit for the period	(5,035)	4,057	4,407	979	(2,938)	51	1,521
Total Assets	1,976,757	875,744	824,087	7,130	358,376	(389,022)	3,653,072
Total Liabilities	1,838,473	775,376	780,868	2,807	110,085	(123,404)	3,384,205