

## INDEPENDENT AUDITOR'S REPORT

### Report on the audit of the Summary Consolidated Financial Statements To the Shareholders of East Caribbean Financial Holding Company Limited

#### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statement of income, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of East Caribbean Financial Holding Company Limited ("Parent") and its subsidiaries ("the Group") for the year ended 31 December 2017.

In our opinion, the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

#### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### The Audited Consolidated Financial Statements and Our Report Thereon

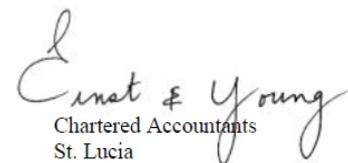
We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 March 2018. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

#### Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis of their established criteria as described in Note 1.

#### Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

  
Chartered Accountants  
St. Lucia  
22 March 2018

#### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT:

	2017 \$'000	2016 \$'000
<b>Assets</b>		
Cash, balances with Central Bank and due from banks	449,994	603,596
Investment Securities	584,607	576,850
Loans and receivables	874,051	1,484,646
Property and equipment	45,885	133,386
Investment properties	37,455	9,328
Other assets	125,998	100,661
Assets of disposal group held for sale	-	740,644
<b>Total assets</b>	<b>2,117,990</b>	<b>3,649,111</b>
<b>Liabilities</b>		
Due to customers	1,856,589	2,541,626
Borrowings	79,181	139,710
Other liabilities	33,647	98,126
Liabilities of disposal group held for sale	-	724,067
<b>Total liabilities</b>	<b>1,969,417</b>	<b>3,503,529</b>
<b>Equity</b>		
Share capital	170,081	170,081
Reserves	(21,508)	(76,357)
<b>Attributable to the Company's equity holders</b>	<b>148,573</b>	<b>93,724</b>
<b>Non – controlling interests</b>	<b>-</b>	<b>51,858</b>
<b>Total equity</b>	<b>148,573</b>	<b>145,582</b>
<b>Total liabilities and equity</b>	<b>2,117,990</b>	<b>3,649,111</b>

Approved by the Board of Directors on 22 March 2018:

#### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares \$'000	Reserves \$'000	Total \$'000	Non-con- trolling interests \$'000	Total equity \$'000
<b>Balance at 1 January 2016</b>	<b>170,081</b>	<b>30,683</b>	<b>200,764</b>	<b>50,910</b>	<b>251,674</b>
Total comprehensive loss for the year	-	(106,664)	(106,664)	2,369	(104,295)
Transfers to reserves, net capital contributions and dividends paid by subsidiaries	-	(376)	(376)	(1,421)	(1,797)
<b>Balance at 31 December 2016</b>	<b>170,081</b>	<b>(76,357)</b>	<b>93,724</b>	<b>51,858</b>	<b>145,582</b>
<b>Balance at 1 January 2017</b>	<b>170,081</b>	<b>(76,357)</b>	<b>93,724</b>	<b>51,858</b>	<b>145,582</b>
Total comprehensive income for the year	-	45,320	45,320	-	45,320
Contributions to student loan guarantee fund	-	9,529	9,529	-	9,529
Disposal of subsidiary	-	-	-	(51,858)	(51,858)
<b>Balance at 31 December 2017</b>	<b>170,081</b>	<b>(21,508)</b>	<b>148,573</b>	<b>-</b>	<b>148,573</b>

#### SUMMARY CONSOLIDATED STATEMENT OF INCOME

	2017 \$'000	2016 Restated \$'000
<b>Continuing operations</b>		
Net interest income	48,358	41,491
Other operating income	56,842	47,105
Impairment losses	(16,431)	(128,782)
Operating expenses	(62,524)	(66,935)
Share of profit in associates	3,074	3,915
Dividends on preference shares	(291)	(291)
<b>Profit/(loss) for the year before income tax</b>	<b>29,028</b>	<b>(103,497)</b>
Income tax recovery/(expense)	2,806	(5,726)
<b>Profit/(loss) for the year from continuing operations</b>	<b>31,834</b>	<b>(109,223)</b>
<b>Discontinued operations</b>		
Profit from discontinued operations	683	12,882
Gain on disposal of controlling interest of subsidiary	4,472	-
Provision for loss on disposal of subsidiary	-	(15,453)
<b>Profit/(loss) for the year</b>	<b>36,989</b>	<b>(111,794)</b>
<b>Attributable to:</b>		
- Equity holders of the Company	36,989	(114,213)
- Non-controlling interests	-	2,419
<b>Profit/(loss) for the year</b>	<b>36,989</b>	<b>(111,794)</b>
Profit/(loss) per share from continuing operations for earnings attributable to the equity holders of the Company during the year:		
- basic	1.30	(4.46)
- diluted	1.26	(4.32)

#### SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017 \$'000	2016 Restated \$'000
<b>Net profit/(loss) for the year</b>	<b>36,989</b>	<b>(111,794)</b>
<b>Other comprehensive income/ (loss)</b>		
Unrealised gain on available for sale investments	7,810	6,905
Re-measurement gains on defined benefit pension plan (net of tax)	521	594
<b>Total comprehensive income/(loss) for the year</b>	<b>45,320</b>	<b>(104,295)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity holders of the company	45,320	(106,664)
Non-controlling interests	-	2,369
<b>Total comprehensive income/(loss) attributable to</b>	<b>45,320</b>	<b>(104,295)</b>

#### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	2017 \$'000	2016 \$'000
Net cash from operating activities and net FX movement in investments	116,339	23,680
Net cash used in investing activities	(600,268)	(138,646)
Net cash generated from/(used in) financing activities	(5,500)	21,267
<b>Decrease in cash and cash equivalents</b>	<b>(489,429)</b>	<b>(93,699)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>840,474</b>	<b>934,173</b>
<b>Cash and cash equivalents at end of year</b>	<b>351,045</b>	<b>840,474</b>

#### NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of presentation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the audited consolidated financial statements of East Caribbean Financial Holding Company Limited and its subsidiaries for the year ended 31 December 2017.

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2017 audited financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 4" of the 31 December 2017 audited financial statements, have also remained unchanged.

 Director

 Director