

## ECFH GROUP JUNE 2012 HALF-YEAR PERFORMANCE REVIEW

The first half of 2012 has shown some encouraging trends for the ECFH Group, with Operating Income increasing by 2% over 2011. The improved level of income has been achieved in spite of a continuing challenging investment and business environment in what remains a low growth regional and world economy. These economic realities continue to affect the investment and loan portfolios and provision for impaired assets continue to impact on the Group's performance. This remains evident in the case of Bank of Saint Lucia Limited. However, the Group's capital remains very strong placing it in the position to take full advantage of opportunities during the recovery period.

The Group's strategy of diversifying its business interests continues to be successful, as Bank of Saint Lucia International Ltd and Bank of St Vincent and the Grenadines have both continued to perform very well in 2012 contributing positively to the Group's profitability.

The Group is currently pursuing a number of strategic initiatives to restructure its operational processes and integrate a number of business operations, with the objective of improving cost efficiencies, customer service delivery and building strength and capacity to achieve enhanced profitability. As part of these initiatives, with effect from June, Mortgage Finance Company of Saint Lucia Limited's business was amalgamated with that of Bank of Saint Lucia Limited.

Internationally, there have been sporadic signs of recovery but these have not been sustained and the US and European economies continue to under-perform. There is little optimism that recovery may occur within the next year with Saint Lucia and the Caribbean Region being highly dependent on Global economic performance.

Total Group Assets at \$3.5 billion remained in line with June 2011, representing a growth of almost 11% over the year ended 31st December 2011. This growth, driven by an increase in customer deposits to \$2.6 billion, was achieved by both the international and domestic banking businesses. Loan demand has continued to grow at a rate of around 5% per annum. The total loan portfolio of the Group now stands at almost \$1.9 billion.

Profit after tax for the Group was \$12.8 million for the six month period to June 2012. Annualised return on assets and return on equity were 0.7% and 6.0% respectively and diluted earnings per share were \$0.42 at June 2012 compared to \$0.46 at the 2011 half year.

Taking all of these factors into account and in projecting the performance of the Group for the rest of the year, the Board of Directors has declared an interim dividend of ten (10) cents per share (the same as in 2011) which will be paid to all shareholders on record at 12th September, 2012. The interim dividend pay-out will be made in October 2012.

  
Victor Eudoxie  
CHAIRMAN

  
Estherlita Cumberbatch  
CORPORATE SECRETARY



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#### Parent Company of:

Bank of Saint Lucia Limited	Bank of St. Vincent & the Grenadines Limited
Bank of Saint Lucia International Limited	Property Holding & Development Company of Saint Lucia Limited
EC Global Insurance Company Limited	
ECFH Global Investment Solutions Limited	

[ Adaptability ]



HALF-YEAR  
PERFORMANCE  
REVIEW  
2012

# ECFH GROUP JUNE 2012 HALF-YEAR PERFORMANCE REVIEW

## East Caribbean Financial Holding Company Limited Interim Consolidated Balance Sheet As at June 30, 2012

(in thousands of Eastern Caribbean Dollars)

	(Unaudited) June 30 2012 \$'000	(Audited) December 31 2011 \$'000	(Unaudited) June 30 2011 \$'000	12 months Change %
<b>Assets</b>				
Cash and balances with Central Bank	137,272	144,923	298,157	-54%
Due from other banks	636,865	388,239	668,575	-5%
Trading financial assets	18,016	4,893	9,456	91%
Deposits with non-bank financial institutions	4,787	7,206	883	442%
Treasury bills	4,515	479	9,401	-52%
Originated loans - Loans & Advances to customers	1,886,292	1,849,160	1,800,430	5%
- Bonds	12,596	13,081	29,649	-58%
Investments securities - held to maturity	95,935	87,731	94,759	1%
- available-for-sale	407,047	342,820	310,282	31%
Pledged assets	78,880	92,869	96,097	-18%
Due from reinsurers	4,403	5,511	7,441	-41%
Due from insurance agents, brokers and policyholders	1,620	1,712	1,878	-14%
Investment in associated undertaking	12,101	12,147	12,665	-4%
Property plant and equipment & intangibles	168,888	161,746	135,237	25%
Investment Properties	14,912	17,249	13,923	7%
Other assets	38,106	44,033	51,479	-26%
Income tax recoverable	4,239	3,865	3,069	0%
Deferred tax asset	7,611	7,488	4,799	59%
Retirement Benefit Asset	3,865	4,353	3,556	9%
<b>Total assets</b>	<b>3,537,950</b>	<b>3,189,505</b>	<b>3,551,736</b>	<b>0%</b>
<b>Liabilities</b>				
Deposits from banks	64,848	62,758	34,228	89%
Due to customers	2,613,059	2,211,296	2,529,770	3%
Other funding instruments	257,101	286,338	286,319	-10%
Borrowings	154,756	196,800	250,441	-38%
Due to reinsurers	2,960	2,046	2,767	7%
Insurance Claims and Deferred Revenue	8,019	9,992	11,889	-33%
Other liabilities	30,274	31,013	34,795	-13%
Dividends Payable	282	283	284	0%
<b>Total liabilities</b>	<b>3,131,299</b>	<b>2,800,526</b>	<b>3,150,493</b>	<b>-1%</b>
<b>Shareholders' equity</b>				
Share capital	174,231	174,231	174,231	0%
Contributed capital	3,118	3,118	3,118	0%
Unrealized profit / (loss) on investments	1,175	(4,420)	630	87%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	148,012	148,012	142,358	4%
Retained earnings	7,958	7,900	10,358	-23%
Profit for the period after taxes	10,808	0	11,895	-9%
<b>Parent shareholders' equity</b>	<b>359,157</b>	<b>342,696</b>	<b>356,445</b>	<b>1%</b>
<b>Minority Interest</b>	<b>47,494</b>	<b>46,283</b>	<b>44,798</b>	<b>6%</b>
<b>Total equity and liabilities</b>	<b>3,537,950</b>	<b>3,189,505</b>	<b>3,551,736</b>	<b>0%</b>

## East Caribbean Financial Holding Company Limited Interim Consolidated Statement of Income For the six month period ended June 30, 2012

(in thousands of Eastern Caribbean Dollars)

	(Unaudited) 6 mths to June 30, 2012 \$'000	(Audited) 12 mths to December 31, 2011 \$'000	(Unaudited) 6 mths to June 30, 2011 \$'000	12 months Change %
Interest income	86,168	181,337	89,025	-3%
Interest expense	40,297	84,134	41,741	-3%
<b>Net interest income</b>	<b>45,871</b>	<b>97,203</b>	<b>47,284</b>	<b>-3%</b>
Other income	25,607	44,246	23,101	11%
<b>Operating income</b>	<b>71,478</b>	<b>141,449</b>	<b>70,385</b>	<b>2%</b>
Impairment Loss on Loans and investments	6,015	35,615	7,458	-19%
Other operating expenses	50,514	98,804	47,703	6%
<b>Profit for the year before taxation</b>	<b>14,949</b>	<b>7,030</b>	<b>15,224</b>	<b>-2%</b>
Provision for Tax	2,144	(1,649)	2,013	7%
<b>Profit for the period</b>	<b>12,805</b>	<b>8,679</b>	<b>13,211</b>	<b>-3%</b>
Attributable to:				
- Equity holders	10,808	5,926	11,895	
- Minority interest	1,997	2,753	1,316	
<b>Profit for the period</b>	<b>12,805</b>	<b>8,679</b>	<b>13,211</b>	
Earnings per share				
- basic	\$0.44	\$0.23	\$0.48	
- diluted	\$0.42	\$0.22	\$0.46	

## East Caribbean Financial Holding Company Limited Interim Consolidated Statement of Cash Flows For the six month period ended June 30, 2012

(in thousands of Eastern Caribbean Dollars)

	(Unaudited) 6 mths to June 30, 2012 \$'000	(Audited) 12 months to December 31, 2011 \$'000	(Unaudited) 6 months to June 30 2011 \$'000
<b>Operating Activities</b>			
- Profit before income tax	14,949	7,030	15,224
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	276,094	(269,804)	114,871
<b>Cash flows from operating activities</b>	<b>291,043</b>	<b>(262,774)</b>	<b>130,095</b>
Cash flows from investing activities	(8,959)	(53,590)	(73,562)
Cash flows from financing activities	(41,070)	(20,960)	38,664
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>241,014</b>	<b>(337,324)</b>	<b>95,197</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>427,424</b>	<b>764,748</b>	<b>764,748</b>
<b>Cash and cash equivalents at end of period</b>	<b>668,438</b>	<b>427,424</b>	<b>859,945</b>

### 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 31st December 2011

### 2. Segment Analysis

The following Segment Analysis is prepared in accordance with IFRS 8:

	Domestic Banking \$000	Other \$000	Consolidation Adjustments \$000	Group \$000
<b>6 months to June 30, 2012</b>				
<b>Profit Before Tax</b>				
Net Interest Income from external customers	41,338	4,533	0	45,871
Inter-segment net interest income	541	(1,149)	608	0
Provision for Loan Impairment	(6,015)	0	0	(6,015)
Net fee and commission income	14,581	1,654	0	16,235
Other Income	6,127	25,189	(21,944)	9,372
Operating Expenses	(46,236)	(19,819)	15,541	(50,514)
<b>Profit Before Taxation</b>	<b>10,336</b>	<b>10,408</b>	<b>(5,795)</b>	<b>14,949</b>
Provision for Tax	(1,607)	(537)	0	(2,144)
<b>Profit for the period</b>	<b>8,729</b>	<b>9,871</b>	<b>(5,795)</b>	<b>12,805</b>
<b>Attributable to:</b>				
- Equity holders of the Company				10,808
- Non-controlling interests				1,997
<b>Profit for the period</b>				<b>12,805</b>
<b>Total assets</b>	<b>2,816,132</b>	<b>1,203,160</b>	<b>(481,342)</b>	<b>3,537,950</b>
<b>Total liabilities</b>	<b>2,442,029</b>	<b>887,342</b>	<b>(198,072)</b>	<b>3,131,299</b>
	Domestic Banking \$000	Other \$000	Consolidation Adjustments \$000	Group \$000
<b>6 months to June 30, 2011</b>				
<b>Profit Before Tax</b>				
Net Interest Income from external customers	42,704	4580	0	47,284
Inter-segment net interest income	1,041	(1,531)	490	0
Provision for Loan Impairment	(7,458)	0	0	(7,458)
Net fee and commission income	12,055	1,316	0	13,371
Other Income	7,400	24,901	(22,571)	9,730
Operating Expenses	(45,326)	(19,651)	17,274	(47,703)
<b>Profit Before Taxation</b>	<b>10,416</b>	<b>9,615</b>	<b>(4,807)</b>	<b>15,224</b>
Provision for Tax	(1,243)	(770)	0	(2,013)
<b>Profit for the period</b>	<b>9,173</b>	<b>8,845</b>	<b>(4,807)</b>	<b>13,211</b>
<b>Attributable to:</b>				
Equity holders of the Company				11,895
Non-controlling interests				1,316
<b>Profit for the period</b>				<b>13,211</b>
<b>Total assets</b>	<b>2,969,382</b>	<b>1,260,606</b>	<b>(678,252)</b>	<b>3,551,736</b>
<b>Total liabilities</b>	<b>2,588,612</b>	<b>958,347</b>	<b>(396,466)</b>	<b>3,150,493</b>

The Group's primary activity is Domestic Banking which contributes 69% of net income and comprises the operations of subsidiary companies, Bank of Saint Lucia Limited and Bank of Saint Vincent and the Grenadines Limited. Group activities classified as "Other" are Insurance, Offshore, Property Development and Brokerage.