

ECFH GROUP JUNE 2013 HALF YEAR PERFORMANCE REVIEW

Chairman's Statement

During the first half of 2013 the Group focused on the recovery process following the substantial provisions made against its non-performing loan portfolio by its largest subsidiary, Bank of Saint Lucia Limited (BOSL). Progress thus far has been encouraging. The Group is reporting a Profit after Tax of \$12.4M at June 30th 2013, with BOSL returning to profitability.

BOSL's profit included gains on disposal of investments of almost \$7M, including some investments for which impairment provisions were made in 2012. The Bank's liquidity levels have remained strong throughout the year to date, reflecting continuing customer confidence in its future. The challenge remains, however, for the Bank to continue this recovery in a market affected by a weak economy, which so far has not benefited from the recent strengthening of the world's largest economies. This continued weakness brings with it the risk that the bank's loan portfolio may come under further stress and it also has the effect of reducing the potential to grow income from expansion of the performing loan portfolio. This means that a continued focus on costs is necessary.

Despite the difficulties being experienced by the Group's largest subsidiary, the other two large subsidiaries, Bank of St. Vincent and the Grenadines Limited (BOSVG) and Bank of Saint Lucia International Limited (BOSLIL) have continued to perform very well, demonstrating the benefits of the Group's diversification into other markets in recent years.

BOSVG has successfully grown its Balance Sheet since it was acquired by the Group in 2010. Notably, its loan portfolio, the largest sector of which is retail mortgages has proved quite resilient to the economic downturn.

BOSLIL has also grown impressively in recent years. As at June 30th it had Total Assets of just under EC\$1 Billion, representing a 44% increase over December 2012. With year to date profit of almost EC\$5M, the bank has once again made a significant contribution to the Group's overall performance.

The Group's two smaller subsidiaries have also contributed to the Group's first half profit, with the brokerage subsidiary, ECFH Global Investment Solutions Limited being particularly impressive, recording a significant increase in profit over the same period in 2012, driven by merchant banking activities.

Group Total Assets stood at \$3.7 Billion as at 30th June 2013, showing a 12.5% increase over 2012 and Group Profit after Tax for the Half Year was marginally below the 2012 Half Year.

Whilst these results are encouraging the Board of Directors is of the view that it is prudent at this time to preserve its Capital to maximize future profit potential and maintain the necessary buffer against any further risks associated with the deterioration in the Economy. Consequently no Interim Dividend will be paid.

Lisle Chase
Chairman

Estherlita Cumberbatch
Corporate Secretary

**FORWARD
WITH PURPOSE
AND VISION**



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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

EC Global Insurance
Company Limited

**HALF-YEAR
PERFORMANCE
REVIEW 2013**



EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Balance Sheet
As at June 30, 2013

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) June 30 2013 \$'000	(Audited) December 31 2012 \$'000	(Unaudited) June 30 2012 \$'000	12mths Change %
Assets				
Cash and balances with Central Bank	233,937	196,889	137,272	70%
Due from other banks	821,672	442,852	636,865	29%
Trading financial assets	25,595	28,129	18,016	42%
Deposits with non-bank financial institutions	4,467	1,340	4,787	-7%
Treasury bills	0	4,633	4,515	-100%
Originated loans - Loans & Advances to customers	1,816,282	1,815,002	1,886,292	-4%
- Bonds	10,031	10,033	12,596	-20%
Investments securities - held to maturity	61,031	69,564	95,935	-36%
- available-for-sale	451,960	430,681	407,047	11%
Pledged assets	41,710	51,893	78,880	-47%
Due from reinsurers	4,647	5,737	4,403	6%
Due from insurance agents, brokers and policyholders	3,774	2,241	1,620	133%
Investment in associated undertaking	8,031	8,031	12,101	-34%
Property plant and equipment & intangibles	159,228	160,412	168,888	-6%
Investment Properties	15,302	15,302	14,912	3%
Other assets	48,748	49,201	38,106	28%
Income tax recoverable	4,415	5,119	4,239	0%
Deferred tax asset	6,870	6,870	7,611	0%
Retirement Benefit Asset	3,482	3,483	3,865	-10%
Total assets	3,721,182	3,307,412	3,537,950	5%
Liabilities				
Deposits from banks	105,876	102,213	64,848	63%
Due to customers	2,814,423	2,454,645	2,613,059	8%
Other funding instruments	286,125	270,642	257,101	11%
Borrowings	191,106	150,621	154,756	23%
Preference shares	4,150	4,150	4,150	0%
Due to reinsurers	2,447	1,165	2,960	-17%
Insurance Claims and Deferred Revenue	8,023	9,943	8,019	0%
Other liabilities	41,476	38,561	30,274	37%
Dividends Payable	569	569	282	0%
Total Liabilities	3,454,195	3,032,509	3,135,449	10%
Shareholders' equity				
Share capital	170,081	170,081	170,081	0%
Contributed capital	4,118	3,118	3,118	32%
Unrealized profit / (loss) on investments	(8,574)	12,726	1,175	-830%
Revaluation reserve	13,855	13,855	13,855	0%
Reserves	148,240	148,240	148,012	0%
Retained earnings	(119,785)	(119,785)	7,958	-1605%
Profit for the period after taxes	10,769	0	10,808	0%
Parent shareholders' equity	218,704	228,235	355,007	-38%
Minority Interest	48,283	46,668	47,494	2%
Total equity and liabilities	3,721,182	3,307,412	3,537,950	5%

EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Statement of Income
For the six month period ended June 30, 2013

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2013 \$'000	(Audited) 12 mths to December 31, 2012 \$'000	(Unaudited) 6 mths to June 30, 2012 \$'000	12mths Change %
Interest income	84,592	175,301	86,168	-2%
Interest expense	42,126	82,173	40,297	5%
Net interest income	42,466	93,128	45,871	-7%
Other income	34,181	50,489	25,607	33%
Operating income	76,647	143,617	71,478	7%
Impairment Loss - Loans, investments and property	9,623	161,962	6,015	60%
Other operating expenses	53,589	101,564	50,514	6%
Profit for the period before taxation and dividends	13,435	(119,909)	14,949	-10%
Dividends on preference Shares	0	291	0	0%
Provision for tax	1,038	2,303	2,144	-52%
Profit for the period	12,397	(122,503)	12,805	-3%
Attributable to:				
- Equity holders	10,769	(125,003)	10,808	
- Minority interest	1,628	2,500	1,997	
Profit for the period	12,397	(122,503)	12,805	
Earnings per share				
- basic	\$0.43	(\$5.11)	\$0.44	
- diluted	\$0.42	(\$4.94)	\$0.42	

EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED
Interim Consolidated Statement of Cash Flows
For the six month period ended June 30, 2013

(expressed in thousands of Eastern Caribbean dollars)

	(Unaudited) 6 mths to June 30, 2013 \$'000	(Audited) 12 mths to December 31, 2012 \$'000	(Unaudited) 6 mths to June 30, 2012 \$'000
Operating Activities			
- Profit before income tax	13,435	(119,909)	14,949
- Adjustments for items not affecting cash, changes in non-cash working capital components and other items, net	360,347	280,011	276,094
Cash flows from operating activities	373,782	160,102	291,043
Cash flows from investing activities	(3,048)	(16,744)	(8,959)
Cash flows from financing activities	42,703	(48,623)	(41,070)
Net increase / (decrease) in cash and cash equivalents	413,437	94,735	241,014
Cash and cash equivalents at beginning of period	514,953	420,218	427,424
Cash and cash equivalents at end of period	928,390	514,953	668,438

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 2012

2. Segment Analysis

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

	Domestic Banking \$000	Offshore banking \$000	Other \$000	Consolidation Adjustments \$000	Group \$000
6 months to June 30, 2013					
Profit Before Tax					
Net Interest Income	39,437	5,087	(2,174)	116	42,466
Net fee and commission income	12,100	1,638	1,030	(288)	14,480
Other Income	14,228	2,648	6,850	(4,025)	19,701
Impairment charge loans and investments	(9,623)	-	-	-	(9,623)
Depreciation and amortization	(2,730)	(28)	(994)	(442)	(4,194)
Operating Expenses	(45,877)	(4,357)	(3,358)	4,197	(49,395)
Profit Before Taxation	7,535	4,988	1,354	(442)	13,435
Income Tax	(793)	-	(245)	-	(1,038)
Profit for the period	6,742	4,988	1,109	(442)	12,397
Attributable to:					
Equity holders of the Company					10,770
Non-controlling interests					1,627
Profit for the period					12,397
Total Assets	2,805,806	942,059	388,658	(415,341)	3,721,182
Total Liabilities	2,558,073	913,158	129,549	(146,585)	3,454,195
6 months to June 30, 2012					
Profit Before Tax					
Net Interest Income	41,879	5,596	(2,212)	608	45,871
Net fee and commission income	14,581	1,300	354	-	16,235
Other Income	6,127	1,040	24,149	(21,944)	9,372
Impairment charge loans, investments and property	(6,015)	-	-	-	(6,015)
Depreciation and amortization	(2,173)	(23)	(970)	(543)	(3,709)
Operating Expenses	(44,063)	(4,461)	(14,365)	16,084	(46,805)
Profit Before Taxation	10,336	3,452	6,956	(5,795)	14,949
Income Tax	(1,607)	-	(537)	-	(2,144)
Profit for the period	8,729	3,452	6,419	(5,795)	12,805
Attributable to:					
Equity holders of the Company					10,808
Non-controlling interests					1,997
Profit for the period					12,805
Total Assets	2,816,132	754,379	448,781	(481,342)	3,537,950
Total Liabilities	2,442,029	728,631	162,861	(198,072)	3,135,449