



ECFH

East Caribbean Financial Holding Company

Financial Centre, Bridge Street, Castries

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Contact: Omari Frederick
Corp. Communications
457-7259/724-9399

ECFH GROUP REMAINS PROFITABLE IN 2011

The East Caribbean Financial Holding Group of Companies (ECFH) recorded net profit after tax at \$8.7 million in 2011 compared with \$9.7 million in 2010; with total assets at end of 2011 at \$3.2 billion.

As predicted, challenging times within the global and domestic economies persisted in 2011. The world's economic climate, particularly the USA and Europe, characterized by instability and uncertainty, continues to impact the local economy. Despite this ECFH continues to meet its strategic objectives; and consistently give back to the communities in which companies of the Group operate.

Diversification, through lines of business and geographic expansion, has provided the ECFH Group with financial strength. All subsidiaries of the Group, with the exception of Bank of Saint Lucia Limited, recorded a profit in 2011 with the Bank of St. Lucia International (BOSLIL), EC Global Insurance Company and ECFH Global Investment Solutions Limited achieving growth in profits over the previous year. Worthy of note is Bank of St. Vincent & the Grenadines (BOSVG), the newest subsidiary of the Group, which performed very well in its first full year of operations as a member of the ECFH Group, recording net profit after tax of approximately \$5 million. Also EC Global Insurance achieved the million dollar mark for the first time with a net profit before tax of \$1.06 million.

Bank of Saint Lucia Limited, the Group's largest subsidiary, recorded a loss after tax of \$9.5 million; however total assets grew by 6.5% in 2011 to \$1.93 billion. Total interest, fee, commission and trading income increased over 2010, whilst operating cost remains well managed. The focus on operational efficiency will continue in 2012 with implementation of the Group's strategic plan which is well underway.

The performance of the Bank was affected mainly by the provision for impairment losses on loans, particularly lendings in the tourism sector, and regional bond investments, as the local and regional economies continued to experience difficulties with little recovery in 2011. It should be noted however that the Mortgage Finance Company of Saint Lucia recorded a net profit after tax of \$5.8 million in 2011 and as this subsidiary is expected to be integrated into the Bank of Saint Lucia by the middle of this year we expect an improvement in the Bank's results. This merger would involve an increase in the bank's capital base of in excess of \$20 million.

An interim dividend of 10 cents was paid in October 2011. Considering the need to be prudent in managing the organization through this difficult period, which would continue for another year, and in order to protect the Group's capital base, the Board of Directors has decided not to make a final dividend payment for 2011.

In 2012 the ECFH Group will continue to place emphasis on its core banking business of the group with particular attention on the credit portfolio of Bank of Saint Lucia. It anticipates subsidiaries BOSVG, BOSLIL and ECFH Global Investments Solutions making an even greater contribution to the overall profits of the Group.

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