

Schedule 1
FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended December 31, 2010

Issuer Registration number

ECFH28062001SL

East Caribbean Financial Holding Company Limited

(Exact name of reporting issuer as specified in its charter)

Saint Lucia
(Territory of incorporation)

NO 1 Bridge Street P O BOX 1860 Castries Saint Lucia

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): (758) 456-6000

Fax number: (758) 456-6702

Email address: ecfh@candw.lc

(Provide information stipulated in paragraphs 1 to 15 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months

Yes_____

No X

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary	24,465,589
Preference	830,000

SIGNATURES

Name of Chief Executive Officer
Robert Norstrom

Name of Director:
Victor Eudoxie

Signature

Signature

Date

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed off since the beginning of the financial year for which this report is filed.

All real estate of the Group are owned and managed by a subsidiary – Property Development and Holding Company of Saint Lucia Limited.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the financial year.

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted during the financial year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

The Annual Meeting of Shareholders was held on June 02, 2010.

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The meeting involved the election of directors. Directors Emma Hippolyte, Henry Mangal and Hildreth Alexander were re-elected in a single motion by the shareholders as there were no new nominations for directors.

- (c) A brief description of each other matter voted upon at the meeting and state the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

The matters voted upon at the meeting were done by a show of hands and no ballots were cast. The Agenda was as follows:

Annual Meeting of Shareholders 02.06.10

1. To receive the Audited Financial Statements of the company for the year ended December 31, 2009 and the Report of the Auditors
2. To receive the Report of Directors
3. To sanction Dividends paid for the twelve-month period ended December 31, 2009
4. To appoint Auditors and authorize Directors to fix their remuneration
5. To elect Directors

- (d) A description of the terms of any settlement between the registrant and any other participant.

There was no settlement between the registrant and any other participant.

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

There were no matters to a Vote of Security Holders through the solicitation of proxies submitted during the year.

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report

All equity securities of the company were sold through Brokers of the ECSE in accordance with the rules of the Exchange.

6. Financial Statements and Selected Financial Data.

Provide audited Financial Statements, Statement of Revenue Reserves, and Changes in Financial Position for the year ended. The relevant financial data items to be used in constructing the financial statements are provided in Parts A-D.

Include the following documents with the financial statement:

- (i) Auditor's report; - attached
- (ii) A balance sheet as of the end of each of the two most recent financial years.- attached
- (iii) Consolidated statements of income, statements of cash flows, and statements of other stockholders' equity for each of the two financial years preceding the date of the most recent audited balance sheet being filed. - attached
- (iv) Financial statements for the most recent financial year. –attached
- (v) Notes to Financial Statements - attached

7. Disclosure About Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements and only include factors that are unique to the company. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Group has always maintained prudent risk management as an integral part of the decision making process. The system involves identifying potential risks associated with

business activities as early as possible, assessing the possible consequences and implementing suitable measures to mitigate against adverse outcome.

In 2010, policies were developed to govern Bank of Saint Lucia's investments while others were updated to ensure continued relevance and to keep in line with international best practices or regulatory requirements.

The significant areas of risks for the Group during the year were credit risk, liquidity risk, market risk and operational risk.

Credit Risk

Credit risk is managed both at the individual and portfolio levels and throughout 2010 the Group continued to monitor its credit exposure and assess its credit standards in a challenging economic environment. The instability in certain sectors of the economy, coupled with the financial pressures on consumers to meet their obligations and the slowdown in consumer spending, all impacted negatively on the loan portfolio. These conditions led to a marginal growth in the respective credit portfolios but an increase in non-performing loans, write-off's and loan loss provisions.

Of a portfolio of \$1.8 billion at the end of 2010, non-performing loans totaled \$146 million or 8% compared with \$89 million or 7% at the end of 2009. Default in the portfolio was driven mainly within the mortgage and retail portfolios. Total loan loss provisions for the year increased to \$57 million from \$23 million in 2009. The Group implemented a number of strategies during the year to mitigate loss as a result of the continuing economic down turn. These included increased oversight in the underwriting of loans, intensified portfolio monitoring to identify loans migrating to non performing, intensified collection efforts and customer support through loan restructuring and modification. The implementation of sector concentration limits also assisted in controlling credit exposure across the portfolio. The Group also implemented a loan recoveries and collection review structure in an effort to reduce non-performing loans and to reverse trends in performing loans and improve collection strategies.

The outlook for 2011 projects marginal improvement in economic activity so the Group will continue to monitor its credit exposure and apply sound credit risk management practices, in the effort to reduce the level of credit risk.

Liquidity Risk

The Group's liquidity risk is continuously monitored by its Asset/ Liability Committee (ALCO). Given its critical importance the Group was able to effectively manage its liquidity requirements ensuring that all obligations were met as scheduled and excess funds invested in good quality instruments. Bank of Saint Lucia met all of its reserve requirements of the Eastern Caribbean Central Bank (ECCB).

At December 31, 2010, the investment portfolio amounted to approximately \$889 million, compared to \$426 million at December 31, 2009. Approximately \$100 million of the portfolio represents the investment portfolio of the Group's newest subsidiary, National Commercial Bank (SVG) Limited renamed Bank of Saint Vincent and the Grenadines. Of the total portfolio, 44 % was invested in bonds, 56% was invested mainly

in liquid or near liquid instruments including money market accounts, treasury bills and CDs. Less than 1% of the portfolio is invested in structured notes and equities. Government securities in the countries that ECFH operates totaled \$90 million or 16% of the total portfolio, while investments in the Eastern Caribbean Currency Union (ECCU) area comprised 31% of the portfolio.

Market and Foreign Exchange Risk

Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices and foreign exchange rates), the correlations among them and their levels of volatility.

The Group Investment Committee addresses issues related to investments on a Group-wide basis and for each subsidiary, individually. The Committee reports to the ALCO and is chaired by the Group Managing Director. New investments are subjected to appropriate risk analysis to ensure that only quality investments in line with the respective Investment Policies are booked. The Committee is required to respond quickly to market dynamics to avoid any negative impact for the Group.

For the review period, foreign exchange risk was considered to be moderate as currency matching policies continue to apply. This area of risk is also managed by the ALCO.

Operational Risk

Operational risk is the potential for incurring losses from problems with service or product delivery and is a function of internal controls, information systems, employee integrity, customer relationships and other external influences.

In December 2010, there was an attempted phishing attack on the Group's website. The attack did not target the Group's customers and resulted in no losses. In the wake of this the Group implemented an anti-phishing monitoring system as a proactive approach to minimize such risk.

The Group has a comprehensive business continuity management programme which is supported by BCP software implemented in 2009. Hurricane Tomas proved to be a live test of the Group's business continuity plan and all operations were restored within one week of the event with the critical service delivery systems restored within forty-eight (48) hours.

8. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.
- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:
 - Offer opening date (provide explanation if different from date disclosed in the registration statement)

- Offer closing date (provide explanation if different from date disclosed in the registration statement)
- Name and address of underwriter(s)
- Amount of expenses incurred in connection with the offer.
- Net proceeds of the issue and a schedule of its use
- Payments to associated persons and the purpose for such payments

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

There were no changes in the rights of the holders of any class of Registered Securities and Use of Proceeds

9. Defaults Upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.
- (b) If any material arrears in the payment of dividends has occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

There were no defaults upon Senior Securities and Dividends.

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Provide a discussion of the results of operation covering aspects such as liquidity, capital resources and results of operations. Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

Overview

Despite the challenging economic environment which impacted the Group generally and particularly the Bank of Saint Lucia Limited, in 2010 the Group achieved reasonable

success in its strategy of regional expansion and diversification of its financial services markets.

The Group's investment strategy remains unchanged, ensuring that undue risk is not taken in an effort to enhance yield. Costs are controlled so that the impact of reduced income growth is not compounded by increased costs. At this time careful investment for the future, in line with a well thought-out strategy will be very beneficial in the long run, leaving the Group in a strong position to benefit from economic recovery.

(ii) Capital Resources

Describe the reporting issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of Schemes needed to fulfil such commitments. Describe any material trends, favourable or unfavourable in the reporting issuer's capital resources and any expected change in mix. The discussion should consider changes between equity, debt and any off-balance sheet financing arrangements

The ECFH'S material commitments for capital expenditure as of the end of the latest fiscal period was in the area of information technology. This was as a result of efforts at business improvement through the use of technology, which would improve productivity and efficiency throughout the group. These would be funded through normal business operations .

There were no material changes in the company's capital mix and the financing mix remained the same as in previous years.

(i) Results of Operation.

Describe any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and in each case indicate the extent the income was so affected. Describe any known trends or uncertainties that have had or that the reporting issuer reasonably expects will have a material favourable or unfavourable impact on net sales or revenues or income from continuing operations. If the reporting issuer knows of events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), the changes in relationship should be disclosed.

Results of Operations

The Group's pre-tax profit for the financial year ending December 2010 declined by 83.8%. This must, however, be assessed in the context of the current

environment which was once again characterized by uncertainty. The decline in profitability was mainly affected by additional provisions for loan loss.

Interest income from loans exceeded the previous year by 5.1% in spite of the falling demand for loans generally, especially amongst corporate entities as the appetite for new business investment remained low. Interest income from investments increased by 15.8%, as a result of increased interest rates locally and internationally and with an increased investment portfolio. Total income grew by 7.7%, and expenses increased mainly due to the requirement to increase provisioning for loan losses by \$26.7M from the previous year. Staff and administrative expenses continued to be tightly controlled, however these increased by 12% over 2009 due in part to the introduction of the expenses of the new subsidiary Bank of St. Vincent & the Grenadines.

	2010	2009	2008	2007	2010	2009	2008
	\$ mil	\$ mil	\$ mil	\$ mil	% Change	% Change	% Change
Income from loans & advances	112.8	107.4	102.6	89.4	5.1%	4.7%	14.8%
Income from investments	9.3	7.0	14.8	25.8	32.9%	(52.7%)	-42.6%
Income from investment banking services	15.9	15.4	19.0	11.7	3.2%	(18.9%)	62.4%
Non-interest income	41.6	36.9	31.9	30.4	12.7%	10.8%	5.1%
Total income	179.6	166.7	167.5	157.3	7.7%	(1.8%)	7.0%
Total operating expenses (including interest expense and provisions)	173.2	126.9	116.1	108.0	36.5%	7.3%	8.2%
Net income before taxes	6.5	39.8	51.4	49.2	(83.7%)	(22.6%)	4.5%
Earnings per share (basic)	0.38	1.06	1.94	2.25	-	-	-

The Group's financial and operational ratios at year-end reflect the continuing uncertainty in the market and reduced economic activity. Non-performing loans to total loan portfolio increased to 8% and was above the desired level of 5% as non-performing loans increased by \$57 million during the year. Non-interest income to staff cost ratio was recorded at 105% exceeding the benchmark of 100%. The Group's efficiency ratio was 65% excluding provisions.

Analysis of Group Revenue
Interest income

	Dec. 10	Dec. 09	
	\$ mil	\$ mil	%

	Change		
Interest from loans and advances	112,847	107,365	5%
Interest from investments	9,271	7,061	31%
Interest from investment banking services	15,916	15,422	3%
Total interest	138,034	129,848	6%
Non-interest income			
Income from fees and commissions	19,608	16,911	16%
Fees & commission from Investment Banking services	146	110	33%
Income from FX gains, trading and commissions	9,578	10,151	(6)%
Net premium income	3,593	2,985	20%
Other income	8,677	6,720	29%
Total non-interest income	41,602	36,877	13%
Total Revenue	179,636	166,725	8%

Group Balance Sheet

The Group's asset base grew to \$3,281M at December 2010, an increase of \$1,112M, largely through the acquisition of a majority shareholding of the National Commercial Bank of St. Vincent in November. Asset growth excluding the effect of this acquisition was \$401M (18%). The gross loan portfolio moved from \$1,338.16 million to \$1,782.8 million during the 2010 financial year, increasing by \$445 million, inclusive of loans of the new bank.

	2010	2009	2008	2007
	\$ mil	\$ mil	\$ mil	\$ mil
Performing loans	1,636.5	1,249.0	1,187.8	1,050.4
Non-performing loans	146.3	89.2	67.4	80.0
Gross loans	1,782.8	1,338.2	1,255.3	1,130.4
Loan loss provisions	57.4	23.3	23.6	27.1
Non-performing loans to gross loans	8%	7%	5%	7%
Provisions to non-performing loans	41%	26%	35%	34%
Provisions to gross loans	3%	2%	2%	2%

Customer deposits increased by \$1,037 million and stood at \$2,318 million. This increase was largely as a result of continuing efforts to encourage investors to bank with Bank of Saint Lucia through aggressive marketing of products and services as well as the deposits of the acquired Bank.

	Dec. 10	Dec. 09
	\$ mil	\$ mil
Deposits		
Savings	751.1	428.9
Time deposits	949.6	434.7

Demand deposits	617.6	417.7
	2,318.3	1281.3

Shareholders' equity moved from \$344.5 million to \$390.5 million, an increase of 13%. Return on assets and equity were recorded at 0.4% and 2.6% in 2010 compared to 1.2% and 7.6% in 2009 respectively.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure. Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

There were no changes in and disagreements with auditors on Accounting and Financial Disclosures.

12. Directors and Executive Officers of the Reporting Issuer.

Furnish biographical information on directors and executive officers indicating the nature of their expertise and ability to contribute in the business development efforts of the reporting issuer.

PROFILE OF DIRECTORS

Victor Eudoxie

Profession : Retired Banker
 Substantive Position : Chairman
 Board Member since : 1997
 Appointed by : Government of Saint Lucia

Hildreth Alexander

Profession : Management
 Qualification : MBA - Marketing
 Substantive Position : Businessman
 Board Member since : 1997
 Elected by : Minority Shareholders

Emma Hippolyte

Profession : Accountant
 Qualification : CGA
 Substantive Position : Director – National Insurance Corporation
 Board Member since : 1999
 Elected by : Minority Shareholders

Henry Mangal

Profession : Management
Qualification : Bsc. Accounting
Substantive Position : Permanent Secretary – Ministry of Youth & Sports
Board Member since : 1999
Elected by : Minority Shareholders

Isaac Anthony

Profession : Accounting & Finance
Qualification : Bsc. Accounting, MBA
Substantive Position : Permanent Secretary, Ministry of Finance/ Director of Finance
Board Member since : March 2007
Appointed by : Government of St. Lucia

Llewelyn Gill

Profession : Chartered Accountant
Qualification : SLMM, FCGA, FCIS, FCCA
Substantive Position : Principal, G Llewelyn Gill & Co.
Board Member since : July 2010
Appointed by : National Insurance Corporation

Lisle Chase

Profession : Accountant
Qualification : FCCA, CA
Substantive Position : CEO- Financial Centre Corporation
Board Member since : June 2008
Appointed by : Minority Shareholders

Lennox Timm

Profession : Accountant
Substantive Position : Financial Controller
Board Member since : January 2011
Appointed by : OECS Bank Group

George L Lewis

Profession : Engineering
Qualification : B.Sc, MS Petroleum Engineering
Substantive Position : Director – Republic Bank of Trinidad & Tobago
Board Member since : 2004

Appointed by : Republic Bank of Trinidad & Tobago

Robert Norstrom

Profession : Banker
Qualification : Associate and Fellow of the Charter Institute of Bankers, UK (Warwick University)—Corporate Finance, Executive Management Development Program- University of the West Indies
Substantive Position : Group Managing Director
Associated Banking Experience : 41 years
Years employed with Group : 7 years

There was one vacancy on the Board as at December 31, 2010 as a result of the sale of Shares by NCB St. Vincent, therefore their representative could not continue as a director on the Board. In January 2011 Mr. Lennox Timm from National Insurance Services of St. Vincent 7 the Grenadines was appointed as a Director representing the OECS Financial Institutions.

SENIOR MANAGEMENT PROFILE

Robert Norstrom - FCIB (UK)
Group Managing Director

Esther Browne - MSc. Finance
General Manager – ECFH Corporate Services

Nestor Alfred - MBA
General Manager – Strategic Development & Expansion

Jenni Killam - MSc. Human Resource Mgt
Senior Manager -Human Resources

Gordon Cochrane – BA,CA
Group Financial Controller

Maria Fowell - MBA, MCMI (UK)
Senior Manager Marketing & Group Communications

Beverly Henry – MBA Financial Management
Senior Manager Credit Risk

Lyndon Arnold - High Hons. Dip – Computer Programming & Analysis
Senior Manager Information Management and Technology Systems

Estherlita Cumberbatch – Bsc Mgt Studies, ACIS, LLB
Corporate Secretary

Donna Matthew - MBA
Senior Risk Manager

Melissa Simon --
Internal Audit Manager

13. Security Ownership of Certain Beneficial Owners and Management.

Furnish percentage shareholdings of beneficial owners and management with holdings in excess of 5%.

Name	Percentage of Holding
Government of Saint Lucia	20.00
Republic Bank Limited	20.00
OECS Indigenous Banks	14.00
National Insurance Corporation	17.00

14. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - K report.

15. List of Exhibits

List all exhibits, financial statements, and all other papers and documentation filed with this report.

Auditor's Report 2010
Financial Statements for 2010
Notes to Financial Statements for 2010

Part B

Relevant Financial Data Items for Bank Holding Companies and Banks

Item Descriptions

- Cash and due from banks
- interest bearing deposits
- Borrowings from the ECCB, Inter-bank Market activity and other bank borrowings
- trading account assets
- investment and mortgage backed securities held for sale
- Investments: to provide schedule of type, rates, maturity and place (whether domestic/regional or foreign)
- Loans
- allowances for losses
- Fixed Assets
- total assets
- other liabilities
- Total deposits
- short-term borrowings
- long-term debt
- preferred stock-mandatory redemption
- preferred stock-no mandatory redemption
- common stocks
- other stockholder's equity
- total liabilities and stockholder's equity
- contingent accounts
- interest and fees on loans
- interest and dividends on investments
- other interest income
- total interest income
- interest expense on deposits
- total interest expense
- net interest income
- provision for loan losses
- investment securities gains/losses
- other expenses
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items
- cumulative changes in accounting principles
- net income or loss
- earnings per share-primary
- earnings per share- fully diluted