

Schedule 3
FORM ECSRC - Q

Quarterly Report
For the period ended June 30, 2012

or

TRANSITION REPORT _____
(Applicable where there is a change in reporting issuer's financial year)

For the transition period from _____ to _____

Issuer Registration Number: ECFH 28062001SL

East Caribbean Financial Holding Company Limited
(Exact name of reporting issuer as specified in its charter)

Saint Lucia
(Territory or jurisdiction of incorporation)

No. 1 Bridge Street, Castries St. Lucia
(Address of principal executive Offices)

(Reporting issuer's:

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

Fax number: 758-456-6702

Email address: ecfh@candw.lc

N/A
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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
Preference Shares	830,000
Ordinary Shares	24,465,589


SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Robert
Norstrom

Victor
Eudoxie





Signature

Signature

Date

16/8/12

Date

16/8/12

INFORMATION TO BE INCLUDED IN THE REPORT

1. Financial Statements

Provide quarterly Financial Statements in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) (Condensed Balance Sheet as of the end of the most recent financial year and just concluded quarter.
- (b) Condensed Statement of Income for the interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) Examples of financial data items to be included in constructing financial statements for various types of businesses are provided in Parts A-D. These items are meant to serve as guidelines only.
- (e) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Discuss reporting issuer's financial condition, changes in financial condition and results of operations during the reporting period. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim quarterly report. The broad areas of discussions should centre around liquidity, capital resources and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

(a) Liquidity

Identify any known trends or commitments, demands, events that will result in or that are reasonably likely to result in the reporting issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course

of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

Liquidity levels continued stable in the second quarter. Customer deposits grew quite significantly throughout in the banking subsidiaries accompanied by low demand for loan facilities and limited suitable investment opportunities.

A large part of the increased deposit by the group's offshore bank-Bank of St. Lucia International must be considered temporary and is expected to be liquidated in the short to medium term. The impact of this is expected to be mitigated as the bank continues to explore new markets in Europe and South America.

(b) **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 funds 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 Group's most significant Capital expenditure relates to a new administrative building presently under construction in the North of St Lucia. The building will be occupied by the offshore banking and brokerage subsidiaries and is scheduled for Quarter 4 of 2012. The Group's Borrowings have declined since December 2011 due to the redemption of the Bank of St. Lucia investment Note. The majority of investors have placed the proceeds on certificate of deposits with the bank resulting in little cash outflow.

Effective 1st June 2012, the Group amalgamated 2 of its subsidiaries, Bank of Saint Lucia Limited and the Mortgage Finance Company of Saint Lucia Limited. The amalgamation formed part of the Group's drive to enhance efficiency. It was approved by the Regulator and has no impact on Group Capital or Equity.

(c) **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.

The Group continues to be affected by the economic challenges faced both globally and regionally. Large corporate loans have continued to suffer from high levels of provisioning and there can be no assurance that this will not continue in future reporting periods. Investments in regional Government securities are another source of concern. Opportunities to counteract this through increased efficiency from corporate and organisational restructuring continue to be investigated. The acquisition of the Bank of Saint Vincent and the Grenadines in 2010 and new ventures undertaken by the Bank of Saint Lucia International have produced encouraging returns for the Group with both of these subsidiaries reporting better than expected performance for the year to date.

3. Disclosure of 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 significant risks to which the Group is exposed include credit risk, market risk, operational risk, foreign exchange risk, liquidity risk and reputation risk. There is always a challenge in ensuring risk mitigation in any one area does not inadvertently increase exposure in other areas.

Credit Risk

Investments -- The Group's investment portfolio was approximately \$898 million at June 30, 2012 compared to \$623 million at December 31, 2011.. The increase is related to large deposits at BOSLIL. The investing units continue to seek quality investments given the turbulent financial markets and troubled economies.

Defaults -- During the period, St Kitts & Nevis government debt restructure programme resulted in losses of approximately \$8.15 million (or 1.3% of the value of the portfolio) for the Group. The total exposure to GOSKN totaled \$16.3 million at the time of default broken down as follows:

BOSL WAM -\$ 13.4 million
BOSVG-\$ 2.9 million

There was also the indication of a potential restructure of the Government of Belize bonds. The Group exposure to Belize bonds net of unrealized losses was \$6.9 million at the end of the period.

The Group Investment Committee developed a watch list of securities that are considered high risk and action has been decided regarding disposal of each security. In the meantime, these securities are monitored almost daily.

Liquidity Risk

During the year, BOSL and BOSVG were able to successfully maintain ECCB liquidity reserves requirement while meeting its commitments.

During the period, the banking subsidiaries generally experienced excess liquidity with the decreased demand for loans and reduced supply of quality investment opportunities.

Liquidity risk for the period is assessed as medium.

The test of the liquidity contingency plan was undertaken during the first quarter and the Liquidity Management Policy and Contingency Plan were updated accordingly. There were no critical issues arising from the test but it highlighted some weaknesses that have mostly been resolved.

Capital Adequacy

All subsidiaries are in compliance with the capital adequacy ratios. Ratios are well above regulatory requirements and provide a buffer for any potential future losses arising particularly from credit risk.

Market Risk

The Group's investment was affected by the market volatility during the year. Unrealised gain on AFS and HFT Investments at June 30, 2012 was \$5.6 million and \$0.68 million respectively while realised gain on AFS investments amounted to \$1.7 million. Unrealized gains amounted to approximately 0.7% of the investment portfolio.

The market risk policy was approved by the ECFH Board in June 2012.

Market risk is considered high given the current market environment and high volatility experienced globally as well as stress on regional government bonds.

Operational Risk

Risk Register-- This project will involve the documentation and prioritization of all risks faced by the Group. It was scheduled to commence during the first quarter but has been delayed owing to resource constraints.

Business Continuity Planning (BCP)

1. The annual tests of the business continuity plans for St Lucia subsidiaries and the Group's disaster recovery site at Gros Islet were successfully completed.
2. The decision was made in 2011 to move the BOSVG disaster recovery site which is currently housed at NEMO headquarters in Saint Vincent, to the ECFH disaster recovery site at Gros Islet once the location is extended to accommodate the additional servers. This move has not yet taken place.

IT Security -- ECFH signed a contract with International Security Company for managed security surveillance services which involves monitoring the network for intrusion attempts. Each month, RMCS reviews the report from the security console in order to ensure that any outstanding issues are followed up and to detect any trends in the intrusion attempts. The security exposure for the period is reported as Medium Risk on a scale ranging from very low risk to very high risk. There are 2 sensors on the ECFH network in Saint Lucia. IMTS has system in place to ensure good reaction time in response to incidents opened by Above Security.

Phishing Attack -- In December 2010, ECFH signed an anti-phishing monitoring contract with Cyveillance. Web monitoring is done 365x24x7. For the period, no rogue websites were discovered

Fraud

No incident of fraud was reported to RMCS during the period. BOSL incurred losses of \$43,000 on its debit and credit card business as a result of fraudulent transactions for which the bank was deemed liable. The loss as a percentage of the total card usage remains below the industry benchmark of 2%.

BOSVG's losses related to credit and debit card fraud amounted to \$19,792 for the first six months of the year.

Operational risk is considered low /medium.

Compliance Risk -- Compliance risk is assessed as medium. During the period the following policies were reviewed:

- Group Liquidity Policy
- Global Investments Investment Policy
- BOSLIL Investment Policy
- ECFH Email Acceptable Use Policy
- Internet Acceptable Use Policy
- ECFH Website and Internet Banking Policy

The information security training programme had to be delayed because of the strategic initiatives roadshow and then AML Month. It should be delivered during the third quarter of 2012.

ECCB MOU

BOSL was the subject of an inspection by the Regulator, ECCB in April 2011. Compliance with the MOU remains a priority and efforts are being made to fulfill obligations on a timely basis

Other Risk Areas

There were no other significant adverse exposures in other risk areas.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC - Q filed for the quarter in which it first became a reportable event and in subsequent quarterly reports in which there have been material developments. Subsequent Form ECSRC - Q filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the quarter.

5. 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

There were no changes in Securities and Use of Proceeds using the quarter.

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

There were no working capital restrictions and other limitations upon the payment of dividends during the quarter.

6. 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.

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

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

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

While there was an agenda item for the election of Directors; however since no nominations were received, the retiring directors were re-appointed by shareholders.

- (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.

There were no matters voted upon by ballots.

- (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 decision was taken otherwise than at a meeting of such security holders.

There were no matters submitted to a vote of Security Holders during the period.

8. 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 - Q report.

Part A

Relevant Financial Data Items for Commercial and Industrial Companies

Item Descriptions

- Cash and Cash Items
- Marketable securities
- Notes and Accounts Receivables-Trade
- Allowances for doubtful accounts
- Inventory
- Total Current Assets
- Intangible Assets
- Property Plant and Equipment
- Accumulated Depreciation
- Other Assets (explain)
- Total Assets
- Accounts Payable
- Total Current Liabilities
- Other Liabilities (explain)
- Bonds, mortgages and similar debt
- Preferred stock-mandatory redemption
- common stock
- other stockholder's equity
- Total liabilities and stockholder's equity
- net sales of tangible products
- total revenues
- cost of tangible goods sold
- total costs and expenses applicable to sales and revenues
- other costs and expenses
- provision for doubtful accounts and notes
- Interest and amortisation of debt discount
- Income before taxes and other items
- income tax expense
- income/loss continuing operations
- Discontinued operations
- extraordinary items
- Cumulative effect-changes in accounting principles
- net income or loss
- earnings per share -primary
- earnings per share - fully diluted

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

Part C

Relevant Financial Items for Broker-Dealers Holding Companies

Items Description

- Cash and cash items
- receivables from brokers and dealers, customers and others
- securities purchased under resale agreements
- financial instruments owned
- fixed assets
- total assets
- short term borrowings including commercial paper
- payable to customers, brokers/dealers (including clearing brokers) and others
- securities sold under agreements to repurchase
- long-term debt
- preferred stock-mandatory redemption
- preferred stock - no mandatory redemption
- common stock
- other stockholder's equity
- total liabilities and stockholder's equity
- revenue from trading activities
- interest and dividends
- commissions
- interest expense
- other sources of revenue
- compensation and employee related expense
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items, less tax
- cumulative change in accounting principles
- net income or loss
- earnings per share- primary
- earnings per share - fully diluted

Part C

Relevant Financial Items for Broker-Dealers Holding Companies

Items Description

- Cash and cash items
- receivables from brokers and dealers, customers and others
- securities purchased under resale agreements
- financial instruments owned
- fixed assets
- total assets
- short term borrowings including commercial paper
- payable to customers, brokers/dealers (including clearing brokers) and others
- securities sold under agreements to repurchase
- long-term debt
- preferred stock-mandatory redemption
- preferred stock - no mandatory redemption
- common stock
- other stockholder's equity
- total liabilities and stockholder's equity
- revenue from trading activities
- interest and dividends
- commissions
- interest expense
- other sources of revenue
- compensation and employee related expense
- income/loss before income tax
- income/loss before extraordinary items
- extraordinary items, less tax
- cumulative change in accounting principles
- net income or loss
- earnings per share- primary
- earnings per share - fully diluted