

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report
For the period ended September 30, 2008

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	1,330,000
Ordinary Shares	23,965,589

SIGNATURES

Name of Chief Executive Officer:

Name of Director:

Robert
Norstrom

Victor
Eudoxie

Signature

Signature

Date

Date

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 remained stable during the three quarters of this year and the introduction of new deposit products coupled with the initiative to introduce deposit products in the regional market as well as the drawdown of approximately \$40 m from a line of credit contracted with International Finance Corporation (IFC) should result in the continuance of relatively stronger liquidity to facilitate business growth while meeting future commitments

(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.

There are no major capital expenditure slated for the last quarter of this financial year however, we have projected an amount of \$8 million as part of the cost of constructing a new building in the north of the island during 2009. The Property Holding Company of the Group raised funds from a bond issue earlier during the year for the referred capital expenditure.

The Group's debt was increased during the year contributed mainly by \$40 million from the bond issue and the draw down of the line of credit of \$40 m from IFC. The Group's Tier 1 capital decreased by \$16 million, as final dividends for 2007 was paid to shareholders in April.

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(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 anticipates that customers will be affected by general economic conditions including increases in fuel prices and food prices. This may create demands for lower priced loans with pressure on maintaining savings balances as customers may have to utilize savings balances to meet increased cash flow requirements due to economic conditions.

The Group's net profit before tax (NPAT) as at September 30, 2008, fell short of budget by 21% and was 5% above profits reported in 2007. Revenue generating assets were recorded below target and were noticeable in loans and advances as well as Group investments.

Interest revenue fell short of target for the loan portfolios of BOSL and MFC while interest from investments fell short of budget by due to a general decline in interest rates on international investments. On the converse, expenses were maintained within budget; however cost of funds was recorded at 3.6% increasing from 3.5% in the previous year. The increase in cost of funds and decline in average interest earned on loans and investments had a negative impact on the average interest spread for the Group. While total costs inclusive of interest expense have been managed within anticipated targets, the shortfall in revenue has impacted on the performance of the Group up to September 2008.

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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

Credit risk is determined to be the largest single risk faced by the ECFH Group. At September 30, 2008, credit activity (loans and investments) amounted to approximately 75% of total assets.

The Group's delinquency level is continuously monitored and significant efforts have been made to reduce the non-productive portfolio including work-outs, write-off and sale of selective non-performing loans. The ratio of non-productive loans to total loans was 6.22% at September 30, 2008 compared to 6.81% at September 30, 2007. Efforts are ongoing to attain the Central Bank's benchmark of 5%.

The Group continued to monitor the quality of loans being approved, conducting credit risk reviews on all lending over a stipulated dollar value and analysis on loans approved to ensure general compliance with approved credit risk management guidelines. Reviews of the quality and performance of the credit portfolio are undertaken on a regular basis to identify trends and concentrations and take corrective action as necessary.

Market Risk

Every investment considered by the Group is subjected to research and risk assessments to ensure that only quality investments are booked. Country risks as well as concentration risks are assessed for each investment proposal. Authorization limits are also in place for approval of investments at respective subsidiaries. Additionally, the portfolio of investments is continually monitored for changes in value of instruments and circumstances of institutions with which the Group conducts business. Growth in the offshore banking area has resulted in an increase in the number of foreign currencies being managed which means increased exposure to foreign exchange risk. Foreign exchange exposure is monitored on a regular basis by the respective business units as well as the Asset Liability Committee. There were no instances of unmanaged significant exposure during the period under review.

Operational Risk

Use of the project management approach ensures that new products and services are thoroughly assessed before and after launch as pertains to risk, compliance, related procedures and affected processes, internal controls and reporting feedback. The Group continues to implement technology projects to enhance service delivery and risk reviews are undertaken for all projects considered to be of moderate to high risk. The Risk Management Department is sourcing BCP software solutions which will give the RMD the ability to produce, update and better manage the Group's business continuity plans.

The expansion of the ATM network to areas outside of the domestic bank has presented challenges in terms of monitoring and ensuring continuous service. Management of these machines has been partially subcontracted to a security company with a regional head office. Although the security company has experience in providing such a service in other Caribbean countries, this was the first time that the local company was attempting to provide such services and as such there were some problems encountered associated with the learning curve. There has been a decline in the problems encountered in this regard as the local company improved its competency during the last quarter. The ECFH Group is in the advance stages of entering into a similar arrangement for the provision of ATM services to another group of stakeholders. It is anticipated that the experiences of the initial ATM project will assist in minimizing or eliminating totally the repetition of some of the problems that surfaced previously.

Card fraud is one area to which the domestic bank is exposed. In the last 3-6 months we have seen the increased use of fraudulent cards at our ATMs. These cards are not issued by any of the banks operating locally but by international banks. This problem is being experienced throughout the domestic banking sector. The information on those international cards have been compromised and reproduced on other electronic cards such as gift cards. We have responded by changing the hardware of all of the Group's ATM machines to make it more difficult for criminals to use our machines to perpetrate fraud. All banks operating locally are working with police to reduce the use of their ATMs for fraudulent purposes.

During the last three months there was a phishing incident which involved the use of the logo of Bank of Saint Lucia and where customers were asked to call a 1-800 number to enter details of their cards. Through early identification and an integrated response, the bank was quickly able to stem this fraud and limit the bank's exposure.

The Group's commitment to ensuring business continuity and resilience has remained constant. Following the commissioning of an off-island recovery site for the offshore bank and a local recovery site that was commissioned in 2005, the Group undertook measures to fully harden the server room at both the IMTS department at the Financial Center and the local recovery site. By September 30, 2008 plans were well advanced to installing fire resistant glass and a fire suppression system in the Server Room at the Financial Center as well as a fire suppression system at the local recovery site. When these installations are completed both areas will be fully hardened against fire.

Liquidity Risk

Liquidity in general, is managed by the Group Treasury Unit. The Group's liquidity risk is monitored on a regular basis by the Internal Liquidity Committee and the Group Asset/Liability Committee. The ECFH Liquidity Management Committee meets on a more frequent basis than the ALCO to monitor and better manage the Group's liquidity. According to the March 2008 Economic and Financial Review of the ECCB, liquidity in the domestic banking sector of St. Lucia tightened and interest rate spreads narrowed. However, from all indications this situation has eased a bit as at September 30, 2008. Liquidity levels at the ECFH were relatively stable during the first 9 months of the 2008.

The Group dealt with the liquidity challenges through a restructuring of the balance sheet including refinancing of some loans, securitization, raising deposit levels and establishing new lines of credit with both regional and international financial institutions. Careful liquidity management ensured that the ECCB's reserve requirement was always met by the domestic bank and that Capital Adequacy Ratios remained above minimum levels.

Reputation Risk

Reputation risk is the risk that negative publicity regarding the Group's business practices will lead to a loss of revenue or litigation. The Group's reputation; particularly the trust afforded it by customers and counterparties can be irrevocably tarnished due to perceived

or real breaches in its ability to conduct business securely and responsibly. In addition, the ECFH Group is responsible for risks associated with the activities of third-party service providers with which they contract.

All risks impact on reputation; therefore, maintaining reputation involves appropriately identifying, analyzing and managing risks that can adversely impact the Group's business. The Group continued to meet its corporate social responsibility encompassing involvement in local communities, employment practices, impact on the environment and sustainable economic and social development, while maintaining strong relationships with business partners. The Group has developed and adheres to a robust Anti-Money Laundering/Anti -Terrorist Financing policy as well as Corporate Governance policy for the Group. In developing these policies, best international practices were used.

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

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- 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.
- (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.
- (d) A description of the terms of any 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 Securities 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 D

Relevant Financial Data Items for Public Utility and Utility Holding Companies

Item Descriptions

- total net utility plant
- other property and investments
- total current assets
- total deferred charges
- balancing amount for total assets
- total assets
- common stock
- capital surplus, paid in,
- retained earnings
- total common stockholders equity
- preferred stock subject to mandatory redemption
- preferred stock not subject to mandatory redemption
- long term debt, net
- short term notes
- notes payable
- commercial paper
- long term debt-- current portion
- preferred stock-- current portion
- obligation under capital leases
- obligation under capital leases--current portion
- balancing amount for capitalisation and liabilities
- total capitalisation and liabilities
- gross operating revenue
- other operating expense
- total operating expense
- operating income (loss)
- other income (loss), net
- income before interest charges
- total interest charges
- net income
- preferred stock dividends
- earnings available for common stock
- common stock dividends
- total annual interest charges on all bonds
- cash flow from operations
- earnings per share –primary
- earnings per share -fully diluted

