

Schedule 2
FORM ECSRC – OR

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended 30 Sep 2024
Pursuant to Section 98(2) of the Securities Act, 2001

OR

☐ **TRANSITION REPORT**
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: ECFH 17102016LC
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: estherlita.cumberbatch@ecfh.com

(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	830,000
Ordinary	24,465,589

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Rolf K. Phillips



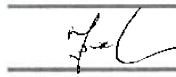
Signature

29th October 2024

Date

Name of Director:

Marcus Joseph



Signature

29th October 2024

Date

Name of Chief Financial Officer:

Ketha Auguste

for: 
Signature

29th October 2024

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported 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 reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with 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 just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) 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 Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

- 1. The quality of earnings;
- 2. The likelihood that past performance is indicative of future performance; and
- 3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

This financial year so far is setting the pace for record breaking performance for the ECFH Group, highlighting the success on some major strategies underpinned by a strong well diversified balance sheet and revenue lines and strong risk management culture.

We remain focused on our strategy with sits under 5 pillars: Employee perspective, financial perspective, operational perspective and customer perspective. A major thrust in our strategy is improving our digital banking offerings and to this end, major accomplishments were realised. We have increased our technology initiative spend this year as we strongly believe that digitization will be a major aspect of the way financial institutions deliver services to customers. We continue work on the implementation of a customer relationship management software which we intend to implement before the end of the financial year. This software is expected to enhance the way in which we interact with and manage our customer relationships including facilitating our customers to access more of the Bank's services without the need to visit a physical branch location. We are currently enhancing our digital branch operations for greater efficiency. We have projects focused around artificial intelligence and one such initiative is the introduction of a chatbot in our customer contact center to address standard customer queries. More AI focused projects will be undertaken in the ensuing year in our Customer Relationship Management (CRM) software.

The Group's Balance Sheet has grown by \$466.4M or 15.6% since December 2023 moving from \$3.0B in December 2023 to \$3.5B. This growth was driven primarily by increases in customer deposits which moved from \$2.4B in December 2023 to \$2.9B in September 2024 (increase of \$519.4M) signaling continued customer confidence in the Group.

The productive loan portfolio has grown \$38.4M since December fueled by growth in the retail loan portfolio. We expect further growth in the portfolio in the near term with undrawn commitments \$165.5M and a number of leads on the corporate front. The NPL portfolio declined \$14M from December 2023 due largely sale of underlying collateral on NPL loans and partial customer repayments. The NPL ratio also reduced from 9.2% in December 2023 to 7.5% at September 2024. While the ratio remains above the regulatory requirement of 5%, it is trending in the right direction. As we continue the execution of our strategy to reduce NPL, we aim to meet the regulatory requirement by the end of the financial year. The balance sheet provisions have declined \$6.5M due to recovery of two substantial non-productive credits and general improvement in credit quality.

Our newly launched BOSL Fund Management Company (BFMC) which focuses on wealth management continues to make strides in that segment of the market and we have seen increases in client subscriptions.

The deposit growth \$519.4M resulted both from new customer accounts and increased volumes from existing customers and was represented in most categories of deposits.

The investments portfolio recorded a net increase of \$169.6M since December 2023. We continue to pursue our strategy of re-balancing the portfolio, placing longer term securities to lock in the existing favorable rates in advance of further Federal Reserve rate cuts as inflation starts coming down while remaining within the average maturity profile of our Investment Policy Statement.

Our Balance Sheet remains strong, well diversified with capital adequacy levels in excess of regulatory requirement and significant levels of liquidity. We fully implemented pillar 1 of BASEL III in June 2024 and did not see a material difference in capital adequacy ratios from the previous BASEL I capital adequacy. We also submitted our first Internal Capital Adequacy Assessment Process (ICAAP) in September 2024- a requirement of pillar 2 of the BASEL III standard.

We continue to place emphasis on superior customer service and place our customers at the center of everything that we do. This should result in an improvement in our customer service score, strengthen our customer loyalty and attract new customers all across our business lines.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the 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.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The 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.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Liquidity remained strong at the end of the third quarter at \$1,042.7M with balances with our regulator, other banks and non-bank financial institutions. This represents an increase of 30.4% from December 2023. The increase in customer deposits has been driving this increased liquidity. In addition, we maintain a portfolio of highly marketable investment securities which can easily be disposed should a liquidity need arise. We continue to balance the need to hold liquid assets to meet the bank's operation and pursuit of high-level returns on assets. To this end, we pay particular attention to our investment maturity profile and duration. At September 2024, approximately 52% of our investment portfolio matures within three years and 92% within ten years. Approximately 53% of the portfolio falls within the 0-3 year duration bucket. The average duration and effective maturity of the portfolio is 2.728 and 3.145 years respectively.

Shareholders' equity increased by \$61.2M or 17.2% over December 2023 driven by our strong net earnings performance for the year to date of \$60.8M after allocation for tax and reversal of unrealised losses on investment held at fair value through other comprehensive income of \$15.1M. This was partially offset by dividend payments of \$14.7M to shareholders for the financial year end 2023.

Our capital remains strong with CET 1 at \$316.2M with a corresponding ratio of 17.1% and total qualifying capital of \$432.8M and a ratio of 23.4%. Risk weighted assets was reported at \$1.9B which was a reduction from December 2023 as we moved from Basel 1 and adopted Basel 11/111 in June 2024. This had a significant impact on the risk weighted investments. Under Basel 1, all investments are assigned the same risk weight of 100%. Under Basel 11/111, the risk weights assigned to investments is dependent on the credit risk of the security and credit risk mitigation strategies in place for the security. The risk weightings therefore range from 20% to 100%.

Our capital strength allows us to deliver value for all our stakeholders. Both ratios remain above our regulatory requirement.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

Assets under management at September 30, 2024 was reported at \$180.6M compared to \$173.1M at September 30, 2023.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) 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, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

The net profit after tax for the Group was reported at \$60.8 million, which is 62% or \$23.2M above the same period last year. The strong and much improved year on year performance was driven largely by growth in net interest income, growth in fee and commission income and net write back of loan loss provisions.

Net interest income was reported at \$69.4M for the period ended September 2024, an increase of 23% or \$13M from September 2023. Net interest income benefited from the continued high international interest rates and growth in investment portfolio driven by deposit growth which resulted in \$14.2M increase in interest income on investments and bank deposits. This was partially offset by \$757K reduction in interest income on loans as the prior year benefited from a high yielding corporate loan which had been paid off at the end of 2023, as well as continued downward competitive pressure on rates within the market. Interest expense recorded only a \$526K growth despite increase of \$519M in deposits. Most of the deposit growth was attributed to non-interest bearing customer deposits. The early repayment of the 7.25% subordinated debt also contributed to the containment of interest expense.

Fee and commission income realized a \$17.4M or 73.8% increase over the comparative 2023 period driven by card related fees and commissions and increased account maintenance fees. This was partially offset by lower income brokerage fee and commission income.

Unrealized gains on investments held at FVP&L is \$1.9M higher than last year moving from a gain of \$3.8M in 2023 to \$5.7M in 2024. This reflects a 49.8% increase from the prior year same period. These gains are related to the improved performance of our internationally traded equity portfolio

Our recovery income was also reported at below the prior year by \$2.2M or 34.4% as all the planned recovery activities have not materialised.

Our provisions for loan losses was \$1.6M below prior year with a net write back of \$1.5M demonstrating improved credit quality. Provisions for investment impairment was up \$820K from last year which was attributed to a change in the Expected Credit Loss Model.

Operating costs increased \$3.9M or 13.3% driven by increased software licenses, maintenance expenses on premises and expenses incurred in pursuit of strategic initiatives.

Our year to date operating results highlights our ability to generate strong sustainable growth through strategic investments, innovation, customer centric initiatives and a commitment to a strong balance of risks and rewards.

3. 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. 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.

Bank of Saint Lucia reported substantial growth in Q3 of 2024, compared to the previous year, with net interest income rising by an impressive 23% primarily due to the steady increase in interest income from Investments & Deposits which contributed 52% to gross interest income. This coupled with significant increases in income from other revenue areas such as a 74% increase in Fee & Commission Income over the prior year and 71% from last quarter, resulted in a bottom line of a 62% increase in after-tax income. Notwithstanding this growth, the Bank continues to experience challenges of a declining loan portfolio and an NPL ratio which remains elevated; above the regulatory limit of 5% (current NPL ratio is 7.5%). The ratio however has been consistently declining over the last 2 years, nearing closer to the benchmark. The Bank has instituted several risk mitigation measures geared at increasing loan growth such as a few loan campaigns in the pipeline

The bank maintained a robust capital position ending the quarter with an impressive Capital Adequacy Ratio (CAR) of 23.36%, a 2.95 percentage points increase over last quarter and 4.42 over the same period last year due to increases in both Tier 1 and Tier 2 Capital. Consequently, notable improvements were also noted in all other key capital metrics providing a strong buffer against potentially adverse conditions. This indicates that significant cushion exists to absorb potential losses and demonstrates a strengthening capital base.

BOSL continues to monitor the regulatory space and has amended some of its existing policies to capture requirements of the ECCB regulatory standards including the Technology Risk Standard and EBanking. Moreover, the Bank has been making significant strides in its efforts at documenting its Operational procedures across key Business Units to adequately guide its process, which will assist in reducing the numerous breaches to the existing policies and procedures which have been experienced.

Information Security Risk is being diligently monitored by the Bank and the process of updating existing policies to address this risk continues. Additionally, the bank is actively working to implement procedures and controls as mandated by PCI-DSS and the ECCB Technology Risk Guidelines. Further, active oversight and incident response is being performed by the Security Team to safeguard against exposure to information security breaches and the increased number of such incidents experienced by other LFIs within the region.

The Bank continues to monitor the above risks and the progress of the remediation efforts.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR 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 are no legal proceedings to be reported.

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.

N/A

(a) 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 are no working capital restrictions and other limitations upon the payment of dividends

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 (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. 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 – OR report.