

REPORT ON SUBSIDIARIES : BANK OF SAINT LUCIA INTERNATIONAL LIMITED



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BOARD OF DIRECTORS

Marius St. Rose - Chairman
Robert Norstrom - Director
Vern Gill - Director
Thecla Deterville - Director
George Lewis - Director
James Wadham - Director
Estherlita Cumberbatch - Corporate Secretary

MANAGEMENT ANALYSIS

Bank of Saint Lucia International Limited (BOSLIL), the Group's international offshore banking service provider, recorded a successful year for 2006 and is well on its way to contributing positively to the overall growth and diversification of the Groups financial success. There was strong growth of the balance sheet with total assets increasing from US\$39.6 million at December 31, 2005 to US\$101 million at December 31, 2006. Customer deposits grew in line with the increase in assets from US\$37.5 million (EC\$101 million) to US\$97 million. Consistent with the last two months of fiscal 2005, BOSLIL was able to generate consistent profits throughout fiscal 2006 and surpassed its targeted net income in achieving actual net income of US\$0.44 million for the year ended December 31, 2006. These results were achieved with a staff compliment of 11.

BOSLIL's activities include its continued efforts to develop and promote Saint Lucia's offshore financial services sector in particular, to be the flagship for the offshore banking sector. One of the major initiatives undertaken during 2006 was the sole sponsorship of the World Offshore Convention held in Puerto Rico.

This the first time a corporate entity had sponsored the event in its entirety and already that investment has led to new client relationships.

BOSLIL also continued to promote the jurisdiction and its profile with various international trips and several advertisement campaigns with industry-leading publications.

BOSLIL's strategic alliance with a reputable international financial services group has continued to grow and has served as the blueprint for entering into further strategic alliances and continuing to promote the BOSLIL brand globally. To this end, BOSLIL launched its Preferred Professional Programme and was able to develop alliances with new intermediary groups during the year. Domestically, BOSLIL remains focused on continuing the excellent relationships developed with local registered agents. To enhance the service capability available to clients, BOSLIL has secured relationships with three reputable private banks in Europe which will be able to provide bespoke asset management services. BOSLIL's focus for 2007 and beyond will remain on continuing to build strategic partnerships and intermediary relationships.

Despite its significant focus on international initiatives, BOSLIL realizes the importance of contributing to the development of the local jurisdiction on various fronts, and has become involved in providing summer internships for students heading off to university or currently enrolled in university, as well as sponsoring charitable events, including the annual Gros Islet Rotary Golf Tournament which raises significant funds for several worthy charities.

Overall, the year ended December 31, 2006 has been very successful and the plans for 2007 and beyond continue to focus on generating significant growth and continued diversification for the Group in line with its strategic goals and objectives.

FINANCIAL INFORMATION

	2006 US\$000	2005 US\$000
Assets		
Investments	100,631	39,295
Other	451	352
Total Assets	101,082	39,647
Liabilities & Equity		
Customer deposits	97,078	37,582
Other liabilities	645	167
Equity	3,359	1,898
Total Liabilities & Equity	101,082	39,647
Statement of Income		
Net Operating Income	1,987	461
Total Expenses	1,548	783
Net income after tax	439	(322)

