



# REPORT ON SUBSIDIARIES

## BANK OF SAINT LUCIA LIMITED

### BOARD OF DIRECTORS

**Jacqueline Emmanuel-Flood**  
Chairman

**Gloria Anthony**

**Llewelyn Gill**

**Hildreth Alexander**

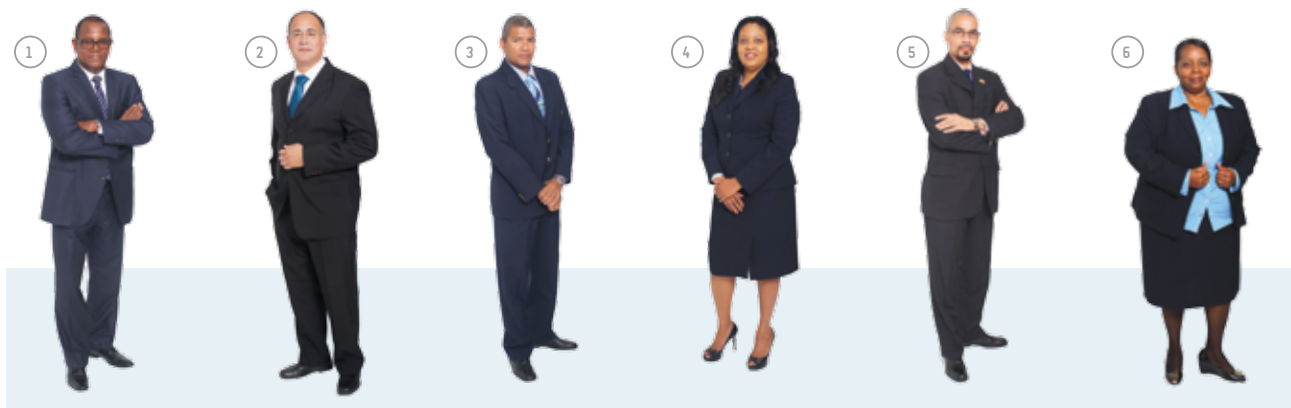
**Reginald Darius**

**Esther Brown-Weekes**

**Hadyn Gittens**

### PROFILE OF SENIOR MANAGEMENT

1. **Hadyn Gittens**, MSc Accounting, MBA – GM
2. **Vincent Boland**, AICB – Senior Manager Debt Recoveries
3. **Bradley Felix**, Professional Diploma in Banking – Senior Manager Corporate Banking
4. **Beverly Henry**, MBA Financial Management Senior Manager Credit Risk
5. **Baldwin Taylor**, MBA – Senior Manager Retail Banking
6. **Cynthia Laurent**, Professional Diploma in Banking – Senior Manager Operations
7. **Cecilia Ferdinand-La Corbiniere**, MBA Senior Manager Credit Administration
8. **Octavian Charles**, MSc Agricultural Extension & Management Systems – Sales & Service Manager Bridge Street Branch
9. **Cornelius Sidonie**, MSc Financial Management – Sales & Service Manager Gros Islet Branch
10. **Donna Hinkson**, BA in Business Sales & Service Manager Waterfront Branch
11. **Arleta Rate-Mitchel**, AICB – Sales & Service Manager Soufriere Branch
12. **Martina Donnelly**, Executive Diploma in Banking – Sales & Service Manager Vieux Fort Branch





# Bank of Saint Lucia Limited

## Statement of Financial Position As at 31 December 2014

(expressed in Eastern Caribbean dollars)

	2014 \$	2013 \$
<b>Assets</b>		
Cash and balances with Central Bank	174,036,857	103,558,888
Deposits with other banks	96,297,691	103,522,370
Deposits with non-bank financial institutions	6,318,093	1,604,642
Financial assets held for trading	10,508,456	16,309,740
Investment securities	290,218,687	208,664,856
Financial instruments-pledged assets	23,916,425	41,073,566
Due from related parties	51,948,853	51,967,509
Loans and receivables - loans and advances to customers	1,216,440,663	1,314,422,488
Property and equipment	16,394,285	17,789,372
Other assets	23,680,721	33,396,840
Deferred tax asset	8,985,514	9,023,532
Income tax recoverable	3,243,321	3,281,339
<b>Total assets</b>	<b>1,921,989,566</b>	<b>1,904,615,142</b>
<b>Liabilities</b>		
Deposits from banks	59,174,745	73,198,660
Due to customers	1,613,407,981	1,524,084,076
Repurchase agreements	23,811,647	26,328,140
Borrowings	70,042,116	126,605,888
Other liabilities	11,205,849	14,980,085
<b>Total liabilities</b>	<b>1,777,642,338</b>	<b>1,765,196,849</b>
<b>Equity</b>		
Share capital	197,718,745	197,718,745
Reserves	82,862,994	82,105,870
Unrealised loss on investments	(3,412,348)	(4,555,661)
Accumulated deficit	(132,822,163)	(135,850,661)
<b>Total equity</b>	<b>144,347,228</b>	<b>139,418,293</b>
<b>Total liabilities and equity</b>	<b>1,921,989,566</b>	<b>1,904,615,142</b>





# Bank of Saint Lucia Limited

## Statement of Comprehensive Income For the year ended 31 December 2014

(expressed in Eastern Caribbean dollars)

	2014 \$	2013 \$
Interest income	110,254,492	114,009,257
Interest expense	(53,937,609)	(59,394,289)
Net interest income	56,316,883	54,614,968
Fee and commission income	20,237,240	20,316,102
Dividend income	419,552	103,410
Net foreign exchange trading income	8,025,886	8,472,572
Other gains	268,965	13,174,045
Impairment losses on loans and advances	(19,715,244)	(40,378,634)
Operating expenses	(61,691,624)	(65,126,102)
Profit/ (Loss) before income tax	3,861,658	(8,823,639)
Income tax expenses	(76,036)	-
Profit/(Loss) for the year	3,785,622	(8,823,639)
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Unrealised gain/(loss) on available for sale investments	1,267,924	(8,055,671)
Realised gains transferred to statement of income	(124,611)	(3,631,857)
	1,143,313	(11,687,528)
<b>Total comprehensive income/( loss) for the year</b>	4,928,935	(20,511,167)
Basic/diluted profit/(loss) per share	3.36	(13.96)





# Bank of Saint Lucia Limited



## OVERVIEW

Bank of Saint Lucia's (BOSL) turnaround strategy has been successful. 2014 has seen an improvement in the Bank's risk profile, reduction in NPLs, efforts towards strengthening capital and most importantly a return to profitability.

The management team and staff have continued to be dedicated and disciplined focused on the key strategic imperatives that will drive recovery and will allow us to withstand the challenging market conditions. These include:

1. The strengthening of the core business – improvement of underwriting and risk management capabilities.
2. Improving the loan portfolio quality – by developing, attracting and retaining delinquent debt management expertise, implementing a more robust debt management infrastructure and taking decisive debt recovery action.
3. Improving our sales proficiency and Customer Relationship Management capability – by continuously improving our sales and customer relationship models and maximizing the opportunities for customer feedback.
4. Improving our operating and cost efficiency – relentless focus on management of all expense areas including personnel, procurement and plant expenses.

During the last quarter of 2014, the Bank and Group embarked on a strategic planning exercise as a result of which we have sharpened our strategic focus for the next three years, and have conceptualized and will be implementing new, novel, go to market initiatives in each of our major business segments. Our business priorities will revolve around ensuring the consistency and stability of our financial performance, re-engaging our staff, improving the customer experience, rigorous cost management and maintaining our market share.

## FINANCIAL PERFORMANCE

The Bank's balance sheet was strengthened in 2014 due to the removal of the largest of its non-performing loans. This adjustment took place together with some additional loan loss provisioning and also contributed to the increase in cash balances arising from the disposal of collateral. Total assets have however remained fairly stable at \$1.9B. Customer deposits increased by 5.8% over December 2013 and borrowings reduced as high levels of liquidity allowed for repayments. Invested funds have also increase as the bank has sought to invest its surplus funds as safely as possible at the best possible yields in what continues to be a difficult market.

The net value of the Bank's loan portfolio reduced by 7.5% due to the reduction in non-performing loans and the continuing market conditions which present few opportunities for growth in loans meeting the required risk profile.

These significant changes in the shape of the Bank's balance sheet have served to bring the loan to deposit ratio comfortably within prudential guidelines, whilst profitable trading has ensured that the Capital Adequacy ratio remains well in excess of the regulatory requirement.

The Bank's trading income was transformed from a net loss of \$8.8M in 2013 to a net profit of \$3.8M in 2014. A reduction in interest income as a result of lower market interest rates as well as reduced levels of productive loans was more than offset by reduced interest expenses as the average cost of funds was managed downwards. Income from fee and commission income reduced marginally from 2013 but impairment losses, whilst remaining high at \$19.7M, were reduced by more than half and operating expenses were reduced by 5.3% to \$61.7M reflecting the efforts of management to improve the Bank's levels of efficiency.

## BUSINESS SEGMENT STRATEGIES

### Retail Banking

We will position ourselves to more effectively satisfy the needs of and exploit the opportunities arising from the various segments of our client base by being more proactive and responsive and making it easier for our clients to do business with us at our various touch points. Wherever possible, we will invest in automated solutions to speed up transaction turnaround time and eliminate revenue leakages. Bank of Saint Lucia will also seek to boost its stake in the growing payments industry by effecting improvements to its credit and debit card products both individually and in partnership with other well-known business entities.



## Bank of Saint Lucia Limited

The market reach and underwriting capability of the E.C. Global Insurance Agency were both significantly increased in 2014 when the Bank integrated the Agency outlets into its branch network and the Grace Kennedy Group increased its equity stake in E.C. Global Insurance Company Limited. This offers a unique opportunity for our clients to benefit from two major services – banking and insurance – under one roof, and we will be seeking to ensure that any such opportunities that may exist are fully exploited.

### Corporate Banking

We will continue to underwrite transactions in line with our risk appetite which will generally involve limiting our incremental exposures to stable or growing industrial sectors that are only moderately impacted by cyclical events. We believe that our imperative of income stability will be best served by providing appropriate support to strong, well-capitalized and well-managed entities within these sectors.

We will, however, continue to play our role as a major local financial institution in supporting the developmental needs of Saint Lucia, albeit in a more structured fashion.

### Credit Risk

This area of our operation benefited from significant system restructuring and re-engineering in 2014 as a result of which performance management has been strengthened and the unit now conducts its mandate in a more proactive and structured fashion. As a result, there has been improvement in the performance metrics and a significant reduction in the Bank's non-performing loan portfolio during 2014.

Strategies have been developed towards building the capacity in credit risk and to effectively address certain major segments within the delinquent portfolio and as a result it is expected that there will be further sizable non-performing portfolio reduction in 2015.

## OTHER INITIATIVES

### Customer Satisfaction

In 2014 BOSL undertook a Customer Satisfaction Survey which showed that customers have remained loyal to the institution. 83% of those interviewed indicated that their perception of the overall service received is excellent. Courtesy and product knowledge also scored high.

Enhancing customer satisfaction and loyalty will continue to be an area of focus for the bank in 2015, upgrading plant and delivery channels, and in particular ensuring that our convenience channels are even more convenient and user-friendly, thereby reducing the need for customers to visit branches to conduct basic transactions, which will also reduce wait time and improve the customer experience at our branches. Going forward we will conduct customer surveys regularly and strengthen customer feedback mechanisms.

Product and service offerings for each customer segment will be more effectively customized to increase customer satisfaction. We are also committed to train and re-train our employees to deliver high quality customer service.

### Human Resource Development

The bank recognizes that, in order to achieve sustainable competitive advantage, in addition to the strategies identified above, it will be critical to engage employees. As such the following employee engagement initiatives will be pursued during the year:

- Implement structured, focused and relevant training for all levels of staff.
- Review and strengthen the Performance Management System.
- Strengthen the internal communication processes.
- Institutionalize Staff Surveys and provide other appropriate feedback mechanisms.
- Implement proper Succession Planning throughout the Bank.
- Support these initiatives with appropriate motivational interventions.

## LOOKING AHEAD

It is expected that with the work commenced in 2014 and the successful implementation of the strategies identified, our financial performance should further improve in 2015 and profitability will be sustained in subsequent years. Our objectives for the year will however not be easily achieved under the pressures of the difficult regional and global financial environment and the competitive market. We have however established clear and achievable strategies and are comforted by the fact that the BOSL Management Team and Staff are fully committed to the task of restoring the Bank to its position of leadership within the sector.