

Report
ON SUBSIDIARIES

BOARD OF DIRECTORS
Marius St. Rose – Chairman
Robert Norstrom
Vern Gill
Thecla Deterville
George Lewis

James Wadham
Nestor Alfred
Estherlita Cumberbatch – Corporate
Secretary

Principal
OFFICERS

**Bank of Saint Lucia
International Limited**



Bank of Saint Lucia International Limited

Left to right:

Ryan Devaux
Chartered Accountant –
Chief Executive Officer

Arletta Huntley-Wells
BSc., MBA, FCCA –
Financial Controller

Giftha Dujon-Francois
BSc., MICA –
Compliance Manager

David Sookwa
AICB, Bachelor of Commerce &
Financial Services
Manager, Operations

David Barron
TEP –
Director Business Development
(Europe)

“The Bank continued to improve its risk management processes and to make internal procedures more effective and efficient.”

The year 2009 has been a challenging year for the offshore banking industry. The financial crisis gripping the international community moved closer to home with the collapse of CL Financial Group in Trinidad and some of its subsidiaries throughout the Caribbean, the Bank of Antigua, Millennium Bank in St. Vincent and the foreign currency ponzi schemes in Jamaica, impacting the reputation of the Caribbean banking sector. The collective actions by the international governments resulted in new requirements being placed on international offshore centres making it more difficult to compete, with the expectation that further resources will have to be devoted to the sector (as a jurisdiction) in order to survive.

Despite these challenges, the Bank's clients have appreciated the professionalism which it has consistently displayed, and with high levels of personalized service, has allowed Bank of Saint Lucia International (BOSLIL) to continue earning their trust.

Financial Highlights 2009

Total assets at December 31, 2009 of US\$131M (EC\$354M) increased by US\$20M (EC\$54M) relative to December 31, 2008. Customer deposits increased in line with the change in assets from US\$103M (EC\$278M) to US\$124M (EC\$335M). Despite the increase in assets, profitability decreased significantly, relative to fiscal 2008. Net income for the year ended December 31, 2009 was US\$379 thousand (EC\$1M) as compared to US\$1.43M (EC\$3.86M) for the year ended December 31, 2008. The most significant reason was the decline in global interest rates reducing the interest spread. In addition, the Bank has incurred significant expenditure in having a presence in new markets and in bringing on board experienced and trained personnel to develop those markets. These initiatives are very important for establishing the long-term growth potential of BOSLIL. The Bank operates in 16 currencies and manages its foreign exchange risk by ensuring that its

assets match liabilities (client deposits) in each currency.

Recently, correspondent banking relationships have been strengthened with the addition of ING to supplement the existing relationship with Lloyds Bank PLC.

BOSLIL maintained a very conservative balance sheet throughout the year with 50% of total assets consisting of cash and cash equivalents as at the year end. The investment diversification strategy adopted at the end of fiscal 2008 continued in 2009, investing in high quality bond portfolios that continued to yield positive results. These investment strategies will be offered directly to our clients via a mutual fund product in 2010, so that they too may benefit from that structure.

Business Development

Significant effort was placed on business development with our initiatives focused on Western Europe, South America and the Caribbean. One of the most significant initiatives was the launch of BOSLIL Sudamérica S.A., a market research and development company in Uruguay. To support this launch, BOSLIL Sudamérica S.A. sponsored two events which were attended by international guests and professionals from Uruguay. The events gave BOSLIL significant exposure in South America and have led to new business relationships. These are all part of the strategy for expanding our presence in South America which is expected to become a significant and lucrative market going forward. In addition, new relationships have been created in Europe and the Caribbean. The Preferred Professional Programme has been implemented.

Operations

The Bank continued to improve its risk management processes and to make internal procedures more effective and efficient, including a reduction in the opening time for a bank account. A risk

rating framework for client accounts was developed and implemented. Relationships with the Bank's various investment partners remain strong, however efforts to add new relationships as a means of ensuring a diversified pool of investment managers continued. Continuing diversification of the Bank's portfolio and yield enhancement strategies will remain important in 2010.

Bank of Saint Lucia International Limited
Financial Statement Highlights
at December 31, 2009

	2009 US \$000	2008 US \$000
Assets		
Investments	127,766	108,247
Other	3,629	3,097
Total Assets	131,395	111,344
Liabilities and Equity		
Customer deposits	124,365	103,038
Other liabilities	145	2,891
Equity	6,885	5,415
Total Liabilities and Equity	131,395	111,344
Statement of Income		
Net Operating Income	3,188	3,575
Total Expenses	2,809	2,148
Net income	379	1,427

