

CHAIRMAN'S LETTER TO THE SHAREHOLDERS



Victor Eudoxie
CHAIRMAN

ECONOMIC PERFORMANCE

Overall, Saint Lucia recorded lower economic growth in 2007. This decrease was attributed to consistent contraction in a number of sectors. The Tourism and Agricultural sectors declined by 5% and 9% respectively. The construction sector slowed down subsequent to the hosting of Cricket World Cup 2007; however, increased activity is expected over the next three years with a number of major projects under development. The most formidable challenge facing Saint Lucia and the Region is the effect of rising oil prices which has reached US\$100 a barrel. Additionally, the economies remain vulnerable to declining EU banana preferences and high exposure to natural disasters. Future economic conditions are likely have an impact on the Group's operations, particularly changes in economic sector conditions.

While the Group was not adversely affected by the US sub-prime crisis and associated impact on the global financial market, a general tightening of regulations and best practice principles is expected for the financial sector. Competition is expected to intensify as financial institutions reassess their various strategies for improving competitiveness to capture and increase market share. The ECFH Group will continue to maintain a market-oriented focus by devising strategies designed to strengthen long term competitive positions and profitability. The Group will continue to adhere to the values guiding its business activities, particularly in relation to customer interaction.

GROUP PERFORMANCE

The ECFH Group reported yet another successful year with growth in all of its business areas. Total assets grew by 27%, customer deposits

by 22%, while the loans and investment portfolios recorded growth at 24% and 22% respectively from the previous year. The Group recorded net profit after tax at \$44.0 million (\$35 million in 2006) resulting in a return on assets of 2.5% and a return on equity of 18%.

In June 2007, ECFH floated an Additional Public Offer of shares on the Eastern Caribbean Securities Exchange (ECSE) at \$12.50 per share, an increase of 150% from the initial offer of the shares of the former National Commercial Bank of Saint Lucia in 1999. The issue was a resounding success with subscriptions of over \$110 million settling at an additional eight million ordinary shares valued at \$100 million. This was a clear sign of the confidence that potential and existing shareholders placed in the organization, its management and staff. At December 31, 2007, the market price of the shares had increased by 20%. Funds raised by the share issue were mainly for further capitalization of subsidiaries including Bank of Saint Lucia Limited in order to facilitate long term growth for the Group.

During the year the Group formally launched its new corporate brand. The thinking was to allow a level of uniformity in look, feel and image for all subsidiaries of ECFH. The re-branding was a commitment by the company to communicate the brand to the market and reflect the brand personality of ECFH in every aspect of business. ECFH has carved out for itself the moniker of innovator, becoming the financial institution known for operating and delivering at the highest standard, as captured in the principles of the brand. This new branding together with attaining the number one position in an independent customer service survey will clearly place us in the forefront of the financial services industry in the region.

The year 2007 was a good year for ECFH in terms of Corporate Social Responsibility. The group undertook a number of initiatives which mirrored the Group's mission to be a catalyst for

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development. The initiatives undertaken by the Group in 2007 bore fruit when the Bank of Saint Lucia Limited won two of the ECCB's coveted Good Corporate Citizen Awards in the areas of sports and cultural development. Another major achievement was the capturing of three important prizes awarded by the Saint Lucia Chamber of Commerce. Bank of Saint Lucia Limited was awarded *Best Financial Institution* for 2007, while ECFH was awarded *Best Commercial House* and the *Chamber of Commerce Award of Excellence*.

In 2008, ECFH will intensify its Corporate Social Responsibility to focus on staff volunteerism and environmental awareness. The effects of global warming on climate change and its impact on the local environment is of major concern and support will be provided in that area.

CONCLUSION

The theme "Enriching Lives" introduced with the re-branding of ECFH is reflected in the Group's accomplishments in 2007 and will continue to be embedded in its ultimate mission going forward. Greater emphasis will be placed on improving the quality of life for Saint Lucians. This will be accomplished by providing financial assistance through new and innovative financial products and services, satisfactory returns to shareholders and corporate support to communities and national activities.

As the nation celebrates its 29th independence anniversary under the theme "Progressing in the face of global challenges" we at ECFH understand the impact of global competition in the financial market. The need to expand our reach into the wider region is inevitable. The term global village has become cliché as we face direct competition from competitors within Saint Lucia, the wider Caribbean and the rest of the world. With some foresight, our vision statement "Global Growth

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from *LocalRoots*" has prepared us to face the challenges of competing in this challenging environment.

ACKNOWLEDGEMENTS

I take this opportunity to thank my fellow directors for their unreserved support in 2007. My appreciation is extended to management and staff whose tireless work, commitment and care has made and continues to make ECFH the preferred provider of superior financial products and services. Your continuing loyalty to the organization and its goals is critical to our overcoming the many business challenges we face.

I thank our customers who by their confidence have helped make ECFH a market leader in the industry. We commit to continue our dedication in providing superior products and services to you.

I acknowledge you the shareholders who showed continued confidence in ECFH and its management by the overwhelming support in purchasing new shares of the company. All new shareholders who joined us last year will come to understand what the existing shareholders already know that "ECFH Enriches Lives."

As we look to 2008 we see great opportunities; and despite the inevitable challenges we may face, we must look to the future with confidence, secure in the belief that all goals are attainable.