



# ECFH

East Caribbean Financial Holding Company Limited

# PROSPECTUS

**Dated: 14th June 2007**

**Registered by the Registrar of Companies  
This 14th day of June 2007**

**Offer for Sale of a Minimum of 6,400,000 and a Maximum  
of 8,000,000 ordinary shares of no par value at EC\$12.50  
per share payable in full on application**

The procedure for subscription is set out on Page 10  
Subscriptions should be received by 2:00 pm on the 22nd June 2007

## DISCLAIMER

This Prospectus has been prepared and delivered in accordance with the Securities (Prospectus) Regulations 2001 Chapter 12.18, of Saint Lucia. This Prospectus has been filed with the Eastern Caribbean Securities Regulatory Commission (ECSRC), Basseterre, St. Kitts pursuant to Part VII, Section 92(3) of the Securities Act of Saint Lucia Chapter 12.18 on 12th June 2007.

The ECSRC accepts no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. Prospective investors should not construe the contents of this Prospectus as legal or financial advice. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified Corporate Advisor who specialises in advising on the acquisition of shares or other securities as to such contents and as to the legal, financial or other matters relevant to the suitability of an investment in the ordinary shares of ECFH.

This Prospectus has also been prepared and delivered to the Registrar of Companies in accordance with the Companies Act Chapter 13.01 of Saint Lucia.

A copy of the Prospectus has been lodged with the Registrar of Companies of St. Lucia on June 14, 2007 and the Registrar takes no responsibility as to the validity and veracity of its contents.

This is a Prospectus for the subscription for an Additional Public Offer (APO) of ordinary shares in East Caribbean Financial Holding Company Limited. Under the terms and conditions of the Agreement for Amalgamation dated 31st March 2001 between National Commercial Bank of Saint Lucia Limited (NCB) and Saint Lucia Development Bank (SLDB) (an Agreement), the companies agreed to amalgamate in accordance with the provisions of the Companies Act of Saint Lucia No. 19 of 1996, from 1st July 2001 and to continue as one company, East Caribbean Financial Holding Company Limited (ECFH), as at the date of the Certificate of Amalgamation which was issued on 30th June 2001.

This APO is made upon the terms and conditions contained in this Prospectus, and no person has been authorized to give any information or to make any representation with regard to ECFH other than through this Prospectus. This Prospectus is issued for the purpose of giving information to the public about ECFH. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

The delivery of this Prospectus to a prospective investor at any time and the subsequent allocation of shares do not imply that the information contained herein is correct at any time subsequent to the date of this Prospectus.

**Registered Office and Postal Address:**

Financial Centre Building  
No. 1 Bridge Street  
P.O. Box 1860  
Castries, Saint Lucia  
West Indies  
E-mail address: [ecfh@candw.lc](mailto:ecfh@candw.lc)  
Website: [www.ecfh.com](http://www.ecfh.com)  
Telephone Number: (758) 456-6000  
Fax Number: (758) 456-6702

**Corporate Secretary:** Estherlita Cumberbatch  
BSc (Mgmt), LLB (Hons), ACIS

**Subsidiaries:**

**Bank of Saint Lucia Limited**

No. 1 Bridge Street  
P.O. Box 1862  
Castries, Saint Lucia  
West Indies  
E-mail: [bankofsaintlucia@candw.lc](mailto:bankofsaintlucia@candw.lc)

**Bank of Saint Lucia International Limited**

P.O. Box RB 2385  
Rodney Bay Village, Gros Islet, Saint Lucia  
West Indies  
Email: [info@privatebankslu.com](mailto:info@privatebankslu.com)  
Website: <http://www.privatebankslu.com>

**EC Global Insurance Company Limited**

No. 2 Bridge Street,  
P.O. Box 1860  
Castries, Saint Lucia  
West Indies  
Email: [ecglobal@ecfh.com](mailto:ecglobal@ecfh.com)

**Property Holding and Development Company  
of Saint Lucia Limited**

No. 1 Bridge Street  
P.O. Box 1860  
Castries, Saint Lucia  
West Indies  
Email: [ecfh@candw.lc](mailto:ecfh@candw.lc)

**Mortgage Finance Company of Saint Lucia  
Limited**

No. 1 Bridge Street  
P.O. Box 1860  
Castries, Saint Lucia  
West Indies  
Email: [ecfh@candw.lc](mailto:ecfh@candw.lc)

**Legal Counsels:**

Caribbean Law Office  
99 Chaussee Road,  
P.O. Box 835  
Castries, Saint Lucia  
West Indies

Francis & Antoine  
Financial Centre  
P.O. Box CP5337  
No. 1 Bridge Street  
Castries, Saint Lucia  
West Indies  
Email: [Lawyers@fachambers.com](mailto:Lawyers@fachambers.com)

**Auditors:**

PriceWaterhouseCoopers  
Chartered Accountants  
P.O. Box 195  
Castries, Saint Lucia  
West Indies

**Lead Broker/ Arranger:**

Republic Finance & Merchant Bank Limited (Eastern  
Caribbean Office)  
Netherlands Insurance Building, Grand Anse  
PO Box 857 Grand Anse  
St George's, Grenada  
West Indies  
Telephone Number: (473) 444-1875  
Fax: (473) 444-1879  
Email: [fincor@spiceisle.com](mailto:fincor@spiceisle.com)  
Website: [www.republictt.com](http://www.republictt.com)

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## DEFINITIONS AND ABBREVIATIONS

### **Act or Acts**

The relevant “Acts” referred to throughout this Prospectus refer to the Acts of Saint Lucia.

### **APO**

Additional Public Offer

### **BOSL**

Bank of Saint Lucia Limited

### **BOSLIL**

Bank of Saint Lucia International Limited

### **Currency Equivalent**

“Dollars” or “EC\$” throughout this Prospectus refer to Eastern Caribbean Dollars unless otherwise stated.

The exchange rate is as follows:

US\$1.00 = EC\$2.70

EC\$1.00 = US\$0.37

### **Dividend Yield**

The percentage calculated when the numerator is the actual or projected dividends per share in a financial period and the denominator is the offer share price of ECFH.

### **DPS**

Dividend Per Share

### **Earnings Per Share (EPS)**

The amount calculated when the numerator is net income and the denominator is the weighted average number of shares in issue during the relevant financial period.

### **ECCB**

Eastern Caribbean Central Bank

### **ECCSD**

Eastern Caribbean Central Securities Depository Limited

### **ECCSR**

Eastern Caribbean Central Securities Registry Limited

### **ECFH / The Company / The Group**

East Caribbean Financial Holding Company Limited

### **ECSE**

Eastern Caribbean Securities Exchange Limited

### **ECSRC**

Eastern Caribbean Securities Regulatory Commission

### **EC Global**

EC Global Insurance Company Limited

### **Lead Broker/Arranger**

Republic Finance & Merchant Bank Limited

### **Licensed Broker/Dealer**

Broker/Dealers licensed by the ECSRC and registered with the ECSE

### **Market Capitalisation**

The market share price of ECFH (at the date of this Prospectus it is EC\$12.50 per share) multiplied by the number of shares in issue at the calculation date.

**MFC**

Mortgage Finance Company of Saint Lucia Limited

**OECS**

The Organisation of Eastern Caribbean States

**Offer Period**

18th June 2007 through 22nd June 2007

**PHDC**

Property Holding and Development Company of Saint Lucia Limited

**Price Earnings Ratio (PE Ratio)**

The ratio calculated when the numerator is the market price per share and the denominator is the earnings per share for the relevant financial period.

**Return on Assets (ROA)**

The percentage calculated when the numerator is net income and the denominator is the weighted average total assets during the financial period.

**Return on Equity (ROE)**

The percentage calculated when the numerator is net income and the denominator is the weighted average total shareholders' equity during the relevant financial period.

**Substantial Shareholder**

A person who has an interest in shares in the company:

- a. the stated value of which is equal to or more than 5% of the issued share capital of the company;  
or
- b. which entitles the person to exercise or control the exercise of 5% or more of the voting power at a general meeting of the company.

1st May 2007

Dear Investors,

We are pleased to offer you the opportunity to invest in the East Caribbean Financial Holding Company Limited (ECFH), or to increase your existing investment. The Additional Public Offering (APO) proposed in this Prospectus is seeking to raise approximately EC\$80M to EC\$100M on the Eastern Caribbean Securities Exchange. The proceeds of the share issue will be utilized to further capitalize the main subsidiaries of the Group and facilitate future business expansion.

ECFH has a comprehensive understanding of the local and sub-regional economic and financial landscape and a successful track record in the provision of financial services. Senior executives and management are well qualified and trained with substantial experience in banking, finance and other required areas. Over the period 2002/06, the shares appreciated by 53.8%, and dividend return increased from 1.85% in 2002 to 10% in 2006. Together, shareholders have enjoyed an annual average total return (capital appreciation and dividend return) of 13.77%.

ECFH is a dynamic group positioned to advance its business operations beyond the local environment, while expanding its various lines of business in the local market.

Those objectives are consistent with the mission statement "**Global Growth from Local Roots**". The Group's financial indicators reflect growth in all its business lines, particularly the more recent operations, while its main subsidiary Bank of Saint Lucia Limited retains its market leadership in the local banking market.

The increased capital raised from the APO will assist Bank of Saint Lucia Limited in developing its wealth and asset management services with a wide outreach into the OECS Region; increasing its commercial and development financing activities to meet the demands for larger credit; and providing innovative convenience banking solutions to its customers. The capitalization of the offshore banking business - Bank of Saint Lucia International Limited - will facilitate rapid growth in deposits, while the insurance company, EC Global Insurance Company Limited will be capitalized to enable larger risk retention as the company turns around from the operations of its formative years.

ECFH remains optimistic about the future growth potential of its subsidiaries and is of the opinion that the APO will offer opportunities for the desired expansion of the Group's financial activities; in the process, contributing to the social and economic development of Saint Lucia and the OECS. ECFH does not anticipate any dilution of existing shares, but rather projects an increased investment return to shareholders in the short to medium term.

We invite you to consider investing in ECFH shares. In making this decision, we encourage you to read the Prospectus in full, bearing in mind your own personal level of risk tolerance and financial position.

Yours Sincerely



Victor Eudoxie

CHAIRMAN

**The Offer**

This Prospectus contains information about an Additional Public Offer (APO) by East Caribbean Financial Holding Limited (ECFH) of a minimum of 6,400,000 and a maximum of 8,000,000 ordinary shares of no par value. The terms of the APO are outlined in Table 1 below.

**Table 1: Summary of the Offer**

Particulars	
<b>Number of Ordinary Shares Offered:</b>	Minimum of 6,400,000 and a Maximum of 8,000,000
<b>Price per Ordinary Share:</b>	\$12.50
<b>Minimum Investment:</b>	100 shares
<b>Aggregate Offer Value:</b>	EC\$80M to EC\$100M
<b>Offer Opens:</b>	18th June, 2007
<b>Offer Closes:</b>	22nd June, 2007

**Background of ECFH**

ECFH was established in 2001 following the successful merger of two (2) financial institutions: the largest commercial bank (National Commercial Bank of Saint Lucia Limited) and the sole development bank (Saint Lucia Development Bank) in Saint Lucia.

The Group comprises ECFH and its five (5) subsidiaries, namely:

1. Bank of Saint Lucia Limited (BOSL),
2. Bank of Saint Lucia International Limited (BOSLIL),
3. EC Global Insurance Company Limited (EC Global),
4. Mortgage Finance Company of Saint Lucia Limited (MFC), and
5. Property Holding and Development Company of Saint Lucia Limited (PHDC).

The Group provides a diverse range of banking, insurance and general financial services, and maintains a strong position in the Saint Lucia banking market through its main subsidiary BOSL, which accounts for 75% of total assets. BOSL has an estimated 45% of the deposit market and 30% of the loan market and the most extensive branch and ATM networks in Saint Lucia.

Since 2002, ECFH has shown steady growth and increased profitability, as shown in the Tables below.

**Table 2: Summary of Income Statement for the year ended December 31st**

Particulars (EC\$)	2006	2005	2004	2003	2002
Revenues (\$'000)	129,572	102,932	87,255	86,073	78,566
Expenses (\$'000)	94,251	75,165	69,006	70,889	75,059
Profit after Tax (\$'000)	35,321	27,767	18,249	15,184	3,507
Outstanding Shares (\$'000)	14,761	13,808	13,126	12,723	11,005
Basic EPS	2.43	2.02	1.34	1.12	0.23
Diluted EPS	2.19	1.79	1.19	0.99	0.23
DPS	1.00	0.80	0.60	0.53	<sup>1</sup> 0.12

The financial information in the table above was extracted from the company's records for the years ended December 31, 2006 (with 2005 comparatives), December 31, 2004 (with 2003 comparatives), and the year ended December 31, 2002. Changes to International Financial Reporting Standards impact the measurement, presentation and disclosure of financial information. As a result, the financial information disclosed in the above table may not be comparable.

<sup>1</sup>In addition to the dividends paid, a bonus share issue was declared at three (3) additional shares for every twenty (20) shares held.

**Table 3: Summary of Balance Sheet as at December 31st**

Particulars (EC\$)	2006	2005	2004	2003	2002
Customers' Deposits ('000)	1,163,075	1,011,980	779,702	667,099	603,472
Total Assets (\$'000)	1,573,924	1,329,425	1,091,669	981,908	883,558
Total Equity (\$'000)	172,080	146,008	124,963	111,938	97,506
Share Capital (\$'000)	67,447	62,826	58,845	57,680	46,482
Return on Equity (%)	22.21	20.49	15.41	14.41	3.56
Return on Assets (%)	2.44	2.29	1.76	1.62	0.41
Dividend Payout (%)	41.1	39.78	43.16	44.41	37.65
Book Value per Ordinary Share	11.00	9.82	8.62	7.78	7.80

The financial information in the table above was extracted from the company's records for the years ended December 31, 2006 (with 2005 comparatives), December 31, 2004 (with 2003 comparatives), and the year ended December 31, 2002. Changes to International Financial Reporting Standards impact the measurement, presentation and disclosure of financial information. As a result, the financial information disclosed in the above table may not be comparable.

#### Key Forecasted Performance Indicators

Table 4 below provides a summary of the projected ECFH's key performance indicators until 2009, following the share issue. Growth in the Group's bottom-line is projected to increase by 59.8% over the 3-year forecast, with a corresponding increase in earning per share of 35.2%. Shareholders are expected to enjoy healthy dividends, which are forecasted to increase by 37% over the period.

**Table 4: Projected Key Performance Indicators (After APO)**

Particulars	2007 <sup>F</sup>	2008 <sup>F</sup>	2009 <sup>F</sup>
Profit after Tax (EC\$'000)	48,308	62,482	77,216
# Common Shares Outstanding after APO ('000)	23,683	23,933	24,183
# Preference Shares Outstanding after APO ('000)	1,830	1,580	1,330
Basic EPS (\$)	2.36	2.61	3.19
Diluted EPS (\$)	1.91	2.45	3.03
DPS (\$)	1.00	1.12	1.37
Dividend Payout Ratio (%)	49.0	43.0	43.0

F = Forecasted

#### ECFH's Objectives

The major objective of ECFH is to become the premier financial institution in the OECS region by:

- Preserving and enhancing shareholders' value;
- Continuing to provide customers with the highest level of quality service;
- Managing asset quality in keeping with international standards;
- Continuing to modernize its financial service delivery channels;
- Expanding its geographic revenue base;
- Playing a meaningful role in the social and economic development of Saint Lucia and the OECS; and
- Continuing to attract, integrate, retain and motivate the highest quality personnel.

ECFH is well positioned to expand its business into the wider region, while maintaining its leadership in the local banking industry and strengthening its position in the insurance industry. Participating in this Additional Public Offer (APO) provides an opportunity for both existing and prospective shareholders to benefit from the outcome of these initiatives.

## 1.1 Important Offer Information

1.1.1 This APO is pursuant to resolutions passed at ECFH Board Meetings of 13th September 2006 and 19th January 2007 to raise additional capital through a share issue, and at the General Meeting of shareholders held on 27th April 2007 to increase the authorized shares from 20,000,000 to 50,000,000. The rationale for the APO is to allow a broadening of the investor base and greater participation by nationals in Saint Lucia and the OECS region.

This share offer is expected to attract existing shareholders and new investors and has the objective of creating future value with attractive capital gains and dividend yields over the years.

1.1.2 The particulars of the APO are outlined in Table 5 below.

**Table 5: Particulars of the APO**

<b>Number of Ordinary Shares Offered:</b>	Minimum of 6,400,000 and a Maximum of 8,000,000
<b>Price per Ordinary Share:</b>	\$12.50
<b>Minimum Subscription:</b>	100 shares and multiples of 50, thereafter
<b>Aggregate Offer Value:</b>	EC\$80M to EC\$100M
<b>Offer Opens:</b>	18th June 2007
<b>Offer Closes:</b>	22nd June 2007
<b>Allotment of Pre-emptive Rights:</b>	25th June 2007
<b>Allotment to General Public:</b>	26th to 27th June 2007

1.1.3 The minimum subscription and multiples stipulated in Table 5 above do not apply to existing shareholders exercising their pre-emption rights.

1.1.4 The shares offered are ordinary shares of ECFH of no par value. Each ordinary share ranks equally as to capital, dividend and right upon liquidation and carries one vote at all shareholders' meetings.

1.1.5 Shareholders on record immediately following the close of the APO will be entitled to any dividends declared by the Company.

1.1.6 In accordance with Section 9(1) (a) of the Banking Act of Saint Lucia, No.34 of 2006 and section 14.5 of the By Laws of the company no person shall hold or acquire either directly or indirectly more than 20% of the issued ordinary shares of the company except with the approval of the Eastern Caribbean Central Bank.

1.1.7 The ECFH is listed on the ECSE, and application shall be made to ECSE for the additional shares to be listed upon issue.

1.1.8 As a consequence of the ECSE listing the ECFH's shares are held in an uncertificated form. Accordingly, no physical certificate will be issued in respect of the new shares to be issued. Shareholders' records will be held in book entry form in the electronic registry of the Eastern Caribbean Central Securities Registry Limited (ECCSR).

1.1.9 The ECCSR, as the registry for ECFH shares, will maintain and service shareholders' records on behalf of the Company. The new shares to be issued in this APO will be transferred to the ECCSR upon completion of the allotment process.

1.1.10 The Eastern Caribbean Central Securities Depository Limited (ECCSD), also a subsidiary of the ECSE, will be responsible for the settlement of funds for this offering.

1.1.11 The ECSE shall serve as the trading platform for the general buying and selling of the securities, in the secondary market when these are accepted for listing.

## 1.2 Eligibility of the APO as an Investment

1.2.1 These ordinary shares qualify for investment by:

- a) insurance companies under the Insurance Act of Saint Lucia, Cap. 12:08, Section 93;
- b) local individual and institutional investors under Section 25, Paragraph 1(x) of the Income Tax Act 93 of Saint Lucia, Cap. 15:02;

## 1.0 THE OFFER

- c) foreign individual and institutional investors under Section 64 of the Income Tax Act 93 of Saint Lucia, Cap. 15.02 and the 3rd Schedule of the Income Tax Act of Saint Lucia, Cap. 15.02;
- d) pension funds under Section 153 under the Insurance Act 93 of Saint Lucia, Cap. 12.08; and
- e) mutual funds and unit trusts.

### 1.3 Deductible from Taxable Income

- 1.3.1 Section 59 of the Income Tax Act No.1 of 1989 of Saint Lucia, Cap. 15.02 allows for individuals to invest in new shares in public companies and claim up to EC\$5,000 per annum.
- 1.3.2 Investors in other countries are required to check the legislation governing taxation in their relevant jurisdictions.

### 1.4 Offer Price Determination

- 1.4.1 In determining the offer price of EC\$12.50, various valuation methodologies were considered to derive an indicative share price. This valuation is an estimate of the fair market value of the ordinary shares and is based on a specific set of circumstances at a particular point in time.  
In determining the offer price of EC\$12.50 the key factors taken into consideration include:
  - local, regional and international economic and financial market trends;
  - historical and projected financial performance of ECFH;
  - intrinsic value of ECFH shares following a fair valuation of ECFH's properties which was undertaken in the first quarter of 2007;
  - stock market performance of ECFH shares and prevailing P/E ratio which reflects the potential for future capital growth;
  - perception of existing and prospective investors' expectations.

### 1.5 Availability of the Offer and Subscription Period

- 1.5.1 The Offer will open on 18th June 2007 at 9:00 a.m. and close at 2:00 p.m. on 22nd June 2007, unless extended by ECFH in its sole discretion.
- 1.5.3 If the Closing Date of the Offer is extended, such extension shall be announced by press release issued by ECFH or on its behalf by its Agents.

### 1.6 Pre-emptive Rights

- 1.6.1 Pre-emptive Rights: Existing shareholders on record at the end of day on June 12, 2007 shall have the right to maintain their existing percentage ownership and will be given pre-emptive rights to purchase new shares proportionate to the percentage of issued shares they already hold.
- 1.6.2 Pre-emptive rights subscription will be allotted prior to all other subscriptions.

### 1.7 Procedure for Purchase of Ordinary Shares

- 1.7.1 Subscription for ordinary shares in the APO by members of the public, institutional investors and any other investors may be made using the services of Republic Finance & Merchant Bank Limited or any other Broker/Dealer licensed with the ECSRC. The list of licensed Broker/Dealers is provided in Appendix I. Subscriptions are subject to the Terms and Conditions of this APO.
- 1.7.2 Each Subscription Form must be completed in accordance with the Terms and Conditions of this Prospectus, and lodged with a payment in full (manager's cheque or draft) of EC\$12.50 per ordinary share with any licensed Broker/Dealer.

- 1.7.3 All Subscriptions in excess of US\$10,000 (or EC\$27,000) must be submitted with a completed "Source of Funds Form" available at any licensed Broker/Dealer.
- 1.7.4 The Minimum Investment in any share application is for 100 shares costing EC\$1,250.00. Subscription above this minimum amount must be in multiples of 50 shares.
- 1.7.5 The minimum levels of subscription and the multiples stipulated in 1.7.4 above do not apply to pre-emption rights.
- 1.7.6 A receipt will be issued by the licensed broker/dealer confirming the receipt of payment for the share application.

## **1.8 Subscription Terms and Conditions**

- 1.8.1 All Subscriptions become irrevocable after submission, and when received by any of the licensed Broker/Dealers.
- 1.8.2 A maximum of three joint applicants is allowed for each subscription, except in the case of existing joint shareholders exercising their pre-emption rights. In such cases a primary shareholder should be identified.

## **1.9 Allocation Strategy and Allotment Methodology**

- 1.9.1 Allotment to successful applicants will begin on Monday 25th June and will close on Wednesday 27th June or on such earlier date that the issue is allotted in full, unless extended by ECFH in its sole discretion.
- 1.9.2 If the Closing Date of the Allotment is extended, such extension shall be announced by press release issued by ECFH or on its behalf by its Agents.
- 1.9.3 Allotments to existing shareholders exercising their pre-emption rights as outlined in 1.6.2 will be satisfied first.
- 1.9.4 On satisfaction of the pre-emptive rights, any shares remaining shall be allotted to the remaining subscribers in the following priority:
1. Saint Lucia Nationals;
  2. Employees of ECFH and its subsidiaries;
  3. Registered pension and other trust funds, Credit Unions and Cooperatives, Mutual funds; and
  4. Other investors.
- 1.9.5 Subscribers in the priority categories listed in 1.9.4 will be allotted on a 'first in time' basis
- 1.9.6 If the offer is over-subscribed:
- (a) by up to 25% of the minimum issue, the additional shares will be allocated on the basis stipulated in 1.9.3, 1.9.4 and 1.9.5 above.
  - (b) by over 25% of the minimum issue, the monies relating to the excess beyond over subscription of 25% will be returned via cheque or draft, accompanied by a letter of allotment for the number of shares for which the Application is accepted.
- 1.9.7 If the offer is over subscribed by 25% or more, only the first out of multiple applications by the same applicant or joint applicants will be considered. The remaining applications by the same applicant(s) will be rejected. .
- 1.9.8 Refunds in respect of shares applied for but not allotted will be made to all of the applicants concerned through their brokers within ten (10) days of the close of the allotment period.
- 1.9.9 No shares will be allotted on the basis of the prospectus later than three months after the date of issue of the prospectus.

**1.10 Use of Proceeds**

1.10.1 The net proceeds of the APO are expected to be EC\$79.7 Million with the possibility of increasing to a maximum of EC\$99.7 Million (or 25% above the offering), in the case of an over-subscription. The funds will be used to further capitalise the subsidiaries of ECFH for future growth as detailed in Table 6.

**Table 6: Allocation of Net Proceeds**

Subsidiary	Existing Share Capital	Additional Capital Allocation EC\$80M
BOSL	EC\$108.0 M	EC\$58.2 M - EC\$69.2 M
BOSLIL	EC\$10.8 M	EC\$16.0 M - EC\$21.0 M
EC Global <sup>2</sup>	EC\$3.5 M	EC\$4.0 M - EC\$5.0 M
PHDC	EC\$13.4 M	EC\$1.5 M - EC\$4.5 M
<b>Total</b>		<b>EC\$79.7 M - EC\$99.7 M</b>

1.10.2 Expenses associated with the APO are estimated at a total cost of EC\$300,000 and include cost of listing on the ECSE, marketing of the APO, preparation and printing of the prospectus etc.

1.10.3 With the increased capitalization, ECFH has the opportunity to realize its strategic plans of: *expanding regionally; selectively increasing market share locally with increased visibility of the Group's corporate social responsibility initiatives; and providing unparalleled convenient financial services*. BOSL will receive the largest proportionate share of net proceeds, which will enhance its financial flexibility to meet the increasing demands of its customers.

1.10.4 The Group will pursue its expansion strategies through *strategic alliances; increased presence in the identified markets; and new product offerings*.

1.10.5 The major expected expansion programs of the Group's subsidiaries over the three-year period 2007 to 2009 are provided below.

**(a) Domestic banking business - BOSL**

- Expand wealth and asset management services locally and regionally (portfolio management, money market funds, mutual funds)
- Loan syndication arrangements with strategic partners.
- Greater focus on Development Financing (structured micro-sector financing and equity financing through a restructured Productive Sector Equity Fund)
- Technology driven banking services

**(b) Offshore Banking - BOSLIL**

- Expand business development activities internationally
- Innovative and appropriate products and services with international reach

**(c) Insurance business - EC Global**

- Acquisition and Joint Ventures locally and regionally
- Explore brokerage business regionally

**(d) Real Estate business - PHDC**

- Explore real estate development opportunities locally
- Explore joint venture relationships for project development.

1.10.6 These regional and international initiatives are expected to increase shareholder value over the next three (3) years.

<sup>2</sup>70% ownership indicated in this analysis. Grace Kennedy Limited (Grace) currently has the remaining 30% holding in EC Global.

**1.11 Persons involved in the APO:**

**Legal Counsel:**

Francis & Antoine  
Financial Centre  
P.O. Box CP5337  
No. 1 Bridge Street  
Castries, Saint Lucia  
West Indies  
Email: [Lawyers@fachambers.com](mailto:Lawyers@fachambers.com)

**Lead Broker/ Arranger:**

Republic Finance & Merchant Bank Limited (Eastern Caribbean Office)  
Netherlands Insurance Building, Grand Anse  
PO Box 857 Grand Anse  
St George's, Grenada  
West Indies  
Telephone Number: (473) 444-1875  
Fax: (473) 444-1879  
Email: [fincor@spiceisle.com](mailto:fincor@spiceisle.com)  
Website: [www.republictt.com](http://www.republictt.com)

## 2.0 RISKS & OTHER KEY INVESTMENT CONSIDERATIONS

### 2.1 Risks

- 2.1.1 The Group is exposed to credit risk, market risk, operational risk, foreign exchange risk, liquidity risk and reputational risk. ECFH's approach to risk management is multi-faceted involving certain key principles. The Board of Directors has provided a risk management framework which guides the operations of the Group. Specific targets, policies and strategies in line with the Group's vision are monitored by the Asset/Liability Committee to ensure that the financial performance is maintained, while adequately addressing risks. Risks are managed at individual business units in a coordinated manner.
- 2.1.2 Future financial results may differ substantially from historical results presented in this Prospectus. There are no guarantees that the continued operation of the Company will be profitable, as past performance is no guarantee of future performance.
- 2.1.3 ECFH is cognizant of its vulnerability to changes in competitive and market conditions and as such, has adopted a proactive approach to reducing these risks. ECFH is continuously involved in environmental scanning for possible opportunities and ways to effectively mitigate risk.
- 2.1.4 ECFH recognises the risk that may occur with key personnel leaving and has always maintained strategic succession to mitigate the possible risk that may occur.
- 2.1.5 ECFH cannot assure potential investors a share price in excess of the subscription price at any time after the date of this Prospectus. The shares may not trade at or above the subscription price.
- 2.1.6 The dividend policy is based on current conditions and level of liquidity. Changes in capital requirements or downturns in business may cause a reduction in the payment ratio/or frequency.
- 2.1.7 The operations of ECFH may also be affected by the performance of the Saint Lucia economy.

### 2.2 Other Key Investment Considerations

- 2.2.1 ECFH's financial position remains strong with increasing profitability and asset base.
- 2.2.2 There is strong brand recognition of ECFH locally and regionally and the Group's dominant positioning in the local market increases its competitive advantage along its varying business lines.
- 2.2.3 ECFH has strong relationships with regional and international correspondent banks, and other financial service providers.
- 2.2.4 ECFH is an innovative Financial Services Group that continues to develop new creative products for the local, regional and international markets.
- 2.2.5 The Group remains focused on modernising its process (technical and management support). It embraces technological advancements and capitalizes on such development in order to increase its operating and cost efficiency levels.
- 2.2.6 Shareholders have enjoyed an average annual return in excess of 13% since 2002. Additionally, the demand for ECFH shares remains quite strong. Shareholders should however note that past results do not guarantee future results.

### 3.1 Directors and Senior Management

#### 3.1.1 Board of Directors

##### **Victor Eudoxie**

Profession	:	Retired Banker
Substantive Position	:	Chairman
Board Member since	:	July 1997
Appointed by	:	Government of Saint Lucia

Mr. Eudoxie is a retired banker and has been the Chairman of the Board for the past nine years. He also serves as a director on the following boards: Tatil Re Limited, Ansa Re Limited, Grants House Development Limited, Lancaster Dev. Ltd, National Regulatory Telecommunications Commission, Sports Incorporated.

##### **Hildreth Alexander**

Profession	:	Manager
Qualification	:	MBA - Marketing
Substantive Position	:	General Manager - Saint Lucia National Housing Corporation
Board Member since	:	July 1997
Elected by	:	Ordinary Shareholders

Mr. Alexander has been the General Manager of Saint Lucia National Housing Corporation for over five years and serves as a director of ATF Enterprises Limited.

##### **Emma Hippolyte**

Profession	:	Accountant
Qualification	:	CGA, CFE
Substantive Position	:	Director - National Insurance Corporation
Board Member since	:	October 1999
Elected by	:	Ordinary Shareholders

Ms. Hippolyte has been the Executive Director of the National Insurance Corporation of St. Lucia for over five years and serves as a director on the following boards, Universal Health Care Task Force/Steering Committee (Chairman), St. Lucia Electricity Services Limited, NIPRO, Castries Facility Car Park Co., St. Lucia Agriculturist Association Income Tax Appeal Tribunal, National Community Foundation.

##### **Henry Mangal**

Profession	:	Management
Qualification	:	BSc. Accounting
Substantive Position	:	Permanent Secretary - Ministry of Youth & Sports
Board Member since	:	October 1999
Elected by	:	Ordinary Shareholders

Mr. Mangal has been the Permanent Secretary in the Ministry of Youth & Sports for the past five years and serves as a director on the following board ; National Lotteries Association, BELfund Incorporated, Windward Island Lotteries Inc.

##### **Isaac Anthony**

Profession	:	Financial Management Specialist
Qualification	:	BSc. Accounting, EMBA
Substantive Position	:	Director of Finance - Ministry of Finance
Board Member since	:	March 2007
Appointed by	:	Government of Saint Lucia

Mr. Anthony has been the Director of Finance for the Government of St. Lucia for the past four years and serves as a director on the following boards; Caribbean Public Finance Association (Chairman), Caribbean Development Bank, St Lucia Electricity Services Limited, National Insurance Corporation.

**George L. Lewis**

Profession	:	Engineer
Qualification	:	BSc., MS Petroleum Engineering
Substantive Position	:	Director - Republic Bank Limited
Board Member since	:	January 2004
Appointed by	:	Republic Bank Limited

Mr. Lewis is a retired engineer who has served as a director of Republic Bank Limited for over twenty years. He also serves as a director on the board of Windward Enterprises Limited and Republic Caribbean Investments Limited.

**Jacqueline Quamina**

Profession	:	Attorney At Law
Qualification	:	LLB, MA, MBA
Substantive Position	:	Group General Counsel/Corporate Secretary - Republic Bank Limited
Board Member since	:	March 2004
Appointed by	:	Republic Bank Limited

Ms. Quamina has been the Corporate Secretary for Republic Bank Limited for the past five years and serves as a director of Republic Securities Limited.

**E. Valentine Banks**

Profession	:	Banker
Qualification	:	Dip. GSB
Substantive Position	:	CEO- National Bank of Anguilla
Board Member since	:	July 2006
Appointed by	:	OECS Financial Institutions

Mr. Banks has been the Chief Executive Officer of the National Bank of Anguilla for the past six years and serves as a director on the following Boards; National Bank of Anguilla Ltd., Caribbean Credit Card Corporation (4C's) - (Chairman), Chairman of the Board of Directors - NCDS, West Indies Cricket Board (Vice president)

**Lennox Timm**

Profession	:	Accountant
Qualification	:	FCCA, MAAT
Substantive Position	:	Financial Controller - SVG National Insurances Services
Board Member since	:	December 2006
Appointed by	:	OECS Financial Institutions

Mr. Timm has been the Financial Controller for St. Vincent & the Grenadines National Insurance Services for the past ten years and serves as a director on the board of the St. Vincent National Development Foundation.

**Robert Norstrom**

Profession	:	Banker
Qualification	:	Fellow - Chartered Institute of Bankers, (UK)
Substantive Position	:	Group Managing Director
Board Member since	:	October 2004

Mr. Robert Norstrom has been the Group Managing Director for East Caribbean Financial Holding Co. Ltd for the past three years. Prior to that, he served as the General Manager of Bank of Saint Lucia Limited for one year. He is also a Director on the Board of National Development Corporation and Windward and Leeward Brewery Limited.

**Cadie St. Rose-Albertinie**

Profession	:	Legal Counsel
Qualification	:	BA (Hons), LLB (Hons),
Board Member since	:	May 2007
Appointed by	:	National Insurance Corporation

Mrs. St. Rose-Albertinie has been the Legal Counsel at National Insurance Corporation of St. Lucia since April 1997.

**3.1.2 Corporate Secretary**

Estherlita Cumberbatch, BSc. (Mgmt), LLB, ACIS

**3.1.3 ECFH Senior Management**

Robert Norstrom, FCIB (UK)  
Group Managing Director

Esther Browne, MSc. Finance  
General Manager

Jenni Killam, MSc. Human Resource Mgt  
Senior Manager- Human Resource Development & Training

Marcus Joseph, CGA  
Group Financial Controller

Anderson Lake, Graduate Financial Institution Professional  
Senior Manager - Group Corporate Communications

Roderick Cherry, MBA, MCMI (UK)  
Senior Manager- Marketing and Sales

Joy Fevrier, MSc. International Business  
Senior Manager Credit Risk

Lyndon Arnold - Higher Hons. Dip. - Computer Programming & Analysis  
Senior Manager - Information Management & Technology Services

Donna Matthew, MBA  
Senior Manager - Risk Management

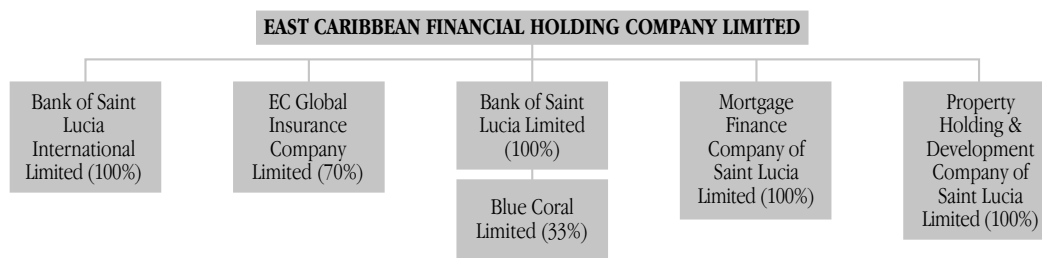
Estherlita Cumberbatch, BSc. (Mgmt), ACIS, LLB  
Corporate Secretary

Andrea St. Rose, LLB, CA, CGA, FCIS, CFE, MBA  
Internal Audit Consultant

**3.2 ECFH Group Structure and Profile**

3.2.1 ECFH has four (4) fully owned subsidiaries, one (1) company in which it has majority ownership (70%) and one (1) company in which its subsidiary, BOSL, has a significant investment (ownership greater than 20%) which are identified below.

**Figure 1: Structure of East Caribbean Financial Holding Company Limited**



3.2.2 ECFH was incorporated in the City of Castries in the state of Saint Lucia on 28th June 2001 under the Companies Act No. 19 of 1996, Chapter 13.01, Revised Laws of Saint Lucia, 2001 as a limited liability company. The registered office and principal place of business is located at No. 1 Bridge street, Castries, St. Lucia. The principal business of the company is the provision financial services. The ECFH companies operations are subject to compliance with the Companies Act of Saint Lucia, the Banking Act, Securities Act, the Insurance Act of Saint Lucia and the International Business Companies Act; and accordingly is subject to the restrictions of these Acts.

The Group's Corporate Profile is summarized below in Table 7.

**Table 7: Group's Corporate Profile**

<b>Name of Company</b>	<b>Type of Business</b>	<b>Period Established</b>	<b>Capitalization 2006 EC \$M</b>	<b>Assets 2006 EC\$M</b>	<b>Principal Officer</b>
East Caribbean Financial Holding Company Limited	Group Parent Holding Company	2001	105.1	160.9	Esther Browne
Bank of Saint Lucia Limited	Universal Banking - including retail, commercial, corporate and development, Wealth & Asset Management	2001	164.2	1,300.9	Robert Norstrom
Mortgage Finance Company of Saint Lucia Limited	Residential mortgage financing	2001	15.6	198.1	Robert Norstrom
Property Holding & Development Company of Saint Lucia Limited	Real Estate holding, Management and Development	2001	16.8	49.1	Elizabeth Bousquet
EC Global Insurance Company Limited	General Insurance	2004	3.0	8.2	Leathon Khan
Bank of Saint Lucia International Limited	Private International and Offshore Banking	2004	9.0	272.9	Ryan Devaux

### **3.3 Share Capital Structure**

3.3.1 ECFH is currently capitalised with ordinary and preference shares. The liability of ordinary shareholders is limited to the initial investment made. ECFH's share capital at the time of this offer comprised 50,000,000 authorised common shares of which 15,683,001 are issued and fully paid ordinary shares of no par value.

The share capital also comprises 11,550,000 authorised preference shares, of which 1,580,000 7% convertible cumulative are issued and fully paid.

**Table 8: Shareholders' Equity Trend over the period 2004 to 2006**

Share Capital (EC\$'000)	2006	2005	2004
Ordinary Shares	58,297	52,426	47,194
Preference Shares	9,150	10,400	11,650
Contributed Capital	2,644	1,900	1,900
Statutory Reserves	46,108	36,420	29,113
Other Reserves	36,248	26,374	17,918
Retained Earnings	18,736	17,387	14,689
Minority Interest	897	1,100	2,495
<b>TOTAL</b>	<b>172,080</b>	<b>146,007</b>	<b>124,959</b>

The financial information in the table above was extracted from the company's records for the years ended December 31, 2006 (with 2005 comparatives) and the year ended December 31, 2004. Changes to International Financial Reporting Standards impact the measurement, presentation and disclosure of financial information. As a result, the financial information disclosed in the above table may not be comparable.

- 3.3.2 Each ordinary share ranks equally as to capital, dividend and right upon liquidation and carries one vote at all shareholders' meetings.
- 3.3.3 Each preference share ranks equally as to capital, dividend and right upon liquidation and carries no vote. Preference shareholders are entitled to receive dividends before ordinary shareholders.
- 3.3.4 An overview of the current ownership of the company is presented below<sup>3</sup>.

**Table 9: Private Individuals and Institutions**

Name	Percentage of Holding
Government of Saint Lucia	20.0%
Republic Bank Limited	20.0%
OECS Financial Institutions	20.0%
National Insurance Corporation of Saint Lucia	15.0%
Other Shareholders	25.0%

### 3.4 Overview of ECFH

- 3.4.1 The principal activity of the Group is the provision of financial services. ECFH is regulated by the ECCB, the ECSRC, Ministry of Finance of the Government of Saint Lucia, Financial Service Supervisory Unit - Saint Lucia and the Registrar of Insurance.
- 3.4.2 The Group continues to dominate many areas of the local banking market and has the objective of:
- encouraging and mobilizing savings;
  - serving as an efficient financial intermediary in the financing of commercial, personal and development loans;
  - developing relevant financial products and services for the needs of the economy;
  - promoting economic and financial sector development by fostering strategic entrepreneurship;
  - taking a lead in positively influencing the financial sector in particular, and the economy in general;
  - being the preferred provider of superior financial products and services through caring professional staff and appropriate technology; and
  - exceeding shareholders' expectation and be a catalyst for development.

<sup>3</sup>National Insurance Corporation of Saint Lucia currently owns all the preference shares.

- 3.4.3 ECFH, through its subsidiaries, offers complete financial care and personal, corporate financial solutions as well as insurance solutions. Services offered include retail and development financing/commercial banking, specialized mortgage products, retirement plans, internet banking, telephonic banking, insurance products, offshore banking and investment banking.

<b>Subsidiaries</b>	<b>Range of Products and services</b>
<p><b>Bank of Saint Lucia Limited</b> BOSL is the Group's largest subsidiary, providing a diverse range of financial solutions to meet varying customers' needs</p>	<ul style="list-style-type: none"> <li>• Deposit Services</li> <li>• Convenience Banking Services</li> <li>• Lending Services (SME &amp; Corporate Loans)</li> <li>• Foreign Trade Services</li> <li>• Wealth &amp; Asset Management Services</li> <li>• Development Banking Services</li> <li>• Bonds / Guarantees</li> <li>• Other banking services (tele-banking, internet banking, debit / credit card services)</li> </ul>
<p><b>Bank of Saint Lucia International Limited</b> The Bank of Saint Lucia International Limited is the Groups' international offshore banking service provider</p>	<ul style="list-style-type: none"> <li>• Multi-currency term deposits</li> <li>• Money market accounts</li> <li>• Credit cards</li> <li>• Wealth Management</li> <li>• Online Trading</li> </ul>
<p><b>EC Global Insurance Company Limited</b> EC Global is the newest subsidiary of the Group and provides a wide range of general insurance services</p>	<ul style="list-style-type: none"> <li>• Property</li> <li>• Liability</li> <li>• Motor</li> <li>• Marine</li> <li>• Credit</li> <li>• Facultative</li> </ul>
<p><b>Mortgage Company of Saint Lucia Limited</b> The Mortgage Company of Saint Lucia limited provides a variety of mortgage products</p>	<ul style="list-style-type: none"> <li>• Residential mortgage financing</li> </ul>
<p><b>Property Holding and Development Company of Saint Lucia Limited</b> Owns and maintains the Group's real estate properties</p>	<ul style="list-style-type: none"> <li>• Property development &amp; management</li> </ul>

### **3.5 ECFH's Dividend Policy and Record**

- 3.5.1 ECFH plans to declare and pay dividends to the holders of ordinary shares each year. The amount of any dividend so declared will be determined after reviewing the Group's cash flows, earnings, financial position, debt retirement obligations if any, and other factors including the need to provide for growth and reserves as determined by the Board of Directors.
- 3.5.2 New shares will, when issued and fully paid, rank pari passu in all respects with the shares now in issue, including the right to all dividends and other distributions hereafter declared.
- 3.5.3 Dividends will be paid to all shareholders from net income after taxes. An interim dividend payment will be made to all shareholders after the half-year results, and the balance will be paid after the fiscal year-end.
- 3.5.4 ECFH's policy regarding the payment of dividends will conform to the provisions of the Companies Act of Saint Lucia, Cap. 13.01 and Banking Act of Saint Lucia No. 34 of 2006 in all respects. One such provision in the Banking Act of Saint Lucia No. 34 of 2006 states that no dividend shall be declared, credited or paid from profits if such declaration, credit or payment would result in an impairment of the capital requirements under the Banking Act of Saint Lucia No. 34 of 2006.

### 3.6 Closing of the Dividend Re-investment Plan

- 3.6.1 The Dividend Re-investment Plan (DRIP) was an investment option provided to shareholders in the first public offering in 1999, to reinvest their dividends in new shares at the prevailing market price.
- 3.6.2 The Board of Directors has therefore reviewed the plan (DRIP), and concluded that following the closure of this APO on June 22nd, 2007 the DRIP will effectively be closed.
- 3.6.3 With the closure of this APO, investors seeking to reinvest their dividend income in the acquisition of new shares, must complete the relevant Purchase Order Forms and submit them to their Broker/Dealer, to place the orders on the stock market.

### 3.7 The Group's and Subsidiaries' Financial Performance Review

- 3.7.1 At the end of 2006 the Group had a net profit before allocations for staff profit sharing and taxation of EC\$40.1 Million (Table 10 below). Net profit after tax and profit sharing was reported at EC\$35.3 Million. Return on Equity was 22.21% and Return on Assets stood at 2.44% at the end of 2006. The future performance of the Group and its subsidiaries is based on the summary of significant forecasts detailed in Section 8.2 of the Prospectus.

**Table 10: Summary ECFH Consolidated Financial**

EC\$'000	2006	2005	2004	2003	2002
<b>Total Assets</b>	1,573,924	1,329,425	1,091,669	981,908	883,558
<b>Shareholders' Equity</b>	172,080	146,008	124,963	111,938	97,506
<b>Revenue</b>	129,572	102,932	87,255	86,073	78,566
<b>Expenses</b>	94,251	75,165	69,006	70,889	75,059
<b>Profit after Tax</b>	35,321	27,767	18,249	15,184	3,507

The financial information in the table above was extracted from the company's records for the years ended December 31, 2006 (with 2005 comparatives), December 31, 2004 (with 2003 comparatives), and the year ended December 31, 2002. Changes to International Financial Reporting Standards impact the measurement, presentation and disclosure of financial information. As a result, the financial information disclosed in the above table may not be comparable.

- 3.7.2 **BOSL:** BOSL remains the most profitable subsidiary in the Group accounting for approximately 75% of the Group's net profit before taxation. BOSL's increasing levels of efficiency are clearly reflected in its financial ratios, and these continue to impact favourably on its liquidity and profit position. BOSL's financial performance compares favourably with its competitors, and remains consistent with international benchmarks established for financial institutions.
- 3.7.3 **Mortgage Finance Company of Saint Lucia Limited:** The company has recorded steady growth in profits over the four-year period 2003/06, and management's expectations are that this trend will continue.
- 3.7.4 **Property Holding and Development Company of Saint Lucia Limited** also showed continued profitability. The company has recorded steady profits since 2004, and Management's expectations are that this trend will continue.
- 3.7.5 **Bank of Saint Lucia International Limited** was established in 2004. Since its inception, the company has consistently worked towards increasing profitability. Management expects continuing growth in both assets and profits.
- 3.7.6 **EC Global Insurance Company Limited** was also established in 2004, and since inception the company has recorded continuous improvement in performance. Given the strategic initiatives identified locally and regionally, EC Global is expected to realise a profit in 2007 for the first time, and record increasing profitability in the short to medium term.

### 3.8 Review of ECFH Share Performance

3.8.1 ECFH shares were first issued in 1999 at EC\$5.00 per share, and subsequently listed on the ECSE on 19th October 2001 at a price of EC\$8.69. In 2002, shareholders received three (3) additional common shares for every twenty (20) shares that they held.

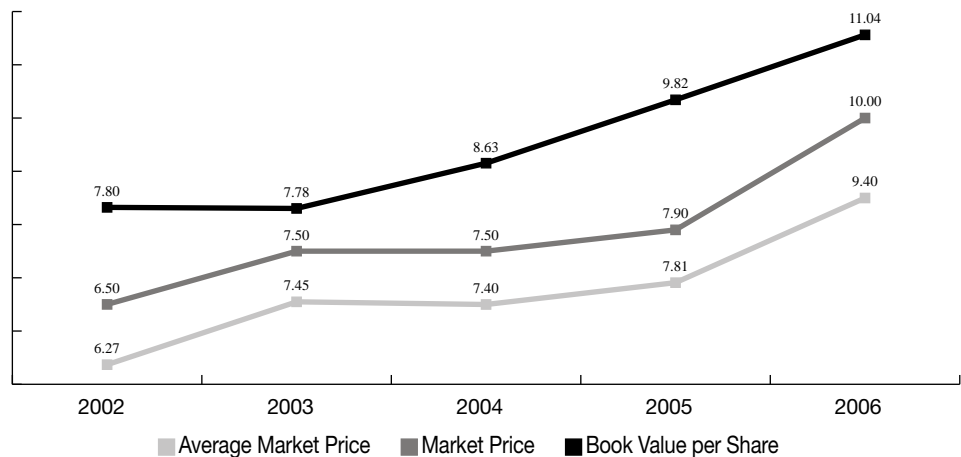
Over the period 2002/06, the shares appreciated by 53.8%, and dividend yields increased from 1.85% in 2002 to 10% in 2006 (Table 11 below). Together, shareholders have enjoyed an annual average total return (capital appreciation and dividend yield) of 13.77%.

**Table 11: ECFH Market Data**

Particulars	2006	2005	2004	2003	2002
Year-End Market Prices (EC\$)	10.00	7.90	7.50	7.50	6.50
Capital Gains (%)	26.58	5.33	0.00	15.38	(10.47)
Dividend Yield (%)	10.00	10.13	8.00	7.07	1.85
Average Price (EC\$)	9.40	7.81	7.40	7.45	6.27
Book Value per Share (EC\$)	11.04	9.82	8.63	7.78	7.80
Earnings per Share (EC\$)	2.43	2.02	1.34	1.12	0.23
P/E Ratio	4.12	3.91	5.60	6.70	28.26
Dividend Payout Ratio (%)	41.15	43.16	39.78	44.41	37.65

3.8.2 Figure 2 shows the steady increase in share price over the period January 2005 to December 2006.

**Figure 2: Comparative Five-year Market Performance of ECFH shares**



Past Performance is not a Guarantee of ECFH's future performance.

**4.1 Review of the Saint Lucian Economy**

- 4.1.1 Preliminary data indicate that real output in the economy grew by an estimated 5.4% in 2006, making it the 5th consecutive year of real growth. This was led primarily by strong activity in the construction sector which is estimated to have expanded by 13.2%, together with increased value-added in the agriculture (9.8%), manufacturing (6.7%) and banking and insurance (9.0%) sectors. The tourism sector is estimated to have contracted by 2.7%.
- 4.1.2 The rate of inflation advanced in 2005 was 4% but declined to 2.4% in 2006, due mainly to the direct effects of reduced oil prices particularly during the 2nd half of 2006.
- 4.1.3 The expansion in the construction sector was driven primarily by Government investments in the country's infrastructure and other preparations for the hosting of the Cricket World Cup 2007; and the private sector's investments in hotel developments spurred by CWC 2007 fiscal incentives.
- 4.1.4 Growth in the manufacturing sector continued primarily as a result of the strong performance of the beverage sub-sector, which contributed 6.8% to real GDP in 2006.
- 4.1.5 Agricultural output also increased following consecutive periods of contraction, and this was led mainly by an 11.4% growth in the banana industry together with higher production levels in all active sub-sectors with the exception of livestock.

**4.2 Review of the Financial Services Sector**

- 4.2.1 The East Caribbean Currency Union (ECCU) during 2006 focused on strengthening its regulatory framework as the Union entered a new era of economic and financial policy making in order to respond to the changes in the national, regional and international environment.
- 4.2.2 Central to the thrust in increased supervision and stability was the enactment of the new Uniform Banking Act of Saint Lucia No. 34 of 2006 within all member countries. This legislation is a prerequisite to consolidated supervision, as it provides for sharing of information with other regulators.
- 4.2.3 Other initiatives include the establishment of a single financial services regulatory unit within each member country and prudential guidelines on corporate governance, related party transactions and liquidity risk management. In an effort to reduce the financial sector vulnerability to credit risk, the maximum acceptable limit of non-performing loans has been set at 5% which is now in line with international standards.
- 4.2.4 The Group, through its subsidiary BOSL, continues to maintain its competitive market positioning locally and within the ECCU region. At December 2006, BOSL's deposits represented 34% of the total local deposits and 7.10% of regional deposits. When compared with its local competitors, BOSL's deposits rates are considered to be quite competitive.

**5.1 Corporate Governance**

- 5.1.1 The Board of Directors of the ECFH is responsible for the governance of the Group, and is committed to adhering to the highest standards of Corporate Governance, guided by a formal Corporate Governance Policy.
- 5.1.2 Appointment of Directors - Schedule 2, Bye-Law No. 1, Section 4, Paragraph 4.2  
“Each ordinary shareholder who holds greater than 10% of the issued ordinary shares of the Company shall be entitled to appoint one (1) Director for each 10% of the issued ordinary shares of the Company held. An ordinary shareholder appointing a Director on the basis of a 10% ordinary shareholding in the Company shall not be eligible to vote such shares on the election of other Directors.”
- 5.1.3 The Company’s Officers and Directors are bound by the insider dealing provisions of the Securities Act.

**5.2 Anti-Money Laundering**

- 5.2.1 ECFH as part of its risk management strategy has implemented key anti-money laundering policies, procedures and monitoring structures necessary for the prevention of anti-money laundering and related matters.

**5.3 Material Change Reporting**

- 5.3.1 ECFH shall issue news releases to its shareholders within seven (7) days following a material change in the business or affairs of the Group. A “material change” is a matter which is likely to affect a shareholder’s decision to sell or purchase shares or which is likely to affect the price of the shares.

**5.4 Material Litigation**

- 5.4.1 There are no material, pending or threatened claims, legal or arbitration proceedings against the Company or any of its directors or properties that may have a significant effect on the Company’s financial position.

**5.5 Commissions to Lead Broker / Arranger**

- 5.5.1 Republic Finance & Merchant Bank Limited (FINCOR) as lead broker/arranger for the APO will be paid a flat fee for the arrangement of the APO. FINCOR will work with other licensed intermediaries to successfully place the shares being offered.

**5.6 Alien Land Holding Requirements**

- 5.6.1 Pursuant to Aliens (Licensing) (OECs Securities Exemption) Order it is hereby declared that an alien or an alien company is exempt from the provisions of the Aliens (Licensing) Act 2002, No 20 of 2002 for the purpose of trading in Securities on the Eastern Caribbean Securities Exchange pursuant to the Securities Act 2001, No 21 of 2001.

**6.1 Material Interest**

6.1.1 Shareholders with material interests are disclosed in the Table below.

**Table 12: Top Ten Shareholders of ECFH**

Shareholders	# of Shares	Shareholding
Government of Saint Lucia	3,136,600	20.00%
Republic Bank Limited	3,136,600	20.00%
National Insurance Corporation	2,308,480	15.00%
Antigua Commercial Bank Limited	791,325	5.05%
National Bank of Dominica	556,600	3.55
National Commercial Bank of St. Vincent	460,000	2.93
St. Vincent & the Grenadines National Insurance	460,000	2.93
Life of Barbados Limited (Sagicor)	385,792	2.46
Fortress Mutual Fund	237,530	1.51
St. Kitts, Nevis, Anguilla National Bank	230,000	1.47

**6.2 Directors' Interest**

6.2.1 The shareholdings of the Directors are disclosed in the table below.

**Table 13: Directors' Interest**

Director	Beneficial	Non Beneficial
Victor Eudoxie	1,610	Nil
Hildreth Alexander	Nil	Nil
Emma Hippolyte	16,608	Nil
Henry Mangal	1,150	Nil
Isaac Anthony	3,939	Nil
Cadie St Rose	Nil	Nil
E. Valentine Banks	Nil	Nil
Jacqueline Quamina	Nil	Nil
Lennox Timm	NIL	Nil
George L. Lewis	1,906	Nil
Robert Norstrom	4,000	Nil

6.2.2 At no time during the past two years has any director had any material interest in any contract or arrangement in relation to the business of the Company and its subsidiaries.

**6.3 Directors' Remuneration**

6.3.1 The aggregate remuneration paid to directors for the financial 2006 was EC\$293,450 and the projected amount for 2007 is EC\$490,150.

**6.4 Preference Shareholder - National Insurance Corporation of Saint Lucia**

The National Insurance Corporation of Saint Lucia as shareholders of preference shares are entitled to convert preference shares on an annual basis at a price of EC\$5.00 per share. As a result, ECFH issues additional new common shares under this arrangement on an annual basis.

Preference shares are converted as follows:

- *Conversion of preference shares to ordinary shares is restricted to an amount of 250,000 per annum after the record date for the payment of final dividends of the previous financial year.*

## 6.0 MATERIAL DISCLOSURES

- *In any given year, the National Insurance Corporation of Saint Lucia is not allowed to put more than 250,000 ordinary shares on the market for sale unless prior approval is obtained from ECFH, such approval not to be unreasonably withheld.*
- *Subject to the provisions of the previous paragraph, where appropriate, the National Insurance Corporation of Saint Lucia will use its best endeavours to dispose of some of its shares periodically, to stimulate the market in ECFH shares.*

### 6.5 Material Contracts

- 6.5.1 ECFH and its subsidiaries have not entered into any material contracts with external parties within the two years preceding the issue of the prospectus, other than in the ordinary cause of business.

## 7.0 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection between 9.00 am and 3.00 pm from 18th to 22nd June 2007 at the offices of each broker and the Head Office of ECFH:

1. Certificate of Amalgamation dated 30th June 2001
2. Copies of Articles of Continuance of ECFH
3. By- laws of ECFH
4. ECFH 2006 Annual Report
5. ECFH Group's audited financial statements for the years ended 31st December 2002, 31st December 2004 and 31st December 2006
6. Financial Forecasts for 2007 to 2009 for the subsidiaries of ECFH
7. Resolutions of the ECFH's Board of Directors of 13th September 2006 and 19th January 2007 authorising the share issue
8. Resolutions of the ECFH's shareholders on 27th April 2007 to increase the company's authorised shared capital.

The documents are also available on ECFH's website: [www.ecfh.com](http://www.ecfh.com)

The historical financial information was extracted from the company's audited consolidated financial statements for the years ended December 31, 2006 (with 2005 comparatives), December 31, 2004 (with 2003 comparatives), and the year ended December 31, 2002.

Changes to International Financial Reporting Standards impact the measurement, presentation and disclosure of items in the financial statement. As a result, the financial information disclosed in the following tables may not be comparable.

PriceWaterhouseCoopers were the auditors of the Group for the period 2002 to 2006.

8.1 AUDITORS' CONSENT LETTER



**The Board of Directors**

East Financial Holding Group of Companies  
5th Floor, Financial Centre Building  
P. O. Box 1860  
Castries, St Lucia West Indies

**PricewaterhouseCoopers**

Pointe Seraphine  
P.O. Box 195  
Castries  
St. Lucia, W.I.  
Telephone (758) 456-2600  
Facsimile (758) 452-1061

Dear Directors,

We refer to the prospectus of East Caribbean Financial Holding Company Limited (the "Company") dated May 25, 2007 relating to the sale and issue of ordinary shares of no par value at EC\$12.50 per share payable in full on application. ("Prospectus")

We have read the Prospectus and complied with International Standards for Auditing -720, Other Information in Documents Containing Audited Financial Statements.

We hereby consent to the inclusion in the above-mentioned Prospectus, of the following financial information extracted from the Company's December 31, 2006 consolidated financial statements:

- Consolidated balance sheet as at December 31, 2006;
- Consolidated statements of income, changes in shareholders' equity and cash flow for the year ended December 31, 2006
- With comparative figures for 2005

We hereby consent to the inclusion in the above-mentioned Prospectus, of the following financial information extracted from the Company's December 31, 2004 consolidated financial statements:

- Consolidated balance sheet as at December 31, 2004;
- Consolidated statements of income, changes in shareholders' equity and cash flow for the year ended December 31, 2004
- With comparative figures for 2003

We hereby consent to the inclusion in the above-mentioned Prospectus, of the following financial information extracted from the Company's December 31, 2002 consolidated financial statements:

- Consolidated balance sheet as at December 31, 2002;
- Consolidated statements of income, changes in shareholders' equity and cash flow for the year ended December 31, 2002.

Since March 6, 2007, the date of our last audit report, we have not been engaged by the Company to perform any audit or review procedures on the Company's financial information. At management's request we have however performed the following procedures:

- We have made enquiries of management to identify any material events that may have occurred subsequent to the date of our last audit report.
- We have obtained an updated representation letter from management to the date of the Prospectus and updated legal letter date June 8, 2007.

Antigua  
Barbados

Charles W. A. Walwyn Robert J. Wilkinson  
J. Andrew Marryshow Philip St. E. Atkinson R. Michael Bynoe Ashley R. Clarke Gloria R. Eduardo Maurice A. Franklin  
Marcus A. Hatch Stephen A. Jardine Lindell E. Nurse Brian D. Robinson Christopher S. Sambrano Blaine S. Sibson  
Ann M. Wallace-Elcock Michele J. White-Ying

Grenada  
St. Kitts & Nevis  
St. Lucia

Philip St. E. Atkinson (resident in Barbados)  
Jefferson F. Hunte  
Anthony D. Atkinson Richard N. C. Peterkin



- We have read the Company's internal management accounts as of April 30, 2007 and for the four months then ended.
- We have read the minutes of the meetings of the Board of Directors held subsequent to the date of our last audit report.

The foregoing procedures do not constitute an audit made in accordance with International Standards on Auditing. Accordingly, we make no representations as to the sufficiency of the foregoing for your purposes.

Based on the procedures as set out above we have not identified any matters that would result in a material adjustment to, or disclosure in, the Company's financial statements as at December 31, 2006 and for the year then ended.

This letter is provided solely for the purpose of assisting the Directors of the Company to which it is addressed in discharging their responsibilities and should not be used for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours truly

A handwritten signature in cursive script that reads "PriceWaterhouseCoopers".

PriceWaterhouse Coopers

8.2 ECFH'S FIVE (5) YEAR FINANCIAL PERFORMANCE FOR THE PERIOD 2002 TO 2006

**Consolidated Balance Sheet**

(expressed in Eastern Caribbean Dollars)

For 5 years starting 31st December 2002 to 2006

<b>Assets</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Cash and balances with					
Central Banks	63,601,255	62,348,792	110,339,184	59,671,673	45,056,605
Treasury bills	8,371,700	1,949,946	5,357,938	14,379,000	11,279,000
Deposits with other banks	227,658,462	72,974,517	36,909,573	76,633,004	49,485,953
Financial assets held for trading	30,001,947	66,740,761	5,000,000	-	-
Deposits with non-bank financial institution	2,711,289	1,982,021	8,657,307	8,313,678	11,591,585
Originated loans					
- loans and advances to customers	886,333,197	680,775,504	604,875,620	566,569,588	571,641,229
- bonds	9,268,621	10,236,095			
Investment securities					
- held-to-maturity	83,705,207	168,442,724	137,375,071	166,913,847	123,870,722
- available-for-sale	127,112,983	163,343,500	107,722,075	17,822,297	1,222,852
Pledged assets	57,427,020	23,272,859	-	-	-
Investment in associate	4,947,628	4,951,622	4,303,790	4,166,667	-
Property and equipment	47,702,558	47,594,907	46,478,487	41,316,376	42,196,671
Investment properties	6,936,046	7,161,747	9,163,814	13,699,944	9,435,141
Intangible assets	2,799,202	2,355,311	2,162,151	1,304,513	-
Other assets	10,717,225	11,418,420	8,378,645	5,659,357	12,988,532
Income tax recoverable	2,992,179	1,881,523	2,848,819	2,913,458	2,234,768
Retirement benefit asset	1,637,908	1,993,727	2,096,070	2,544,767	2,554,681
<b>Total Assets</b>	<b>1,573,924,427</b>	<b>1,329,423,976</b>	<b>1,091,668,544</b>	<b>981,908,169</b>	<b>883,557,739</b>
<b>Liabilities</b>					
Deposits from banks	2,965,940	2,053,643	2,419,845	15,129,444	-
Due to customers	1,163,075,033	989,208,058	779,701,770	667,098,716	603,471,722
Other fund ing instruments	56,189,749	22,771,443	-	-	-
Borrowings	139,213,263	141,208,996	160,756,154	167,414,858	162,203,596
Other liabilities	32,813,734	25,767,393	20,600,096	17,640,177	16,651,288
Dividend payable	2,153,054	1,567,802	2,515,453	1,864,732	1,643,987
Income tax payable	4,070,999	-	-	-	-
Deferred tax liabilities	1,362,527	839,128	712,320	822,210	834,230
<b>Total Liabilities</b>	<b>1,401,844,299</b>	<b>1,183,416,463</b>	<b>966,705,638</b>	<b>869,970,137</b>	<b>784,804,823</b>
<b>Shareholders' equity</b>					
Share capital	67,447,419	62,826,179	58,844,815	57,680,455	46,481,819
Contributed capital	2,643,021	1,900,472	1,900,472	1,900,472	1,525,472
Reserves	82,357,029	62,792,643	47,032,453	38,721,797	42,211,776
Unrealised loss on investments	(1,246,153)	(331,137)	-	-	-
Retained earnings	19,981,685	17,718,977	14,689,802	12,371,098	7,286,838
Parent shareholders' equity	171,183,001	144,907,134	122,467,542	110,673,822	97,505,905
Minority interest	897,127	1,100,379	2,495,364	1,264,210	1,247,011
<b>Total shareholders' equity</b>	<b>172,080,128</b>	<b>146,007,513</b>	<b>124,962,906</b>	<b>111,938,032</b>	<b>98,752,916</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,573,924,427</b>	<b>1,329,423,976</b>	<b>1,091,668,544</b>	<b>981,908,169</b>	<b>883,557,739</b>

**Consolidated Statement of Income**  
(expressed in Eastern Caribbean Dollars)  
**For 5 years starting 31st December 2002 to 2006**

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Interest income</b>	105,426,000	84,510,249	72,480,117	71,064,483	68,351,009
<b>Interest expense</b>	(41,376,010)	(33,380,852)	(31,028,387)	(34,268,443)	(34,776,172)
<b>Net interest income</b>	64,049,990	51,129,397	41,451,730	36,796,040	33,574,837
Net fee and commission income	11,184,784	9,234,527	7,586,870	5,483,399	5,962,231
Net foreign exchange trading income	7,911,099	5,533,506	4,388,299	7,065,090	2,893,955
Other operating income	3,716,336	2,964,642	2,536,100	2,346,122	1,244,131
Dividend income	44,140	206,037	108,624	114,795	21,489
Net insurance premium revenue	1,723,353	454,602	28,874	-	-
Net insurance claims	(433,974)	(118,662)	(10,830)	-	-
Impairment losses on loans and advances	(1,180,943)	(1,315,518)	(2,610,575)	(6,633,206)	(12,853,540)
Operating expenses	(48,455,529)	(39,524,147)	(35,331,046)	(28,673,965)	(25,954,998)
Income before finance charges and taxes	38,559,256	28,564,384	18,148,046	16,498,275	4,888,105
Finance charges	-	-	-	-	(1,073,361)
Share of profit/(loss) of associate	(3,994)	147,832	137,123	-	-
<b>Profit for the year before taxation</b>	38,555,262	28,712,216	18,285,169	16,498,275	3,814,744
<b>Income tax expense</b>	(3,272,938)	(1,202,647)	(300,508)	(1,295,343)	(295,249)
Group profit before minority interest	35,282,324	27,509,569	17,984,661	15,202,932	3,519,495
Minority interest	39,090	257,685	263,992	(18,740)	12,111
<b>Net profit for the year</b>	35,321,414	27,767,254	18,248,653	15,184,192	3,507,384
Earning per share					
- basic	2.43	2.02	1.34	1.12	0.24
- diluted	2.19	1.79	1.19	0.99	0.26

**Consolidated Statement of Cash Flows**  
(expressed in Eastern Caribbean Dollars)  
**For 5 years starting 31st December 2002 to 2006**

	2006	2005	2004	2003	2002
<b>Cash flows from operating activities</b>					
Profit for the year before taxation	38,555,262	28,712,216	18,285,169	16,498,275	3,814,744
Adjustments for:					
Interest income	(105,426,000)	(84,510,249)	(72,480,117)	(71,064,483)	(68,264,528)
Interest expense	41,376,010	33,380,852	31,028,387	34,268,443	34,776,172
Depreciation and amortisation	3,821,262	2,583,631	2,494,678	2,443,344	2,479,606
Impairment losses on loans and advances	1,180,943	1,315,518	2,610,575	6,633,206	12,853,540
Loss/(gain) on disposal of investments properties	65,213	(1,150,337)	-	-	-
Amortisation of intangible assets	712,803	802,019	573,706	-	-
Unrealised exchange loss	129,978	101,352	(121,696)	517,504	1,034,488
Pension benefits	-	102,343	448,697	9,914	-
Gain on disposal of property and equipment	(27,527)	(59,062)	(21,347)	(156,600)	(36,984)
Share of loss/(profit) of associate	3,994	(147,832)	(137,123)	-	-
<b>Cash flows before changes in operating assets and liabilities</b>	<b>(19,608,062)</b>	<b>(18,869,549)</b>	<b>(17,319,071)</b>	<b>(10,850,397)</b>	<b>(13,342,962)</b>
Decrease/(increase) in mandatory deposits with Central Bank	2,886,287	(6,299,981)	(4,304,710)	(3,329,269)	(2,307,268)
Increase / (Decrease) in loans and advances to customers	(213,525,150)	(88,134,303)	(40,124,632)	650,806	17,706,093
Decrease/(increase) on other assets	673,033	(3,148,315)	(2,724,583)	530,298	4,511,943
Increase in due to customers	177,373,602	209,185,104	112,605,861	63,326,100	56,655,552
Increase in other funding instruments	33,418,306	22,771,443	-	-	-
Increase/(decrease) in deposits from banks	725,675	(1,314,372)	(12,709,599)	-	-
Increase in other liabilities	8,369,507	5,167,297	2,973,192	15,510,922	(6,677,372)
Cash (used in) / generated from operations	<b>(9,686,802)</b>	<b>119,357,324</b>	<b>38,396,458</b>	<b>65,838,460</b>	<b>56,545,986</b>
Income tax paid	(10,443)	-	(345,759)	(1,986,052)	(3,011,494)
Interest received	114,167,695	85,994,171	64,146,148	67,836,512	67,939,855
Interest paid	(44,689,592)	(32,469,215)	(30,790,999)	(33,776,046)	(34,363,373)
<b>Net cash provided by operating activities</b>	<b>59,780,858</b>	<b>172,882,280</b>	<b>71,405,848</b>	<b>97,912,874</b>	<b>87,110,974</b>
<b>Cash flows from investing activities</b>					
Purchase of investment securities and T/Bills	(31,988,429)	(129,549,133)	(42,554,113)	(68,467,844)	(57,429,019)
Proceeds from sale of investment securities	149,926,008	40,676,502	-	-	-
Increase in pledged assets	(34,154,161)	(23,272,859)	-	-	-
Purchase of property and equipment	(3,956,338)	(3,783,791)	(3,266,768)	(7,517,131)	(3,674,691)
Purchase of intangible assets	(1,156,694)	(995,179)	(1,431,344)	-	-
Proceeds from disposal of property and equipment	75,500	164,315	167,456	541,366	91,124
Proceeds from disposal of investment properties	139,940	3,130,891	-	-	-
Increase in investments in associated company	-	(500,000)	-	(4,166,667)	-
<b>Net cash provided/(used in) investing activities</b>	<b>78,885,826</b>	<b>(114,129,254)</b>	<b>(47,084,769)</b>	<b>(79,610,276)</b>	<b>(61,012,586)</b>

**Consolidated Statement of Cash Flows**  
(expressed in Eastern Caribbean Dollars)  
**For 5 years starting 31st December 2002 to 2006**

	2006	2005	2004	2003	2002
<b>Cash flows from financing activities</b>					
(Decrease) / Increase in minority interest	(164,162)	(1,137,300)	1,516,824	40,000	-
Proceeds from issuance of shares	-	2,093,247	-	-	2,917,823
Dividend paid to group and minority shareholders	(8,263,217)	(8,037,424)	(5,825,890)	(2,228,205)	(6,754,280)
Proceeds from issuance of bonds	-	-	-	-	15,500,000
Proceeds from borrowings	-	2,029,600	4,605,451	11,917,388	6,497,784
Repayment of borrowings	(2,002,156)	(21,219,041)	(11,395,927)	(10,151,838)	(11,217,505)
Capital contribution received	-	-	-	375,000	-
Net cash used in financing activities	(10,429,535)	(26,270,918)	(11,099,542)	(47,655)	6,943,822
<b>Increase in cash and cash equivalents</b>	<b>128,237,149</b>	<b>32,482,107</b>	<b>13,221,537</b>	<b>18,254,943</b>	<b>33,042,210</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>162,932,619</b>	<b>130,450,512</b>	<b>117,228,975</b>	<b>98,974,032</b>	<b>65,931,822</b>
<b>Cash and cash equivalents at end of year</b>	<b>291,169,768</b>	<b>162,932,619</b>	<b>130,450,512</b>	<b>117,228,975</b>	<b>98,974,032</b>

### **8.3 FINANCIAL FORECASTS FOR THE PERIOD 2007 TO 2009**

The prospective financial information included in this prospectus has been prepared by, and is the responsibility of, the Company's management. PriceWaterhouseCoopers has neither examined nor compiled the accompanying prospective financial information, and accordingly, PriceWaterhouseCoopers does not express an opinion or any other form of assurance with respect thereto.

The PriceWaterhouseCoopers report included in this prospectus relates to the Company's historical financial information. It does not extend to the prospectus financial information and should not be read to do so.

#### **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS**

The financial forecasts have been prepared by management using assumptions that were in effect at 31st December 2006. These assumptions reflect the Group's planned courses of action for the period covered and are based on Management's judgment as to the most probable set of expected future economic conditions. In view of the uncertainties inherent in predicting future conditions and actions, actual results achieved during the forecast period may vary from the estimates and the variations may be material.

The accounting policies utilized in the preparation of the consolidated financial statements at 31st December 2006 have been followed in the preparation of these forecasts and are in keeping with International Financial Reporting Standards. It is anticipated that there will be no change during the forecast period of the Eastern Caribbean dollar to the United States dollar and that the rate will remain at EC \$2.70.

The forecasts for the period 31st December 2007 to 31st December 2009 include the operations of existing subsidiary companies; Bank of Saint Lucia Limited, Mortgage Finance Company of Saint Lucia Limited, Property Holding and Development Company of Saint Lucia Limited, EC Global Insurance Company Limited and Bank of Saint Lucia International Limited. The forecasts for the period include the issue of a minimum of 6.4M additional common shares from 18th June 2007 for a total net consideration of \$79.7M. All costs associated with the issue will be written off immediately.

New capital injection by ECFH to subsidiaries will be made on a needs basis however, it is anticipated that 70% and 20% of the issue proceeds will be made available to Bank of Saint Lucia Limited and Bank of Saint Lucia International Limited respectively.

Over the 2008-09 period, operating expenses (excluding staff costs) are expected to be maintained with a maximum increase of 10.7% throughout the Group and cost control measures will remain in effect to maintain increases as projected. Dividend income received from subsidiaries will accommodate dividend payout to ECFH shareholders at the ratios projected in Prospectus ranging from 43% to 49% of net profits.

#### **Subsidiary Assumptions**

##### **BOSL**

Further capitalization of BOSL will increase the capital base and strengthen liquidity, while enabling annual loan portfolio growth ranging from 8% to 15%. Larger individual loan sizes are estimated based on increased tier 1 capital. Individual loan size is expected to move to EC\$73M (US\$27M) by 2009. More emphasis will be given to development loans including- agriculture, tourism, construction, manufacturing, mortgages and industry, education in keeping with economic policies. Credit risk exposure from larger loans will be managed wherever possible by diversification in the portfolio through loan syndication and mortgage securitisation with other OECS banks. Further reduction in (Non Performing) NP loans is anticipated moving to 2% in 2009.

Increase in the investment banking activities will include fees from mutual fund, pension fund management and portfolio management as well as growth in other wealth and asset management services. Increased regional business is anticipated from brokerage and wealth management services.

##### **MFC**

Continued growth of the mortgage portfolio is anticipated in keeping with demand for home construction and promoted government initiatives for home ownership. Further reduction in NP loans was projected moving to 2.5% by 2009. Sale of mortgages to Eastern Caribbean Home Mortgage Bank will be negotiated as necessary to support liquidity for increased lending, while additional borrowing will be undertaken in support of loan disbursements.

**BOSLIL**

The capital base will be increased to accommodate increase in the deposit base and associated invested assets. The Company's expansion mode will involve increasing staff, to include international markets business development personnel. Business development initiatives are being enhanced to increase deposits to US\$8.5M per month on average for the next three years.

Additional operating costs, though not expected to increase significantly, will be largely offset by the cancellation of fees paid as a result of a strategic relationship. The fee arrangement ends in 2007. The cost for maintaining relationship in Asia will be maintained. It is anticipated that interest spread will decline slightly due to the increasing competitive environment. Targeted return on assets is 1% and 25% on equity. No significant change to the Bank's existing business model is anticipated over the next three (3) years.

**EC Global**

Increases in capital base will be contributed by both partners to accommodate increased values of risks underwritten. Expansion within the wider OECS Region will be pursued through strategic partnerships. Individual property risk is expected to increase to \$5M by 2008, while increased individual motor risk will also increase. The quota share of motor premiums retained will be increased by 2008 with adequate reinsurance arrangements in place for excess of loss and catastrophe. Investments will increase based on increased premium receipts.

**PHDC**

The construction of a new building will be undertaken to facilitate more suitable accommodation for BOSLIL & the Wealth and Asset Management Services of BOSL. Expansion of existing property in the north of the island will be undertaken to facilitate growth within BOSL commercial business in that area. Existing related party loans will be refinanced with external borrowings under favourable terms and conditions. Work will commence on feasibility study for development of Bridge Street property adjacent to the Group's head office. Increased rental income is anticipated from completed projects.

**East Caribbean Financial Holding Company Limited****Forecasted Performance Ratios****For the Period 31st December 2007 to 2009**

	<b>2007</b>	<b>2008</b>	<b>2009</b>
Return on Average Assets	2.5%	2.5%	2.6%
Return on Average Equity	20.7%	19.9%	21.5%
Loans / Deposits & Borrowings	55.8%	51.5%	47.6%
Non-Performing / total loans	5.7%	3.3%	1.6%
Efficiency with Provisions	48.3%	45.5%	42.5%
Efficiency without provisions	47.0%	43.6%	40.6%
Growth in Deposits	30.4%	25.0%	24.8%
Growth in total Loans	8.8%	9.6%	13.2%
(a) Productive loans	14.3%	12.4%	15.2%
(b) Non Productive loans	(39.7)%	(36.3)%	(45.5)%
Increase in net income	36.8%	29.4%	23.5%
Non-interest income/Staff cost	98.7%	109.5%	123.8%
Staff cost/ operating income	26.3%	24.4%	22.5%

**ECFH FINANCIAL Holding Company Limited**

**FORECAST CONSOLIDATED BALANCE SHEET**

**Presented in Eastern Caribbean Dollar**

As at 31st December

	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Assets</b>			
Cash and balances with Central Bank	86,201,434	92,001,475	103,371,271
Deposits with other Banks	404,467,069	612,534,503	830,676,802
Deposits with Non-bank financial institutions	1,790,000	3,637,912	5,493,521
Treasury Bills	10,847,909	11,932,700	13,125,970
Loans and advances- productive	968,662,792	1,075,304,396	1,226,393,371
Investments - Held-to-maturity	128,069,015	158,949,674	198,348,452
- Available-for-sale	390,753,957	409,871,901	500,125,417
- Held-for-trading	35,895,366	42,245,632	47,232,564
- Pledged assets	66,430,786	119,969,943	146,897,659
Investment in Associate	4,951,622	4,951,622	4,951,622
Property, plant, equipment & intangible assets	54,124,759	57,274,759	57,349,759
Investment properties	21,074,054	24,763,930	31,651,974
Insurance receivables	800,000	1,946,869	4,997,214
Other assets	55,992,429	58,533,930	71,887,643
Retirement benefit reserve	1,637,908	1,637,908	1,637,908
Income tax recoverable	2,992,180	-	-
<b>Total assets</b>	<b>2,234,691,280</b>	<b>2,675,557,154</b>	<b>3,244,141,147</b>
<b>Liabilities</b>			
Due to banks	1,640,549	1,345,320	1,345,320
Customers' deposits	1,589,634,975	1,986,824,142	2,480,476,069
Other fund raising instruments	63,405,786	115,497,659	140,497,659
Due to reinsurers	922,118	2,242,957	5,093,302
Borrowed funds	215,196,085	158,564,846	148,215,535
Insurance claims and unearned revenue	2,088,772	5,080,851	8,131,196
Other liabilities	58,876,245	63,509,627	64,149,088
Dividends payable	1,472,259	1,472,259	1,472,259
Income taxes payable	6,183,367	5,947,318	7,358,517
Deferred tax liability	1,366,931	1,366,931	1,366,931
<b>Total liabilities</b>	<b>1,940,787,087</b>	<b>2,341,851,910</b>	<b>2,858,105,876</b>

## ECFH FINANCIAL Holding Company Limited

### FORECAST CONSOLIDATED BALANCE SHEET

Presented in Eastern Caribbean Dollar

As at 31st December

	2007	2008	2009
<b>Shareholders' Equity</b>			
Share capital	163,447,419	163,447,419	163,447,419
Contributed capital	1,525,472	1,525,472	1,525,472
Reserves	103,652,025	131,585,361	159,518,984
Retained earnings	24,201,084	33,893,753	56,990,501
<b>Total Shareholders' equity</b>	<b>292,826,000</b>	<b>330,452,005</b>	<b>381,482,376</b>
Minority Interest	1,078,193	3,253,239	4,552,895
<b>Total equity and liabilities</b>	<b>2,234,691,280</b>	<b>2,675,557,154</b>	<b>3,244,141,147</b>

### FORECAST STATEMENTS OF INCOME

Presented in Eastern Caribbean Dollars

For the year ended December 31,

<i>Income Statement</i>	2007	2008	2009
Interest income	132,690,856	162,121,913	191,286,072
Interest expense	55,145,236	69,631,401	84,434,629
<b>Net interest income</b>	<b>77,545,620</b>	<b>92,490,512</b>	<b>106,851,443</b>
<i>Non-interest income</i>			
Commission & fees	12,526,910	14,735,838	16,614,701
Foreign exchange income	9,629,455	12,782,096	16,688,545
Net insurance premium	2,184,890	3,202,640	4,588,423
Rent income	2,506,020	2,756,622	2,907,002
Other operating income	295,344	282,115	347,264
<b>Total Other income</b>	<b>27,142,619</b>	<b>33,759,311</b>	<b>41,145,935</b>
<b>Operating income</b>	<b>104,688,239</b>	<b>126,249,823</b>	<b>147,997,378</b>
Provisions for loan impairment	1,375,008	2,400,000	2,750,000
Staff costs	27,493,498	30,828,027	33,246,141
Other operating expenses	22,814,378	24,268,719	26,904,109
<b>Net Profit before tax and minority interest</b>	<b>53,005,355</b>	<b>68,753,077</b>	<b>85,097,128</b>
<b>Tax</b>	<b>4,687,207</b>	<b>6,238,523</b>	<b>7,862,335</b>
Minority interest	181,067	433,585	941,116
<b>Net profit</b>	<b>48,137,082</b>	<b>62,080,969</b>	<b>76,293,677</b>


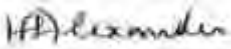
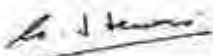







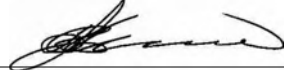

## 8.0 FINANCIAL PERFORMANCE AND FORECAST

**9.0 DIRECTORS'  
CONSENT AND  
SIGNATURES**

We, the undersigned Directors of the ECFH collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable inquiries, that to the best of our knowledge and belief that there are no other facts, the omission of which would make any statement in this Prospectus misleading.

We declare that the accounts of the Company have been prepared in accordance with the Securities Act, 2002 and we accept responsibility for them.

Consent is given by Board Resolution dated 19th January 2007.

VICTOR EUDOXIE - CHAIRMAN	
HILDRETH ALEXANDER	
GEORGE L. LEWIS	
VERN GILL	
ISAAC ANTHONY	
E. VALENTINE BANKS	
EMMA HIPPOLYTE	
HENRY MANGAL	
JACQUELINE QUAMINA	
LENNOX TIMM	
ROBERT NORSTROM	
ESTHERLITA CUMBERBATCH CORPORATE SECRETARY	



East Caribbean Financial Holding Company

**EAST CARIBBEAN FINANCIAL HOLDING COMPANY LIMITED**

*(Incorporated in Saint Lucia under the Companies Act, Chapter)*

**SUBSCRIPTION FORM**

The public offering of a minimum of 6,400,000 and a maximum of 8,000,000 ordinary shares in East Caribbean Financial Holding Company Limited will open at 9:00 a.m. on the 18th June 2007 and will close on 2:00 p.m. on the 22nd June 2007.

Number of Shares Applied for	Amount Due on Application	
	EC\$	US\$

**\*Applications may only be made for a minimum of 100 shares and in multiples of 50 thereafter, except for existing shareholders exercising their pre-emption rights.**

I/We enclose the sum of **EC\$** \_\_\_\_\_ being the full amount payable on application for the above-stated number of shares.

**OR**

I/We enclose the sum of **US\$** \_\_\_\_\_ being the full amount payable on application for the above-stated number of shares.

**PLEASE COMPLETE THE FOLLOWING INFORMATION USING BLOCK LETTERS:**

<b>(1) CORPORATION</b>		
Name of Corporation		
Registry A/C#		
Address in full (including P.O. Box Number)		
Telephone No:	Personal:	Business:
Principal Type of Business Engaged in		
a) Name of Authorised Official		
Designation of Authorised Official		
b) Name of Authorised Official		
Designation of Authorised Official		
c) Name of Authorised Official		
Designation of Authorised Official		
<b>(2) INDIVIDUAL</b>		
Surname and Title (Mr., Mrs., Miss or Title)		
Other Name(s) in full		
Date of Birth:		
Address in full (including P.O. Box Number)		
Telephone No:	Personal:	Business:
Saint Lucia National	YES <input type="checkbox"/>	NO <input type="checkbox"/>
EC National	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Employee of ECFH	YES <input type="checkbox"/>	NO <input type="checkbox"/>
Country of Citizenship		
Existing ECFH Shareholder		
Registry A/C#		
Number of Shares Beneficially Held		
Occupation		
Passport/National Identification Number		
Email Address		

The above individual will serve as the primary holder to receive corporate communication and dividends unless specified otherwise.

PLEASE REGISTER JOINT OWNER(S) AS FOLLOWS (TICK ONE):      ( ) Joint Tenants with Rights of Survivorship

( ) Tenants in Common

(Joint Tenants with rights of survivorship will be used if no indication is made)

**JOINT APPLICANT(S) (ALL MUST SIGN BELOW):**

3.  
Surname/Title \_\_\_\_\_  
Other Name(s) in full \_\_\_\_\_  
Address in full \_\_\_\_\_  
\_\_\_\_\_  
Telephone number \_\_\_\_\_  
Date of Birth \_\_\_\_\_  
Saint Lucia National  YES  NO  
EC National  YES  NO  
Employee of ECFH  YES  NO  
Country of Citizenship \_\_\_\_\_  
Occupation \_\_\_\_\_  
Passport/National Identification Number \_\_\_\_\_  
Existing ECFH Shareholder  YES  NO  
Investor ID# \_\_\_\_\_  
Number of Shares Beneficially Held \_\_\_\_\_  
Email Address \_\_\_\_\_  
Signature \_\_\_\_\_

4.  
Surname/Title \_\_\_\_\_  
Other Name(s) in full \_\_\_\_\_  
Address in full \_\_\_\_\_  
\_\_\_\_\_  
Telephone number \_\_\_\_\_  
Date of Birth \_\_\_\_\_  
Saint Lucia National  YES  NO  
EC National  YES  NO  
Employee of ECFH  YES  NO  
Country of Citizenship \_\_\_\_\_  
Occupation \_\_\_\_\_  
Passport/National Identification Number \_\_\_\_\_  
Existing ECFH Shareholder  YES  NO  
Investor ID# \_\_\_\_\_  
Number of Shares Beneficially Held \_\_\_\_\_  
Email Address \_\_\_\_\_  
Signature \_\_\_\_\_

**PLEASE NOTE THE FORM OF DIVIDEND PAYMENT PREFERRED:**

<input type="checkbox"/> Dividend cheque to be mailed to the above address described above. Please note that all dividends will be paid in EC\$'s.	<input type="checkbox"/> EC\$ funds deposited directly to my/our bank: Bank Name: _____ EC\$ Account Number: _____ Bank Address: _____ (For deposit to Savings or Chequing Accounts only)
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**DECLARATION:**

I/We the Subscriber(s), by signing this subscription form, acknowledge receipt of this Prospectus dated 12th June 2007. Further, I/we also acknowledge that I/we have read the Terms and Conditions of the ECFH Share Issue and agree that by signing this subscription form I/we have agreed to those terms. The signature(s) below is/are executed for and on behalf of the applicant/all applicants on this Form.

SUBSCRIBER'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

SUBSCRIBER'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

SUBSCRIBER'S SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

(If a corporation, under seal or stamp and with title(s) of authorised signatory(ies). Please also include a certified copy of your certificate of incorporation.)

**TERMS, REPRESENTATIONS & WARRANTIES OF THE APO**

THE SUBSCRIBERS/SUBSCRIBER BY SIGNING THE REVERSE SIDE OF THIS SUBSCRIPTION FORM UNDERTAKE(S), REPRESENT(S) AND WARRANT(S) TO THE COMPANY AS FOLLOWS:

- (i) The information on the Subscription Form is full, true and complete;
- (ii) I/We have the legal capacity and authority and am/are permitted by applicable law to execute and deliver this Subscription Form;
- (iii) I/we understand that the offer is only being made in the OECS countries: Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines and Non OECS countries of Trinidad and Tobago, Barbados, Jamaica and is being conducted in compliance with the applicable laws of Saint Lucia and that I/we represent that the shares are not being purchased directly or indirectly for the account of a resident of any other jurisdiction and I/we submit exclusively to Saint Lucian law and the jurisdiction of Saint Lucia including any rights or remedies that may be available therein;
- (iv) I/We understand that the subscriber's capital contribution cannot be withdrawn from the Company
- (v) I/we have read the Prospectus understand that the terms and conditions expressed therein are incorporated into this Subscription Form.



## LIST AND CONTACT NUMBER OF LICENSED INTERMEDIARIES

NAME OF INSTITUTION	ADDRESS	KEY PERSONNEL
National Bank of Anguilla Limited	National Bank of Anguilla Limited P O Box 44 The Valley  <b>Tel: 264 497 2101</b> Fax: 264 4973310 Email: nbabankl@anguillanet.com	<b>Principal</b> Selwyn Horsford  <b>Representative</b> Idona Reid
ABI Bank Limited	ABI Financial Centre Redcliffe Street St John's  <b>Tel: 268 480 2824</b> Fax: 268 480 2765 Email: abibsec@candw.ag	<b>Principal</b> Casroy James Carolyn Philip  <b>Representative</b> Laura Abraham
Antigua Commercial Bank Limited	ACB Financial Centre P O Box 3089 St John's  <b>Tel: 268 481 4200</b> Fax: 268 481 4158 E Mail: acb@candw.ag	<b>Principal</b> Peter N. Ashe  <b>Representative</b> Sharon Nathaniel
National Mortgage Finance Company of Dominica Limited	64 Hillsborough Street Roseau  <b>Tel: 767 448 4401/4405</b> Email: ncbdom@cwdom.dm	<b>Principal</b> Caryl Phillip-Williams  <b>Representative</b> Dawn Yankey
Republic Finance & Merchant Bank Limited. (FINCOR)	NCB House Grand Anse St George's  <b>Tel: 473 444 1875</b> Fax: 473 444 1879 Email: fincorec@caribsurf.com	<b>Principal</b> Wilma Williams  <b>Representative</b> Heather Titus
St Kitts Nevis Anguilla National Bank Limited	P O Box 343 Central Street Basseterre  <b>Tel: 869 465 2204</b> Fax: 869 465 1050 Email: national_bank@sknanb.com	<b>Principals</b> Winston Hutchinson Anthony Galloway  <b>Representatives</b> Marlene Nisbett Desilu Smithen Petronella Crooke
Bank of Nevis Limited	P. O. Box 450 Charlestown Nevis  <b>Tel: 869 469 5564</b> Fax: 869 469 5798 Email: bon@caribsurf.com	<b>Principal</b> Hanzel Manners  <b>Representatives</b> Lisa Jones Vernesia Walters

## LIST AND CONTACT NUMBER OF LICENSED INTERMEDIARIES

NAME OF INSTITUTION	ADDRESS	KEY PERSONNEL
Bank of Saint Lucia Limited	P O Box 450 Bridge Street Castries  <b>Tel: 758 456 6000</b> Fax: 758 456 6190 Email: bankofsaintlucia@candw.lc	<b>Principals</b> Donna Matthews Beverley Ann Henry Benard Fevrier  <b>Representatives</b> Trevor Lamontagne Lawrence Jean
Caribbean Money Market Brokers Limited (CMMB St. Lucia)	9 Brazil Street Castries  <b>Tel: 758 450 2662</b> Fax: 758 451 7984 Email: info@mycmmb.com	<b>Principals</b> Carole Eleuthere-Jn Marie Sharmaine Rosemond  <b>Representative</b> Anderson Soomer
National Commercial Bank (SVG) Limited.	P. O. Box 880 Cnr. Bedford and Grenville Streets Kingstown  Fax: 784 456 2612 Email: natbank@caribsurf.com	<b>Principals</b> Keith Inniss Jeffrey Ledger  <b>Representatives</b> Patricia John La Fleur Dublin
Caribbean Money Market Brokers Limited (CMMB)	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain  <b>Tel: 868 623 7815 / 5153</b> Fax: 868 624 4544/627 2930 Email: info@mycmmb.com	<b>Principals</b> Brent Salvary Leslie St Louis  <b>Representative</b> Vishwatee Jagroop





Parent company of: Bank of Saint Lucia Limited | Bank of Saint Lucia International Limited | EC Global Insurance Company Limited  
Property Holding & Development Company of Saint Lucia Limited | Mortgage Finance Company of Saint Lucia Limited