



Chairman's Letter to the Shareholders

Your Directors are very pleased to report that the financial year that ended on 30 June 2000 was a successful one. The management team continued its efforts to improve the structure of the Group. The sale of Davenham Group Plc allows management to concentrate on core activities while the acquisition of ANZ Bank (Guernsey) Limited, and a book of business in Cayman, served to increase the volume of our core business.

Management has documented, and your Board of Directors has approved, a well defined strategy paper that outlines clearly the path we intend to follow in our drive to improve earnings and enhance shareholder value. Our strategic plan emphasises the need and our determination to act with prudence and with regard for our responsibilities to our customers, staff, shareholders and the communities we serve.

The year that ended on 30 June 2000 saw continued change within the Bank and the Board wishes to acknowledge the efforts of management and staff who have worked so hard to produce the favourable result presented to you in this report. We look to the future with confidence and thank our shareholders and customers for their loyal support, which is an essential ingredient of our continuing success.

A handwritten signature in red ink that reads "James A.C. King". The signature is written in a cursive, flowing style.

James A.C. King, MD, FRCS(C), FACS, JP

Chairman of the Board