KVT-4

SGC Percent of Revenue related to SIBL 2004 - 2008

Year to Date	SGC Revenue-Total	SGC Revenue-SIBL CDs	SGC Revenue-SIBL PE Portfolio Advisory Services	SGC Revenue-SFGC/SFGGM Research Fees	SGC Rev-SIBL % of Total
	A	B	C	D	E = SUM(B,C,D) / A
12/31/2004	$ 65,434,199	$ 42,925,466	$ 3,957,439	$ -	71.65%
12/31/2005	97,775,729	56,786,492	5,420,170	-	63.62%
12/31/2006	171,477,685	88,116,507	7,368,181	16,000,000	65.01%
12/31/2007	204,435,328	77,786,218	8,200,633	17,000,000	50.38%
12/31/2008	245,804,348	94,523,080	13,738,259	21,600,000	52.83%
Total Rev 2004 - 2008	**$ 784,927,289**	**$ 360,137,763**	**$ 38,684,682**	**$ 54,600,000**	**57.77%**

SGC Net Income/(Loss)	SGC Capital Contributions Received
$ (3,628,184)	$ 10,000,000
(19,866,431)	21,000,000
(20,509,297)	51,500,000
(27,384,103)	41,750,000
(22,752,483)	51,000,000
$ (94,140,498)	**$ 175,250,000**

KVT-5

STANFORD

STANFORD INTERNATIONAL BANK

ANNUAL REPORT | 2007

AT STANFORD INTERNATIONAL BANK, OUR INDIVIDUALIZED PERSONAL SERVICE, client relationships and global investment strategy transcend borders to preserve and grow our clients' capital, helping to provide financial security in any economic climate.

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.®

Preservation

At Stanford International Bank, our forward-thinking approach means focusing on what we can achieve in the long term and uncovering new and viable investment opportunities. Through meticulous research and analysis, we strive to reach realistic goals when it comes to our return on investment and preserving the wealth of our clients.

Financial Highlights

(Expressed in United States dollars)

YEAR ENDED 31 DECEMBER 2007

	2007	2006	2005
RESULTS			
TOTAL REVENUE (see Figure 1)	$ 789,479	$ 565,677	$ 431,731
Interest Paid to Clients	437,193	310,635	220,792
Fees and Operating Expenses	308,667	226,193	175,028
Total Expenses	745,860	536,828	395,820
EARNINGS	**$ 43,619**	**$ 28,849**	**$ 35,911**
CAPITAL			
Shareholder's Equity	$ 354,922	$ 311,303	$ 282,454
Percent of Total Assets*	5.03%	5.83%	6.96%
Percent of Total Client Deposits*	5.31%	6.21%	7.51%
YEAR-END BALANCES			
TOTAL ASSETS (see Figure 2)	**$ 7,057,883**	**$ 5,336,317**	**$ 4,059,114**
TOTAL DEPOSITS (see Figure 2)	**$ 6,689,964**	**$ 5,010,084**	**$ 3,763,011**

*Based on year-end equity as a percentage of year-end balances of assets and client deposits.

Figure 1. **REVENUES**
Dollars (in millions)

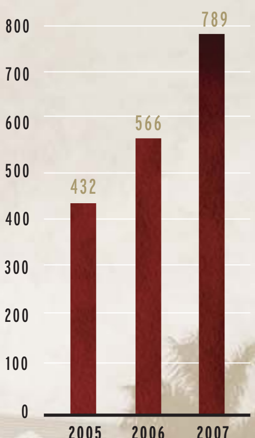
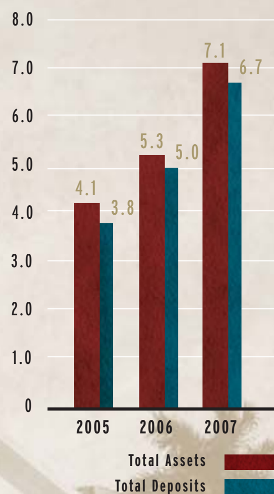


Figure 2. **ASSETS AND DEPOSITS**
Dollars (in billions)



STANFORD INTERNATIONAL BANK'S INVESTMENT STRATEGY is designed to minimize systematic and unsystematic risk while maintaining liquidity, portfolio efficiency (highest yield/minimum risk), operational flexibility and absolute yields.

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.® | *Growth*

We prudently manage for absolute yields rather than index-benchmarked yields because we believe having clear vision means that when the market is booming and everything is going our way, we stay focused on the bottom line—producing results. That strategy is responsible for the Bank's more than 20 years of consecutive growth, surpassing US$6 billion in total assets in mid-2007 and US$7 billion by year end. And that is how, with an unwavering focus on safety, security and peace of mind, we produce solid, consistent returns for our clients.

STANFORD INTERNATIONAL BANK goes beyond traditional banking and lending methodology and offers an enlightened, innovative approach—in essence, there is no such thing as dormant capital. We put capital to work by investing in what we believe will offer the greatest opportunities for our clients. As a privately held institution, ensuring value for our customers is our top priority. We never lose sight of what our clients expect of us; putting their interest premium return ahead of any other stakeholder.

HARD WORK. CLEAR VISION. **VALUE FOR THE CLIENT.®**

Security

We believe value for clients means value for capital. Theirs and ours. That's why we zealously manage for a strong balance sheet, a strong cash flow and a strong return of equity. Further, our sole shareholder reinvests every dollar earned back into retained earnings; an act of foresight that has continuously strengthened our capital base for future growth. And that's why we are able to pay consistent returns to our clients, year after year, through market ups and market downs.


5

LETTER FROM THE CHAIRMAN | *Overview*

Dear Valued Clients and Friends,

On behalf of the Board of Directors, management and staff of Stanford International Bank, I am pleased to highlight the accomplishments and milestones achieved during the Bank's 22nd year of continuous operation.

In 2007 the Bank earned a record profit, generated more revenue than at any time in the Bank's history, and also set a new milestone at year-end by growing total assets to more than $7 billion.

The year began with robust economic forecasts for a growing global economy. Few people realized the enormous amount of leverage and securitized debt that had been utilized and underwritten by some of the world's largest and most respected banks and investment firms in the U.S. market. The over expansion of credit and shortsighted investment decisions made in preceding years created a bubble that burst in June. Since then, there has been a continuous flow of negative news related to the U.S. economy. We have all read the stories of multi-billion dollar write-offs that these banks and brokerage firms have been forced to make due to the securitized mortgage debt meltdown. We have also seen a continuing exodus in top management and thousands of employees laid off at these industry giants. The ensuing global credit crisis resulted in central banks cutting interest rates and providing massive liquidity to strained financial markets.

Rumors and fears about what might come next produced tremendous swings in the world market indices. Chaos and confusion were, at times, the rule of the day. This combined with the U.S. single family housing market being flooded with foreclosures and tens of thousands of unsold units in the high-rise condo market; record-high oil prices; the war in Iraq reaching its sixth year with a cost to the U.S. economy now measured in trillions of dollars; a growing imbalance of trade in the U.S. despite a sinking dollar; the adverse effects of global climate pattern changes; commodity prices that are completely out of sync; and unprecedented worldwide food price hikes with 89 nations deemed by the UN to be in full-blown food crisis, it is clear that the United States may be on the road to a recession.

How long will it last, how severe will it be, and how will it impact the rest of the world? No one knows for certain. However, there are bright spots. Certainly, the world's petroleum-based economies are enjoying levels of prosperity never seen before, and there are other market segments in emerging and developed economies that are performing well. But to know and understand these markets requires firsthand knowledge. You must roll up your sleeves and do the hard work necessary in order to make sound investment decisions by fully understanding the risk. There never has been, and there never will be, an easy way to make money. It requires discipline, knowledge, experience, hard work and plain common sense. When most in our industry were quick to jump on the easy path to perceived big profits in the securitized debt market, we decided not to follow. The reason Stanford International Bank did not get caught in the subprime debacle was very simple: since we could not clearly define the risk, the potential reward became irrelevant. Today, while others in our industry are fighting for their survival, we are growing our business. While others in our industry have seen a complete turnover in management and are grappling with how to develop a new business strategy, our core leadership team remains intact, and our investment philosophy of global diversification remains unchanged. While others in our industry, even the world's largest, have needed to take extreme steps to recapitalize their balance sheets, Stanford International Bank's overall liquidity and tier one capital are stronger today than at any time in our history.

Although our world is far different than the one in which my grandfather lived when the first Stanford company was founded back in 1932, and technology has dramatically changed the way we live and conduct business, the old saying that "the more things change, the more they remain the same" has never been more true. As a company founded in the midst of the Great Depression, a time of despair and negativity, we have a long-proven understanding of how even the most severe down cycles can bring opportunities that yield significant benefits in the long run. This proven, well-grounded approach, when making investment decisions and giving investment advice will benefit you, our clients, in these tumultuous times as never before.

FINANCIAL PERFORMANCE

Our strong performance in 2007 speaks for itself. Total assets grew by 32.3 percent to $7.1 billion. Deposits grew 33.5 percent to $6.7 billion and the Bank earned a record operating profit of $43.6 million. At year end, shareholder's equity was $354.9 million, up 14 percent from 2006. Investments at fair value increased $1.4 billion to $6.3 billion, 28.6 percent greater than 2006. Total revenues for the year were $789.5 million, representing an increase of 39.6 percent over 2006. Investment income for 2007 was $641.8 million, or 81.3 percent of total revenue, which was 33.9 percent greater than 2006. Interest paid to depositors for 2007 was $437.2 million, or 40.7 percent greater than the interest paid on deposits in 2006. The Bank's cash balances at year-end 2007 were $627.3 million, 94.6 percent greater than in 2006.

LOOKING FORWARD

During the first quarter of 2008 the Bank will implement Tenemos T24, a state of the art international banking system that will allow our clients access to real time account information 24 hours a day, seven days a week. The new system will enable the Bank to expand its products and services in an even more secure environment in the future.

Sir Courtney N. Blackman, PhD, a long standing member of the board, noted economist and former head of the Central Bank of Barbados, has been appointed Vice Chairman of the Board and will assume greater responsibility as Chair of the Bank's Investment and Audit Committees. As I have stated many times over the years, the Bank's Board of Directors and Advisors, most of whom have been with the Bank throughout its 22 year history, have been instrumental in our prior success and will continue to play a vital role in the Bank's future.

In addition, by the end of 2008, the Bank will be operating under Basel II regulatory mandates which are the most stringent in the world.

In closing, I want to thank all of our clients for the trust you have placed in Stanford International Bank during this past year. You can rest assured that the principles of Hard Work, Clear Vision, and Value for the Client will remain our bedrock. We look forward to continuing to serve you.

Sincerely,

R Allen Stanford

Sir Allen Stanford
Chairman

INCOME STATEMENT | YEAR ENDED 31 DECEMBER 2007

(Expressed in United States dollars)

NOTE		2007	2006
	OPERATING INCOME		
5	**NET INVESTMENT INCOME**	**$ 641,775,996**	**$ 479,175,564**
	Interest Income	164,843,390	86,441,691
	Interest Expense	437,192,793	310,634,646
6	**NET INTEREST INCOME/(EXPENSE)**	**$ (272,349,403)**	**$ (224,192,955)**
	Fee Income	3,030,799	1,545,734
	Fee Expense	150,075,660	107,454,298
7	**NET FEE INCOME/(EXPENSE)**	**$ (147,044,861)**	**$ (105,908,564)**
8	Other Income/(Loss)	(20,171,473)	(1,485,877)
	TOTAL OPERATING INCOME (see Figure 3)	**$ 202,210,259**	**$ 147,588,168**
	OPERATING EXPENSES		
9	Personnel Expenses	3,512,747	2,796,766
10	General and Administrative Expenses	154,226,063	115,056,703
14	Depreciation of Property and Equipment	852,885	885,332
	TOTAL OPERATING EXPENSES	**$ 158,591,695**	**$ 118,738,801**
	OPERATING PROFIT (see Figure 4)	**$ 43,618,564**	**$ 28,849,367**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 3. **OPERATING INCOME**
Dollars (in millions)

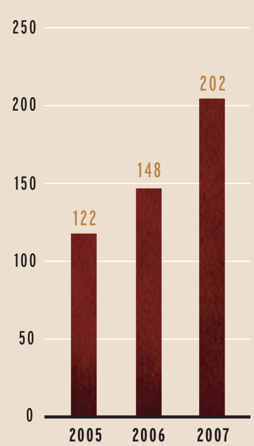
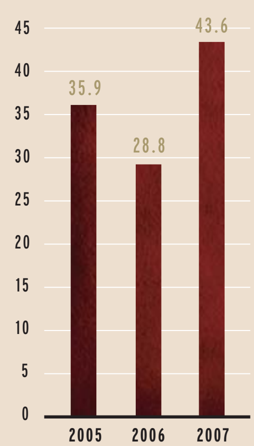


Figure 4. **OPERATING PROFIT**
Dollars (in millions)



Balance Sheet

(Expressed in United States dollars)

AT 31 DECEMBER 2007

NOTE		2007	2006
	ASSETS		
11	Cash and Balances with Other Banks	$ 627,822,483	$ 322,887,339
12	Financial Assets at Fair Value	6,347,631,574	4,935,651,097
13	Loans and Advances to Clients	69,732,601	64,626,474
14	Property and Equipment	6,910,778	4,554,743
15	Other Assets	5,785,277	8,597,794
	TOTAL ASSETS	**$ 7,057,882,713**	**$ 5,336,317,447**
	LIABILITIES AND SHAREHOLDER'S EQUITY		
16	Deposits from Clients (see Figure 5)	6,689,964,303	5,010,083,766
17	Other Liabilities and Provisions	12,996,649	14,930,484
	TOTAL LIABILITIES	**$ 6,702,960,952**	**$ 5,025,014,250**
18	Share Capital	10,000,000	10,000,000
18	Share Premium	103,500,000	103,500,000
19	Retained Earnings (see Figure 6)	241,421,761	197,803,197
	TOTAL SHAREHOLDER'S EQUITY (see Figure 6)	**$ 354,921,761**	**$ 311,303,197**
	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$ 7,057,882,713**	**$ 5,336,317,447**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 5. **DEPOSITS FROM CLIENTS**
Dollars (in billions)

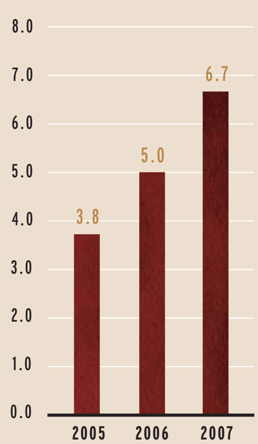
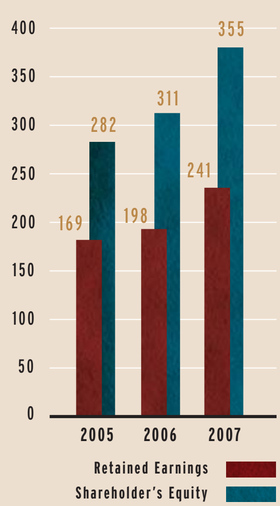


Figure 6. **EARNINGS AND EQUITY**
Dollars (in millions)



Statement of Changes in Equity | year ended 31 december 2007

(Expressed in United States dollars)

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL SHAREHOLDER'S EQUITY
AT 31 DECEMBER 2005	$ 10,000,000	$ 103,500,000	$ 168,953,830	$ 282,453,830
Additional Contributions	0	0	0	0
Net Income for the Year	0	0	28,849,367	28,849,367
AT 31 DECEMBER 2006	$ 10,000,000	$ 103,500,000	$ 197,803,197	$ 311,303,197
Additional Contributions	0	0	0	0
Net Income for the Year	0	0	43,618,564	43,618,564
AT 31 DECEMBER 2007	$ 10,000,000	$ 103,500,000	$ 241,421,761	$ 354,921,761

The notes on pages 12 to 31 are an integral part of these financial statements.

Statement of Cash Flows

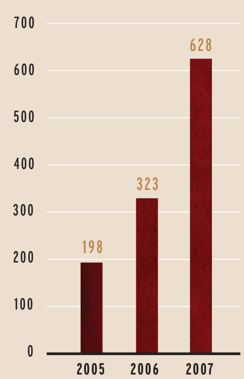
YEAR ENDED 31 DECEMBER 2007

(Expressed in United States dollars)

NOTE		2007	2006
	CASH FLOWS FROM OPERATING ACTIVITIES		
5	Investment Income	$ 641,775,996	$ 479,175,564
6	Interest Received	164,843,390	86,441,691
6	Interest Paid	(437,192,793)	(310,634,646)
7	Fees Received	3,030,799	1,545,734
8	Other Income/(Loss)	(20,171,473)	(1,485,877)
	Cash Payments to Employees and Suppliers	(307,814,470)	(225,307,767)
	CASH FLOWS FROM OPERATING PROFITS	**$ 44,471,449**	**$ 29,734,699**
	CHANGES IN OPERATING ASSETS AND LIABILITIES		
12	Net (Increase) in Financial Instruments at Fair Value	(1,411,980,477)	(1,180,885,992)
13	Net (Increase) in Loans and Advances to Clients	(5,106,127)	(26,177,626)
15	Net (Increase)/Decrease in Other Assets	2,812,516	(3,772,181)
16	Net Increase in Deposits from Clients	1,679,880,537	1,247,072,726
17	Net Increase/(Decrease) in Other Liabilities	(1,933,835)	1,281,567
	NET CASH FLOWS FROM OPERATING ACTIVITIES	**$ 308,144,063**	**$ 67,253,193**
	CASH FLOWS FROM INVESTING ACTIVITIES		
14	Purchase of Property and Equipment	(3,260,285)	(1,205,939)
	Proceeds from Sale of Property and Equipment	51,366	365,151
	NET CASH FLOWS FROM INVESTING ACTIVITIES	**$ (3,208,919)**	**$ (840,788)**
	CASH FLOWS FROM FINANCING ACTIVITIES		
18	Contribution to Share Premium Account	0	0
	Net Cash Flows from Financing Activities	$ 0	$ 0
	Net Increase in Cash and Cash Equivalents	$ 304,935,144	$ 66,412,405
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**$ 322,887,339**	**$ 256,474,934**
11	**CASH AND CASH EQUIVALENTS AT END OF YEAR**	**$ 627,822,483**	**$ 322,887,339**

The notes on pages 12 to 31 are an integral part of these financial statements.

Figure 7. **CASH AND CASH EQUIVALENTS**
Dollars (in millions)



NOTE 1 - GENERAL INFORMATION

Stanford International Bank Limited (the Bank) provides private banking services to the international market. The Bank has more than 50,000 clients from over 111 countries around the world. The Bank is registered under the International Business Corporation Act No. 28 of 1982 as amended ("the Act"). The Bank's activities are governed by the Act and by every other act currently in force concerning international business corporations and affecting the corporation in Antigua and Barbuda. The Bank is also regulated by the Financial Services Regulatory Commission (FSRC). International banks are subject to annual audits, regulatory inspections and licensing requirements by this body. The supervisory authority for money laundering and other financial crimes is the Office of National Drug and Money Laundering Control Policy (ONDCP). The FSRC and the ONDCP, although independent, work closely together.

These financial statements have been approved for issue by the Board of Directors on 18 April 2008.

NOTE 2 - ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 BASIS OF PRESENTATION

Stanford International Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss and all derivative contracts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Bank has adopted the following IFRS, which are relevant to its operations. All other standards do not currently apply to the Bank's operations.

IFRS 7	Financial Instruments: Disclosures
IAS 01	Presentation of Financial Statements
IAS 07	Cash Flow Statements
IAS 08	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 16	Property, Plant and Equipment
IAS 18	Revenue
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 32	Financial Instruments: Disclosure and Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement

All changes in the accounting policies have been made in accordance with the provisions in the respective standards.

2.2 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in United States dollars, which is the Bank's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of the fair value gain or loss.

2.3 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and also from valuation techniques such as discounted cash-flow models and options-pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Bank recognizes profits on day one.

The Bank uses the following derivative instruments and strategies for hedging and non-hedging purposes:

Financial futures contracts represent commitments to buy and sell underlying financial instruments in the future and are accounted for on a recognition and specific identity basis.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on specific future dates.

Cross-currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross-currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for specific periods.

A currency option gives the buyer the right, but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest-rate futures are typically exchange-traded documents to buy or sell a standard amount of a specified fixed-income security or time deposit at an agreed interest rate on a standard date.

A forward rate agreement gives the buyer the ability to determine the underlying rate of interest for a specified holding period commencing on a specified future date. There is no exchange of principal, and settlement is effected on the settlement date. The settlement amount is calculated by reference to the difference between the contract rate and the market rate prevailing on the settlement date.

Interest-rate options give the buyer the right, but not the obligation, to fix the rate of interest on a future deposit or loan for a specified period and commencing on a specified future date.

Interest-rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds; instead the writer pays to the buyer the amount by which the market rate exceeds or falls short of the cap rate or the floor rate respectively. A combination of an interest-rate cap and floor is known as an interest-rate collar.

Equities options give the buyer the right, but not the obligation, to buy or sell specified amounts of equities or a basket of equities in the form of published indices.

2.4 INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, through a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts that have been paid or received between parties to the contract.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest utilized to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 FEE INCOME

Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Investment and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionable basis. Asset management fees related to investment funds are recognized ratably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2.6 INSURANCE

The insurance coverage of the Bank includes Property and Casualty, Worldwide Package, Vehicle, Workers' Compensation and Travel Accident coverage. Financial coverage includes Banker's Blanket Bond, Directors' and Officers' Liability and Errors and Omissions Liability. The Bank also maintains Depository Insolvency coverage for its correspondent banks.

The Bank's insurance program is independently reviewed. The latest review was performed by Stogniew & Associates, an independent risk management consultant. The primary objective of each review is to provide assurance that the risk management and internal controls currently implemented minimize the Bank's exposure to loss. The most recent assessment stated that the Bank had reasonable internal controls and risk management systems in place and found no material weaknesses in these areas.

2.7 FINANCIAL ASSETS

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss have two subcategories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

Purchases and sales of financial assets at fair value through profit or loss are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Interest calculated using the effective interest method is recognized in the income statement.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow, option pricing models and other valuation techniques commonly utilized by market participants.

2.8 IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortized cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) the growing probability that the borrower will enter bankruptcy or other financial reorganization;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
a. adverse changes in the payment status of borrowers in the group; or
b. national or local economic conditions that correlate with defaults on the assets in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and then individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

(Expressed in United States dollars)

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

(b) Assets carried at fair value
The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2.9 LOANS AND ADVANCES TO CLIENTS

Stanford International Bank does not expose its clients to the risks associated with commercial loans. The Bank's only form of lending is done on a cash-secured basis solely to existing clients. Loans and advances to clients are permitted up to 80 percent of deposits maintained by the client at the Bank. The deposits serve as guarantee to the loan and therefore no additional provision is needed to support a potential loan loss.

2.10 PROPERTY AND EQUIPMENT

Property and equipment includes land and buildings and is comprised mainly of offices. All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings	20 years
- Leasehold Improvements	20 years, or over the period of the lease if less than 20 years
- Computer Equipment	5 years
- Furniture and Equipment	3-8 years
- Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the income statement.

2.11 LEASES

The leases entered into by the Bank are primarily operating leases for office space and equipment. Payments made by the Bank under operating leases are charged to the income statement on a straight-line basis as defined in the lease agreements in effect for the period. If an operating lease is terminated before the lease period has expired, any payment required to be made by the Bank as a penalty is recognized as an expense in the period in which termination takes place.

Income received by the Bank is recorded as rental income in the other income section of the income statement and is not part of the normal business of the Bank.

2.12 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks; treasury bills and other eligible bills; loans and advances to banks; amounts due from other banks; and short-term government securities.

2.13 SHARE CAPITAL

(a) Ordinary Shares
All authorized shares have been issued, fully paid and carry a par value of $100 per share.

(b) Share Premium
Contributions made by the shareholder in excess of the par value of the issued capital.

(c) Dividends
No dividends have been authorized or distributed. All excess earnings have been reinvested into the Bank.

2.14 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 STRATEGY IN USING FINANCIAL INSTRUMENTS

The strategy of the Bank is to efficiently manage its assets and liabilities. In this process, assets primarily consist of securities and, to a lesser degree, client credits that are matched in premium and timing. The Bank's assets are invested in a well-balanced global portfolio of marketable financial instruments, namely U.S. and international securities and fiduciary placements.

The Bank's investment portfolio maintains a stable and well-balanced structure due to a high proportion of fixed-income investments and a diversified investment advisory network resulting in an optimum diversification process. There is a policy of maintaining sufficient liquidity, thus protecting longer-term investments with significant returns.

3.2 CREDIT RISK

The Bank takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's investments, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to weekly review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the board of directors.

The exposure to any one borrower is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

(a) Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a client as required. Guarantees and standby letters of credit - which represent irrevocable assurances that the Bank will make payments in the event that a client cannot meet its obligations to

third parties - carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a client authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are generally collateralized by compensating cash balances to which they relate and therefore carry less risk than a direct borrowing. Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit.

3.3 GEOGRAPHICAL CONCENTRATIONS OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

The Bank has a global investment strategy that ensures that rates are not directly affected by prevailing rates in any single market. The Bank's assets consist of established, quality companies, governments and agencies from around the world. The portfolio investments are leaders in particular fields, financially strong with demonstrated consistency in earnings. The Bank invests in companies, governments and agencies whose managements have proven demonstrated ability. Investments favored are those with global diversification.

Antigua and Barbuda, West Indies, is the Bank's domicile. The Bank has also maintained a representative office in Montreal, Canada, since December 2004. The Bank has more than 50,000 depositors and clients from 111 countries. The Bank's certificates of deposit and other investment accounts are primarily denominated in U.S. dollars, British pounds/sterling, euros and Canadian dollars.

3.4 MARKET RISK

Capital preservation and steady annual flow of revenues is a specific objective of the investments. This objective is met by the investment methodology that pursues a minimization of risk (both systematically and unsystematically), liquidity (marketability), investment efficiency (highest return/minimum risk), operational flexibility and absolute, as opposed to index-linked, yields on investments. Risk is monitored and managed on a day-to-day basis, and a major part of this management is to remain widely diversified on an international scale. This objective is attained through diversification in asset classes (debt, equity, cash and hard assets), economic sectors (health, financials, energy, etc.), issuers (governments, multinationals, commercial banks, etc.), currencies (U.S. dollars, Swiss francs, Japanese yen, euros and other currencies), and geographical areas (United States, Switzerland, England, France, Austria, Australia, Asia/Pacific Rim, etc.). Furthermore, the Bank's investment policy specifies selling limits at 7 percent to 8 percent on the downside for equity holdings and monitors historical statistical information for diversified investments, such as funds, for exposure to risk.

(Expressed in United States dollars)

The measurement techniques used to measure and control market risk are outlined below.

(a) Value at risk

The Bank applies a 'value at risk' methodology (VAR) to its trading portfolios, to estimate the market risk of positions held and the mathematical chance of maximum losses, based upon a number of assumptions for various changes in market conditions and asset classes. The Board sets limits on the value of risk that may be accepted for the Bank which are monitored on a daily basis by Bank Finance.

VAR is a statistically based estimate of the potential loss on the current portfolio from significant market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence. There is therefore a specified statistical probability that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The Bank's assessment of past movements is based on historical data for the past five years. The Bank applies these historical changes in rates, prices, indices, etc. directly to its current positions - a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The main purpose of VAR is risk management of a worse case occurrence within a certain level of confidence. As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading portfolio operations. Actual exposure against limits is reviewed daily by Bank Finance. The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Board of Directors.

(b) Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Bank Finance include: risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and ad hoc stress testing, which includes applying possible stress events to specific positions or regions - for example, the stress outcome to a region following a currency peg break. The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

	2007 VAR	2006 VAR
Risk Potential	-4.40%	-4.85%
Probability	5.00%	5.00%
Maximum Drawdown	-1.88%	-2.34%

As a bank, SIBL matches its assets and liabilities. However, most banks have portfolios that invest predominately in loans and credits and to a much lower degree in investable assets. SIBL's portfolio is primarily invested in investable assets with a minimal amount in cash backed loans. The investment philosophy focuses on global diversification utilizing various products and sectors to minimize volatility while providing consistent returns. Achieving this balance is an integral component of portfolio management. As reflected in the above table our VAR figures for 2006 the Bank's portfolio had a 5% chance of having a maximum drawdown of -4.85%. The actual maximum drawdown during that year was -2.43%. For 2007 the Bank's portfolio had a 5% chance of a maximum drawdown of 4.4%. The actual maximum drawdown for 2007 was -1.88%. Both of the declines for the portfolio fall within our set of probable outcomes within a normal distribution curve. The decline in VAR from 2006 to 2007 was a due to reduction in currency and equity market volatility. The reduction in equity volatility was primarily affected by the removal of September 11, 2001 data and its extreme volatility from the trailing 5 years of data used for the calculations.

These VAR figures were calculated independently from the underlying positions and historical market moves. The aggregate of the trading VAR results does not constitute the Bank's VAR due to correlations and consequent diversification effects between risk types and portfolio types. Also credit risk and currency risk are combined in the overall VAR analysis due to the interdependent nature of the portfolio's holdings and asset classes. This should give a clearer picture of actual risk.

3.5 CURRENCY RISK

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency.

(Expressed in United States dollars)

CONCENTRATIONS OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

At 31 December 2007	US$	€	£	¥	OTHER	TOTAL
ASSETS						
Cash and Deposits with Other Banks	$ 504,078,060	$ 52,285,974	$ 44,519,296	$ 0	$ 26,939,153	$ 627,822,483
Financial Instruments at Fair Value	4,755,807,798	860,137,548	45,424,724	66,148,793	620,112,711	6,347,631,574
Loans and Advances to Clients	68,752,433	704,748	275,420	0	0	69,732,601
Property and Equipment	6,910,778	0	0	0	0	6,910,778
Other Assets	5,273,018	47,765	274,331	0	190,163	5,785,277
TOTAL ASSETS	**$ 5,340,822,087**	**$ 913,176,035**	**$ 90,493,771**	**$ 66,148,793**	**$ 647,242,027**	**$ 7,057,882,713**
LIABILITIES AND SHAREHOLDER'S EQUITY						
Deposits from Clients	6,307,979,494	265,317,720	86,550,601	404,886	29,711,602	6,689,964,303
Other Liabilities and Provisions	12,994,005	0	0	0	2,644	12,996,649
TOTAL LIABILITIES	**$ 6,320,973,499**	**$ 265,317,720**	**$ 86,550,601**	**$ 404,886**	**$ 29,714,246**	**$ 6,702,960,952**
NET ON-BALANCE SHEET POSITION	**$ (980,151,412)**	**$ 647,858,315**	**$ 3,943,170**	**$ 65,743,907**	**$ 617,527,781**	**$ 354,921,761**
Credit Commitments	$ 77,660,315	$ 0	$ 0	$ 0	$ 0	$ 77,660,315
AT 31 DECEMBER 2006						
Total Assets	2,779,672,897	730,096,421	413,038,900	439,766,513	973,742,716	5,336,317,447
Total Liabilities	4,772,911,379	172,993,563	65,434,350	0	13,674,958	5,025,014,250
NET ON-BALANCE SHEET POSITION	**$ (1,993,238,482)**	**$ 557,102,858**	**$ 347,604,550**	**$ 439,766,513**	**$ 960,067,758**	**$ 311,303,197**
Credit Commitments	$ 61,961,521	$ 0	$ 0	$ 0	$ 0	$ 61,961,521

3.6 CASH FLOW AND FAIR VALUE INTEREST RATE RISK

Cash flow and fair value interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The system of global interest rate risk monitoring rests almost solely on two points. Firstly, depositor payables in the form of fixed income products are paid a minimum interest rate that for the past two decades has ensured extremely low volatility and accounted for an incredible deposit base growth rate. Secondly, on the asset side, modern securities investment management systems are utilized and spread across multiple investment managers in several countries. The board monitors interest rates on a quarterly basis.

3.7 LIQUIDITY RISK

The Bank is exposed to daily calls on its available cash resources from maturing deposits, current accounts and other drawdowns. The Bank monitors client account maturities on the daily management report. Then, based on this information, the treasury department ensures short-term deposits are made accordingly in laddered fiduciary or overnight deposits as deemed appropriate to cover liquidity needs. The board sets limits on the minimum percentage of cash and cash-in-kind assets and liquidity to cover withdrawals at unexpected levels of demand.

Assets primarily consist of securities and, to a lesser degree, client credits that are matched in premium and timing. It is unusual for banks to be completely matched due to terms and types of products. An unmatched position potentially enhances profitability, but may increase the risk of losses.

The maturities of assets and liabilities and the ability to replace liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

(Expressed in United States dollars)

AT 31 DECEMBER 2007	UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 12 MONTHS	NON-INTEREST BEARING	TOTAL
ASSETS							
Cash and Central Bank Balances	$ 627,322,483	$ 0	$ 0	$ 0	$ 0	$ 500,000	$ 627,822,483
Financial Assets at Fair Value	5,636,685,438	197,098,,866	25,289,803	80,451,575	408,105,892	0	6,347,631,574
Loans and Advances to Clients	69,732,601	0	0	0	0	0	69,732,601
Property and Equipment	0	0	0	0	0	6,910,778	6,910,778
Other Assets	0	0	0	0	0	5,785,277	5,785,277
TOTAL ASSETS	**$ 6,333,740,522**	**$ 197,098,866**	**$ 25,289,803**	**$ 80,451,575**	**$ 408,105,892**	**$ 1 3,196,055**	**$ 7,057,882,713**
LIABILITIES							
Deposits from Clients	480,040,692	530,340,338	716,474,596	1,107,864,300	3,855,244,377	0	6,689,964,303
Other Liabilities	0	0	0	0	0	12,996,649	12,996,649
TOTAL LIABILITIES	**$ 480,040,692**	**$ 530,340,338**	**$ 716,474,596**	**$ 1,107,864,300**	**$ 3,855,244,377**	**$ 12,996,649**	**$ 6,702,960,952**
NET LIQUIDITY GAP	**$ 5,853,699,830**	**$ (333,241,472)**	**$ (691,184,793)**	**$ (1,027,412,725)**	**$ (3,447,138,485)**	**$ 199,406**	**$ 354,921,761**
AT 31 DECEMBER 2006							
Total Assets	$ 4,459,272,893	$ 51,283,001	$ 15,366,000	$ 55,867,001	$ 740,876,015	$ 13,652,537	$ 5,336,317,447
Total Liabilities	$ 383,888,899	$ 446,715,265	$ 213,738,713	$ 1,203,585,335	$ 2,762,155,554	$ 14,930,484	$ 5,025,014,250
NET LIQUIDITY GAP	**$ 4,075,383,994**	**$ (395,432,264)**	**$ (198,372,713)**	**$ (1,147,718,334)**	**$ (2,021,279,539)**	**$ (1,277,947)**	**$ 311,303,197**

3.8 CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the "equity" on the face of balance sheets, are: (1) To comply with the capital requirements set by the regulator of the banking market where within the Bank operates; (2) To safeguard the Bank's ability to carry on as a going concern so that it can continue to provide returns for clients and the shareholder and benefits for the stakeholders; (3) To maintain a capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored routinely by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Financial Services Regulatory Commission (FSRC) for supervisory purposes. The required information is filed with the Regulatory Authority on a quarterly basis.

The Authority requires each bank to: (1) hold all the minimum level of the regulatory capital, and (2) maintain a capital ratio to assets at or above the minimum of 5%.

The Bank's regulatory capital as managed by its Finance Division is made up of Share Capital, Share Capital Premium and Retained Earnings.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the years ended 31 December. During those two years, the Bank complied with all of the externally imposed capital requirements to which they are subject.

Tier 1 Capital	2007	2006
Ordinary Share Capital	$ 10,000,000	$ 10,000,000
Share Premium	103,500,000	103,500,000
Retained earnings	241,421,761	197,803,197
TOTAL QUALIFYING TIER 1 CAPITAL	**$ 354,921,761**	**$ 311,303,197**
TOTAL RISK-WEIGHTED ASSETS	**$ 4,350,750,278**	**$ 3,867,120,459**
Capital Ratio	8.16%	8.05%

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 FAIR VALUE OF DERIVATIVES

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

4.2 INCOME TAX

As a company formed under the International Business Corporations Act of 1982 the Bank is exempt from all direct taxes with respect to any international trading, investment or commercial activity including withholding taxes and stamp duties.

4.3 LEGAL ACTIONS

At this time, there is no significant pending legal activity. In the normal course of business, the Bank is subject to legal actions. The Bank is not able to predict whether or not there will be an adverse effect on results of operations in a particular future period.

NOTE 5 - NET INVESTMENT INCOME

	2007	2006
Equities	$ 269,717,040	$ 286,972,011
Fixed Income	126,488,427	32,357,931
Alternative	163,011,443	74,456,110
Precious Metals	82,559,086	85,389,512
TOTAL (see Figure 8 and 9)	**$ 641,775,996**	**$ 479,175,564**

Figure 8. **INVESTMENT INCOME**
Dollars (in millions)

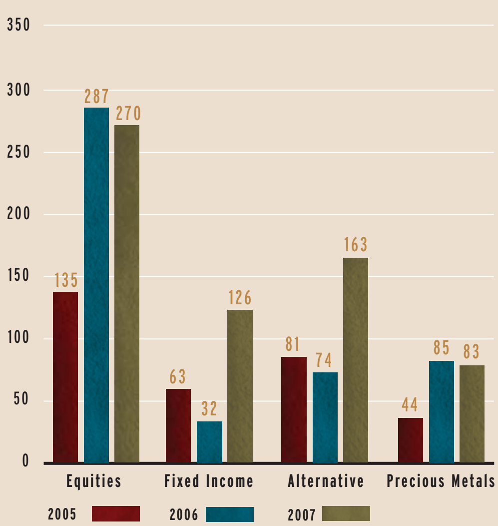
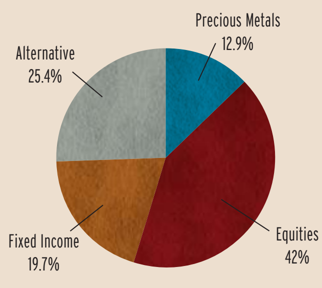


Figure 9. **INVESTMENT INCOME**



NOTE 6 - NET INTEREST INCOME/(EXPENSE)

	2007	2006
INTEREST INCOME		
Cash and Short-Term Funds	$ 18,598,765	$ 14,000,508
Investment Securities	140,186,796	67,628,600
Loans and Advances	6,057,829	4,812,583
TOTAL (see Figure 10)	**$ 164,843,390**	**$ 86,441,691**
INTEREST EXPENSE		
Banks and Clients	437,192,793	310,634,646
TOTAL (see Figure 11)	**$ 437,192,793**	**$ 310,634,646**
NET INTEREST INCOME/(EXPENSE)	**$ (272,349,403)**	**$ (224,192,955)**

Figure 10. **INTEREST INCOME**
Dollars (in millions)

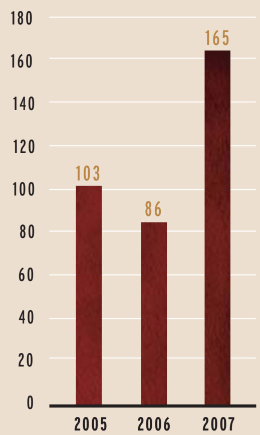
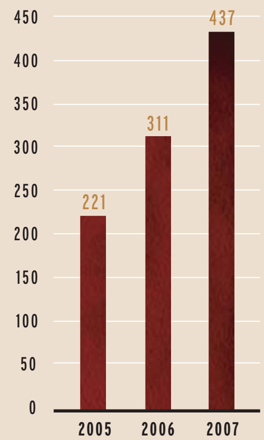


Figure 11. **INTEREST EXPENSE**
Dollars (in millions)



(Expressed in United States dollars)

NOTE 7 - NET FEE INCOME/(EXPENSE)

	2007	2006
FEE INCOME		
Loan Processing Fees	$ 132,085	$ 77,892
Early Withdrawal Fees	2,898,714	1,467,842
TOTAL	**$ 3,030,799**	**$ 1,545,734**
FEE EXPENSE		
Bank Fees	245,632	332,489
Commissions	618,890	161,414
Credit Card Losses	69,160	88,402
Waived Annual Fees	116,568	76,207
Referral Fees	149,025,410	106,795,786
TOTAL	**$ 150,075,660**	**$ 107,454,298**
NET FEE INCOME/(EXPENSE)	**$ (147,044,861)**	**$ (105,908,564)**

Referral fees are paid to Stanford Group Company, Stanford Trust Company Limited and Stanford Group (Antigua) Limited. The fees are a percentage of the managed client investments and are negotiated annually.

NOTE 8 - OTHER INCOME/(LOSS)

	2007	2006
Gain/(Loss) on Foreign Exchange	$ (20,209,739)	$ (1,756,255)
Gain/(Loss) on Disposal of Fixed Assets	(51,365)	19,148
Rental Income	33,951	37,037
Miscellaneous Income	55,680	214,193
TOTAL	**$ (20,171,473)**	**$ (1,485,877)**

NOTE 9 - PERSONNEL EXPENSES

	2007	2006
Wages and Salaries	$ 2,812,032	$ 2,268,149
Company Portion of Payroll Taxes	165,159	139,248
Employee Insurance	105,363	77,035
Employee Benefits	380,419	258,803
Personnel Recruitment, Training and Education	49,774	53,531
TOTAL	**$ 3,512,747**	**$ 2,796,766**
Average Number of Employees During the Year	75	65

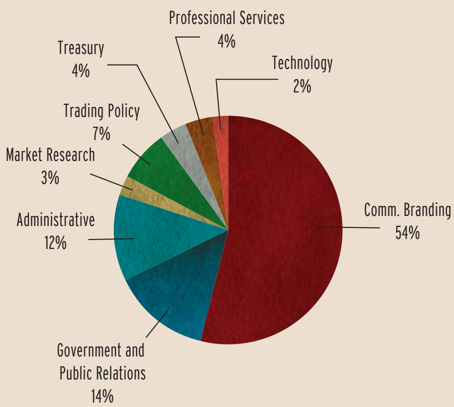
(Expressed in United States dollars)

NOTE 10 - GENERAL AND ADMINISTRATIVE EXPENSES

	2007	2006
Rent and Maintenance of Offices and Equipment	$ 540,455	$ 1,434,146
Telephone, Telex and Fax	534,965	712,353
Mail and Delivery Services	1,523,608	1,432,001
Advertising and Promotion	624,984	549,958
Travel and Accommodations	983,939	680,193
Insurance	1,513,444	1,566,638
Management Fees (see Figure 12)	142,699,711	105,882,842
Directors' Emoluments	175,550	97,500
Information Technology	323,540	259,928
Professional Fees	1,559,776	1,347,499
Audit Fees	60,650	66,000
Other General and Administrative Expenses	3,685,441	1,027,645
TOTAL	**$ 154,226,063**	**$ 115,056,703**

Management Fees consist of expenses related to the marketing and service agreement in place with Stanford Financial Group Global Management, LLC. These services include treasury-related functions, establishing and implementing trading policy, client communications, research, marketing and branding, government and public relations, technology and other related administrative costs. The service agreement is negotiated annually and was renewed for the year 2007 on 30 December 2006.

Figure 12. **MANAGEMENT FEES**



NOTE 11 - CASH AND BALANCES WITH OTHER BANKS

	2007	2006
Included in Cash and Cash Equivalents	$ 627,322,483	$ 322,387,339
Mandatory Reserve Deposits Placed with Local Entities	500,000	500,000
TOTAL	$ 627,822,483	$ 322,887,339

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.

NOTE 12 - FINANCIAL ASSETS AT FAIR VALUE

Equity	$ 3,717,219,465	$ 2,832,866,747
Fixed Income	1,182,339,462	1,146,887,233
Alternative	989,785,316	316,879,526
Precious Metals	458,287,331	639,017,591
TOTAL (see Figures 13 and 14)	$ 6,347,631,574	$ 4,935,651,097

Figure 13. **FINANCIAL ASSETS**

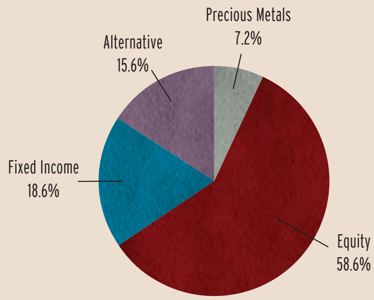
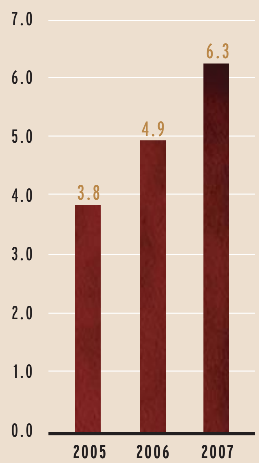


Figure 14. **TOTAL FINANCIAL ASSETS**
Dollars (in billions)



NOTE 13 - LOANS AND ADVANCES TO CLIENTS

	2007	2006
Loan Principal	$ 65,908,580	$ 60,962,752
Accrued Interest on Loans	3,824,021	3,663,722
TOTAL (see Figure 15)	**$ 69,732,601**	**$ 64,626,474**
By Client Type		
Corporate	45,252,393	39,581,519
Private	24,480,208	25,044,955
TOTAL (see Figure 16)	**$ 69,732,601**	**$ 64,626,474**
By Geographic Region		
North America	3,291,023	3,356,037
Central America	32,655,197	30,378,904
South America	13,712,054	16,689,359
Caribbean	18,751,338	12,975,600
Other	1,322,989	1,226,574
TOTAL (see Figure 17)	**$ 69,732,601**	**$ 64,626,474**
By Type of Collateral Guarantees	**$ 69,732,601**	**$ 64,626,474**

Figure 15. **LOANS AND ADVANCES**
Dollars (in millions)

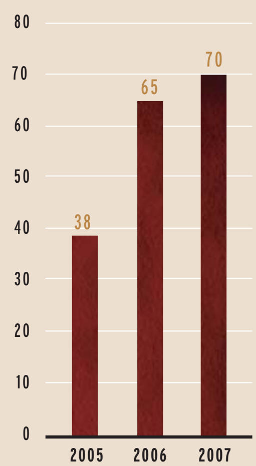


Figure 16. **CLIENT LOANS BY TYPE**

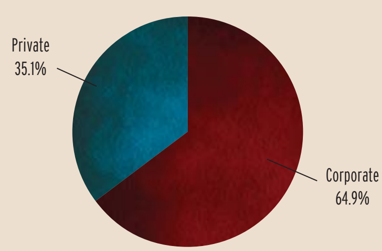
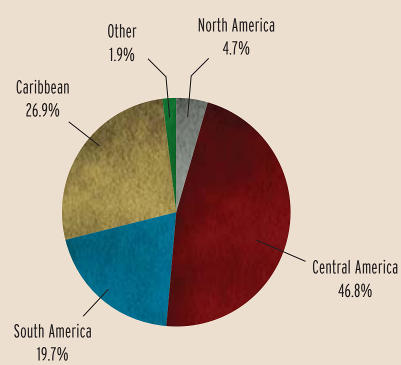


Figure 17. **CLIENT LOANS BY REGION**



NOTE 14 - PROPERTY AND EQUIPMENT

	LAND, BUILDING AND LEASEHOLD	COMPUTER AND SOFTWARE	FURNITURE AND EQUIPMENT	MOTOR VEHICLES	ARTWORK	WIP	TOTAL
HISTORICAL COST							
At 31 December 2006	$ 5,929,162	$ 2,503,712	$ 1,187,958	$ 242,734	$ 53,592	$ 683,411	$ 10,600,569
Additions	72,376	297,639	133,669	17,890	0	2,738,711	3,260,285
Disposals and Write-Offs	0	(84,194)	(238,168)	0	0	0	(322,362)
AT 31 DECEMBER 2007	**$ 6,001,538**	**$ 2,717,157**	**$ 1,083,459**	**$ 260,624**	**$ 53,592**	**$ 3,422,122**	**$ 13,538,492**
DEPRECIATION							
At 31 December 2006	$ 3,514,177	$ 2,006,764	$ 432,521	$ 88,234	$ 4,130	$ 0	$ 6,045,826
Additions	338,552	386,041	76,388	46,919	4,985	0	852,885
Disposals and Write-Offs	0	(82,699)	(188,298)	0	0	0	(270,997)
AT 31 DECEMBER 2007	**$ 3,852,729**	**$ 2,310,106**	**$ 320,611**	**$ 135,153**	**$ 9,115**	**$ 0**	**$ 6,627,714**
CARRYING AMOUNT 31 DECEMBER 2007 (see Figures 18 and 19)	**$ 2,148,809**	**$ 407,051**	**$ 762,848**	**$ 125,471**	**$ 44,477**	**$ 3,422,122**	**$ 6,910,778**
CARRYING AMOUNT 31 DECEMBER 2006 (see Figure 18)	**$ 2,414,985**	**$ 496,948**	**$ 755,437**	**$ 154,500**	**$ 49,462**	**$ 683,411**	**$ 4,554,743**

Figure 18. **PROPERTY AND EQUIPMENT**
Dollars (in millions)

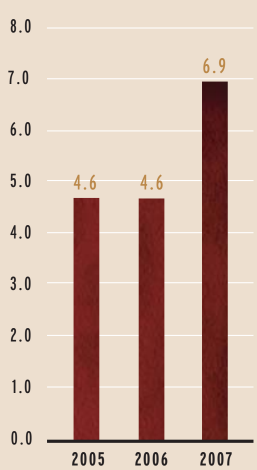
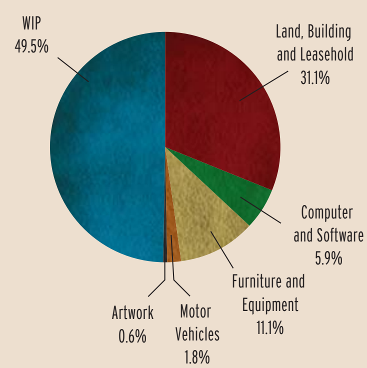


Figure 19. **PROPERTY AND EQUIPMENT**



NOTE 15 - OTHER ASSETS

	2007	2006
Accounts Receivable	$ 147,500	$ 3,003,513
Prepayments	4,207,509	4,520,900
Other Assets	1,430,268	1,073,381
TOTAL	**$ 5,785,277**	**$ 8,597,794**

NOTE 16 - DEPOSITS FROM CLIENTS

EXPRESS℠ ACCOUNTS
Funds from these accounts are generally invested in short-term instruments and euros and foreign currency deposits.

PERFORMANCE℠ ACCOUNTS
Funds from these accounts are generally invested in investment-grade bonds, securities, euros and foreign currency deposits.

CERTIFICATES OF DEPOSIT
The certificates of deposit accounts will pay the interest rate stated at inception until maturity. Funds from these accounts are generally invested in investment-grade bonds, securities, euros and foreign currency deposits.

FLEXCD℠ – A certificate of deposit that accepts additional deposits and withdrawals (up to 25 percent of the balance and a maximum of four per year) without incurring early withdrawal penalties or additional fees. This product is available in most international currencies.

FIXEDCD – A certificate of deposit that does not accept additional deposits and withdrawals are subject to early withdrawal penalties. This product is available in most international currencies.

INDEX – LINKED CERTIFICATE OF DEPOSIT℠ (ILCD) – A certificate of deposit that is linked to the performance of either the S&P 500 Index, NASDAQ 100 Index or the Dow Jones Euro STOXX 50 Index. At term end, the depositor receives the initial amount invested plus a fixed interest rate or an index participation rate, whichever is greater. This product does not renew automatically, is only available in U.S. dollars and withdrawals are subject to an early withdrawal penalty.

	2007	2006
Express Accounts	$ 159,023,555	$ 118,325,271
Performance Accounts	3,236,470	4,715,073
FlexCD	1,622,986,167	1,392,764,570
FixedCD	4,895,305,628	3,480,560,148
Index-Linked Certificate of Deposit (ILCD)	9,412,483	13,718,704
TOTAL (see Figures 20 and 21)	**$ 6,689,964,303**	**$ 5,010,083,766**

Figure 20. **CERTIFICATES OF DEPOSIT AND CLIENT DEPOSITS**
Dollars (in billions)

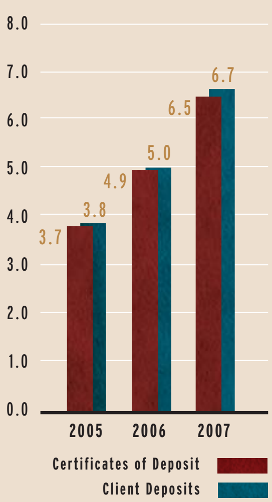
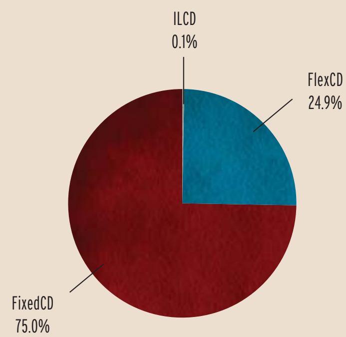


Figure 21. **CERTIFICATES OF DEPOSIT**



(Expressed in United States dollars)

ACCRUED INTEREST COMPONENT OF CLIENT DEPOSITS AT 31 DECEMBER WERE:

	2007	2006
Express Accounts	$ 53,990	$ 31,438
Performance Accounts	0	1,233
FlexCD	81,730,215	61,508,068
FixedCD	308,801,188	184,751,974
Index-Linked Certificates of Deposit	483,591	997,916
TOTAL	**$ 391,068,984**	**$ 247,290,629**
DEPOSITS PER ACCOUNT ON AN AVERAGE BASIS:		
Express Accounts	$ 121,583,329	$ 94,020,036
Performance Accounts	3,497,644	6,226,777
FlexCD	1,506,018,350	1,332,080,188
FixedCD	4,253,208,032	2,928,147,452
Index-Linked Certificates of Deposit	12,322,531	15,130,699
TOTAL	**$ 5,896,629,886**	**$ 4,375,605,152**

NOTE 17 - OTHER LIABILITIES AND PROVISIONS

	2007	2006
Accounts Payable Trade	$ 2,644	$ 107,069
Accounts Payable to Related Parties	12,421,752	12,811,568
Other Liabilities	572,253	2,011,847
TOTAL	**$ 12,996,649**	**$ 14,930,484**

NOTE 18 - SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF SHARES		ORDINARY	SHARE	
	AUTHORIZED	ISSUED	SHARES	PREMIUM	TOTAL
AT 31 DECEMBER 2005	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**
Additional Contributions	0	0	0	0	0
AT 31 DECEMBER 2006	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**
Additional Contributions	0	0	0	0	0
AT 31 DECEMBER 2007	**100,000**	**100,000**	**$ 10,000,000**	**$ 103,500,000**	**$ 113,500,000**

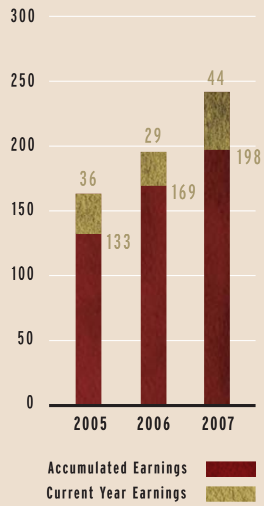
All shares have a par value of $100.00 and have been fully paid.

NOTE 19 - RETAINED EARNINGS

MOVEMENTS IN RETAINED EARNINGS WERE AS FOLLOWS:

	2007	2006
At 1 January	$ 197,803,197	$ 168,953,830
Net Profit for the Year	43,618,564	28,849,367
AT 31 DECEMBER (see Figure 22)	**$ 241,421,761**	**$ 197,803,197**

Figure 22. **RETAINED EARNINGS**
Dollars (in millions)



NOTE 20 - CONTINGENT LIABILITIES AND COMMITMENTS

	2007	2006
Guarantees and Standby Letters of Credit	$ 77,660,315	$ 61,961,521

Letters of Credit and Guarantee documents issued by the Bank on behalf of clients are fully cash secured and do not represent a direct contingent liability or risk to the bank.

(Expressed in United States dollars)

NOTE 21 - RELATED-PARTY TRANSACTIONS

Stanford International Bank is a member of the Stanford Financial Group, which is a privately held global group of wholly owned, independently managed financial services companies founded by Lodis B. Stanford in 1932. Stanford's core businesses are wealth management for high net worth individuals and investment banking for institutions and emerging growth companies. Knowledgeable private and institutional investors have availed themselves of Stanford's global expertise in asset allocation strategies, investment advisory services, equity and fixed income research, international private banking and trust administration, commercial banking, investment banking, merchant banking, institutional sales and trading, real estate investment and insurance. Stanford serves clients from over 100 countries on six continents.

A number of banking transactions are entered into with related parties in the normal course of business. These include but are not limited to loans, deposits and foreign currency transactions. The volumes of related-party transactions, outstanding balances at the year end and related expenses for the year are as follows:

	2007	2006
DEPOSITS AT 31 DECEMBER	**$ 41,683,288**	**$ 24,413,129**
EXPENSES		
Interest on Deposits	$ 1,971,553	$ 1,349,126
Rent	124,355	970,069
Referral Fees	149,025,410	106,795,786
Management Fees	142,699,711	105,882,842
TOTAL	**$ 293,821,029**	**$ 214,997,823**
Accounts Receivable Balance at 31 December	$ 147,500	$ 3,003,513
Accounts Payable Balance at 31 December	$ 12,421,752	$ 12,811,568

Referral fee agreements exist between the Bank and Stanford Group Company, Stanford Trust Company Limited and Stanford Group (Antigua) Limited. The fee is a percentage of the managed client investment portfolio of each company and is negotiated annually.

A management fee agreement related to marketing and services exists between the Bank and Stanford Financial Group Global Management Company. The services include treasury-related functions, establishing and implementing trading policy, client communications, research, marketing and branding, government and public relations, technology and other related administrative services.

All Bank personnel are compensated in the same manner and no special benefits exist for management.

Directors' Remuneration	$ 175,550	$ 97,500

A listing of the members of the board of directors is shown on page 35 of the Annual Report.

NOTE 22 - INTERNATIONAL BUSINESS CORPORATION (IBC) ACT DISCLOSURE INFORMATION

Under authority of section 350 of the IBC Act, the Bank is required to disclose the following information as it pertains to the expenses that impact the national economy of Antigua and Barbuda.

	2007	2006
OPERATING EXPENSES (see Figures 23 and 24)		
Salaries	$ 2,211,932	$ 1,810,025
Other Staff Cost	1,300,816	904,298
Vehicle Expense	16,461	17,493
Rent	306,223	1,162,369
Professional Fees	289,465	218,638
Electricity and Water	232,498	219,094
Telephone/Fax	484,109	682,049
Travel and Entertainment	707,544	408,276
General Office	1,402,803	1,230,619
Insurance	212,954	87,077
Management Fees - Local	1,117,642	801,144
Repairs and Maintenance	156,170	258,895
Subscriptions and Donations	129,442	212,767
Licenses and Permits	100,639	43,135
TOTAL	**$ 8,668,698**	**$ 8,055,879**
CAPITAL EXPENSES		
Asset Purchases	$ 313,620	$ 107,524

Figure 23. **HEADQUARTERS EXPENSE**
Dollars (in millions)

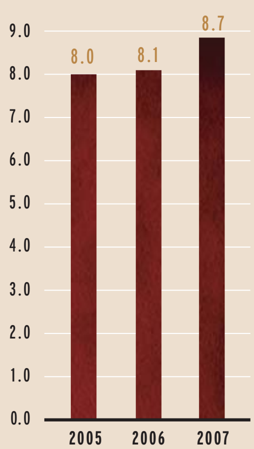
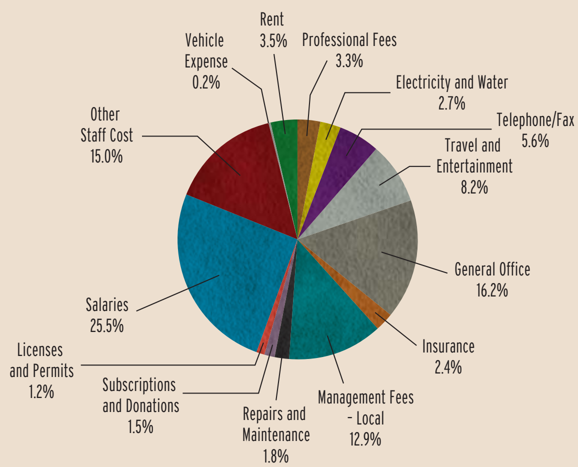


Figure 24. **HEADQUARTERS EXPENSE**



HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.® | *Reports*

We have audited the accompanying balance sheet of Stanford International Bank Limited as at 31 December 2007 and the related statements of income, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We consider that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are fair in all material respects, and they show a true position of the company as at 31 December 2007, and the results of its operations and its cash flow for the year in accordance with international financial reporting standards.

C. A. S. Hewlett & Co.

C. A. S. Hewlett & Co. Ltd.
Chartered Accountants
St. John's Street, St. John's, Antigua
18 April 2008

The management of Stanford International Bank is responsible for the preparation, integrity and objectivity of the financial statements of the Bank. The financial statements and notes have been prepared by the Bank in accordance with International Financial Reporting Standards and, in the judgment of management, present fairly and consistently the Bank's financial position and results of operations. The financial statements and other financial information in this annual report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Bank maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with International Financial Reporting Standards. The internal audit function of the Bank reviews, evaluates, monitors and makes recommendations on both administrative and accounting controls, which act as an integral but independent part of the system of internal controls. The Bank's independent accountants were engaged to perform an examination of the financial statements. This examination provides an objective outside review of management's responsibility to report operating results and financial condition. Working with the Bank's internal auditors, they review and make tests, as appropriate, of the data included in the financial statements.

The board of directors discharges its responsibility for the Bank's financial statements through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. Both the independent accountants and the internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

R Allen Stanford

Sir Allen Stanford
Chairman of the Board

James M. Davis

James M. Davis
Director and CFO

Management | directors, officers and professional advisers

BOARD OF DIRECTORS

Sir Allen Stanford
Chairman of the Board

James A. Stanford
Chairman Emeritus

Sir Courtney N. Blackman, Ph.D.
Vice Chairman

James M. Davis
Chief Financial Officer

O. Y. Goswick
Investments

Kenneth C. Allen, Q.C.
Secretary and Treasurer

Robert S. Winter
Insurance

BANK'S MANAGEMENT

Juan Rodriguez-Tolentino
President

Miguel Pacheco
Senior Vice President

Eugene Kipper
Vice President

Beverly M. Jacobs
Vice President

Bhanoo P. Persaud, ACCA
Accounting Manager

COMPLIANCE

Pedro E. Rodriguez, CRCM
Vice President &
Senior Compliance Officer

SIB REPRESENTATIVE OFFICE

Alain Lapointe
Senior Vice President
1800 McGill College Ave., 30th Floor
Montreal, Quebec, Canada

AUDITORS

C.A.S. Hewlett & Co.
Chartered Accountants
St. John's Street, St. John's, Antigua

INSURANCE AND RISK MANAGERS

Bowen, Miclette & Britt
1111 North Loop West
P.O. Box 922022
Houston, Texas 77292

Willis Limited
10 Trinity Square
London 3C3P 3AX
United Kingdom

BARRISTERS AND SOLICITORS

Hunton & Williams
Barclays Financial Center
1111 Brickell Avenue
Miami, Florida 33131

STANFORD

STANFORD INTERNATIONAL BANK

No. 11 Pavilion Drive, P.O. Box 3300 | St. John's, Antigua, West Indies
Phone: 268.480.3700 | stanfordinternationalbank.com

a memeber of the stanford financial group.

KVT-6

STANFORD INTERNATIONAL BANK, LTD.

Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2004 – December 31, 2004

MARKET RECAP & OUTLOOK

What's Inside

Market Overview

In the previous two *Stanford International Bank Quarterly Update* publications we recapped the directionless movement of the markets that resulted from the indecision of investors. This indecision stemmed from the tight presidential election and unknown future Fed policy. However, during the past quarter, investors were given quick clarification in both areas. The presidential election produced a winner in rapid fashion and the Federal Open Market Committee (FOMC) has been consistent and transparent in its slow and steady approach of raising the overnight lending rate. Investors responded favorably to the more concrete data by putting their investment dollars to work in equities, as evidenced by the S&P 500's return of 8.7 percent in the fourth quarter. Although the FOMC is currently a split panel on the matter of upcoming inflationary risk, it remains consistent with its comments that the nation is not on the verge of an extended inflationary environment. Oil prices have fallen approximately $12 from highs. This decline has acted as a release valve for inflationary pressures. Going forward, the primary inflationary concern lies not with oil, but with the weak dollar. If the dollar slide continues on a moderate pace, it should not be any cause for alarm, but if it picks up momentum and becomes out-of-control, inflation will arise and the economy will be adversely affected.

Energy

Energy stocks moved only slightly higher in the fourth quarter of 2004. After experiencing more than 24 percent appreciation in the first nine months of the year, the AMEX Oil Index (XOI) appreciated 3.16 percent during the last three months of 2004. This appreciation occurred as oil futures slid more than 9 percent during the quarter. Even though we remain optimistic on this sector for the long term, as spring approaches and inventories begin to build in the United States, lower energy prices could cause additional near-term volatility for certain stocks in this sector.

Financials

The financial sector made up for its lackluster performance in the third quarter by posting extraordinary gains in the fourth quarter of 2004. The AMEX Financial Select Sector Index (IXM) experienced a fourth-quarter gain of 7.2 percent. The gain can be attributed to a dramatic increase in initial public offerings (IPO) and merger and acquisition (M&A) activity. Both IPOs and M&A activity had the biggest year since 2000. Additionally, increased volume came back to the broad markets in Q4 2004, which gave brokerage firms added profits in the form of larger trading commissions.

Technology

The technology sector thrived in the fourth quarter of 2004. As our largest allocation, we benefited greatly from good valuations and improved earnings streams. Advancements in capital expenditures, as well as the product replacement cycle, should provide buoyancy to technology revenues and margins. Some temporary inventory problems have been overcome, and the sector appears poised to have a great 2005. We do expect a slight correction in the overall tech indexes at the beginning of the first quarter, but we will use the dip as a buying opportunity for selective issues.

Bonds

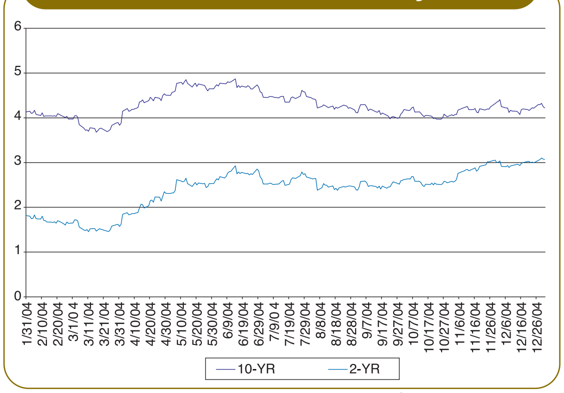
The FOMC has made it clear that it is on a measured pace of raising short-term rates, and we believe monetary tightening will continue well into 2005. However, longer-term rates have not moved higher at nearly the speed of shorter-term rates, and we expect this convergence to continue in the near term. An ensuing gradual move higher in rates across the maturity spectrum should follow, although a historically high monetary supply will remain until rates reach a more equilibrium level.

Market Outlook

At the beginning of a new year, we would like to provide some insight into our forecasts, although our projections and investment strategies will remain dynamic and adaptive to ever-changing circumstances. Pertaining to the U.S. economy, we continue to have a positive outlook on growth, even though we believe some headwinds exist. A factor contributing to possible economic slowing is lofty commodity prices such as oil, gold, and steel. While we believe the pressures from these commodities will moderate in the coming months, they will antagonize economic fortitude if they remain near historically high levels. Additionally, twin deficits from the trade gap and Federal budget are longer-term concerns. We believe the weak dollar will help ease pressures from the trade gap, and President Bush plans to cut the budget deficit in half by the end of his term. Although these barriers present real obstacles to the economy, the inertia of the current expansion should prevail.

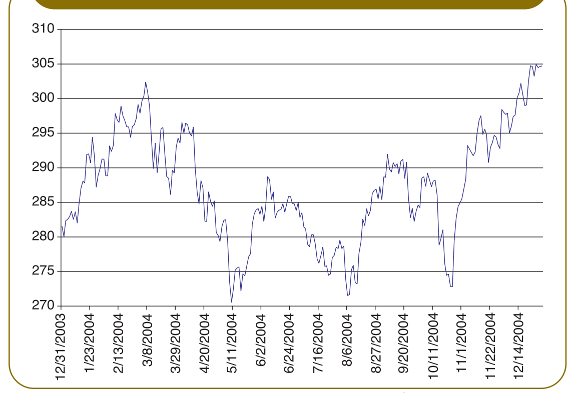
Continued elevated spending from consumers and increased business capital expenditures should provide the catalysts for robust expansion. Our forecast for real gross domestic product (GDP) growth in the United States is approximately 3.5 percent for 2005. This growth is slightly lower than the 2004 growth, but it remains healthy by historical standards. We anticipate inflation will remain in check in the near term, although acceleration in the dollar's decline is the primary fear. We believe the dollar will rebound incrementally in the first quarter of 2005, however, we do not anticipate a major bounce. We anticipate the correlation between gold and the greenback to remain, but at a lesser magnitude. A flight to quality premium in the gold and bond markets began in September 2001, and we believe this fear gap will begin to converge. However, the new global paradigm of terrorist threats will preserve a large portion of the premium indefinitely.

10-Year vs. 2-Year Treasury Yields



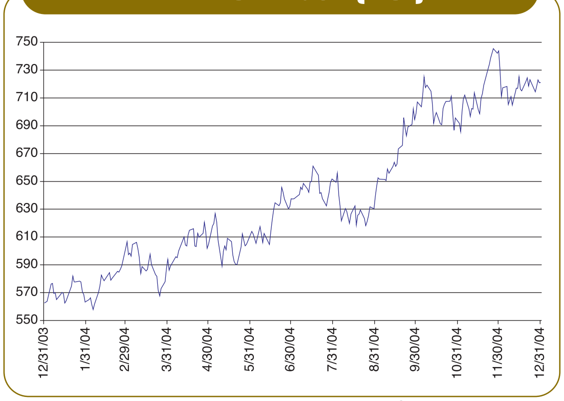
Source: Bloomberg

AMEX Financial Select Sector Index (IXM)



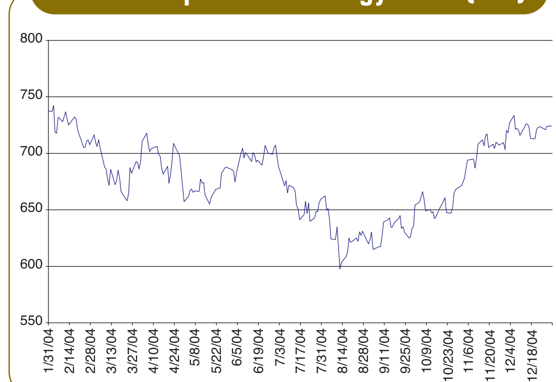
Source: Bloomberg

AMEX Oil Index (XOI)



Source: Bloomberg

AMEX Computer Technology Index (XCI)

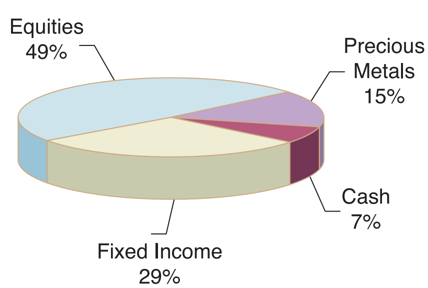


Source: Bloomberg

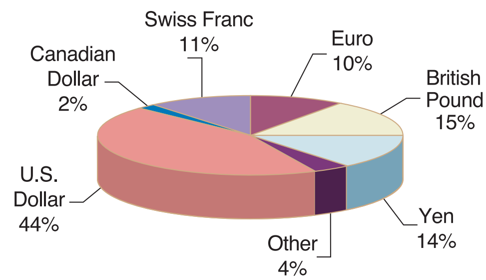
PORTFOLIO ADJUSTMENTS

With regards to our portfolio investment adjustments, we continuously scrutinize potential opportunities and out-of-the-box strategies. For example, the movement in the slope of the yield curve represents one particular area for investment strategy we have utilized during the past several quarters. We anticipated a declining first derivative of the yield curve and have taken advantage as this move occurred. In fact, the spread between the 2-year Treasury note and the 10-year bond converged in excess of 10 percent in the fourth quarter alone. We anticipate, as overall U.S. interest rates move incrementally higher, the curve will continue to flatten, but at a decelerated pace. This yield curve opportunity represents one active management technique applicable to the current low-interest rate environment. We will continue to keep bond durations low and increase cash flow through fixed income arbitrage strategies. Additionally, we remain overweight equities relative to fixed income. The global economic conditions favor growth and prosperity. There are no major economies currently in recession, which is a first in decades. Additionally, emerging market stock valuations are currently 40 percent lower than U.S. valuations. Allocations for equity sectors will remain relatively in-line with last quarter's allocations. Our favorite sectors continue to be technology, energy, and cyclicals. Short-term corrections in the markets are expected, but the dip should provide great opportunity for investment in selective companies. Pertaining to other allocations, we have held a relatively large metals allocation for several quarters, and it has benefited greatly from the surge in gold prices. Our currency and metals allocations will continue to be adaptive to changing market situations.

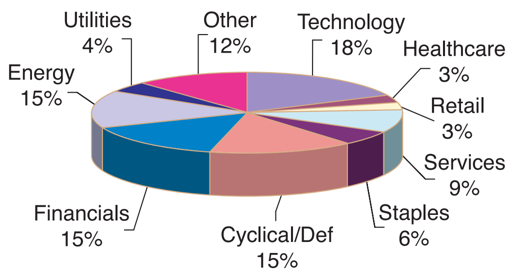
Product Allocations



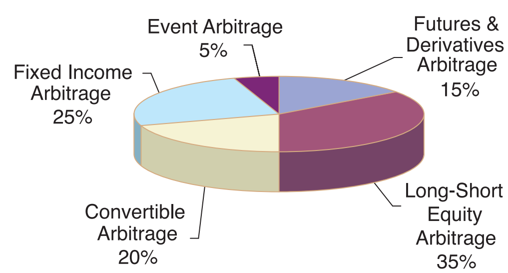
Currency Allocations



Allocations by Sector



Alternative Investment Strategies



STANFORD INTERNATIONAL BANK, LTD.

Financial & Economic Highlights

Treasury Bond Yields (12/30/04)

3yr.	3.240%
5yr.	3.632%
10 yr.	4.253%

Interest Rates (12/30/04)

3M LIBOR Fixed	2.56000%
6M LIBOR Fixed	2.79000%
1yr. LIBOR Fixed	3.12000%
Prime:	5.25%

SIB Flex CD Rates

3M	3.650%
6M	4.400%
1yr.	5.400%
3yr.	6.450%

Index Returns
(Percent Change YTD as of 12/30/04)

Dow Jones Industrial Average	3.313%
Dow Jones Stoxx 50 (Europe)	4.3%
MSCI Euro Debt Index*	16.14%
NASDAQ 100 Stock Index	10.62%
S&P 500	9.14%
Standard & Poor's Hedge Fund Index**	3.79%

SIBL Data (12/31/04)

Total Assets	$3,086,421,461
Total Net Worth	$246,542,597
Year-to-Date Earnings	$36,213,977
Investment Portfolio	$3,045,771,142

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

** The Standard & Poor's Hedge Fund Index gives a broad representation of the most popular hedge fund strategies, which include Equity Market Neutral, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Distressed, Special Situations, Long/Short Equity, Managed Futures and Macro Strategies.

KVT-7

STANFORD INTERNATIONAL BANK, LTD.

Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2005 – December 31, 2005

What's Inside

MARKET RECAP & OUTLOOK

Market Overview

The fourth quarter of 2005 was a good one for the U.S. equity markets; however, a 4.8% slide in the first nine days and a 1.9% slide in the last four days took the overall gain for the S&P 500 (SPX) down to 1.6% for the quarter. As of the end of the quarter, the markets were nearing the end of a month-long consolidation and poised for another move higher. However, as the markets sprang forward in the first week of the new year, the psychology indicators pointed to a potential pullback for the near term. As for the longer term, we anticipate a good year in 2006. Proprietary indicators of psychology, valuation parameters, and technical potential point to a solid, potentially double-digit year in the SPX. The last two years have demonstrated the tightest range for the SPX since 1994, and a rapidly expanding trading range should occur throughout the coming years, thus increasing returns and volatility. Strong leadership from technology, financials, and healthcare in 2006 should pave the way for extended gains while growth stocks should outperform value. However, if short-term rates continue to move higher than anticipated, the spread between earnings yield and equity risk premiums will become less favorable, shifting the environment more toward value. As of now, the anticipation is for two more rate hikes out of the Fed, taking the overnight lending rate to 4.75%.

Energy

Energy issues, as a whole, performed well in 2005. By year-end, the AMEX Oil Index (XOI) appreciated approximately 36.85%. Supply and demand concerns helped boost energy prices during the year, which in turn positively impacted stock prices of companies in this sector. Earnings of companies in this arena have improved as profit margins have increased due to the higher commodity prices. Overall, we remain optimistic on this sector moving forward. While prices may remain volatile, we believe demand should remain strong throughout the coming months. Since we do not see production levels increasing significantly, high prices are likely to remain in this sector as they remain above the historical norm.

Financials

The financial sector was once again a very strong performer in the fourth quarter as it gained approximately 7.5%. This surge in the fourth quarter took the Financial Select Sector Index (IXM) from negative territory to positive territory for the year as the index gained 3.72% in simple price appreciation in 2005. Companies that deal in investment banking continued to lead the way as merger and acquisition activity was extremely strong. From a technical basis, the IXM has been in a sideways pattern since late November. Consolidating after a sizeable move higher is healthy as it allows the overbought/oversold oscillators a chance to move back toward neutral/oversold territory.

Technology

Technology stocks began to break out in the fourth quarter of 2005 and should continue to be a leading sector throughout 2006. Some overbought pressure at the beginning of the year may put some short-term pressure on the shares, but the extreme earnings growth experienced during the last several quarters should catch up with prices as valuations have become extremely favorable. The massive amounts of cash stockpiled in corporate balance sheets from all sectors should provide a catalyst to technology revenues in the coming quarters. A potential surge in corporate expenditures and capital equipment purchases should be a direct benefit to the top-line growth in technology issues. The large-cap growth companies within this sector are best positioned to take advantage of this potential trend, but even small companies will stand to benefit from ramped-up spending at the corporate level.

Treasuries

The Federal Reserve has now raised interest rates 14 times by 25 basis points each in efforts to keep economic growth and consumer prices in balance. The Fed entered 2006 with a Fed funds rate of 4.25% and expectations of two more quarter-point rate increases during the first quarter of 2006 relatively high among traders. Upon the Fed dropping language that described its monetary policy as "accommodative," many took this as a signal that the Fed was reaching the top of its tightening cycle, a plus for fixed income securities. U.S. Treasury prices received a boost from speculation that the threat of unhealthy inflation was nowhere to be found, pushing the benchmark 10-year note's yield down to 4.33% in December. After a brief rally early in 2006, the widely followed yield tested the near-term support level of 4.33% once again before rebounding relatively strongly mid-January. As of late January, core inflation appears to be in check despite the higher overall prices consumers have experienced as a result of high energy prices. Additionally, trading on the long end of the U.S. Treasury market is revealing investors' confidence that the incoming Federal Reserve Chairman Ben Bernanke will follow in the steps of his inflation-hawk predecessor, Alan Greenspan. Yields on the long bond due to mature in 2031 finished 2006 at 4.53%. This provided only a meager yield spread of 13 basis points over its 2-year counterpart. Intermediate-dated notes have been yielding less than both 2-year notes and 10- to 30-year notes, creating a dip in the overall yield curve. Despite the fact yield spreads still trail historical norms when comparing the 10-year yield to GDP and core-inflation and despite the fact foreign demand for U.S. Treasuries has declined within recent weeks, yields remain very low. Yields seemed stuck in a narrow range until investors began to see a large amount of supply hit the market early in 2006 in the backdrop of another interest rate hike on January 31.

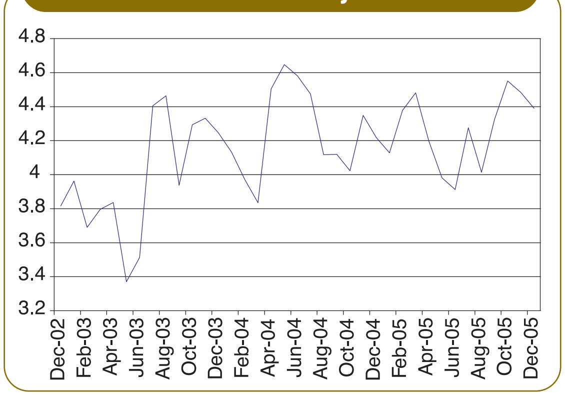
This rebound in yields that began mid-January 2006 was further prompted by a tightening labor force and signs the economy would rebound from the slower GDP growth during the fourth quarter of 2005. There is considerable fundamental support for lower Treasury prices and higher yields based on the performance of the U.S. economy at this time; however, strong intermediate-term, technical resistance levels are in place to help offer some support for prices and to slow the advance in yields during 2006. Further, should the Fed in fact stop raising rates, this should be a big plus for this market as investors begin to lock in interest rates on speculation yields could move lower later in the year. Where the market will end 2006 is anybody's guess, but we suspect the yield on the 30-year note being reintroduced during February 2006 after four years will range between 5 and 5.5% so long as the economy stays on track. The 10-year note will probably remain under 5%, helping to extend low interest rate mortgages during the year. In all, coupon clipping will probably still be the largest lure for this arena during the upcoming year since chances of capital appreciation remain somewhat illusive.

Market Outlook

The fourth quarter shaped up much like the third quarter for the global economy, with it continuing to forge ahead in the face of continued lofty energy prices. As for the United States, real GDP growth slowed in the fourth quarter, primarily led by some moderate slowdown in consumer spending. A slight moderation in energy prices at the end of the quarter should lead to some modest declines in consumer goods prices for December, and we believe some surprising strength in other areas of the economy should lead to a much better-than-expected first quarter for the U.S. economy.

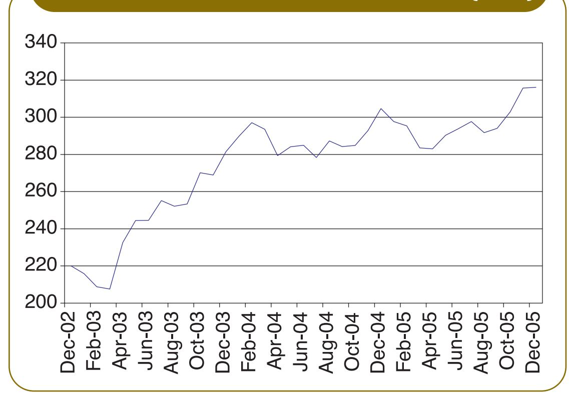
One of the most astounding economic statistics during the past two years has been the extremely low volatility in real GDP growth. Due to the transparency of monetary policy out of the Fed, along with tame inflation and slightly above-trend growth, the economy has been locked in an equilibrium state of expansion. However, this should not continue into 2006, and perhaps may not even show up in the number for the fourth quarter of 2005 as the range of estimates has begun to widen. The past eight quarters have seen a mere 1 percentage point difference between the best

10-Year U.S. Treasury Note Yield



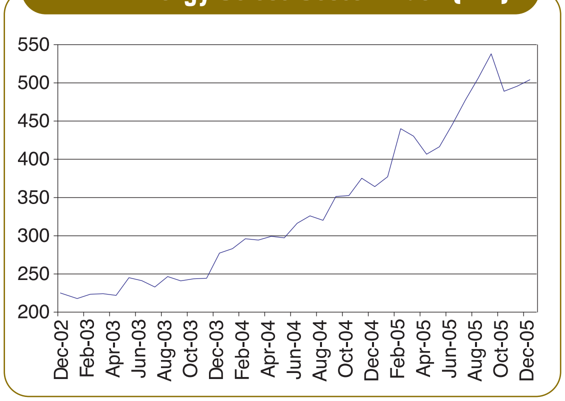
Source: Bloomberg

AMEX Financial Select Sector Index (IXM)



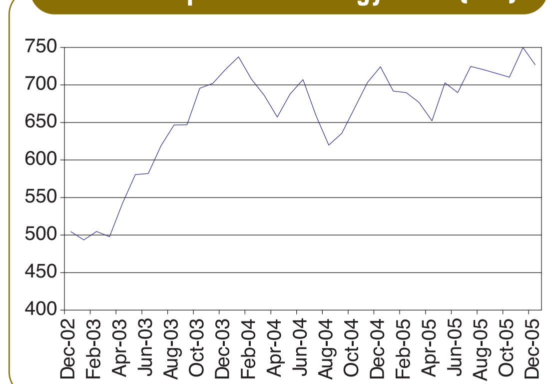
Source: Bloomberg

AMEX Energy Select Sector Index (IXE)



Source: Bloomberg

AMEX Computer Technology Index (XCI)



Source: Bloomberg

STANFORD INTERNATIONAL BANK, LTD.

and worst quarters for real GDP growth. This spread is typically between 5 and 10 percentage points during the last decade and has been as high as the low-20s in recent decades. Because the spread has descended to its tightest eight-quarter range in the post-war era, it is only logical that volatility will re-enter the data. The spread should move more toward 3 to 5 percentage points in the near term and could be driven by a weaker fourth quarter and stronger-than-anticipated first quarter.

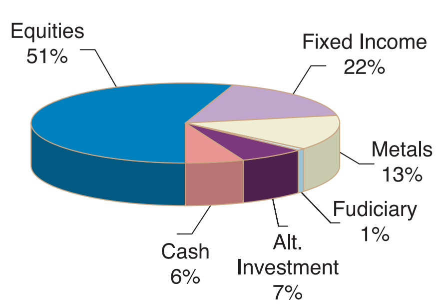
Globally, the world markets continue to thrive on positive demand for commodities and increasing liquidity. Spreads between emerging market yields versus U.S. Treasury debt have narrowed to multi-year, and in some cases multi-decade, lows. This shows the quality of global debt has dramatically improved and worldwide economic conditions are stable and robust. Furthermore, equity markets should perform well globally on the heels of a great year in 2005. The FTSE 100 Index (UKX) advanced in excess of 20% for 2005 while the German DAX (DAX) gained nearly 30%. Some emerging market indexes performed even better as the South Korean KOSPI (KOSPI) advanced 54% and the Russian RTS Index (RTSI$) advanced in excess of 64% (with dividends reinvested).

Portfolio Adjustments

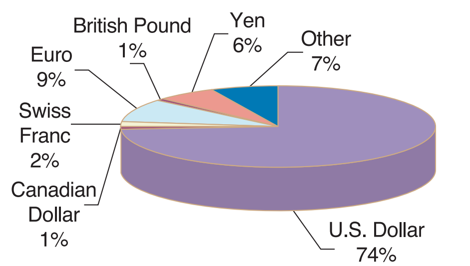
The portfolio adjustments in the fourth quarter were made with tactical and strategic goals that continue to separate Stanford International Bank apart from other global financial institutions. As the equity markets declined in early October, which is typical of October, we took advantage of the cyclical trends to make strategic sector adjustments. The bounce from the low in October through the end of the year has placed our equity allocation in a advantageous position. We took the opportunity to move our technology allocation from 9% to 22%, which led the market advance in November. Additionally, we increased our allocation to financial stocks as corporate balance sheets are showing more cash for increased mergers and acquisitions. Our analysis further showed that energy stocks had been slightly overdone. As a result, we cut back our energy allocation, but we anticipate getting back into energy on pullbacks. The change to the sectors reflects regional decisions as well as market leadership. This goes hand-in-hand with our currency modifications. In our regional modifications, we continued to increase our allocation to the U.S. dollar, and the move proved to be successful. In coming quarters, we will continue to watch the global economies and continue to make strategic currency allocations to take advantage of macro-market trends.

Our product allocation chart has slightly changed in its format. In past issues of the *Stanford International Bank Quarterly*, we have presented alternative investments merged into the product allocation that most closely fit the strategy of the individual managers. The "Alternative Investment Strategies" pie has shown these strategies, and it continues to do so. However, we now have begun to break the alternative investments out of the "Product Allocations" pie chart as its own allocation. As a result, the move for equities from 55% to 51% does not represent an actual lowering of equity allocation, but it merely reflects the updated format. The product allocations remained exactly the same as third quarter's allocations with only one minor change. The allocation to cash went down by 1 percentage point, while metals went up by one percentage point.

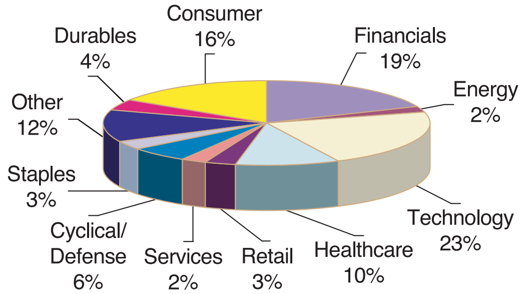
Product Allocations



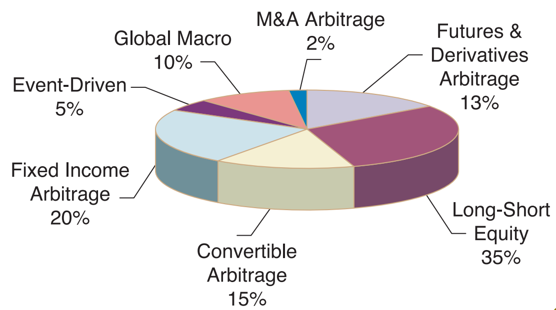
Currency Allocations



Sector Allocations



Alternative Investment Strategies



Financial & Economic Highlights

Treasury Bond Yields (1/3/06)

3yr.	4.356%
5yr.	4.350%
10 yr.	4.391%

Interest Rates (1/3/06)

3M LIBOR Fixed	4.54438%
6M LIBOR Fixed	4.71000%
1yr. LIBOR Fixed	4.85000%
Prime:	7.25%

SIB Flex CD Rates
(Based Upon $100,000 Deposits)

3M	4.150%
6M	4.900%
1yr.	5.900%
3yr.	6.950%

Index Returns
(Percent Change YTD as of 12/30/05)

Dow Jones Industrial Average	-0.6075%
Dow Jones Stoxx 50 (Europe)	20.6983%
MSCI Euro Debt Index*	-9.0467%
NASDAQ 100 Stock Index	1.4854%
S&P 500	3.001%
Standard & Poor's Hedge Fund Index**	2.3614%

SIBL Data (12/31/05)

Total Assets	$4,059,113,787
Total Net Worth	$282,453,830
Year-to-date Earnings	$35,911,234
Investment Portfolio	$4,011,240,039

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

** The Standard & Poor's Hedge Fund Index gives a broad representation of the most popular hedge fund strategies, which include Equity Market Neutral, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Distressed, Special Situations, Long/Short Equity, Managed Futures and Macro Strategies.

1/3/06 Data Was Calculated Prior To U.S. Market Open

KVT-8

STANFORD INTERNATIONAL BANK, LTD.

Quarterly Update

STANFORD INTERNATIONAL BANK, LTD. • 11 Pavilion Drive • P.O. Box 3300 • St. John's Antigua, West Indies • Telephone: (268) 480-3700

October 1, 2006 – December 31, 2006

MARKET RECAP & OUTLOOK

Market Overview

The last quarter of the year was an exceptionally strong one for the global equity markets, capping off an impressive year of solid gains. This strength showed up across the board in the final three months as the S&P 500 (SPX) advanced 6.7%, the FTSE 100 (UKX) advanced 5.0%, the STOXX 600 (SXXP) advanced 7.4%, and the Nikkei 225 (NKY) advanced 6.9%. Emerging markets performed even better than the established markets. The BONY Latin America ADR Index (BKLAT) as well as the S&P/Citigroup BMI Asia Pacific Emerging Total Return Index (STBMAEU) advanced in excess of 21% for the fourth quarter alone. These strong equity performances demonstrated the health of the overall global picture during the last several months. We have been forecasting global equity strength, and the fourth quarter was stronger than we anticipated. The gains were broad by sector as well. Within the United States, not a single economic sector declined for the quarter. Materials had the strongest quarter with a 10.74% gain while the healthcare sector performed the worst, advancing 1%. Investors have been benefiting tremendously by investing in a global portfolio that is diversified in both products and sectors, and 2007 is setting up to provide similar opportunities.

Energy

Crude oil prices started the fourth quarter of 2006 below $60 per barrel after drastic and steady price drops began in August. For the first time since 2003, oil closed the year at a lower price level than it began. Crude oil closed at $61.05 per barrel on December 29, 2006, more than 3% lower than the $63.14 per barrel of January 3. Although the commodity experienced volatility, energy stocks managed to generate relatively solid returns in the fourth quarter of the year. According to the American Stock Exchange Energy Select Sector Index (IXE), major U.S. energy stocks gained more than 10.26% during the final quarter of the year, outperforming the S&P 500 Index's (SPX) 6.7%. Looking back to 2006, although both crude oil and natural gas markets were more volatile than previous years, energy stocks were still among the best performers, generating more than 18.50% for the year, beating the SPX's 15.80%. We expect volatility to continue to be the main theme for the energy market in 2007.

Financials

For the fourth quarter of 2006, financials, as represented by the financial select sector index (IXM), slightly outperformed the S&P 500 (SPX). The IXM posted a quarter-end return of 7.07%, compared to a return of 6.70% for the SPX. However, financials were not at the top of the list for sectors within the SPX. In fact, the financial sector ranked sixth among the 10 SPX sectors behind materials, energy, consumer discretionary, utilities, and telecom. Within the financial sector, the investment banking industry performed extremely well, but both the broker dealer index and the banking index underperformed the broad market. Investment banks, as represented by the Standard and Poor's 500 Investment Banking and Brokerage Index (S5INBK), posted a fourth-quarter return of 13.43%. The PHLX/KBW Bank Index (BKX) increased 4.65% on a total return basis, and the Amex Broker/Dealer Index (XBD) increased 5.94%. Merger and acquisition activity remained very strong in the fourth quarter, which caused investment banks to prosper. Several large financial institutions benefited from credit card revenue as more people continued to use plastic to finance their day-to-day activities. The savings as a percent of disposable personal income was approximately -1%, as reported by the Bureau of Economic Analysis for the fourth quarter. This indicates that the average American is spending more money than he brings home, and therefore, he must utilize credit cards to maintain his standard of living. The negative savings rate could spell trouble in the long term, but for now, credit card companies are thriving from the high level of usage.

Technology

2006 was another relatively volatile year for technology stocks, and as measured by the AMEX Computer Technology Index (XCI), the sector finished the year up 9.66% on a price appreciation basis and just under 10.5% on a total return basis (with dividends reinvested). In addition to the index having a very strong year, some of the fundamentals continued 2005's trend of steady improvement. For example, the P/E ratio of the XCI began 2005 at 27, and due to a 17.87% growth in earnings the P/E finished the year at 23. The P/E trended lower through mid-year and then rallied with the market, but at a decelerated pace. The valuation of the index ended 2006 at 24, just 4% higher compared with the price appreciation of 9.66%. The same patterns emerged in price-to-cash flow and other valuation ratios. Additionally, 2006 continued 2005's trend of cash rich balance sheets and extremely positive profitability. The sector, as a whole, should greatly benefit from ramped-up corporate expenditures in the coming year. The continued vast amounts of cash not only on technology companies' balance sheets, but also on the balance sheets of the majority of U.S. corporations, should spur a massive up-tick in consumption at the business level; however, this has been the case for the last several years, and it could be several quarters before businesses ramp up their cap-ex to the level anticipated. This influx of capital would serve as a large catalyst for revenues within the technology sector. This catalyst from increased corporate capital expenditures would come from two sources. Primarily, increased cap-ex tends to be spent most heavily on upgrading existing technology. Companies within the software, hardware, and semiconductor space should see a great benefit from this trend.

Secondarily, the cash-rich companies will continue to create new jobs, and they will begin to purchase equipment for new employees.

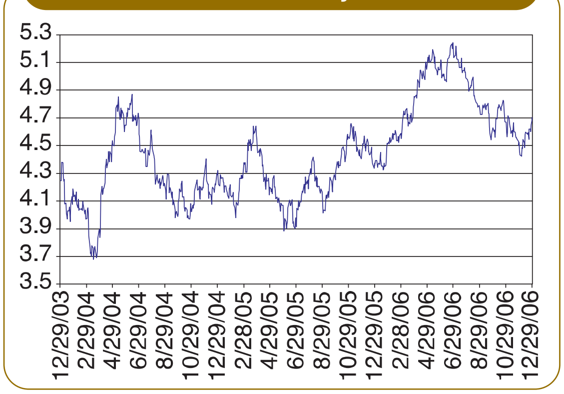
Treasuries

With the Fed funds rate still holding at 5.25% headed into 2007 and inflation appearing to moderate some as predicted by the Fed, it may have appeared a "soft patch" in the economy would have prompted the Fed to consider easing monetary policy. However, a strong showing by consumers spurred by falling fuel prices during the last quarter of 2006, as well as a potential bottom forming in the housing sector, kept U.S. economic growth in good form. Back in November, interest rate futures trading had priced in a good chance of a cut in interest rates by the end of the first quarter. This quickly changed, and by year-end interest rate futures had reversed, showing little change of any such move by the Fed. Traders pushed out the likelihood of a rate cut to the second half of 2007, despite slowing consumer price appreciation in November and December. Regardless of the slight pullback in inflationary measures, core figures still register above the 2% mark identified by Federal Reserve Chairman Bernanke as the acceptable ceiling for inflation. Though price concerns have diminished, the rebound in the economy and notable wage growth are keeping upward pressure on Treasury yields as 2007 gets underway. Inflation readings will be the key going forward, and prices may find themselves under additional pressure due to the recent economic releases. For the Treasury yield curve, if the psychological resistant level at 5% is overcome, technical resistance levels could give yields additional room to run, and a new trading range of 5% to 5.5% for the near term would not be beyond reach. Even with a possible shift higher, the yield curve is expected to stay relatively flat for the foreseeable future, with longer-dated issues still providing little premium over shorter-dated notes so long as the long-term inflation picture remains contained. The best chance for some divergence would come from slightly higher yields on the long-end of the market as investors begin demanding more yield premium for longer-dated bonds. The extensions of bond portfolio durations will probably be lower priority for several months until investors get a better idea as to the next move by the Fed. What was previously thought to be an obvious top in the interest rate cycle is not quite as certain at this juncture. Fundamental influences such as lower fuel prices, a weaker U.S. dollar, and an avoidance of problems concerning Iran, North Korea, and Iraq would depress demand for U.S. debt. Contrarily, one major geo-political upheaval, a new spike up in crude negatively impacting consumers, and/or a rebound in foreign demand for Treasuries would be supportive of prices and put downward pressure on yields. These are all areas to watch as we head into a new year.

Market Outlook

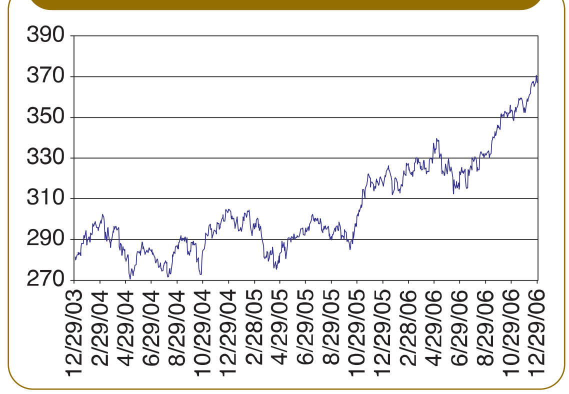
Although the S&P advanced 15.79% in 2006, earnings kept pace with the price increase, and even slightly exceeded the move higher in price. Thus, from a price/earnings standpoint, the S&P 500 (SPX) is more attractive now than it was at the beginning of 2006. Moreover, the earnings yield compared to the 10-year Treasury note also indicates the SPX is undervalued. This metric shows if money is being treated better in the stock market or the bond market. The year-end earnings yield on the SPX was 5.56%. The yield on the U.S. 10-year note was near 4.7% at year-end. The difference in the two yields indicates the SPX was approximately 19.73% undervalued at the year-end price. Not only does the market look attractive from a valuation standpoint, but also psychology continues to appear favorable. The 10-day moving average on the put/call ratio was reading 0.898 at year-end, which was very impressive given orry was built in mid-2006 and should continue to buffer any market declines. Short-term market fluctuations have shown increasing fear on slight retracements. This is a bullish development for the stock market and is conducive for a steady advance. Until new developments prove otherwise, market pullbacks could present buying opportunities.

10-Year U.S. Treasury Note Yield



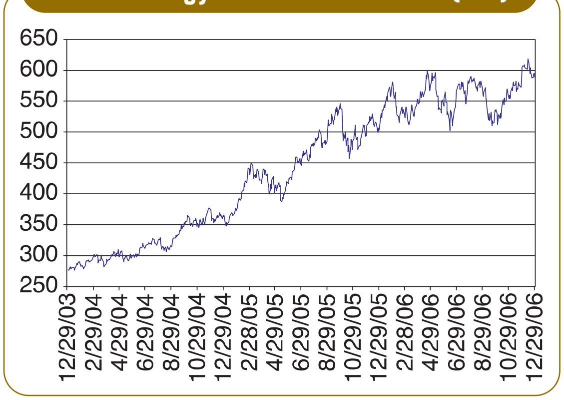
Source: Bloomberg

AMEX Financial Select Sector Index (IXM)



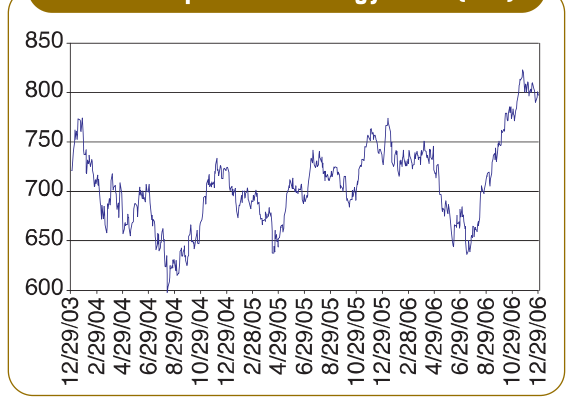
Source: Bloomberg

AMEX Energy Select Sector Index (IXE)



Source: Bloomberg

AMEX Computer Technology Index (XCI)



Source: Bloomberg

S T A N F O R D I N T E R N A T I O N A L B A N K, L T D.

Many believe the market has moved too far too fast. However, two data points counter that thought. First of all, as previously stated, earnings have kept pace with the move higher in prices, which has allowed valuation to remain attractive. Secondly, the move that has occurred in the U.S. markets since July 2006, although impressive, advanced at the same pace as the move in 1995. This is not a prediction that the same type of market will develop going forward that existed in the mid-to-late 90s, but as long as earnings keep up with price increases and psychology measures remain bullish, we should not look for a prolonged decline. Additionally, it does not rule out an extremely significant longer-term move higher. The main area of concern is the volume action that has accompanied the move higher since July 2006. If volume begins to increase on moves lower and wane on moves higher, a closer look should be given to the technical health of the market, but as for now, the pros far outweigh the cons.

As for the global market environment, similar situations exist. The current economic conditions provide a catalyst for advancement in global equities. While threats remain, such as possible inflation, global terrorism threats, and many other potential barriers, the positives currently overwhelm the negatives. Down the road, debt levels and negative savings in the United States and an aging population may begin to cause global economic problems, but we anticipate these problems will not be near-term impediments to market performance as investors look for more yield out of longer-dated bonds.

PORTFOLIO ADJUSTMENTS

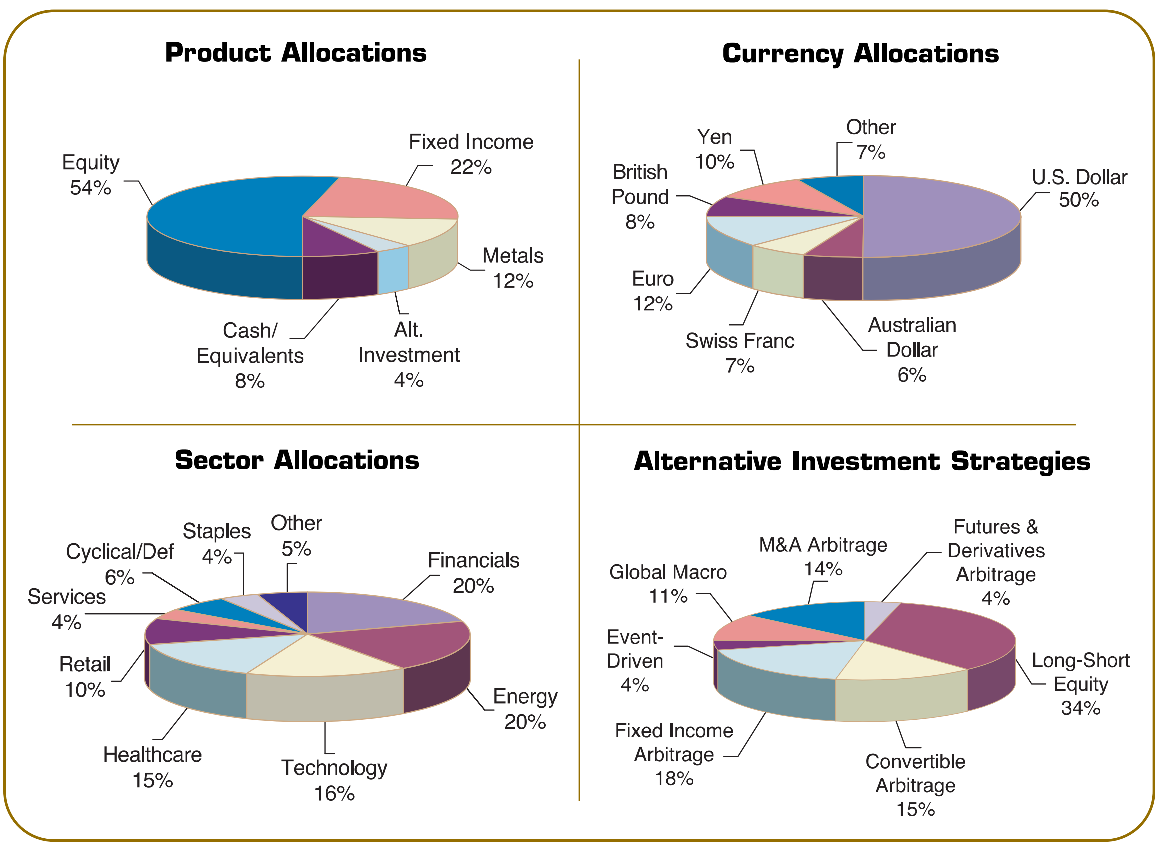
Following a good third quarter, the equity markets continued their move higher in the final quarter of 2006. As stated in the market overview section, gains were widespread among sectors and regions. Additionally, global fixed income markets also performed reasonably well, although some markets experienced higher yields late in the year.

As for the changes in allocations, the portfolio remained fairly static. The adjustments in prior quarters positioned the portfolio well in order to take advantage of the moves at the end of 2006. As a result of the increase in equity values, the equity allocation increased from 50% to 54%. Some minor additions and amendments were made to this section, but overall, equities were allowed to benefit from the favorable market environment. The sector allocations within the equity allocation also remained constant. The positioning within the sectors contributed to the overall impressive performance during the fourth quarter. Going forward, we expect to make some minor adjustments throughout 2007, but we continue to have a bullish outlook on global equities.

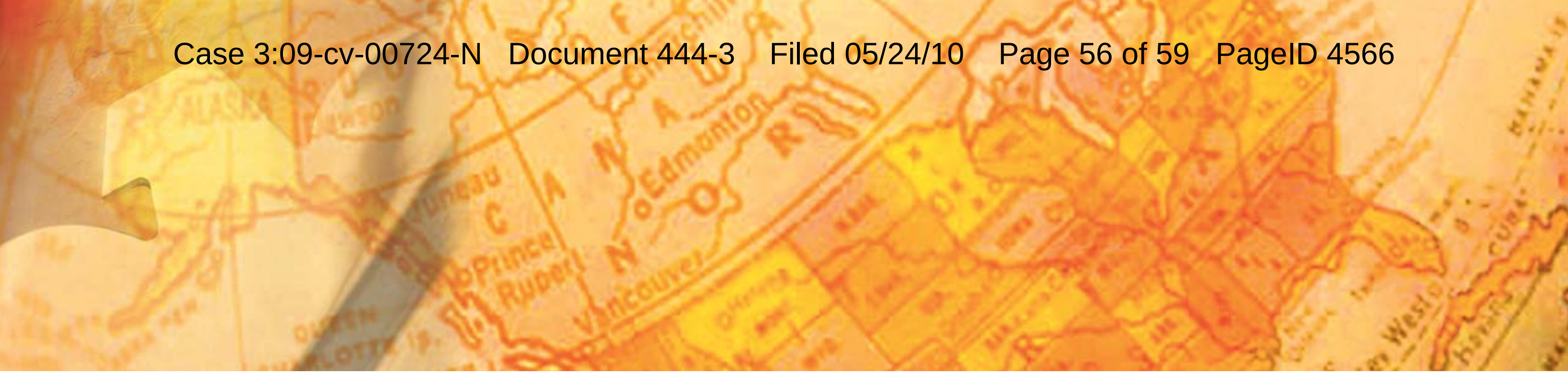
The fixed income allocation declined from 26% to 22% due to the overall market move as well as some slight reallocations to take advantage of the positive equity market environment. The opportunity costs models indicate a very slight increase in interest rate risks versus other potential asset classes. Short-term rates in the United States will likely not move significantly higher in the coming quarters, but there is risk for longer-dated bonds to experience higher rates. Additionally, global interest rates, being highly dependant on internal fundamentals, have caused the positioning of the portfolio to shift slightly lower in this fixed income asset class.

As with equities and bonds, currency allocations were also relatively unchanged for the quarter. The U.S. dollar continues to hold the largest allocation at 50%. The move down by 2 basis points was money that was shifted to the euro, mainly due to market conditions. The remaining currency allocations remained consistent with the third quarter's distribution.

One of the best performing allocation categories for the final quarter of 2006 was alternative investments. As with equities, alternative investments had been positioned to take advantage of favorable conditions, and therefore thrived last quarter. The alternative allocations remain in a great distribution to continue to perform well while limiting risks and offsetting volatility.



S T A N F O R D   I N T E R N A T I O N A L   B A N K ,   L T D .



FINANCIAL & ECONOMIC HIGHLIGHTS

Treasury Bond Yields (12/29/06)

2 yr.	4.808%
5 yr.	4.692%
10 yr.	4.702%
30 yr.	4.809%

Interest Rates (12/29/06)

3M. LIBOR Fixed	5.36000%
6M. LIBOR Fixed	5.37000%
1yr. LIBOR Fixed	5.3293%
Prime Rate	8.250%

SIB Flex CD Rates
(Based Upon $100,000 Deposits)

3M.	4.250%
6M.	5.250%
1yr.	6.500%
3yr.	7.375%

Index Returns
(Percent Change YTD as of 12/29/06)

Dow Jones Industrial Average	16.2879%
Dow Jones Stoxx 50 (Europe)	10.3944%
MSCI Euro Debt Index*	10.8046%
NASDAQ 100 Stock Index	6.7895%
S&P 500	13.6194%

SIBL Data (12/29/06)

Total Assets	$5,336,317,447
Total Net Worth	$311,303,197
Year-to-Date Earnings	$28,849,367
Investment Portfolio	$5,258,538,437

* MSCI Euro Debt Index tracks the performance of all debt issues throughout Europe.

DISCLAIMER FOR RESEARCH

The views expressed herein represent the individual author's personal opinions and are not and should not be construed as the opinions of Stanford International Bank, Limited, its agents, officers, directors or shareholders or any one of its affiliated companies. The authors have relied on sources, which are generally reliable; however, no representations or assurances can be made as to their validity.

Any opinion stated herein does not necessarily reflect the opinions and investment strategy of Stanford International Bank, Limited. There is no guarantee that any positions, investments or strategies set forth herein will remain the same after the date of this publication. In addition, past performance is not a guarantee of future results.

KVT-9

From: Suarez, Yolanda
Sent: Monday, March 27, 2006 6:43 PM
To: Hamm, Suzanne
Subject: Re: Bloomberg Reporter CAll/Baldwyn

Yes. Pls coordinate directly with Lisa Wolford. This guy is hellbent on doing a story on us.
YS

-----Original Message-----
From: Hamm, Suzanne
To: Suarez, Yolanda
CC: Hodge, Julie
Sent: Mon Mar 27 11:55:30 2006
Subject: FW: Bloomberg Reporter CAll/Baldwyn

Michael Forsyth from Bloomberg contacted Baldwyn High School. Among his many questions (see below), he made a comment that "Laura is awfully young to hold such a high position in the firm."

Sounds like he is definitely "fishing" - did you pass the information on the last time (contacted Rocky's employee) he called to RLM?

Let me know.

Thx

Suzanne

From: Gentry, Mary Grace
Sent: Monday, March 27, 2006 10:30 AM
To: Hamm, Suzanne
Subject: Bloomberg Reporter

Suzanne,

A Bloomberg reporter, Michael, contacted Baldwyn High School last week to inquire about Mr. Davis and Laura. He wanted to confirm that Mr. Davis taught at the school until 1998. He spoke with the school librarian, Roberta McKay, who informed him that Mr. Davis never taught at Baldwyn to her knowledge, but his son graduated from Baldwyn High School in 1998. The reporter confirmed he was inquiring about a James Davis and described his age and position. He asked several questions about his Baldwyn employees and businesses. He also asked if Mr. Davis lived in Baldwyn and questioned his commute to work.

The reporter also inquired about Laura Pendergest and wanted to confirm the year she graduated from Baldwyn High School. Roberta told him to call the Baldwyn School District with further questions. I will let you know if he has contacted anyone else in the community.

Regards,

Mary-Grace

Mary-Grace H. Gentry

Regional Community Relations Manager

Stanford Foundation

6075 Poplar Ave., Suite 300

Memphis, TN 38119

901-537-1624

901-537-1635 (fax)