ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED

SEPTEMBER 30, 2007

SKNA National Bank Ltd. Comptroller Division

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2007

C O N T E N T S

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

BALANCE SHEET AS AT SEPTEMBER 30, 2007

Audited Year Ended June 2007 $		Notes	*Unaudited* Quarter Ended September 2007 $	*Unaudited* Quarter Ended September 2006 $
	Assets			
592,367,869	Cash and Money at call	4	573,482,802	478,963,164
979,356,903	Loans and Advances	5	978,787,123	884,742,975
262,597,370	Investments	6	281,065,195	175,318,982
17,750,000	Investment in Subsidiaries	7	17,750,000	17,750,000
4,985,100	Customers' Liability under Acceptances, Guarantees, and Letters of Credit (per contra)	8	5,057,100	5,072,100
17,300,623	Bank Premises and Equipment	9	16,985,227	17,524,987
60,488,349	Other Accounts	10	21,672,532	13,447,431
283,575	Deferred Tax	11	283,575	288,525
1,935,129,789	**Total Assets**		**1,895,083,554**	**1,593,108,164**
	Liabilities			
45,535,275	Due to other Banks		10,840,687	4,145,860
1,290,808,127	Customers' Deposits	12	1,331,957,521	1,119,652,565
	Due to Subsidiaries			
11,473,856	Deferred Credit	13	11,473,856	11,473,856
4,985,100	Acceptances, Guarantees and Letters of Credit (per contra)	8	5,057,100	5,072,100
326,624,242	Accumulated Provisions, Creditors, and Accruals	14	257,484,622	231,318,970
535,500	Deferred Tax Liability		3,236,231	314,125
1,679,962,100	**Total Liabilities**		**1,620,050,017**	**1,371,977,476**
	Shareholders' Equity			
81,000,000	Issued Share Capital	15	81,000,000	81,000,000
3,877,424	Share Premium		3,877,424	3,877,424
150,903,142	Reserves	16	155,918,784	109,492,017
19,387,123	Retained Earnings		34,237,329	26,761,247
255,167,689	**Total Shareholders' Equity**		**275,033,537**	**221,130,688**
1,935,129,789	**Total Liabilities and Shareholders' Equity**		**1,895,083,554**	**1,593,108,164**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

Statement of Income for the period ended September 30, 2007

Audited Year Ended June 2007		Notes	Unaudited Quarter Ended September 2007 $	Unaudited Quarter Ended September 2006 $
	INCOME			
70,673,933	Interest - Loan & Advances and Fees		18,624,907	15,670,894
38,630,262	- Investments and Deposits with other Banks		6,482,045	13,619,265
109,304,195	**Total Interest Income**		**25,106,952**	**29,290,159**
(54,820,782)	Less: - Interest Expense		(16,439,209)	(13,251,405)
54,483,413	**Net Interest Income Before Provision for Doubtful Debts**	17	**8,667,743**	**16,038,754**
(1,672,858)	**Provision for Doubtful Debts**		**-**	**-**
52,810,555			**8,667,743**	**16,038,754**
	Non-Interest Income			
2,753,416	Gain (Loss) on Foreign Exchange		3,514,595	(486,010)
5,782,305	Gain on Marketable Securities, net		5,770,599	-
574,497	Dividend		17,626	9,050
1,386,696	Service Charge		349,274	342,599
38,093,979	Commission		9,118,352	4,923,624
3,362,316	Miscellaneous		236,382	230,246
51,953,209	**Total Non-Interest Income**		**19,006,828**	**5,019,509**
104,763,764	**Operating Income**		**27,674,571**	**21,058,263**
	NON-INTEREST EXPENSES			
6,318,757	Establishment	18	1,570,393	1,125,627
-	Loss on Marketable Securities, net		-	142,251
431,888	Communication		108,797	101,485
14,026,482	Staff Employment		2,527,121	2,428,318
51,607	Travelling		11,363	14,502
699,337	Stationery and Supplies		116,352	112,562
642,855	Miscellaneous		62,624	90,091
110,707	Audit Fees and Professional Expenses		-	-
1,247,095	Other Finance Charges		431,450	198,948
23,528,728	**Total Non-Interest Expenses**		**4,828,100**	**4,213,784**
81,235,036	Net Operating Income before Tax		22,846,471	16,844,479
(24,366,136)	Tax Expenses (estimated)		(7,996,265)	(5,895,568)
56,868,900	**Net Income**		**14,850,206**	**10,948,911**

STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended September 30, 2007

	Notes	Share Capital $	Share Premium $	Statutory Reserves $	Loan Loss Reserves $	General Reserves $	Revaluation Reserves $	Retained Earnings $	Total Shareholders' Equity $
Balance at June 30, 2006		**81,000,000**	**3,877,424**	**50,000,000**	**12,000,000**	**45,000,000**	**2,492,017**	**15,812,336**	**210,181,777**
Net Income		-	-	-	-	-	-	10,948,911	10,948,911
Balance at September 30, 2006		**81,000,000**	**3,877,424**	**50,000,000**	**12,000,000**	**45,000,000**	**2,492,017**	**26,761,247**	**221,130,688**
Net Income								45,919,989	45,919,989
Prior Year - Staff Benefits								(144,113)	(144,113)
Transfer to Reserves	16	-	-	31,000,000	5,000,000	5,000,000	-	(41,000,000)	-
Appreciation in market value of investment securities	16	-	-	-	-	-	632,500	-	632,500
Deferred Tax	16	-	-	-	-	-	(221,375)		(221,375)
Dividends	20	-	-	-	-	-	-	(12,150,000)	(12,150,000)
Balance at June 30, 2007		**81,000,000**	**3,877,424**	**81,000,000**	**17,000,000**	**50,000,000**	**2,903,142**	**19,387,123**	**255,167,689**
Net Income		-	-	-	-	-	-	14,850,206	14,850,206
Appreciation in market value of investment securities							7,716,373		7,716,373
Defferred Tax							(2,700,731)		(2,700,731)
					-				
Balance at September 30, 2007		**81,000,000**	**3,877,424**	**81,000,000**	**17,000,000**	**50,000,000**	**7,918,784**	**34,237,329**	**275,033,537**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD.
STATEMENT OF CASHFLOW
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

Audited Year Ended June 2007		Notes	Quarter Ended September 2007 $	Quarter Ended September 2006 $
	Cash flows from operating activities			
81,235,036	Operating Income before taxation		22,846,471	16,844,479
	Adjustments for:			
(109,304,195)	Interest Income		(25,106,952)	(29,290,159)
54,820,782	Interest Expense		16,439,209	13,251,405
1,642,225	Depreciation		402,454	461,784
1,672,858	Provision for loan losses		-	-
(144,113)	Prior year adjustments		-	-
340	Loss on disposal of fixed assets		-	-
29,922,933	Operating income before changes in operating assets and liabilities		14,581,182	1,267,509
	(Increase) decrease in operating assets:			
(134,688,104)	Net loans and advances		609,793	(38,636,190)
129,528	Interest receivables on loans and advances		(40,013)	196,417
(31,341,034)	Other accounts		39,079,582	7,924,947
	Increase (decrease) in operating liabilities:			
45,449,528	Due to other banks		(34,694,588)	4,060,113
148,895,128	Customers' deposits		41,149,394	(22,260,434)
88,959,998	Accumulated provisions, creditors, and accruals		(78,006,559)	(26,340,555)
147,327,977	Cash used in operations		(17,321,209)	(73,788,193)
101,730,044	Interest received		24,843,187	29,658,927
(62,780,189)	Interest paid		(11,568,534)	(4,023,195)
(23,948,283)	Income tax paid		(4,000,000)	(2,675,000)
162,329,549	***Net cash used in operating activities***		(8,046,556)	(50,827,461)
	Cash flows from investing activities			
(1,172,113)	Purchase fixed assets		(87,059)	(215,696)
(71,453,738)	(Increase) decrease in special term deposits		28,527,248	(1,001,559)
(97,048,432)	Net increase in investments		(10,751,452)	(10,402,544)
(169,674,283)	***Net cash used in investing activities***		17,688,737	(11,619,799)
	Cash flows from financing activities			
(12,150,000)	Dividend paid		-	-
(12,150,000)	***Net cash used in financing activities***			
(19,494,734)	**Decrease in cash and cash equivalents**		**9,642,181**	**(62,447,260)**
369,286,525	**Cash and cash equivalents at beginning of period**		**349,791,791**	**369,286,525**
349,791,791	**Cash and cash equivalents at end of period**	4	**359,433,972**	**306,839,265**

STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended September 30, 2007

	Notes	Share Capital $	Share Premium $	Statutory Reserves $	Loan Loss Reserves $	General Reserves $	Revaluation Reserves $	Retained Earnings $	Total Shareholders' Equity $
Balance at June 30, 2006		**81,000,000**	**3,877,424**	**50,000,000**	**12,000,000**	**45,000,000**	**2,492,017**	**15,812,336**	**210,181,777**
Net Income		-	-	-	-	-	-	10,948,911	10,948,911
Balance at September 30, 2006		**81,000,000**	**3,877,424**	**50,000,000**	**12,000,000**	**45,000,000**	**2,492,017**	**26,761,247**	**221,130,688**
Net Income								45,919,989	45,919,989
Prior Year - Staff Benefits								(144,113)	(144,113)
Transfer to Reserves	16	-	-	31,000,000	5,000,000	5,000,000	-	(41,000,000)	-
Appreciation in market value of investment securities	16	-	-	-	-	-	632,500	-	632,500
Deferred Tax	16	-	-	-	-	-	(221,375)		(221,375)
Dividends	20	-	-	-	-	-	-	(12,150,000)	(12,150,000)
Balance at June 30, 2007		**81,000,000**	**3,877,424**	**81,000,000**	**17,000,000**	**50,000,000**	**2,903,142**	**19,387,123**	**255,167,689**
Net Income		-	-	-	-	-	-	14,850,206	14,850,206
Appreciation in market value of investment securities							7,716,373		7,716,373
Defferred Tax							(2,700,731)		(2,700,731)
					-				
Balance at September 30, 2007		**81,000,000**	**3,877,424**	**81,000,000**	**17,000,000**	**50,000,000**	**7,918,784**	**34,237,329**	**275,033,537**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

1. Incorporation

The St. Kitts-Nevis-Anguilla National Bank Limited was incorporated on the 15th day of February 1971 under the Companies Act chapter 335, but was re-registered under the new Companies Act No. 22 of 1996 on the 14th day of April 1999.

2. Principal Activity

St. Kitts-Nevis-Anguilla National Bank Limited provides a comprehensive and international range of banking, financial and related services.

3. Significant Accounting Policies

These accounting policies are summarized below: -

(i) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards. These financial Statements have been prepared on a historical cost basis, except for the measurement at fair value of available-for-sale investments, and financial assets at fair value through profit and loss.

(ii) **Cash and Cash Equivalents**

Cash and Cash Equivalents, as mentioned in the statement of cash flows, comprise of cash on hand, balances with other financial institutions and the Eastern Caribbean Central Bank, short term receivables, as well as investment funds whose maturities are ninety days or less.

(iii) **Depreciation**

Freehold buildings are depreciated on a straight-line basis at a rate of 2½ per cent per annum. Equipment, furniture, fittings and vehicles are depreciated on a straight-line basis over their useful lives at rates ranging from 10 per cent to 33 1/3 per cent.

(iv) Currency

All values are expressed in Eastern Caribbean Currency.

(v) Foreign Currency

Foreign currency transactions are accounted for at the mid-rate of exchange prevailing at the date of the transaction. Financial assets and liabilities denominated in foreign currencies at year-end are converted to Eastern Caribbean currency at the mid-rate of exchange ruling on that day. Gains and losses resulting from such transactions and from the translation of financial assets and liabilities denominated in foreign currencies are recognized in income.

(vi) Investments

Investment securities are classified into the following four categories: financial assets at fair value through profit and loss, available-for-sale, held-to-maturity, and originated debts. Investment securities intended to be held for an indefinite time period, which may be sold in response to needs for liquidity or changes in interest rate or equity prices and are not classified as financial assets at fair value through profit and loss are therefore classified as available-for-sale. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity.

Investment securities are initially recognized at cost - which includes all transaction costs. Financial assets at fair value through profit and loss and Available-for-sale financial assets are subsequently re-measured to fair value based on quoted bid prices. As fair values for unquoted securities are not readily available, both equity and debt securities are measured at cost less any provision for impairment.

Unrealised gains and losses arising from changes in fair value of securities are recognized in income if such securities are “Financial Assets At Fair Value Through Profit and Loss” or equity if they are Available-for-Sale. When securities are disposed of, the resulting gain or loss is included in income.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount of a financial instrument measured at fair value is the present value of future cash flows discounted at the current market rate of interest for a similar financial asset. When securities become impaired the related impairment loss is charged to income as a loss.

Held-to-maturity and originated debt investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Investments (continued)

An impairment loss on financial assets carried at amortised cost is the difference in the asset's carrying amount and the present value of future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned on all investment securities is reported in interest income.

Dividend on equity securities, when received, is reported separately in dividend income. All purchases and sales of investment securities are recognized at trade date – the date on which the Bank commits to purchase or sell financial assets.

(vii) Loans and Advances

Loans originated by the Bank are financial assets created by providing money directly to a borrower and as such are carried at cost.

The accrual of interest ceases when the principal or interest is past due 90 days or when, in the opinion of management, full collection is unlikely. The allowance for loan impairment is based on continuous appraisal of all loans and advances together with an annual review of loan collateral. Specific provisions for losses are made against loans and advances when, in the opinion of management, credit risk or economic factors make recovery doubtful.

The allowance for loan impairment also covers general provisions for losses as required by the regulators, as there is always the possibility of losses within a loan portfolio that have not been specifically identified as non-performing at the balance sheet date.

The provision for loan impairment and recoveries of bad debts previously written off is charged to income. When a loan is uncollectable, it is written off against the related allowance for impairment. All subsequent recoveries are credited to the bad debt recovered income account.

(viii) Taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED YEAR ENDED SEPTEMBER 30, 2007

(ix) Income

Interest income is recognized on the accrual basis for productive loans and advances, Investment Securities, and Interest bearing deposits with other financial institutions. Non-Productive loans and advances relate to accounts whose repayments of principal or interest are 90 days or more in arrears. Interest on these accounts is taken to income when received. Other income, such as fees and commission, is recognized on the accrual basis.

(x) Comparative Figures

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly.

(xi) Reserve Requirement

In accordance with Article 33 of the Eastern Caribbean Central Bank (Central Bank) Agreement 1983, The St. Kitts-Nevis-Anguilla National Bank Limited is required to maintain reserves against deposits through cash holdings and or by deposits held with the Central Bank.

4. Cash and Money at call

	Sept 2007 $	June 2007 $
Cash in Hand	11,942,433	9,767,178
Deposits with other financial institutions	115,001,194	150,936,577
Items in the course of collection	6,573,096	3,890,727
Deposit balance with ECCB*	97,517,108	79,693,954
Term Deposits	128,400,141	105,503,355
	359,433,972	**349,791,791**
Special Term Deposits	214,048,830	242,576,078
	573,482,802	**592,367,869**

***Eastern Caribbean Central Bank**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

4. ***Cash and Money at call*** (continued)

	Sept 2007 $	June 2007 $
Term deposits pledged for the benefit of Visa International and Mastercard in support of the Bank's international card business	75,419,143	75,023,631

5. Loans and Advances

	Sept 2007 $	June 2007 $
Performing loans and advances	939,315,378	939,428,648
Non-performing loans and advances	49,597,350	50,093,873
Gross	**988,912,728**	**989,522,521**
Add: Interest receivable	451,790	411,777
Less provision for doubtful debts	(10,577,395)	(10,577,395)
Net	**978,787,123**	**979,356,903**

Legal proceedings are ongoing with regard to a number of non-performing loans, and in some instances judgment has been obtained.

5.1 Liquidity analysis of gross loans and advances based on contractual maturities:

	Sept 2007 $	June 2007 $
Within one year	406,325,984	416,104,039
One to three years	19,935,031	15,726,172
Three to five years	41,412,282	41,936,529
Over five years	521,239,431	515,755,781
Gross	**988,912,728**	**989,522,521**

5.2 Sectoral Analysis

	Sept 2007 $	June 2007 $
Consumers	108,798,179	105,062,045
Agriculture, fisheries & manufacturing	8,922,525	9,619,283
Construction & land development	95,840,755	92,154,076
Distributive trades, transportation & storage	10,882,367	10,633,596
Tourism, entertainment & catering	33,407,928	31,304,730
Financial Institutions	23,528,962	23,458,564
State, statutory bodies & public utilities	697,422,699	706,981,818
Professional & other services	10,109,313	10,308,409
	988,912,728	**989,522,521**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Loans and Advances continued	Sept 2007 $	June 2007 $
5.2 Provision for Doubtful Debts		
Balance brought forward	10,577,395	11,050,487
Charge-offs and Write-offs	-	(2,145,950)
Specific charge against income	-	1,672,858
	10,577,395	**10,577,395**

6. Investments

	Sept 2007 $	June 2007 $
Financial Assets at Fair Value Through Profit and Loss		
US Currency Investments	***167,343,383***	***159,294,531***
Available-for-sale – quoted		
East Caribbean Financial Holding Company Ltd 230,000 shares at $11.00 each (2006 -$8.25)	2,530,000	2,530,000
MasterCard Inc. 30,223 Class B Common Shares @ US$147.97	12,086,290	4,369,916
	14,616,290	***6,899,916***
Available-for-sale – unquoted		
Treasury Bills maturing February 19, 2008 with interest rate at 6.50 per cent	80,767,351	80,767,351
National Commercial Bank of Grenada Ltd 62,100 ordinary shares at a cost of $10 each	776,250	776,250
Wireless Ventures (St. Kitts-Nevis) Ltd 969 shares at a cost of US$100 each	2,618,679	2,618,679
Caribbean Credit Card Corporation 550 shares at a cost of $1,000 each	550,000	550,000
	84,712,280	84,712,280

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

6. ***Investments*** (continued)

	Sept 2007 $	June 2007 $
Available-for-sale – unquoted		
Cable Bay Hotel development Company Ltd 5,794 shares at a cost of US$100 each	1,629,676	1,629,676
Eastern Caribbean Home Mortgage Bank 905 shares at cost of $100 each	90,500	90,500
Eastern Caribbean Securities Exchange 10,000 Class "C" shares at a cost of $10 each	100,000	100,000
TCI Bank Limited 500,000 share at a cost of US$1.00 each	1,351,300	1,351,300
Society for Worldwide Inter Bank Financial Telecommunication 1 share at a cost of $5,148	5,148	5,148
Antigua Barbuda Investment Bank 185,000 shares at a cost of $3 each	999,000	999,000
ECIC Holdings Ltd. 632,200 Ordinary Shares at US$1.00 each and 743,750 – 6% Preference Shares at US$1.00 each	3,718,106	3,718,106
Bank of St Lucia Fixed Rate Note 6-month LIBOR plus 135 BP, an effective rate of 6.72%	2,702,600	-
	10,596,330	7,893,730
	95,308,610	***92,606,010***
Held-to-maturity		
Debentures – Government of St. Kitts-Nevis maturing July 15, 2008 with interest rate at 8%	***1,000,000***	***1,000,000***
Originated Debt		
Eastern Caribbean Home Mortgage Bank Long-term bond maturing July 1, 2010 with interest rate at 5.5% (2004 – 6.75%)	1,000,000	1,000,000
Antigua Commercial Bank 10% interest rate Series A bond maturing December 31, 2016	1,496,913	1,496,913
	2,496,913	2,496,913

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

6. ***Investments*** (continued)

	Sept 2007 $	June 2007 $
Originated Debt		
Caribbean Credit Card Corporation unsecured loan with interest rate at 10% with no specific terms of repayment	300,000	300,000
	2,796,913	***2,796,913***
Balance as at end of period	**281,065,196**	***262*,597,370**

Securities classified according to currency

United States Currency Securities	167,343,383	159,294,531
Eastern Caribbean Currency Securities	113,721,813	103,302,839
	281,065,196	***262*,597,370**

7. Investment in Subsidiaries

National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited - 5,750,000 shares at $1 each	5,750,000	5,750,000
St. Kitts-Nevis Mortgage and Investment Company Limited 12,000,000 shares at $1 each (2004 – 31,800,000 shares)	12,000,000	12,000,000
	17,750,000	**17,750,000**

8. Customers' Liability under Acceptances Guarantees and Letters of Credit

Letters of Credit	960,535	888,535
Guarantees (credit cards)	4,096,565	4,096,565
	5,057,100	**4,985,100**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007

9. Bank Premises and Equipment

COST	Total	Property	Equipment	Furniture And Fittings	Motor Vehicles	Reference Books	Projects Ongoing
At July 1, 2006	31,490,494	17,922,136	11,235,987	1,747,079	399,000	129,910	56,382
Additions	87,061			85,556	-	1,505	-
Disposals	(11,107)	-		(11,107)	-	-	-
>>>	31,566,448	17,922,136	11,235,987	1,821,528	399,000	131,415	56,382
Accumulated Depreciation							
At June 30, 2006	14,189,871	3,910,657	8,724,442	1,214,356	225,397	115,019	-
Charge for Year	402,455	101,837	248,322	29,526	19,950	2,820	-
Eliminated on Disposal	(11,105)	-	-	(11,105)	-	-	-
>>>	14,581,221	4,012,494	8,972,764	1,232,777	245,347	117,839	-
Net Book Value							
At Sept 30, 2007	**16,985,227**	**13,909,642**	**2,263,223**	**588,751**	**153,653**	**13,576**	**56,382**
At June 30, 2007	**17,300,623**	**14,011,479**	**2,511,545**	**532,723**	**173,603**	**14,891**	**56,382**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Sept 2007 $	June 2007 $
10. Other Accounts		
Interest Receivable	12,484,301	12,220,536
Other Receivables	923,461	378,136
Prepayments	7,872,840	47,501,125
Stationery and Cards Stock	391,930	388,552
	21,672,532	**60,488,349**
11. Taxation		
11.1 Tax Expense		
Current tax	7,996,265	24,361,186
Deferred tax	-	4,950
	7,996,265	**24,366,136**
Income for the year before tax	**22,846,471**	**81,235,036**
Income tax at the applicable tax rate of 35%	7,996,265	28,432,263
Non-deductible expenses	146,626	1,854,424
Deferred tax over provided	-	82,178
Income not subject to tax	(146,626)	(6,002,729)
	7,996,265	**24,366,136**
11.2 Deferred Tax		
Balance brought forward	(283,575)	(288,525)
Recovered during the year, net	-	4,950
	283,575	**(283,575)**

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		Sept 2007 $	June 2007 $
12.	**Customers' Deposits**	**1,331,957,521**	**1,290,808,127**
		===========	===========

Analysis of Deposits by Sector

	Sept 2007 $	June 2007 $
Consumers	304,324,700	298,177,921
Private Businesses and Subsidiaries	390,287,949	384,835,931
State, Statutory Bodies and Non-Financial Institutions	526,671,592	507,100,776
Others	110,673,280	100,693,499
	--------------------	-------------------
	1,331,957,521	**1,290,808,127**
	============	===========

13. Deferred Credit

	Sept 2007 $	June 2007 $
Balance brought forward	11,473,856	11,473,856
Subtraction: -	-	-
	---------------	---------------
	11,473,856	**11,473,856**
	=========	=========

St. Kitts-Nevis Mortgage and Investment Company Limited (MICO), a subsidiary of the Bank, acquired in December 2002 the remaining properties used by a customer as security for advances made to it by the Bank. As a result, interest accrued on those advances is deferred until MICO disposes of the said properties to outside buyers.

14. Accumulated Provisions, Creditors and Accruals

	Sept 2007 $	June 2007 $
Interest Payable	31,479,367	26,608,692
Income Tax Payable	19,520,113	15,523,411
Managers Cheques and Bankers Payments	1,888,659	1,760,777
Unpaid Drafts on other banks	512,840	512,794
Bonds Payable	93,540,229	93,540,229
E-Commerce Payables	94,132,683	120,277,636
Other Payables	16,410,731	68,400,703
	-----------------	---------------
	257,484,622	**326,624,242**
	==========	==========

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	Sept 2007 $	June 2007 $
15. Share Capital		
Authorised: -		
135,000,000 Ordinary Shares of $1 each	135,000,000	135,000,000
Issued and Fully Paid: -		
81,000,000 Ordinary Shares of $1 each	**81,000,000**	**81,000,000**

16. Reserves

	Sept 2007 $	June 2007 $
Statutory Reserve	81,000,000	81,000,000
General Reserve	50,000,000	50,000,000
Loan Loss Reserve	17,000,000	17,000,000
Revaluation Reserve	7,918,784	2,903,142
	155,918,784	**150,903,142**

Statutory Reserve

	Sept 2007 $	June 2007 $
Balance brought forward	81,000,000	50,000,000
Addition	-	31,000,000
	81,000,000	**81,000,000**

In accordance with Section 14 (1) of Saint Christopher and Nevis Banking Act No. 6 of 1991, the St. Kitts-Nevis-Anguilla National Bank Limited is required to maintain a reserve fund into which it shall transfer not less than 20% of its net profit of each year whenever the reserve fund is less than the Bank paid-up capital.

General Reserve

	Sept 2007 $	June 2007 $
Balance brought forward	50,000,000	45,000,000
Amount transferred in		5,000,000
	50,000,000	**50,000,000**

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	Sept 2007 $	June 2007 $
Loan Loss Reserve		
Balance brought forward	17,000,000	12,000,000
Amount transferred in		5,000,000
	17,000,000	**17,000,000**

Revaluation Reserve

	Sept 2007 $	June 2007 $
Property	1,908,642	1,908,642
Available-for-sale securities (on adoption of IAS 39)	552,500	552,500
Movement in market value of investment securities	8,693,873	977,500
Deferred tax on securities appreciation	(3,236,231)	(535,500)
	7,918,784	**2,903,142**

During December 1996 a valuation on property was carried out on the Bank's land and buildings by Vincent Morton & Associates Limited - an independent valuer.

17. Net Interest Income

	Sept 2007 $	June 2007 $
Interest Income		
Loans and Advances	18,351,199	68,756,787
Loan Fees	273,708	1,917,146
Deposits with other Banks	3,973,570	17,305,659
Investments	2,505,804	21,293,149
Other	2,671	31,454
	25,106,952	109,304,195
Interest Expense		
Customers' Deposits	14,220,119	46,449,127
Due to other Banks	2,219,090	8,371,655
	16,439,209	54,820,782
Balance	**8,667,743**	**54,483,413**

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	Sept 2007 $	June 2007 $

18. Establishment Expenses

Included in this expense head are: -

	Sept 2007 $	June 2007 $
Directors' Fees	63,000	278,502
Depreciation	402,454	1,642,225

19. Earnings Per Share

Earning per share is calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Sept 2007 $	June 2007 $
Net income attributable to shareholders	14,850,206	56,868,900
Weighted average number of ordinary shares in issue	81,000,000	81,000,000
Diluted/Basic earnings per share (Annualized)	0.73	0.70

20. Dividend

The financial statements reflect a dividend of $12,150,000 for the year ended June 30, 2006, which was approved at the Thirty-Sixth Annual General Meeting held on January 25, 2007 and subsequently paid.

Dividend for the year ended June 30, 2007 is not reflected in these financial statements. This dividend, if approved at the next Annual General Meeting, will be accounted for as an appropriation of retained earnings in the year ending June 30, 2008.

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NOTES TO THE FINANCIAL STATEMENTS
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21. Contingent Liabilities

Financial Commitments

As at September 30, 2007, the Bank was committed to make loans and advances amounting to approximately $119,143,581 (June 30, 2007 - **$130,052,521**)

22. Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making operational or financial decisions.

A number of banking transactions are entered into with our subsidiaries and directors in the normal course of business. Those transactions, which include deposits, loans and other transactions, are carried out on commercial terms and conditions, at market rates.

Subsidiaries
Advances outstanding as at September 30, 2007 amounted to $19,903,053 **(June 30, 2007 - $19,807,533)**.

Deposits balances as at September 30, 2007 amounted to $97,082,924 **(June 30, 2007 - $97,337,364)**.

Directors and Associates
Advances outstanding as at September 30, 2007 amounted to $734,452 **(June 30, 2007 - $482,311).**

Deposits balances as at September 30, 2007 amount to $2,070,336 **(June 30, 2007 - $1,945,744).**

23. Fair Value of Financial Assets and Liabilities

Financial assets and liabilities not carried at fair value include cash and money at call, originated debts, investment securities held to maturity, investment in subsidiaries, due to other banks, customers' deposits and due to subsidiaries. The following methods and assumption are relevant to their fair value:

Assets

Cash and money at call

Since these assets are short-term in nature, the values are taken as indicative of realizable value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

23. Fair Value of Financial Assets and Liabilities continued

Loans and advances

Loans and advances are net of provision for loan losses. These assets result from transactions conducted during the normal course of business and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values that are substantially equal to the carrying value.

Investment securities held to maturity and Investment in subsidiaries

The fair value of these items is assumed to be equal to their carrying values.

Liabilities

Due to other banks, customers' deposits and due to subsidiaries

The fair value of financial liabilities with no stated maturity is assumed to be equal to their carrying values.

Deposits with fixed rate characteristics are at rates that are not significantly different from current rates and are assumed to have discounted cash flow values that approximate carrying values.

24. Currency Risk

The Bank is exposed to currency risk through its international card and other international business receipts and settlements. Various strategies to hedge the key risk have been devised, ensuring at all times that the actions taken are in keeping with the Bank overall objectives.

Currency Risk Exposure

Amounts ($)	CAD	EUR	GBP	GUY
Sept. 2007	595,551	15,811,996	6,119,310	14,793
June 2007	523,361	70,303,427	6,499,671	2,441

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NOTES TO THE FINANCIAL STATEMENTS
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25. Interest Rate Risk

The Bank is exposed to various risks associated with different rates of interest found in the normal course of its business. Interest rate risk mitigation focuses on potential changes in net interest income. These results from changes in interest rates and mismatches in the re-pricing of interest rate sensitive assets and liabilities as well as product spreads. These are monitored and, where necessary, action would be taken to minimize any adverse effect to shareholder value.

Interest Rates (%)

	EC$	***US$***	***EURO***
September 2007			
Assets			
Treasury Bills	6.50	-	-
Deposits with other banks	5.00-5.50	4.46-6.72	3.04-4.43
Deposits with non-bank financial institutions	8.50-10.50	4.85–5.40	-
Originated Debt	5.50-14.00	-	-
Investment securities:	6.50-8.00	3.00-6.65	-
Liabilities			
Due to customers	1.50-9.00	1.25-2.00	-
Borrowings	5.00	5.82-5.92	-
June 2007			
Assets			
Treasury Bills	6.50	-	-
Deposits with other banks	5.00-5.50	4.06-6.60	2.61-4.00
Deposits with non-bank financial institution	8.50-10.50	4.85-5.40	-
Originated Debt	5.50-14.00	-	-
Investment securities:	6.50-8.00	3.00-15.75	-
Liabilities			
Due to customers	1.50-9.00	1.25-2.00	-
Borrowings	4.75-5.00	5.82-6.14	-

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Interest Rate Risk (continued)

Interest Sensitivity of Assets and Liabilities

	Up to 1 Year	1 to 5 Years	Over 5 Years	Non-interest Bearing	Total
As at September 30, 2007					
Assets					
Cash and money at call	372,895,866	1,127,230	1,273,206	198,186,500	573,482,802
Loans and advances	382,008,903	60,691,143	515,664,262	20,422,815	978,787,123
Investments	97,214,669	3,441,347	10,008,234	170,400,945	281,065,195
Other assets	-	-	-	61,748,434	61,748,434
Total assets	852,119,438	65,259,720	526,945,702	450,758,694	1,895,083,554
Liabilities					
Due to banks	10,840,687	-	-		10,840,687
Customers' deposits	773,535,963	221,954,110	-	336,467,448	1,331,957,521
Other liabilities	960,535	-	93,540,229	182,751,045	274,551,078
Total liabilities	785,337,185	221,954,110	93,540,229	519,218,493	1,620,050,017
Interest Sensitivity Gap	**66,782,253**	**(156,694,390)**	**433,054,473**		
As at June 30, 2007					
Total assets	871,125,706	64,594,399	522,018,440	477,391,244	1,935,129,789
Total liabilities	873,415,434	198,418,814	93,540,229	514,587,623	1,679,962,100
Interest Sensitivity Gap	**(2,289,728)**	**(133,824,415)**	**428,478,211**		

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NOTES TO THE FINANCIAL STATEMENTS
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26. Liquidity Risk

The Bank is exposed to daily calls on its available cash resources from current accounts, overnight deposits, maturing deposits, loan drawdown and other calls on cash settled items. A range of wholesale and retail funds are managed to ensure that liquidity requirements are met. The Bank liquidity strategy relies on sufficient cash and marketable instruments such as treasury bills and other government securities to meet short term funding needs. Fallback techniques include access to the sub-regional inter-bank market and the ability to close out or liquidate market positions. The Bank ensures that it has sufficient funds to meet its obligations by not converting into loans foreign deposits, demand deposits, reserves, provision for interest, provision for loan losses, and other net financial assets and liabilities.

Analysis of assets and liabilities into relevant maturity grouping

	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
As at September 30, 2007				
Assets				
Cash and money at call	571,082,366	1,127,230	1,273,206	573,482,802
Loans and advances	402,431,718	60,691,143	515,664,262	978,787,123
Investments	105,656,586	3,441,348	171,967,261	281,065,195
Other assets	22,381,788	7,621,448	31,745,198	61,748,434
Total assets	1,101,552,458	72,881,169	720,649,927	1,895,083,554
Liabilities				
Due to banks	10,840,687	-	-	10,840,687
Customers' deposits	1,110,003,411	221,954,110	-	1,331,957,521
Other liabilities	159,812,577	12,425,147	105,014,085	277,251,809
Total liabilities	1,280,656,675	234,379,257	105,014,085	1,620,050,017
Net Liquidity Gap	**(179,104,217)**	**(161,498,088)**	**615,635,842**	
As at June 30, 2007				
Total assets	1,151,900,940	72,554,600	710,674,249	1,935,129,789
Total Liabilities	1,366,782,282	208,165,733	105,014,085	1,679,962,100
Net Liquidity Gap	**(214,881,342)**	**(135,611,133)**	**605,660,164**	

ST KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27. Credit Risk

Credit risk is the potential to incur losses due to failure of a counterparty or borrower to meet its financial obligations. Credit risk is inherent in all lending and investing activities. Exposures to credit risk are mainly concentrated in St. Kitts and Nevis, North America, Europe, and other Caribbean States.

The Bank exposure to credit risk is managed through regular analysis of the ability of its borrowers (current and potential) as well as counterparties to meet interest and principal repayment obligations. Credit risk is also managed in part by the taking of collateral and/or guarantees as securities on advances, and by the spreading of this risk geographically as well as over a diversity of personal and commercial customers.

	Total Assets	Total Liabilities	Credit Commitments	Total Income	Capital Expenditure
As at September 30, 2007					
St. Kitts and Nevis	1,349,854,309	1,268,575,122	119,143,581	135,449,264	113,006
North America	395,428,479	257,254,386	-	19,182,308	988,425
Europe	94,707,149	680,280	-	5,176,150	-
Other Caribbean States	55,093,617	93,540,229	-	1,449,682	70,682
	1,895,083,554	1,620,050,017	119,143,581	161,257,404	1,172,113
As at June 30, 2007					
St. Kitts and Nevis	1,355,849,368	1,278,084,853	130,052,521	131,502,088	113,006
North America	453,923,374	307,664,333	-	23,129,484	988,425
Europe	84,767,789	672,685	-	5,176,150	-
Other Caribbean State	40,589,258	93,540,229	-	1,449,682	70,682
	1,935,129,789	1,679,962,100	130,052,521	161,257,404	1,172,113

28. Operational Risk

Operational risk is inherent to all business activities and is the potential for financial or reputational loss arising from failure in internal controls, operational processes or the system that support them. It includes errors, omissions, disasters and deliberate acts such as fraud.

The Bank recognizes that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Bank has developed contingency arrangements including facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit function.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the 1st quarter ended September 30, 2007

Introduction

The Company's financial condition and results of operations for the first quarter ended September 30, 2007 are discussed below. The report includes forward-looking statements about objectives, strategies and expected financial results. These statements are inherently subject to risks and uncertainties beyond the Bank's control including, but not limited to, economic and financial conditions globally, technological development, competition, and regulatory developments in St. Kitts and Nevis and elsewhere. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. The reader is therefore cautioned not to place undue reliance on these statements.

Income Statement

Net Interest Income

The Company recorded $8.7 million in net interest income at the end of September 2007, compared with $16.0 million at the end of the same period in 2006. Lower interest income and higher interest expenses had a negative impact on net interest income for the quarter.

At September 30, 2007, interest income fell by $4.2 million or 14.3% when compared with the $29.2 million attained for this subhead one year ago. The decrease in interest income was due mainly to a $7.5 million reduction in income from investments.

On the other hand, interest expenses were $16.4 million at the end of September 2007 compared with $13.3 million at the end of the same period last year. An increase in public and private sector fixed deposits during the quarter resulted in higher interest cost for the period.

The overall effect was a reduction in net interest income for the period. Net interest income now constitutes 19.7% of total revenue, compared with 46.6% for the same period last year.

The company anticipates an increase in net interest income during the next quarter through increases in investments, customer service excellence, higher asset quality, lower costs of funds and diversified earnings.

Non-Interest Income

At the end of the first quarter, non-interest income was $19.0 million compared with $5.0 million at the end of the same period in 2006. This represents a 280.0% increase.

The rise in non-interest income was spread throughout all fee-based categories. However, commission and gain on marketable securities and foreign exchange were the main contributors to this increase.

Expenses

Total operating expenses were $21.2 million at September 30, 2007. This compares with $17.5 million at September 30, 2006 and represents an increase of 21.1%. The increase in operating expenses is due mainly to a rise in interest expenses.

The company anticipates lower operating expenses over the next quarter through continued emphasis on cost containment, effective risk management and operational efficiencies. Cost savings will also be attained through continued improvements in the technology infrastructure.

Net Income

The net result of the Bank's operations, over the quarter, was a rise in net income. At September 30, 2007 net income was $22.8 million, up 35.7% from the prior year's earnings of $16.8 million. The increase in net income was due mainly to higher total revenues for the period.

Balance Sheet

Assets

At September 30, 2007 total assets declined slightly by 2.5% when compared to total assets at June 30, 2007. The decrease in total assets was primarily the result of E-business transactions, a reduction in deposits held with other banks and the repayment of loans. Although total assets decrease, there was a 7.0% increase in investments, which when combined with the existing investments resulted in a $5.8 million gain in marketable securities.

Deposits

Deposits are the company's main source of funding and currently accounts for 82.2% of the total funds. At September 30, 2007 total deposits were $1.3 billion or approximately 3.2% higher than total deposits recorded at June 30, 2007. The growth in deposits was spread throughout all deposit categories.

The Bank recognizes the importance of its core deposit base and as such management continues to monitor activity in this area. Based on historical experience, and its current pricing strategy the Bank believes that it will continue to retain a large portion of its deposit accounts.

Loans and Advances

At September 30, 2007 loans and advances were $978.8 million compared with the $979.4 million recorded at June 30, 2007. The reduction in loans and advances was due mainly to the repayment of a number of non-productive loans. Net loans and advances as a percentage of total assets accounted for 51.6% at September 31, 2007 compared with 50.6% at June 30, 2007.

Management will continue to review the loan portfolio to ensure that loan growth exceeds previous periods' performances.

Shareholders' Equity

The company continues to realize its goal of providing a satisfactory return to shareholders and increasing the value of investment. At the end of September 2007, shareholders' equity was $275.0 million compared with $255.2 million at the end of June 2007. This represents a 7.8% increase, resulting from the net operating income for the period and net appreciation in the market value of investment securities.

Corporate Governance

The Board of Directors continues to search for innovative ways to improve corporate governance, risk management, ethical conduct, best practices and maintenance of international standards. In this regard the Board is focused on:

- Adoption and implementation of corporate governance guidelines and codes of ethics and business conduct.
- Continued emphasis on the Corporate Strategic Plan, which includes management's philosophy, economic outlook and conditions, performance targets and plans for implementation of strategies over the next 5 years.

Additionally, the Board will continue to take vital steps towards culturing a strong corporate governance environment, improving transparency and fostering high levels of integrity, thereby strengthening shareholder confidence in the Company.

Risk Management

The management of risks has emerged as one of the greatest challenges that banks now face. This challenge must be tackled by developing new approaches and by adjusting current processes.

The Bank has taken up this challenge and has placed increased emphasis on the management of risks through the systematic development of tools and strategies to mitigate these risks. Risks are continuously being evaluated in terms of the level of impact they can have on income and asset values.

While the bank places strong emphasis on the management of risks, it does so with the objective of balancing risk taking with expected returns to our shareholders.

Outlook

Over the next quarter, the Company will continue to focus on cost containment, risk management and operational efficiency. We will continue to build on our existing infrastructure and technology to enhance our products and services and focus on initiatives to augment our interest income and non-interest income base.

These measures should boost total revenue and thus net income. During the next quarter we anticipate a 33.3% increase in income (before tax) when compared to the end of the same period in 2006. This projection is also based on an expected 140.8% increase in non-interest income and a 1.2% decrease in total expenses.