

Schedule 2
FORM ECSRC – OR

(Select One)

☐ **QUARTERLY FINANCIAL REPORT** for the period ended SEPTEMBER 30, 2021
Pursuant to Section 98(2) of the Securities Act, 2001

OR

☐ **TRANSITION REPORT**
for the transition period from _____ to _____
Pursuant to Section 98(2) of the Securities Act, 2001
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: BON 290855KN

THE BANK OF NEVIS LIMITED

(Exact name of reporting issuer as specified in its charter)

ST. KITTS & NEVIS

(Territory or jurisdiction of incorporation)

P.O. BOX 450, MAIN STREET, CHARLESTOWN, NEVIS

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): 1-869-469-5564

Fax number: 1-869-469-1039

Email address: info@thebankofnevis.com

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report. _____

CLASS	NUMBER
ORDINARY	18,096,644

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Denrick Liburd



Signature

February 20, 2025

Date

Name of Director:

Damion Hobson



Signature

February 20, 2025

Date

Name of Chief Financial Officer:

Kimala Swanston



Signature

February 20, 2025

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-OR

1. Financial Statements

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

- 1. The quality of earnings;
- 2. The likelihood that past performance is indicative of future performance; and
- 3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

At the end of the reporting period (30 September 2021), total Assets amounted to \$891 million. When compared to the audited position at June 30, 2021, total Assets decreased by \$18 million or 2%. This quarterly decrease was mainly due to the following factors:

- The Investment & Treasury portfolio recorded a decrease of \$12.4 million or 3.2%;
- The Loans and advances portfolio decreased by \$5.6 million or 1.2%.

Customers' Deposits:

At the end of the first quarter (30 September 2021), the Customer Deposits portfolio amounted to \$758.1 million, which represented a decrease of \$12.5 million or 1.6% when compared to the balance reported as at June 30, 2021 (\$770.6 million). The net decrease was primarily attributed to the current accounts category, which declined by \$20.8 million or 12.1% when compared to June 2021. This decrease was offset by increases noted in the Fixed Deposits and Savings Deposits categories which increased by \$6.5 million or 2.4% and \$2.1 million or 0.6% respectively.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

As at 30 September 2021, the Bank recorded liquid assets amounting to \$277.1 million or 31.1% of total assets. The Bank had adequate funds on hand to meet any operational demands or related obligations which arose. The Bank's liquidity portfolio comprised primarily of correspondent bank balances, short term deposits with banks and financial institutions, as well as investments in short-term treasury bills via local and regional government bodies.

Part of management's monitoring process on a daily basis includes an on-going assessment of liquidity ratios. The liquidity ratios assessed include the reserve position and liquid assets to total deposits. Commercial banks operating in the Eastern Caribbean Currency Union (ECCU) are mandated to hold at least 6% of their deposits with the ECCB. The reserve position and liquid assets to total deposits ratios were above the regulatory benchmarks with 8.7% and 36.5% respectively being reported as at 30 September 2021.

At 30 September 2021, total shareholders' equity stood at \$107.5 million; a decrease of \$0.7 million or 0.6% when compared to June 2021.

As at September 30, 2021, the Bank had paid up capital of \$24.3 million which exceeds the minimum paid up capital requirement of \$20 million for a licensed financial institution per the 2015 Banking Act.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

For the three month period ended 30 September 2021, a net loss after tax amounting to \$0.5 million was recorded. This represented a decline of \$1.2 million when compared to the profit recorded for the same quarter one year ago.

Interest Income

Interest income increased by \$1.7 million or 29.4% to \$7.6 million when compared to the quarter ended September 2020 (\$5.9 million). This growth in interest income was mainly attributed to interest income from loans and advances which expanded by \$1.4 million or 29.8%.

Interest Expense

Interest expense for the quarter amounted to \$3.5 million, reflecting an increase of \$1.1 million when compared to the quarter ended September 2020. The growth in Interest Expense was due to the growth in Savings and Fixed Customer deposits from the acquisition of RBC/RBTT in April 2021 as well as the increase in Savings and Fixed Deposits recorded for the quarter ended September 2021 when compared to June 2021.

Operating Expenses

Total operating expenses for the quarter ended 30 September 2021 amounted to \$5.5 million, an increase of \$2.2 million or 66.3% when compared to the quarter ended 30 September 2020. The main contributor to the increase was the General and Administrative expenses category which increased by \$1.7 million. The increase in this category was primarily due to the extra cost incurred for the acquired employees, as well as other acquisition related expenses.

3. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Bank is exposed to diverse risks in the conduct of its daily operations. Some of the major risks facing the Bank are outlined below:

Credit Risk:

Credit Risk is the most predominant risk factor within the Bank's environment. This represents the risk of incurring a financial loss in the event that any of the Bank's customers or counterparties fail to fulfill their contractual obligations to the Bank. The Bank's credit risk arises mainly from the loans and advances portfolio which as at 30 September 2021 constituted 51% of the Banks total assets. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures from its trading activities.

Foreign Exchange Risk:

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. These currency positions are monitored daily. Most of the Bank's assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (XCD\$) to the United States dollar (US\$) has been formally pegged at XCD\$2.7 = US\$1.00. Foreign exchange exposure in Pound Sterling, Canadian, Euro and other currencies are minimum balances held with correspondent accounts.

Market Risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading portfolios are monitored by the Risk Management Committee, Investment and Internal Management Investment Committee and by Management.

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters. The Banks portfolio of liquid assets amounted to \$277.1 million or 31.1% of total assets at the end of the quarter.

4. Legal Proceedings.

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

N/A

5. Changes in Securities and Use of Proceeds.

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer

N/A

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

N/A

6. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

7. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

N/A

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

8. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

N/A

The Bank of Nevis Limited
Consolidated Statement of Financial Position
As at September 30, 2021
(expressed in Eastern Caribbean dollars)

	Unaudited September 2021 \$	Audited June 2021 \$
Assets		
Cash and Balances due from banks and other financial institutions	264,681,116	292,279,466
Investment securities	107,595,877	92,426,121
Loans and advances	452,379,493	458,012,410
Other assets	9,547,076	9,155,328
Property, plant and equipment	35,452,242	35,539,299
Right-of use assets	1,033,614	1,113,123
Intangible assets	19,492,101	19,652,255
Income tax receivable	312,224	307,996
Deferred tax asset	498,142	498,142
Total Assets	890,991,885	908,984,140
Liabilities		
Customers' deposits	758,131,795	770,634,022
Other liabilities and accrued expenses	21,858,824	26,609,872
Deferred tax liability	2,406,734	2,412,871
Lease liabilities	1,045,657	1,119,582
Total liabilities	783,443,010	800,776,347
Shareholders' equity		
Share capital	24,339,943	24,339,943
Statutory reserves	16,512,127	16,512,127
Revaluation reserves	14,220,347	14,346,878
Other reserves	2,373,400	2,373,400
Retained earnings	48,997,009	48,997,009
Current loss	(485,999)	-
Attributable to the Company's equity holders	105,956,827	106,569,357
Non-controlling interest	1,592,048	1,638,436
Total shareholder's equity	107,548,875	108,207,793
Total liabilities and shareholders' equity	890,991,885	908,984,140

The Bank of Nevis Limited
Consolidated Statement of Income
for the three month period ended September 30, 2021
(expressed in Eastern Caribbean dollars)

	Unaudited September 2021 \$	Unaudited September 2020 \$
Interest income		
Income from loans and advances	5,995,357	4,619,503
Income from deposits with other banks and investments	1,609,876	1,255,972
	7,605,233	5,875,475
Interest expense		
Savings accounts	1,599,097	752,679
Fixed deposits	1,897,847	1,679,901
Current accounts	36,221	34,644
Lease liabilities	13,073	-
	3,546,238	2,467,224
Net interest income	4,058,995	3,408,251
(Losses)/ gains from sale of investment securities	(172,225)	182,079
Other operating income	1,117,427	700,005
Operating income	5,004,197	4,290,335
Operating expenses		
General and administrative expenses	4,390,292	2,669,392
Provision for loan impairment	157,698	150,000
Directors' fees and expenses	150,646	95,739
Depreciation and amortization	691,843	291,000
Audit fees	78,152	78,152
Correspondent bank charges	66,817	43,807
	5,535,448	3,328,090
Operating (loss)/income for the period	(531,251)	962,245
Taxation		
Current tax expense	1,136	308,036
	1,136	308,036
Net (loss)/income for the period	(532,387)	654,209
(Loss)/Earnings per share	(0.12)	0.14

The Bank of Nevis Limited
Consolidated Statement of Cash Flows
For the three months period ended September 30, 2021
(expressed on Eastern Caribbean dollars)

	Unaudited Three-Month Cumulative to September 2021 \$	Unaudited Three-Month Cumulative to September 2020 \$
Cash flows from operating activities		
Operating (loss)/income for the period	(531,251)	962,245
Items not affecting cash		
Interest expense	3,546,238	2,467,224
Depreciation and amortisation	691,843	291,000
Expected credit losses	157,698	150,000
Net loss/(gain) from disposal of investments	171,458	(182,079)
Interest income	(7,605,233)	(5,875,475)
Operating loss before changes in operating assets and liabilities	(3,569,247)	(2,187,085)
Changes in operating assets and liabilities		
Increase in mandatory and restricted deposits with Central Bank	(30,110,304)	(10,329,281)
Decrease/ (increase) in loans and advances, net of payments received	5,363,508	(5,480,970)
Increase in other assets	(391,748)	(707,648)
(Decrease)/ increase in customers' deposits	(12,154,987)	13,398,145
(Decrease)/ increase in other liabilities and accrued expenses	(4,751,048)	1,558,684
Net cash used in operations before interest and tax	(45,613,826)	(3,748,156)
Interest received	8,186,302	6,441,539
Income tax paid	(5,364)	(477,894)
Interest paid	(3,880,405)	(2,472,004)
Net cash used in operating activities	(41,313,293)	(256,515)
Cash flows from investing activities		
Purchase of property, plant, equipment, and intangible assets	(365,123)	(6,566)
Net (purchase)/sale of fixed deposits	(59,280,667)	23,643,290
Net (purchase)/sale of investment securities	(13,144,353)	1,234,262
Net cash (used in)/ from investing activities	(72,790,143)	24,870,986
Cash flows from financing activities		
Repayment of lease liabilities	(73,925)	-
Interest paid on lease liabilities	(13,073)	-
Net cash flows from financing activities	(86,998)	-
(Decrease)/Increase in cash and cash equivalents	(114,190,434)	24,614,471
Cash and cash equivalents, beginning of period	213,754,517	64,044,174
Cash and cash equivalents, end of period	99,564,083	88,658,645