

Schedule 2
FORM ECSRC – OR

(Select One)

☐ **QUARTERLY FINANCIAL REPORT** for the period ended MARCH 31, 2023
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 21, 2025

Date

Name of Director:

Damion Hobson



Signature

February 21, 2025

Date

Name of Chief Financial Officer:

Kimala Swanston



Signature

February 21, 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 (31 March 2023), total assets amounted to \$985.2 million. When compared to the audited position at June 30, 2022, this amount has increased by \$42.2 million or 4.5%. This increase is mainly due to the following factors:

- The investment securities portfolio increased by \$39.4 million or 28.1%
- Other Assets increased by \$35.9million;
- The loans and advances portfolio increased by \$25.5 million or 5.2%; and
- Cash and balances due from other banks decreased by \$56.5 million or 23.8%

Loans and Advances

Total loans and advances at March 31, 2023 stood at \$515.2 million (June 2022: \$489.7 million).

Customers' Deposits

At the end of the third quarter (31 March 2023), the customer deposits portfolio amounted to \$829.7 million, which represented an increase of \$9.3 million or 1.1% when compared to the balance reported as at June 30, 2022. The current accounts category increased by \$9.2 million to \$162.9 million, the savings category increased by \$18.0 million or 5.1% to \$375 million; while fixed deposits decreased by \$17.8 million or 5.8% to \$288.2 million.

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 31 March 2023, the Bank recorded liquid assets amounting to \$222.9 million or 22.6% of total assets. At the end of the first quarter of the financial year, the Bank had adequate funds on hand to meet any operational demands or related obligations which arose. The Bank's liquidity portfolio comprise 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 the liquidity ratios. Two main liquidity ratios assessed include the reserve position and liquid assets to total deposits. The reserve position and liquid assets to total deposits ratios were compliant with the ECCB guidelines as at 31 March 2023.

With share capital of \$24.3 million, the Bank is also compliant with the minimum paid up capital requirements of \$20 million required for a licensed financial institution per the 2015 Banking Act.

At 31 March 2023, total shareholders' equity stood at \$118.8 million.

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 nine month period ended 31 March 2023 net profit after tax amounted to \$19.7 million. This represented an increase of \$19.5 million when compared to the similar period one year ago.

Interest Income

At the end of third quarter ended 31 March 2023, interest income increased by \$0.6 million or 2.4% to \$27.2 million when compared to the performance one year ago - 31 March 2022. This increase in interest income was mainly associated with interest income from deposits with other banks and investments which increased by \$2.1 million or 43.4%. However, this increase was offset by a decrease in interest income from Loans and advances which decreased by \$1.5 million or 6.7%.

Interest Expense

Interest expense for the nine-month period amounted to \$11 million, reflecting an increase of \$1.2 million when compared to prior year

Other Operating Income (excluding Gains from Investment Securities)

The Bank earned a total of \$28 million in other operating income, which represented an increase of \$23.2 million when compared the same performance one year ago.

Operating Expenses

Total operating expenses for the nine-months ended 31 March 2023 amounted to \$24.3 million, an increase of \$4.8 million when compared to the period ended 31 March 2022. Of this amount, \$20.2 million was associated with the general and administrative 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 counter-parties fail to fulfill their contractual obligations to the Bank. The Bank's credit risk arises mainly from the loans and advances portfolio which at 31 March 2023 constituted 52.3% 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 effects of fluctuations in the prevailing foreign currency exchange rates (foreign exchange risk) is another risk factor that significantly affects the Bank, due to the fact that a significant amount of the Bank's assets and liabilities are held in Eastern Caribbean dollars which is the local currency. Most of the assets in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar to the United States dollar has been formally pegged at EC\$2.70 = US \$1.00. Assets and liabilities are also held in Euro, Pound Sterling, Canadian and Barbados currencies; however, the exposure is not material to the Bank's financial position.

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 will be unable to meet its obligations when they fall due. The liquidity position of the Bank is closely monitored on a daily basis, and the executive management meets on a weekly basis to discuss the position as well as recent trends and projections. The Bank's portfolio of liquid assets amounted to \$222.9 million or 22.6% 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 March 31, 2023
(expressed in Eastern Caribbean dollars)

	Unaudited March 2023 \$	Audited June 2022 \$
Assets		
Cash and balances due from other banks	180,631,481	237,087,473
Investment securities	180,616,251	140,988,434
Loans and advances	515,196,410	489,676,211
Other assets	54,221,103	18,324,345
Property, plant and equipment	35,650,376	35,098,247
Right-of use assets	556,562	795,088
Intangible assets	16,288,130	18,679,372
Income tax receivable	-	313,787
Deferred tax asset	2,053,030	2,053,030
Total Assets	985,213,343	943,015,987
Liabilities		
Notes payables	22,172,871	-
Customers' deposits	829,701,241	820,372,907
Other liabilities and accrued expenses	12,793,421	17,390,663
Income tax payable	138,356	-
Deferred tax liability	1,050,907	1,981,441
Lease liabilities	583,122	818,523
Total liabilities	866,439,918	840,563,534
Shareholders' equity		
Share capital	24,339,943	24,339,943
Statutory reserves	15,921,659	16,512,127
Revaluation reserves	12,579,015	13,319,271
Other reserves	1,740,380	2,690,317
Retained earnings	44,055,778	44,055,778
Current earnings	19,718,336	-
Attributable to the Company's equity holders	118,355,111	100,917,436
Non-controlling interest	418,314	1,535,017
Total shareholder's equity	118,773,425	102,452,453
Total liabilities and shareholders' equity	985,213,343	943,015,987

The Bank of Nevis Limited
Consolidated Statement of Income
For the three month and nine month period ended March 31, 2023
(expressed in Eastern Caribbean dollars)

	Unaudited Three-Month Cumulative to March 2023 \$	Unaudited Three-Month Cumulative to March 2022 \$	Unaudited Nine-Month Cumulative to March 2023 \$	Unaudited Nine-Month Cumulative to March 2022 \$
Interest income				
Income from loans and advances	6,083,610	7,106,328	20,295,593	21,751,489
Income from deposits with other banks and investments	2,943,804	1,567,686	6,953,666	4,849,430
	9,027,414	8,674,014	27,249,259	26,600,919
Interest expense				
Savings accounts	1,258,787	1,373,433	4,358,653	3,793,707
Fixed deposits	2,066,310	2,047,119	6,505,511	5,869,299
Current accounts	43,748	37,798	131,276	112,613
Other	7,595	11,290	25,594	36,550
	3,376,440	3,469,640	11,021,034	9,812,169
Net interest income	5,650,975	5,204,374	16,228,225	16,788,750
Gains from sale of investment securities	147,530	(1,744,347)	(190,323)	(1,913,225)
Other operating income	23,470,184	2,284,196	27,989,441	4,820,810
Operating income	29,268,689	5,744,223	44,027,343	19,696,335
Operating expenses				
General and administrative expenses	12,682,344	4,501,413	20,171,654	13,982,979
Provision for loan impairment	132,660	150,000	544,368	2,454,984
Directors' fees and expenses	68,328	116,562	345,650	398,499
Depreciation and amortization	467,317	677,216	2,150,204	1,952,874
Audit fees	-	78,152	-	234,456
Correspondent bank charges	419,330	197,528	1,091,589	431,381
	13,769,979	5,720,871	24,303,465	19,455,173
Operating income for the period	15,498,710	23,352	19,723,878	241,162
Taxation				
Current tax expense	1,128	1,117	3,426	3,395
	1,128	1,117	3,426	3,395
Net income for the period	15,497,582	22,235	19,720,452	237,767
Earnings per share	3.43	0.00	4.36	0.05