



THE BANK OF NEVIS  
LIMITED



**indigenous**



**independent**



**invested**



**In YOU**

ANNUAL REPORT 2023



# Core Values

## OUR CUSTOMERS

We will build relationships with our customers by meeting our commitments, exceeding service requirements whenever possible, providing good values, responding in a timely manner to their needs and be innovative in helping them to realize their business goals.

## OUR COLLEAGUES

We will provide a working environment of fairness, equity and transparency which facilitates trust, respect and team work and afford all staff opportunities for meaningful, challenging and rewarding work.

## OUR SUPPLIERS

We will treat suppliers fairly and forthrightly and fully live up to our agreements.

## OUR WORK

### Service Excellence

We take pride in delivering superior service that consistently exceeds expectations. We are committed to providing personalized, relationship oriented service that our customers value.

## OUR WORK

### Open Communication Line

We foster open communication throughout the organization. We support healthy debate and personal participation. Employee, customer and shareholder feedback are critical to our development.

## OUR WORK

### Integrity

We value integrity in our employees, in our relationships with our customers and in our business practices. We believe in conducting business and maintaining all relationships with the highest ethical standards.

## OUR WORK

### Respect

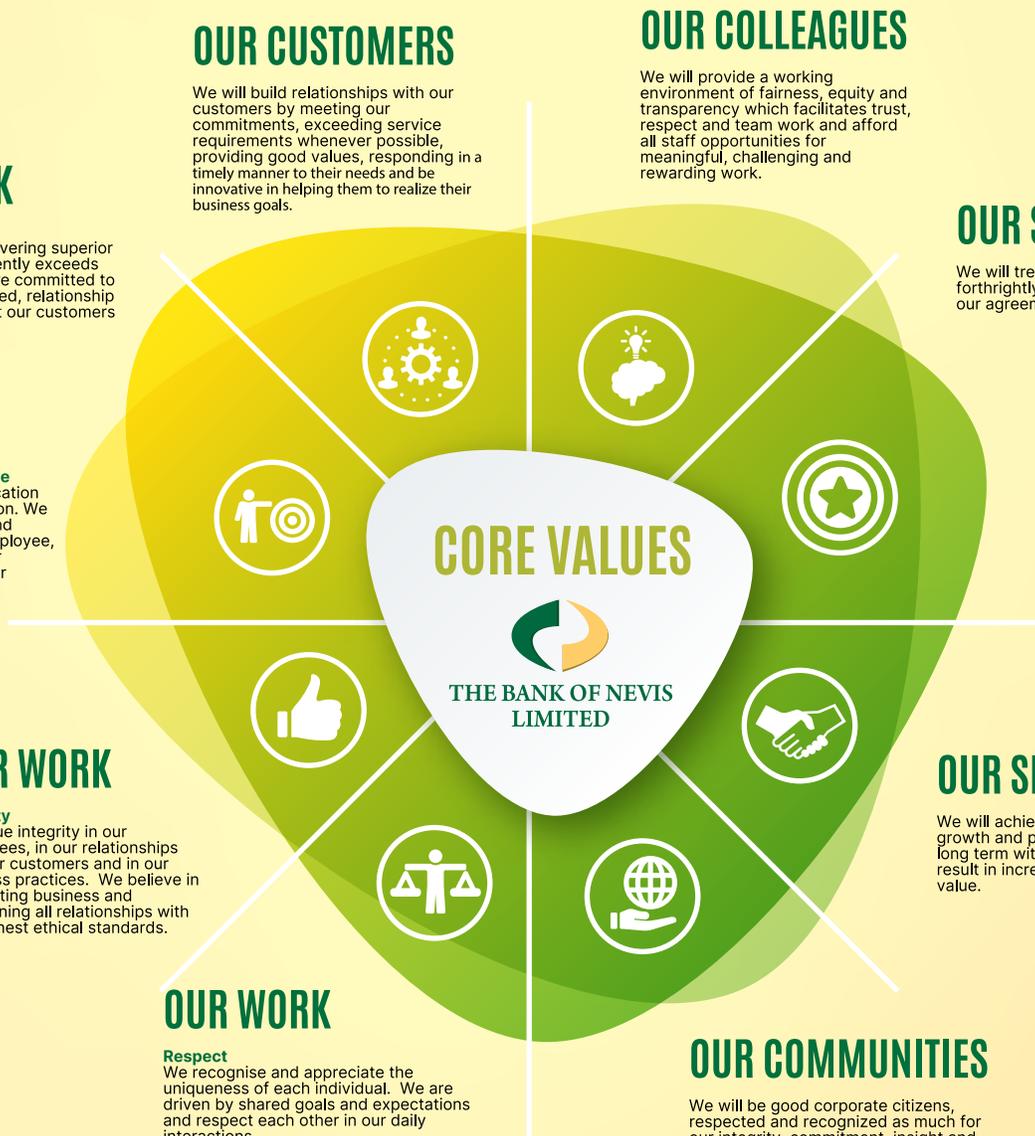
We recognise and appreciate the uniqueness of each individual. We are driven by shared goals and expectations and respect each other in our daily interactions.

## OUR COMMUNITIES

We will be good corporate citizens, respected and recognized as much for our integrity, commitment, insight and progressiveness, as for financial success. The Bank will take an active interest in the communities in which we serve.

## OUR SHAREHOLDERS

We will achieve consistent growth and profitability over a long term with returns that result in increasing shareholder value.





**Indigenous  
Independent  
Invested  
in YOU**

**Indigenous. Independent. Invested IN YOU!**

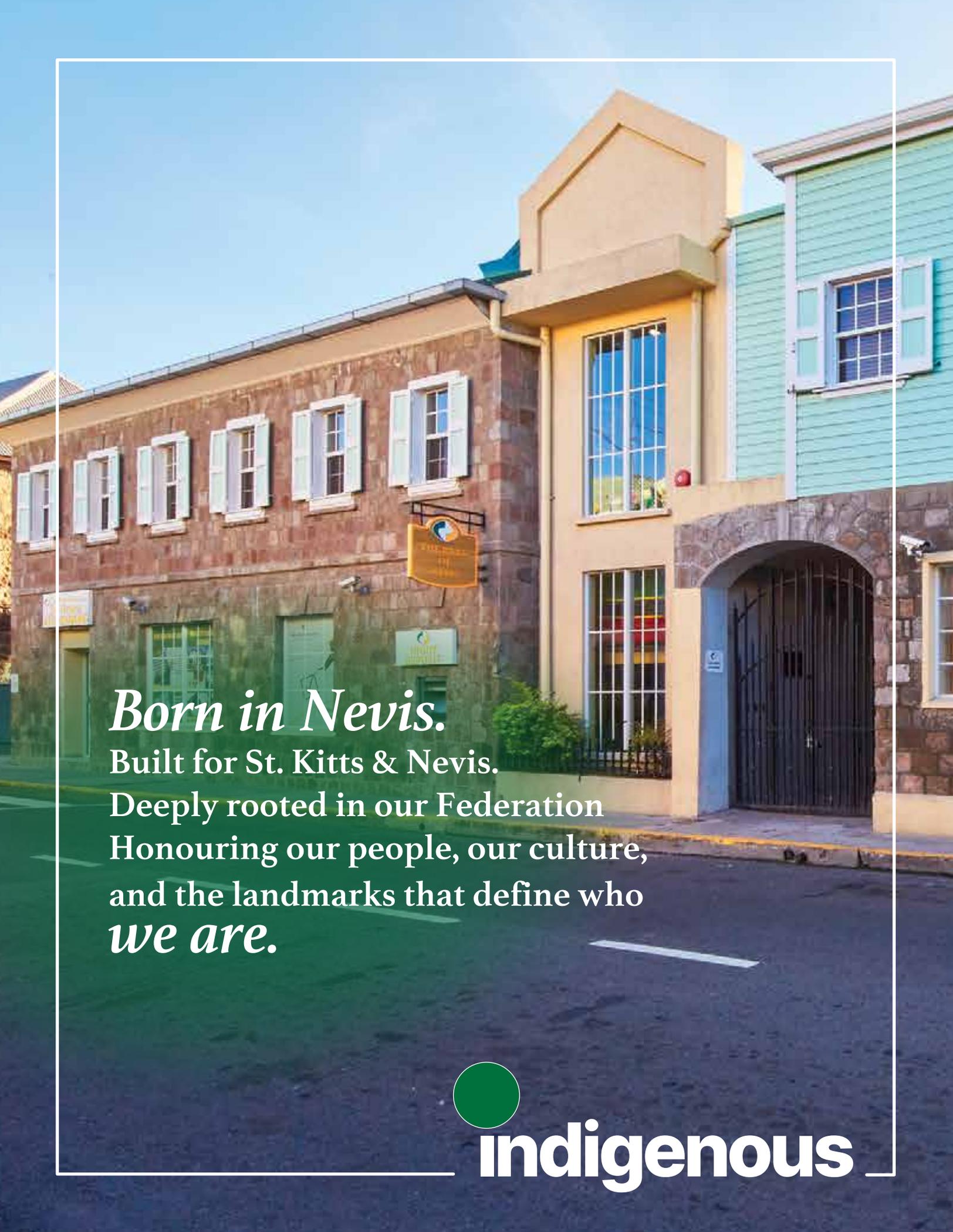
2023 was a year of renewal for The Bank of Nevis Limited. Emerging from the pandemic, we remained steady in our purpose and clear in our direction. As an **indigenous bank**, we stand on the strength of our people and the values that shaped us. **Independent** in our vision, we continue to chart a course that reflects the aspirations of the communities we serve. Above all, we are **invested in you**, our customers, shareholders, and partners, building confidence, enabling growth, and creating lasting value for the future.

# Table of Contents

<b>7</b> Notice of Meeting	<b>44</b> Consolidated Statement Of Changes In Equity
<b>10</b> Corporate Information	<b>45</b> Consolidated Statement Of Cash Flows
<b>11</b> Group Financial Highlights	<b>47</b> Notes To Consolidated Financial Statements
<b>13</b> Chairman's Report	<b>128</b> Summary Separate Financial Statements
<b>18</b> Board of Directors	<b>129</b> Independent Auditors' Report
<b>20</b> Director's Report	<b>131</b> Summary Separate Statement Of Financial Position
<b>28</b> Management Team	<b>132</b> Summary Separate Statement of Income
<b>29</b> Management Discussion and Analysis	<b>133</b> Summary Separate Statement of Comprehensive Income
<b>35</b> Consolidated Financial Statements	<b>134</b> Summary Separate Statement Of Changes In Equity
<b>36</b> Independent Auditors' Report	<b>135</b> Summary Separate Statement Of Cash Flows
<b>40</b> Consolidated Statement Of Financial Position	<b>137</b> Note to Summary Separate Financial Statements
<b>41</b> Consolidated Statement of Income	
<b>43</b> Consolidated Statement of Comprehensive Income	



**THE BANK OF NEVIS  
LIMITED**



*Born in Nevis.*

Built for St. Kitts & Nevis.

Deeply rooted in our Federation  
Honouring our people, our culture,  
and the landmarks that define who  
*we are.*



**indigenous**

# Notice of Meeting

Notice is hereby given that the thirty-seventh Annual General Meeting of The Bank of Nevis Limited ('the Company') will be held at the Occasions, Pinneys By-pass Road, Nevis on Thursday 26th February 2026 at 5:00 p.m.

## AGENDA

1. To approve the Minutes of the thirty-sixth Annual General Meeting held on February 27, 2025.
2. To approve the Minutes of Extraordinary Meeting February 27, 2025.
3. To receive the Report of the Board of Directors.
4. To receive the Report of the Auditors.
5. To receive and consider the accounts for the year ended June 30, 2023.
6. To elect four (4) directors:
  - i. Damion Hobson retires by rotation and being eligible offers himself for re-election.
  - ii. Jessica Boncamper retires by rotation and being eligible offers herself for re-election.
  - iii. Adrian Daniel retires by rotation and being eligible offers himself for re-election.
  - iv. Leon Charles retires by rotation and being eligible offers himself for re-election.
7. To declare a dividend.
8. To appoint Grant Thornton, Chartered Accountants, as auditors for the year ending June 30, 2024.
9. Any other business.

**By Order of the Board**



CINDY C.T HERBERT (MRS)  
CORPORATE SECRETARY

## NOTES

1. Votes at meetings of shareholders may be given either personally or by proxy using virtual means, in the case of a shareholder who is a body corporate or association, by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.
2. A shareholder who is entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting or any adjournment thereof, in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy. A corporation being a member of the company may appoint as a proxy one of its officers or any other person though not a member of the Company.
3. A proxy is valid only at the meeting in respect of which it is given or any adjournment of that meeting.
4. Shareholders are directed to clause 4.4.1 of the Company's By-Laws in relation eligibility for directorship. Clause 4.4.1 reads:

***Eligibility: No person shall be eligible for election as a director of the Company if:***

- a. he is prohibited from being a director by reason of any provision in or any order made under, the Ordinance, the Banking Act or any other applicable legislation; or***
  - b. he does not satisfy qualifying criteria/guidelines of the Eastern Caribbean Central Bank;***
  - c. he does not hold at least five hundred (500) shares in the Company.***
  - d. unless he or some other shareholder intending to propose him, at least seventy-five days before the meeting, leaves at the registered address of the Company a notice in writing duly signed, specifying his candidature for the office and the intention of such shareholder to propose him.***
5. In proposing candidates for nomination as independent directors, shareholders are asked to have regard to the definition ascribed to and determining considerations for an 'Independent Director' in the Eastern Caribbean Central Bank's (ECCB) ***Enforced Guidelines on Corporate Governance for Institutions licensed to conduct Banking Business*** (the 'Guidelines'). The Guidelines define 'Independent Director' as a director who is independent of management and free of any business or other relationships that would materially interfere with, or could reasonably be perceived to materially interfere with the exercise of his unfettered and independent judgment. The guidelines go on to state that in the determination of independence, consideration should be given to whether the person:
    - a. Was employed by the institution within the last five years; or***
    - b. Within the last five years, had a material relationship with the institution either directly, or as an advisor, partner, shareholder, director or senior employee or a body that has or had such relationship with the institution; or***
    - c. Received or receives additional remuneration from the institution apart from a director's fee, participates in the institution's share option or a performance-related pay scheme, or is a member of the institution's pension scheme, or receives other forms or deferred compensation not contingent upon continued service; or***
    - d. Represents a significant shareholder on the board; or***
    - e. Has served on the board for more than ten years.***

6. In proposing candidates for nomination to directorship generally, shareholders are asked to have regard to the following subsections of the Banking Act, No.1 of 2015:

**97.(1) Every person who is, or is likely to be a director, significant shareholder, or officer of a licensed financial institution or licensed financial holding company must be a fit and proper person to hold the particular position which he holds or is likely to hold.**

**(2) In determining whether a person is a fit and proper person to hold any particular position, regard shall be had to:**

- a. the person's probity, competence and soundness of judgment for fulfilling the responsibilities of that position;**
- b. the academic or professional qualifications or effective experience in banking, finance, business or administration or any other relevant discipline of the person concerned;**
- c. the diligence with which the person is fulfilling or likely to fulfill the responsibilities of that position;**
- d. whether the interests of depositors or potential depositors of the licensed financial institution are, or are likely to be, in any way threatened by that person holding the position;**
- e. whether the person is a significant shareholder, director or officer or holds any position of authority in any licensed financial institution locally or elsewhere whose licence has been suspended, or revoked otherwise than as a result of an amalgamation or voluntary liquidation or which has been or is being wound up or compulsorily liquidated;**
- f. whether the person has failed to satisfy any judgment or order of a court locally or abroad including the repayment of a debt;**
- g. whether the person is an un-discharged bankrupt or has been declared a bankrupt locally or abroad;**
- h. whether the person has been removed or suspended by a regulatory authority from serving as a director or officer in a licensed financial institution or any body corporate locally or abroad;**
- i. whether the person is a director or officer of, or directly or indirectly concerned in the management of a corporation locally or abroad, that is compounding with or suspending payments to its creditors."**

**(3) Without prejudice to the generality of the foregoing provisions, regard may be had to the previous conduct and activities in business or financial matters of the person in question and, in particular, to any evidence that the person has:**

- a. committed an offence involving fraud or other dishonesty or violence;**
- b. contravened any provision made by or under an enactment designed for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of banking, insurance, investment or other financial services or the management of companies or against financial loss due to the conduct of a discharged or undischarged bankrupt;**
- c. engaged in any business practices appearing to the board to be deceitful or oppressive or otherwise improper (whether unlawful or not) or which otherwise reflect discredit on the person's method of conducting business;**
- d. an employment record which leads the board to believe that the person carried out an act of impropriety in the handling of his employer's business; or**
- e. engaged in or been associated with any other business practices or otherwise conducted himself in a manner as to cast doubt on his competence and soundness of judgement.**

# Corporate Information

## Directors

Laurie Lawrence (Chairman)  
Damion Hobson (Deputy Chairman)  
Joseph Herbert  
Adrian Daniel  
Jessica Boncamper  
Sonia Williams  
Clydella Hanley  
Leon Charles  
Jessica Ferdinand-Phipps  
Rawlinson Isaac

## Registered Office

Bank of Nevis Building  
Main Street, Charlestown  
Nevis, West Indies

## Auditors

Grant Thornton East Caribbean  
Corner Bank Street & West Independence  
Square  
P.O. Box 1038  
Basseterre  
St. Kitts, West Indies

## General Counsel & Corporate Secretary

Cindy Herbert, LL.M (Merit), LEC, LL.B (Hons),  
NP, C. Dir

## Subsidiaries

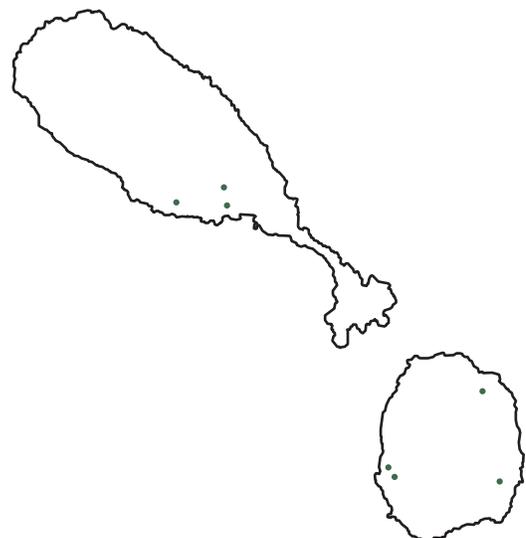
Bank of Nevis Mutual Fund Limited  
Bank of Nevis Fund Managers Limited

## Board Committees

Audit  
Technology and Innovation  
Credit Risk  
Human Resource, Compensation and  
Governance  
Investment  
Risk and Compliance

## ATM Locations

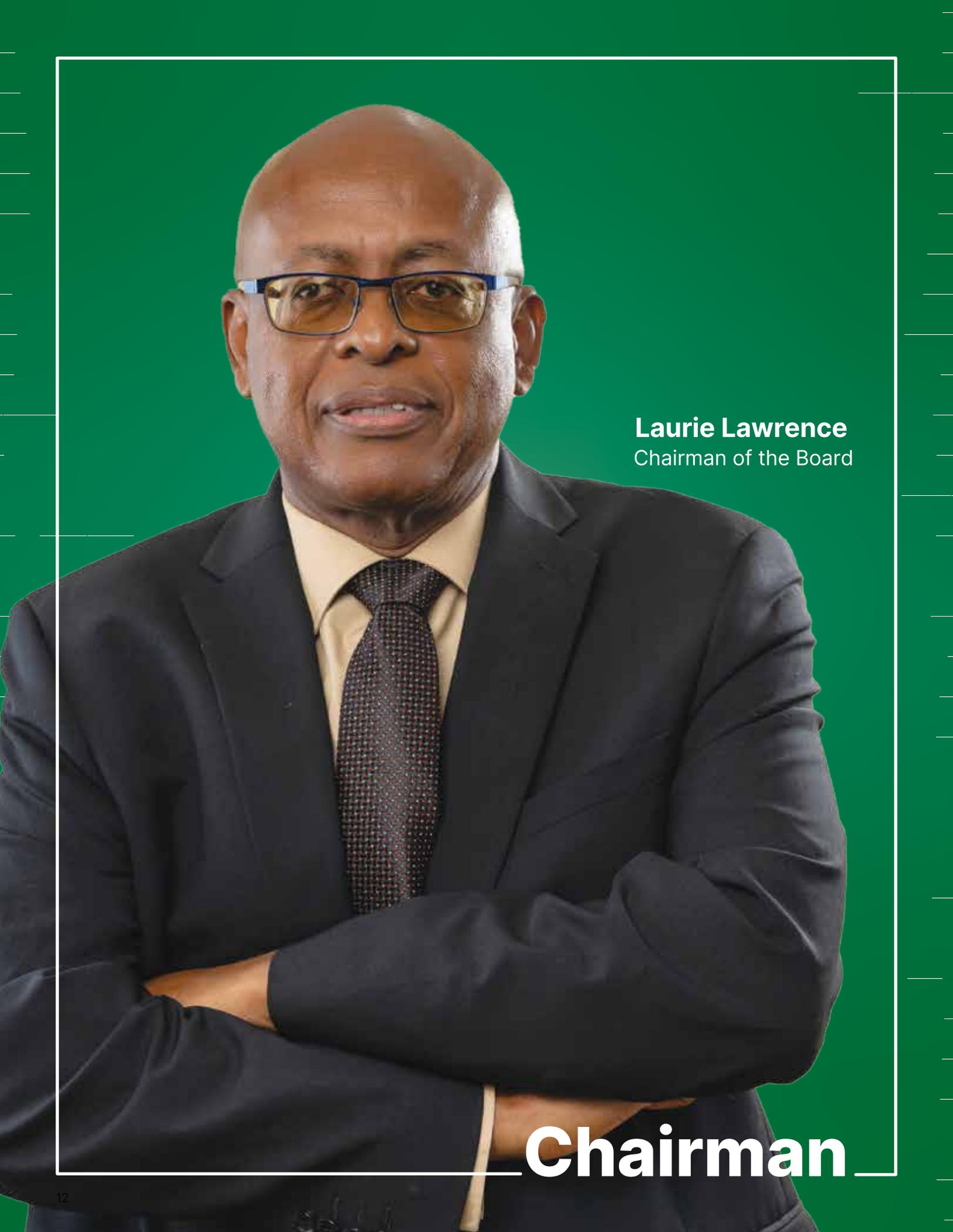
Main Office, Charlestown, Nevis  
Best Buy Supermarket, Gingerland, Nevis  
XPetrol Gas Station, Camps, Nevis  
Chapel Street, Charlestown, Nevis  
Basseterre Branch, St. Kitts  
Wellington Branch, St. Kitts  
Ross University, St. Kitts



# Group Financial Highlights

EXPRESSED IN EASTERN CARIBBEAN DOLLARS

	2023 (000)	2022 (000)	2021 (000)	2020 (000)	2019 (000)
Total assets	984,443	943,016	908,984	522,512	619,093
Due from banks and other financial institutions	186,996	237,087	292,279	124,414	94,787
Investment securities	180,759	140,988	92,426	83,483	78,314
Loans & advances	520,768	489,676	458,012	282,367	261,031
Customers' deposits	827,880	820,373	770,634	431,537	374,217
Paid-up share capital	24,340	24,340	24,340	24,340	24,340
Shareholders' equity	114,483	102,452	108,208	82,340	89,431
Gross operating income	69,229	53,658	52,616	25,436	22,608
Total expenses & provisions (excl. tax)	49,455	59,321	28,531	26,585	21,759
Interest income	42,938	36,721	26,300	22,884	20,216
Interest expense	14,840	13,987	10,776	8,868	8,035
Staff costs	10,968	12,118	8,213	7,012	6,227
Operating profit/ (loss) before tax	19,774	(5,663)	27,501	(1,149)	848
Income tax expense/ (credit)	2,970	(1,984)	1,699	2,573	830
Net profit/(loss)	16,803	(3,680)	25,800	(5,900)	5,001
Earnings/(loss) per share (\$)	0.93	(0.20)	1.43	(0.21)	0.25
Dividend per share (cents)	TBD	-	16.00	-	10.00
Return on average assets (%)	1.74	(0.40)	3.60	(1.03)	0.83
Return on average equity (%)	15.49	(3.49)	27.08	(6.87)	5.75
Number of employees	136	145	132	90	68



**Laurie Lawrence**  
Chairman of the Board

**Chairman**

# Chairman's Report

**“I am happy to report that the Bank has successfully navigated the challenges of 2022, and the uncertainties expected in 2023 to deliver real value for our stakeholders.**

**We were guided by our core principles of integrity, service excellence, community focus, innovation and good governance and by the resilience and dedication of our staff and management team.”**

These principles enabled the Bank to strategically identify opportunities, leverage our human and organisational capacity, and implement appropriate measures to mitigate risks.

Our strength is derived from our staff and loyal customers who understand the importance of having strong indigenous financial institutions as the corner stone of nation building. The Bank of Nevis is more than a financial institution seeking to maximize profits; it is a development partner seeking to make a difference in the lives of Nevisians and Kittitians.

## ECONOMIC CONDITIONS

The International Monetary Fund (IMF) in its World Economic Outlook June 2023 projected that global economic growth would slow to 2.1% in 2023 and inflation to 6.9%. Central Banks in the developed countries were expected to tighten monetary policy. The key contributory factors included the post-pandemic recovery, high energy cost, and the war in Ukraine. However, the global economy proved to be quite resilient, avoiding a recession despite high inflation and high interest rates. The reopening of China's economy provided a boost to global activity. Developed countries, especially the United States, showed surprising strength with robust household spending and labour markets.

According to the Caribbean Development Bank (CDB) Economic Brief 2023, macroeconomic conditions in St. Kitts and Nevis improved despite the global economic challenges. The economy grew by 4.8%, returning close to pre-pandemic levels. The growth was driven by tourism, Citizenship by Investment (CBI) income and investment in housing and public infrastructure. However, risks and challenges include the sustainability of CBI revenues, tighter financial conditions, and the potential slowdown in major tourism markets like the United States of America.

Driven by optimism in both the global and domestic economies, the Bank overcame the challenges faced in 2022 and returned to a growth trajectory in terms of profitability and market share.

## FINANCIAL PERFORMANCE

The 2023 financial year registered a marked improvement over the previous financial year. In 2023, the global markets confounded expectations and experienced a strong recovery primarily driven by, a resilient US economy and the Artificial Intelligence (AI) boom. With improved market conditions, increases in fees and commission, and a reduction in acquisition related expenses, the Bank generated profit after tax of \$16.8 million resulting in Return on Assets of 1.7%, Return on Equity of 15.5% and an Earnings per share (EPS) of ninety-three cents (\$0.93). Our market penetration strategy was also successful, delivering a strong \$41.4 million asset increase, including loans of \$31.1 million.

The results demonstrate efficient asset utilization, thereby generating enhanced returns and value for our shareholders. The successful completion of the acquisition has enabled us to refocus efforts and resources on expanding the scale and scope of core banking operations, to achieve greater efficiency and continued strong profitability. We also expect overall sustained growth in the global bonds and equities markets driven by advancements in AI. However, we will maintain our strategy of investing in high quality instruments to ensure prudent risk management and safeguarding of funds while maximizing shareholders' returns.

## BUILDING THE FOUNDATION FOR SUCCESS

Throughout the 2022/2023 period, we continued to build on our achievements and strengthen our financial health. Although the Non-performing Loans (NPL) ratio still exceeds the regulatory benchmark of 5%, the Bank's NPL ratio remains well below the industry average. The Bank continues to prioritise NPL reduction by appropriate policy implementation, and effective communication, and intervention, while maintaining empathy to customers' circumstances, providing advice and debt restructuring where necessary, and pursuing legal recourse as a last resort.

Our strategy continued to focus on enhancing our product and service offerings by adopting more advanced technology combined with and more efficient procedures and systems, including mobile banking applications. We continuously seek to upgrade and streamline outdated processes through implementation of cutting-edge solutions which will improve personalised customer service experience and enhance overall efficiency.

We continually strive to comply with all relevant laws and regulations to ensure financial sector stability and the security of the Bank's assets. Local anti-money laundering laws mandate that banks undertake adequate 'Know Your Customer' (KYC) due diligence procedures which include obtaining minimum current customer identification and source of funds information to mitigate the risk of money laundering, terrorist financing and other illegal activities. Although we have made steady progress in managing these risks, particularly by risk rating and updating customer files, we continue to experience challenges in collecting the necessary documentation to do so. Consequently, through the use of various media, we will continue to earnestly and persistently encourage customers to provide the required information to update their files.

## CHARTING THE PATH TO FUTURE SUCCESS

Looking ahead, we are committed to building on the foundation established to drive growth and stability. We will continue to invest in technology, talent development, community endeavours, customer-centric initiatives and promote good governance systems. The advancement of technology is an important element of our competitive strategy to boost customer convenience and personalised services; increase efficiency; and improve risk management. By incorporating modern technology such as artificial intelligence, and data analytics, we aspire to improve fraud detection, lower operational costs and increase speed, safety and accessibility, to better meet customer needs and expectations.

Talent acquisition and development are critical in closing skill gaps and creating future leaders. The Bank of Nevis actively supports optimal staff engagement, productivity and retention. Accordingly, we seek to attract top talent, improve skills through training and retraining, and provide clear pathways and opportunities for career advancement, thus developing staff members' agility and adaptability to change. These measures create an environment conducive to innovation and effective change management within a dynamic financial sector. Ultimately, this will be transformed into business success for stakeholders.

We will continue to be a good corporate citizen partnering with the communities and social organisations to build a better St Kitts and Nevis for all our people. Our commitment goes beyond profits recognising that the Bank is an integral part of economic and social development and of ensuring a sustainable future. We also realise the benefits from building our brand and customer loyalty. It is therefore essential that we continue to balance stakeholders' needs to create long-term value for all involved.

To achieve sustainable growth, we must understand and meet the needs of our customers. They are our most important assets and thus we will continue to listen to feedback and seek to provide suitable products and services to meet their needs. To achieve this, we will continue to put our customers first, improve product and service delivery, provide personalised experience and ensure continuous improvements through active engagement and technology enhancements. Our goal is to build a customer-centric organisation, lasting relationships and enduring success.

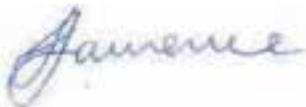
We recognise that corporate governance is very important in managing risks, promoting transparency, building shareholder trust and creating sustainable value. With that in mind, we will continue to provide training for directors, revise governance policies including those relating to conflicts of interests, and generally improve efficiency, ethical behaviour and align our operations with shareholder interests.

## CONCLUSION

As we reflect on the past and chart the future, I wish to extend my profound gratitude to the management and staff for their industrious work in managing risks, driving service excellence and providing strategic direction. We could not have achieved this level of success without highly motivated human capital forming the core of stability and growth. I must also acknowledge my colleagues on the board for their wisdom, strategic thinking, integrity, and business acumen. We have all contributed immensely to a successful outcome.

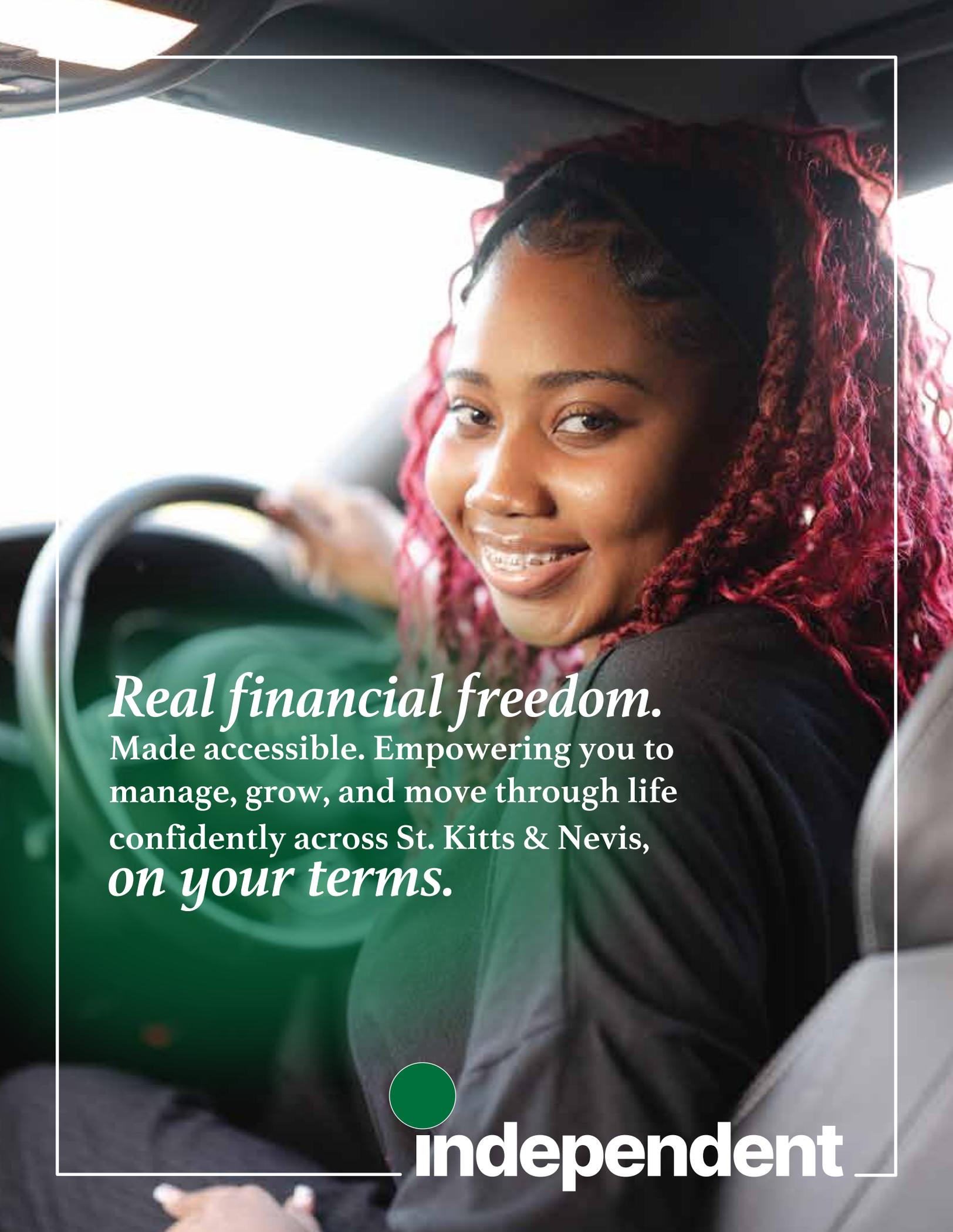
I must also recognise Director Clydella Hanley, who retired at the 36th Annual General Meeting held in February 2025, at which the 2022 financial accounts were approved. I wish to express our sincere thanks for her invaluable contribution to the success of the Bank. We also had the appointment of a new Director, Mr. Christopher Louard, whose extensive experience in commercial and central banking has equipped him with the knowledge and skills to help us navigate the very complex and competitive financial landscape.

Thanks also to the stakeholders and especially our loyal customers for the confidence and trust reposed in the Board and Management of the Bank. Let us continue to build a strong partnership underpinned by our shared values and aspirations and our unwavering commitment to stakeholders to harness domestic resources to catalyse social and economic development. By working together, we can build on the foundation of our pioneers and erect a lasting legacy for future generations of Nevisians and Kittitians.



**LAURIE LAWRENCE**

Chairman of the Board



*Real financial freedom.*  
Made accessible. Empowering you to  
manage, grow, and move through life  
confidently across St. Kitts & Nevis,  
*on your terms.*



**independent**

**Laurie Lawrence**  
Chairman

**Adrian Daniel**  
Director

**Leon Charles**  
Director



**Sonia Williams**  
Director

**Jessica Ferdinand-Phipps**  
Director

**Rawlinson Isaac**  
Director

**Joseph Herbert**  
Director

**Clydella Hanley**  
Director



**Jessica Boncamper**  
Director

**Damion Hobson**  
Deputy Chairman

**Board**  
of Directors

# Directors' Report

## Dear Shareholders,

We are pleased to present to you our report on The Bank of Nevis Limited and its subsidiaries for the financial year ended June 30, 2023.

This year, our theme is **Indigenous, Independent, Invested In YOU!** 2023 was a year of renewal for The Bank of Nevis Limited. Emerging from the pandemic, we remained steady in our purpose and clear in our direction. As an **indigenous** bank, we stand on the strength of our people and the values that shaped us. **Independent** in our vision, we continue to chart a course that reflects the aspirations of the communities we serve. Above all, we are **invested in you**, our customers, shareholders, and partners, building confidence, enabling growth, and creating lasting value for the future.

## CORPORATE GOVERNANCE

The Bank of Nevis Limited is fully cognisant of the importance of adhering to corporate governance best practices. The Board is mindful that sound corporate governance policies and practices are important to the creation of shareholder value and the maintenance of depositor and investor confidence. As such, the Bank's corporate governance policies are designed to ensure the independence of the Board and its ability to effectively supervise management's operation of the Bank.

### The Board of Directors

The Board comprised ten (10) elected directors, who govern the affairs of the Bank. The Board continuously monitors and updates, as necessary, the Bank's internal systems to ensure its standards reflect best international practices while tailored to the specific needs

of the Bank. At all times, the Board seeks to exercise leadership, enterprise, integrity and good judgment in directing the Bank to achieve continuing prosperity for its stakeholders.

The Board provides leadership to the Bank within a framework of prudent and effective controls that enables sound risk management. It sets the Bank's strategic aims, ensuring that the necessary financial and human resources are in place to meet its objectives and review management's performance. The Bank's values and standards are set to ensure that obligations to its shareholders and other stakeholders are met.

### The Role of the Board

The Board exercises responsibility for:

- oversight of the Bank, including its control and accountability systems;
- appointing and removing members of senior management;
- approval of policy;
- input into, and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- approving credit facilities in excess of a defined amount.

The Board delegates the daily management of the Bank to the Chief Executive Officer and documents and approves his responsibilities and authorities. Limits on credit dispensation, capital and operating expenditures are stated specifically in the Chief Executive Officer's Authorities which are reviewed by the Board annually.

## Meetings of the Board

Pursuant to the mandate to ensure that the interests of the various stakeholders are considered, the Board meets on a monthly basis. Directors are expected to attend Board meetings, meetings of committees on which they serve, and annual meetings of the shareholders. In addition to its monthly scheduled meetings, the Board meets at such other times as the situation warrants. Before the commencement of every meeting, members disclose their conflicts of interests in any matter on the agenda.

## Committees of the Board

The standing committees of the Board are the Audit Committee, Credit Risk Committee, Human Resource, Compensation & Governance Committee, Investment Committee, Risk & Compliance Committee and Technology and Innovation Committee.

Each Committee reports directly to the Board. Subject to their availability, each director should serve on one or more Board committees. Committee members and chairpersons are appointed by the Board. Committee chairpersons and members are reappointed annually following the Annual General Meeting. The Chairman of the Board is an ex officio member of all Committees.

Each Committee is governed by a written charter which complies with all applicable laws and regulations. The charters set forth the mission and responsibilities of the committees as well as procedures for committee member appointment, committee structure and operations and reporting to the Board. Committee charters are reviewed annually. The Board may from time to time, establish or maintain additional committees as necessary or appropriate.

## Audit Committee

The Audit Committee is chaired by Jessica Ferdinand-Phipps. Other members include Adrian Daniel, Joseph Herbert, Clydella Hanley and Rawlinson Isaac.

## BOARD MEETING ATTENDANCE REPORT

Director	Number of Meetings	Percentage
Laurie Lawrence	17/17	100%
Damion Hobson	16/17	94%
Jessica Boncamper	17/17	100%
Adrian Daniel	16/17	94%
Sonia Williams	17/17	100%
Clydella Hanley	15/17	88%
Joseph Herbert	16/17	94%
Leon Charles	17/17	100%
Jacqueline Lawrence +	12/12	100%
Vernel Powell +	11/12	92%
Rawlinson Isaac +	5/5	100%
Jessica Ferdinand-Phipps+	5/5	100%

*\*Percentages are to the nearest whole number*

*+ Jacqueline Lawrence and Vernel Powell left office 16th March 2023 and Rawlinson Isaac and Jessica Ferdinand-Phipps joined the Board on that date.*

The Audit Committee of the Board meets at least quarterly and provides oversight of the following:

- the integrity of the Bank's financial reporting;
- the Bank's internal controls over financial reporting and disclosure controls;
- the performance of the Bank's internal audit function and the qualifications and independence of the Bank's Internal Auditor;
- the qualifications, independence and performance of the External Auditors; and
- such other duties as the Board may from time to time delegate to it.

## Credit Risk Committee

The Credit Risk Committee is chaired by Damion Hobson. Other members include Laurie Lawrence, Rawlinson Isaac, Leon Charles, Joseph Herbert and Jessica Boncamper.

The Credit Risk Committee meets at least monthly. The Committee is responsible for overseeing the credit and lending strategies and objectives of the Bank, including oversight of the credit risk management of the Bank, reviewing internal credit policies and establishing portfolio limits, reviewing the quality and performance of the Bank's credit portfolio and such other duties as the Board may from time to time delegate to it.

## Human Resource, Compensation & Governance Committee

The Human Resource, Compensation & Governance Committee is chaired by Jessica Boncamper. Other members include Damion Hobson, Leon Charles, Sonia Williams, Laurie Lawrence and Rawlinson Isaac.

The Human Resource, Compensation & Governance Committee meets at least quarterly. Its mandate is to assist the Board in fulfilling its oversight responsibilities by reviewing the management of human resources within the Bank, and to provide recommendations and advice to the Board on the Bank's human resources management strategies, initiatives, and policies. The Committee also monitors the Bank's corporate governance standards and practices.

## Investment Committee

The Investment Committee is chaired by Adrian Daniel, with other members being Laurie Lawrence, Jessica Ferdinand-Phipps, Rawlinson Isaac, Clydella Hanley and Sonia Williams.

The Investment Committee meets at least monthly and is responsible for reviewing the overall investment policies of the Bank, subject to the approval of the Board, and establishing investment guidelines in furtherance of those policies. The Committee monitors the management of the portfolio for compliance with the investment policies and guidelines and for meeting performance objectives over time.

## Risk & Compliance Committee

The Risk & Compliance Committee is chaired by Leon Charles, with other members being Jessica Boncamper, Jessica Ferdinand-Phipps and Laurie Lawrence.

The Risk & Compliance Committee was formed from a restructuring of the former Audit & Compliance Committee and the Risk Management Committee. The Risk & Compliance Committee meets at least quarterly. It is responsible for providing oversight for the Bank's risk management and compliance activities, including setting the Bank's risk profile and risk appetite for

approval by the Board; and reviewing and overseeing the Bank's processes for identifying, assessing, managing and monitoring principal risks. The Committee also provides oversight of the Bank's compliance with legal and regulatory requirements.

## Technology and Innovation Committee

The Technology and Innovation Committee, formerly the Business and Product Development Committee, is chaired by Joseph Herbert. Other members include Adrian Daniel, Damion Hobson, Clydella Hanley, Sonia Williams and Warren Nisbett (Independent Member).

The Technology and Innovation Committee meets at least monthly. The Committee is responsible for assisting the Board in providing oversight and support for technology and innovation related matters including the development of existing technology, architecture, and processes and deployment of more "forward-looking" technology to enhance the customer experience and maintain the health and resilience of Information Technology (IT) systems; the management of material risks/threats and opportunities related to cybersecurity and data privacy matters, new business models, emerging or disruptive technologies, e-commerce, and digital and innovative trends and exposures.

## BOARD TRAINING & DEVELOPMENT

During the financial year, directors participated in the following conferences and training:

- Caribbean Association of Banks Conference
- Caribbean Association of Banks' CEO & Directors Forum
- Anti-money Laundering Oversight
- Directors' Education and Accreditation Programme
- Human Resource and Compensation Committee Certification by Caribbean Governance Training Institute (CGTI)
- Audit Committee Certification by CGTI
- KnowBe4 Cybersecurity Training
- Financial Services Regulatory Commission Anti-money Laundering (AML)/ Countering the Financing Terrorism (CFT) Training

## DIRECTORS' RENUMERATION

Governance Group	The Bank of Nevis Limited (EC\$)
<b>Board of Directors Meeting</b>	
Chairman of the Board	\$3,500.00 per month
Directors	\$2,500.00 per month
<b>Committees</b>	
Chairman of the Committee	\$375.00 per meeting
Directors	\$250.00 per meeting

## DIRECTORS' OWNERSHIP INTEREST

The Directors' ownership interests in the ordinary shares of the Bank as at 30th June 2023 are as follows:

### Shareholdings of Directors

30th June 2023

Director	Number of Shares Held
Adrian Daniel	35,142
Sonia Williams	550
Joseph Herbert	2,025
Jessica Boncamper	1,000
Laurie Lawrence	1,000
Damion Hobson	4,750
Leon Charles	500
Clydella Hanley	6,159
Rawlinson Isaac	73,290
Jessica Ferdinand-Phipps	4,500
<b>TOTAL</b>	<b>128,916</b>

The directors have no right to subscribe for any equity or debt securities of the Bank and its subsidiaries.

During the year under review, there were no instances wherein a director had any material interest in any contract or other arrangement in relation to the business affairs of the Bank.

## CHIEF EXECUTIVE OFFICER'S OWNERSHIP INTEREST

The Chief Executive Officer's ownership interest in the ordinary shares of the Bank as at 30th June 2023 is as follows:

### Shareholdings of the Chief Executive Officer

30th June 2023

Name	Number of Shares Held
L. Everette Martin	1,000
<b>TOTAL</b>	<b>1,000</b>

## OWNERSHIP INTEREST- ASSOCIATES OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The ownership interests of associates of Directors and the Chief Executive Officer in the ordinary shares of the Bank as at 30th June 2023 are as follows:

### Shareholdings

30th June 2023

Name	Number of Shares Held
Tiger Holdings Inc.	62,040
<b>TOTAL</b>	<b>62,040</b>

Associate is defined in section 2 of the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2001 as:

1. Spouse
2. Children or stepchildren under 18 years old of the Director or the Chief Executive or of the spouse of such Director or Chief Executive
3. Any company of which the Director or Chief Executive is a substantial shareholder, and the holding company or subsidiary of the company of which the Director or Chief Executive is a substantial shareholder. Substantial shareholder means owning 5% or more voting power.

## SIGNIFICANT SHAREHOLDERS AS AT 30TH JUNE 2023

(Over 5%)

Shareholder	Number of Shares Held	% of Total
Nevis Island Administration	4,002,500	22.12%
St. Christopher & Nevis Social Security Board	4,000,000	22.10%
David A. Straz, Jr. Foundation	1,744,283	9.64%
<b>TOTAL</b>	<b>9,746,783</b>	<b>53.86%</b>

## SHARE CAPITAL - SUBSIDIARIES

The information for the share capital of the subsidiaries is detailed below:

Name of Entity	Share Capital	Principal Country of Operation	Country of Incorporation	Main Business
Bank of Nevis Mutual Fund Limited	EC\$1,500,000	Nevis, St. Christopher and Nevis	Nevis, St. Christopher and Nevis	Mutual Funds
Bank of Nevis Fund Managers Limited	EC\$250,000	Nevis, St. Christopher and Nevis	Nevis, St. Christopher and Nevis	Mutual Funds

## SHAREHOLDING BY SIZE AS AT JUNE 30, 2023

Size of Shareholding	Number of Shareholders per Account*	Distribution of Shareholders	Total Shares	Percentage of Shares Held
1 - 500	374	35.12%	85,686	0.48%
501 - 1000	181	17.00%	156,040	0.87%
1,001 - 2,500	184	17.28%	315,723	1.74%
2,501 - 5,000	110	10.33%	429,497	2.37%
5,001 - 10,000	68	6.38%	501,568	2.77%
10,001 - 25,000	78	7.32%	1,332,553	7.36%
25,001 - 50,000	35	3.29%	1,324,484	7.32%
50,001 - 100,000	19	1.78%	1,323,305	7.31%
100,001 - 250,000	9	0.85%	1,628,605	9.00%
250,001 - 500,000	4	0.38%	1,252,400	6.92%
500,001 - and above	3	0.28%	9,746,783	53.86%
<b>Grand Total</b>	<b>1065</b>	<b>100.00%</b>	<b>18,096,644</b>	<b>100.00%</b>

## DIVIDENDS

Your Directors recognise the importance of dividends in building and maintaining investor and shareholder confidence. Notwithstanding, your Directors are aware that dividend payments reduce the level of profits retained in the company and ultimately impact the level of capital. The maintenance of adequate capital is imperative in ensuring that the strategic objectives of the institution are achieved while complying with the capital adequacy requirements as outlined in the 2015 Banking Act.

The Bank of Nevis Limited's capital adequacy policy stipulates that the Board of Directors is responsible for declaring a dividend payment to the shareholders, at its discretion. Dividends will only be paid from realised earnings of the Bank. Dividend payments must not exceed a maximum of 60% of The Bank of Nevis Limited's ordinary realised profits. Where the payout is less than 60% in any one year, the Board of Directors may increase future distributions proportionately. Additionally, the Board may at its discretion payout the full amount of any and all realised gains resulting from extraordinary transactions. No dividends shall be paid other than out of profits. Dividends cannot be paid from any capital or revaluation reserves.

The Board of Directors have decided to declare a dividend for the financial year ended June 30, 2023.

## CORPORATE SOCIAL RESPONSIBILITY

**Our Commitment to Community: Corporate Social Responsibility, (CSR), at The Bank of Nevis Limited**

As St. Kitts and Nevis continued its steady recovery from the profound social and economic challenges brought on by the COVID-19 pandemic, the need for strong, reliable community support remained as urgent as ever. Economic activity across the Federation had slowed considerably, and many Non-Governmental Organisations (NGOs), schools, and community groups found

themselves struggling to secure the resources necessary to sustain programs, services, and events essential to the well-being of the people.

In these moments, the corporate sector—led by committed institutions such as The Bank of Nevis Limited—served as a lifeline. Guided by our longstanding motto, *"Improving the Quality of Life,"* The Bank of Nevis Limited responded with purposeful generosity and unwavering community partnership.

### Supporting Education and Youth Development

Education has always been at the heart of our CSR efforts. During the period under review, the Bank proudly sponsored graduation ceremonies, speech days, and sports days for schools across St. Kitts and Nevis. This investment extended to some of the Federation's most anticipated youth sporting events, including the Inter-High School Track and Field Championship and the Inter-Primary School Athletics Competition, both of which bring communities together, and develop and showcase the talent of our young athletes.

Our longstanding commitment to the Charlestown Primary School, which the Bank has adopted for many years, continued with meaningful support for its academic and extracurricular initiatives. This enduring partnership reflects our belief that strong schools build strong communities.

### Promoting Tourism, Culture, and the Creative Economy

The Bank's support for the islands' cultural and tourism development remained visible and impactful. The Nevis Mango Festival, now a signature event on the tourism calendar, again counted on our firm sponsorship as it continues to grow into a major attraction for local and international visitors.

We also sustained our title sponsorship of the Tourism Youth Congress, a program that

prepares and empowers young people to compete at the regional Caribbean Tourism Youth Congress. This initiative helps to nurture the next generation of tourism leaders—an investment that aligns with Nevis’ long-term economic priorities.

The Bank also contributed to initiatives that promote community pride, including Black History Month activities and the Miss Charlestown Secondary School Pageant.

Our cultural engagement reached its peak during Culturama, the island’s premier cultural festival. As title sponsor of the Miss Culture Queen Pageant, the Bank continued to champion the rich heritage, creativity, and talent of women. This pageant not only celebrates cultural expression but also supports the personal development of some of the Federation’s most promising young ambassadors.

### **Strengthening Sports, Health, and Community Wellness**

The Bank continued its valued partnership with the Emmanuel Richards Football Camp, a program that has positively shaped the lives of countless young boys and girls through mentorship, discipline, and athletic training.

We also contributed to initiatives that promote health, identity and community wellness, including SKN Moves, and the Empire Sports Club of Gingerland.

### **A Partner in Progress**

Across all sectors- education, culture, sports, health, and youth empowerment - The Bank of Nevis Limited remained steadfast in its mission to uplift communities and strengthen the social fabric of St. Kitts and Nevis. Our CSR commitments are not token gestures; they are integral to who we are as a corporate citizen.

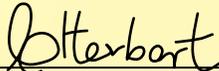
As we continue to grow, we reaffirm our promise to support and invest in the people, institutions, and traditions that shape our island’s identity. At The Bank of Nevis Limited, we take our social responsibilities seriously-and we will continue to stand proudly with our communities as we work together to transform the social and economic landscape of our beloved nation.

### **ACKNOWLEDGEMENTS**

The Board of Directors expresses profound gratitude to all for your continued support and trust in The Bank of Nevis Limited. We express appreciation to our staff members who continue to ensure the viability of this institution as well as to former staff members who have also contributed significantly to The Bank of Nevis Limited before leaving to pursue other endeavours.

Finally, we thank our customers, shareholders and other stakeholders for your continued patronage and look forward to your support as we seek to ensure the continued success of The Bank of Nevis Limited.

### **BY ORDER OF THE BOARD**

  
\_\_\_\_\_  
**CINDY HERBERT**  
Corporate Secretary



*Invested in the businesses*

that keep the Federation moving.

Supporting entrepreneurs across St. Kitts & Nevis who are building livelihoods, creating jobs, and strengthening the *local economy.*



**invested**

# Management Team



**THE BANK OF NEVIS  
LIMITED**



*“Our management team is committed to empowering progress, enriching experiences, and enhancing value, driving sustainable growth and impact.”*

# Management Discussion and Analysis

The ensuing discussion and analysis is provided to enable stakeholders to obtain a clearer understanding of the consolidated financial position and results of operations of The Bank of Nevis Limited and its subsidiaries (the 'Group') in respect of the financial year ended June 30, 2023 (as compared to the previous financial year ended June 30, 2022). This discussion and analysis should be read in conjunction with the audited Consolidated Statements and related Notes for the financial year ended June 30, 2023. Unless otherwise stated, all amounts are expressed in Eastern Caribbean Dollars.

The theme for this year's annual report, "Indigenous, Independent, Invested in You" highlights our holistic approach to the development of the communities we serve.

## OVERVIEW

The financial year under review marked a pivotal period of transformation for The Bank of Nevis Limited, reflecting continued improvement in operational performance while advancing key elements of its strategic plan. This progress unfolded against a regional macroeconomic landscape characterized as optimistic, as highlighted by the International Monetary Fund (IMF), yet tempered by persistent structural and external risks.

The IMF reported that St. Kitts and Nevis experienced a strong economic rebound in 2022, supported by the recovery of tourism activity, improved domestic demand, and targeted fiscal measures. While this momentum helped stabilize conditions into 2023, the IMF also highlighted several medium term risks, including elevated global interest rates, commodity price volatility, tighter



**Denrick Liburd**  
Chief Executive Officer (CEO)

*"In this environment, Management remained focused on strengthening the Bank's position by enhancing operational efficiency, exercising prudent cost management, and creating sustainable value for shareholders."*

international financial conditions, and moderation in Citizenship by Investment (CBI) inflows. These factors continued to influence liquidity, credit growth, and overall economic activity.

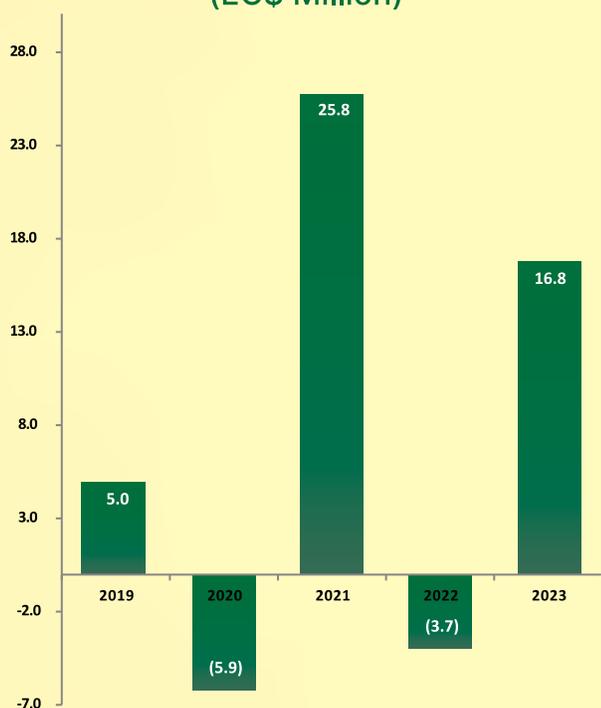
The Bank acquired the assets and liabilities of BON Bank Ltd. on January 31, 2023 upon receipt of an approved Vesting Order. Liquidators were subsequently appointed to voluntarily wind-up BON Bank Ltd. As a result of this, the investment in BON Bank Ltd. was derecognized during the financial year. This important milestone simplified the Group's corporate structure, reduced administrative costs and enhanced overall operational efficiency.

## RESULTS OF OPERATIONS

Amid a challenging operating environment, The Bank of Nevis Limited Group delivered a strong recovery for the 2023 financial year, moving from a Net Loss after tax of \$3.7 million in 2022 to a Net Profit after tax of \$16.8 million in 2023, representing an increase of \$20.5 million or 557%.

The graph below presents the Group's net (profit/(loss) after tax for the last five years.

**Group Net Profit/(Loss): 2019-2023**  
(EC\$ Million)



The turnaround noted for 2023 was driven primarily by a \$7.5 million or 28.6% reduction in General and Administrative expenses. There was also improved market performance within the Bank's Investment portfolio, particularly financial instruments classified as Fair value through Profit or Loss (FVTPL), which recorded net gains of \$1.8 million compared to net losses of \$5.1 million in the previous year. This represented a \$6.9 million or 135.2% increase over the prior year. The Group's results were further supported by a \$6.2 million or 16.9% increase in Interest Income and a \$5.4 million or 105.5% increase in Other Operating Income.

The Bank of Nevis Limited (separate) reported a Net Profit after tax of \$38.3 million for the 2023

financial year, reflecting a significant increase of \$39.4 million, compared to the Net Loss of \$1.1 million recorded in 2022. This exceptional performance was largely attributed to the \$22.0 million gain on disposal of BON Bank Ltd. included within Other Operating Income.

## OPERATING INCOME

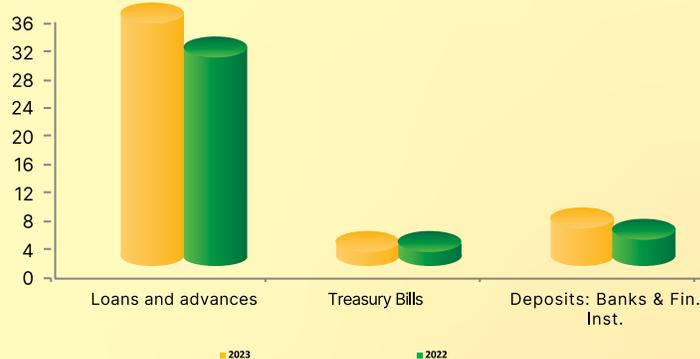
### Net Interest Income

In 2023, the Group's Net Interest Income increased by \$5.4 million or 23.6% to a total of \$28.1 million compared to \$22.7 million in 2022. This growth was primarily driven by Interest Income earned from Loans and Advances.

### Interest Income

The Group recorded Total Interest Income of \$42.9 million, representing growth of \$6.2 million of 16.9% when compared to the prior year. The graph below displays the sources of Interest Income for the Group.

**Group Sources of Interest Income**  
2022 vs. 2023  
EC\$ Million



Interest income from Loans and advances rose from \$30.0 million in 2022 to \$34.5 million in 2023, representing an increase of \$4.5 million or 15%. Additionally, favorable interest rates during 2023 contributed to improvements in the interest income generated from investments.

The Bank of Nevis Limited (separate) Total Interest Income was \$41.8 million for the 2023 financial year. This represented an increase of \$6.8 million or 19.5% which was associated primarily with the growth in Interest Income from Loans and Advances.

## Interest Expense

During the 2023 financial year, Interest Expense for the Group increased by \$0.8 million to \$14.8 million, driven by a \$0.5 million increase in Interest Expense for Fixed Deposits and a \$0.3 million increase in the Interest Expense recorded for Savings accounts.

The graph below displays the Group's Interest Expense for the last five years (2019-2023).

**Interest Expense: 2019-2023**  
(EC\$ Million)



## Non-Interest Income

Other Income (net) or Non Interest Income totaled \$18.8 million for 2023, reflecting a substantial increase of \$13.3 million, or 245%, compared to the prior year. This strong performance was driven primarily by a rebound in global equity markets, which generated \$1.8 million in net gains for the Group's financial instruments classified as Fair Value Through Profit or Loss. This represented a favorable movement of \$6.9 million or 135.2% when the performance is compared to 2022. Additionally, the Group recorded a \$5.4 million or 105.5% increase in Other Operating Income. Included within 'Miscellaneous income' is an amount totaling \$4.9 million (2022: \$nil). The amount relates to expected credit losses that were previously recognized by RBC in relation to the acquired RBC loan portfolio. During 2023, certain loans within the acquired portfolio were derecognized, having been repaid fully, resulting in the recognition of the related income.

The Bank of Nevis Limited (separate) reported Other Income (net) or Non-Interest Income of \$33.8 million. This represented an increase of \$33.2 million or 5890.8% when compared to the 2022 net total of \$0.6 million. This significant increase was mainly attributed to the \$22.0 million gain on disposal of BON Bank Ltd. included within Other Operating Income. Additionally, net gains/losses on financial instruments classified as FVTPL recorded a \$6.9 million favourable change, moving from net losses of \$5.1 million in 2022, to net gains of \$1.8 million in 2023.

## OPERATING EXPENSES

Operating expenses for the Group totaled \$27.1 million for the 2023 financial year, representing a net reduction of \$6.7 million or 19.9%, compared to the prior year. General and administrative expenses declined by \$7.5 million or 28.6%. The largest driver of this decrease was a \$6.8 million drop in Other General and Administrative expenses due to the non-recurrence of various costs associated with the RBC/RBTT acquisition.

The Bank of Nevis Limited (separate) recorded \$26.3 million in Operating Expenses, representing a decrease of \$4.3 million or 13.9%.

## FINANCIAL POSITION

The Group's Total Asset base grew to \$984.4 million in 2023, representing year over year growth of \$41.4 million or 4.4%. This expansion was driven primarily by a \$31.1 million (6.3%) increase in the Loans and Advances portfolio, reflecting strong credit demand and the success of various strategic initiatives. The growth in the Group's Total Assets was also linked to an increase of \$22.1 million in Other Assets which included \$24.5 million related to liquidation proceeds due from BON Bank Ltd. These increases were partially offset by a \$10.3 million reduction in the Investment and Treasury Portfolio.

The graph below shows the movement in the Group's assets over the last five years.

**Group Total Assets: 2019 - 2023  
(EC\$ Million)**



Since the acquisition of RBC/RBTT in 2021, the Group's Asset base has maintained a steady upward trajectory, reflecting the successful integration of acquired operations and the success of other strategic expansion initiatives.

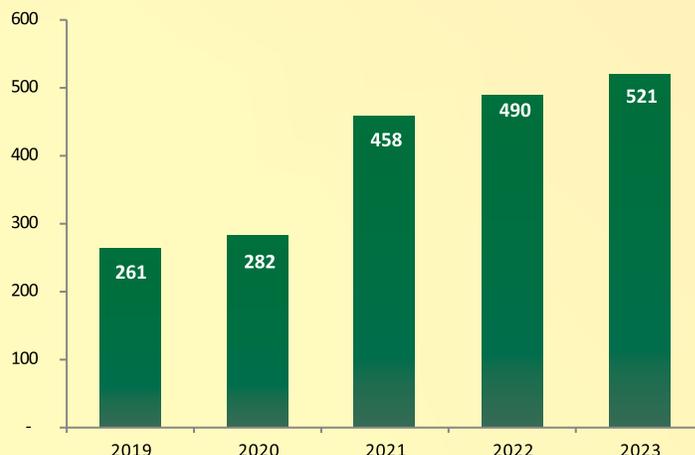
The Total Asset base of The Bank of Nevis Limited (separate) increased by \$78.6 million or 8.7% to \$985.8 million. This growth was driven primarily by a \$57.7 million or 12.5% increase in Loans and Advances, and a \$24.6 million or 154.6% increase in Other Assets.

### Loans and Advances

As at June 30, 2023, The Bank of Nevis Limited Group's Loans and Advances portfolio increased by \$31.1 million or 6.3% from \$489.7 million to \$520.8 million. This growth in the portfolio was primarily reflected in Reducing Balance Loans which totaled \$471.3 million and accounted for 89.9% of the gross Loans and Advances portfolio, before Interest Receivable and Allowances for Loan Impairment.

The graph below shows the trend in the Group's loan portfolio (net) over the last five years.

**Group Loans and Advances - Net 2019 - 2023  
(EC\$ Million)**

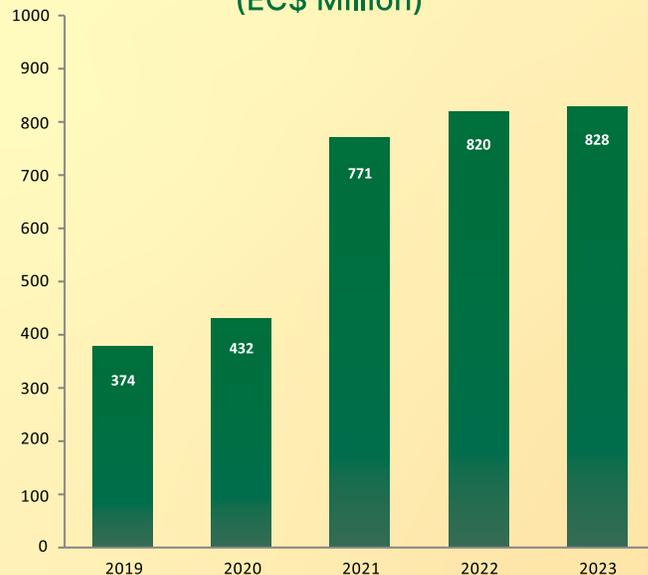


### Customers' Deposits

Customers' Deposits grew by \$7.5 million or 0.9% to \$827.9 million compared to the 2022 financial year. The growth in Savings Accounts and Current Accounts were the main contributing factors to the net increase in Customers' Deposits. Savings accounts grew by \$22.9 million or 6.4% to \$379.8 million while Current Accounts increased by \$13.2 million or 8.6% to \$166.9 million. However, Fixed Deposits declined by \$28.7 million or 9.4% to \$277.2 million.

The graph below illustrates the trend in the Group's Customers' Deposits.

**Group Customers' Deposits (Net): 2019 - 2023  
(EC\$ Million)**



## CAPITAL MANAGEMENT

The Bank of Nevis Limited remained compliant with the minimum capital requirement of \$20.0 million under the 2015 Banking Act, with Share Capital of \$24.3 million. The Bank also continued to operate above the ECCB's requirement of 10% for the Capital Adequacy Ratio (CAR).

The Group's Total Shareholders' Equity stood at \$114.5 million as at June 30, 2023, reflecting an increase of \$12.0 million, or 11.7%, compared to the prior year.

## CONCLUSION

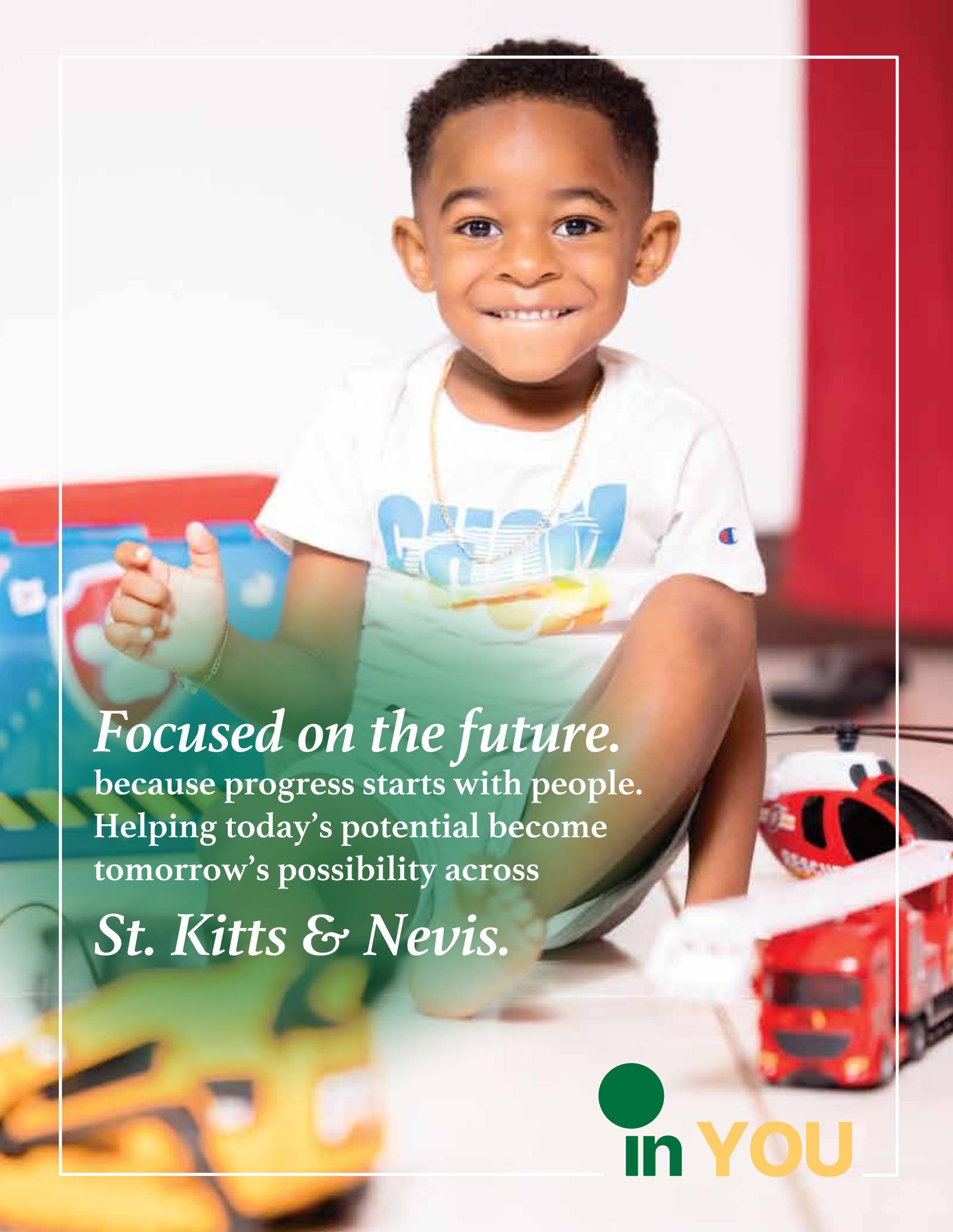
The 2023 financial year marked a significant turnaround for The Bank of Nevis Limited. Looking ahead, the institution remains committed to its mission to "Improve the Quality of Life" for all stakeholders. Management will continue to leverage its strengthened position to pursue sustainable growth and create long-term value for shareholders.

The Board of Directors, Management and Staff thank all shareholders and other key stakeholders for their continued support.



**DENRICK LIBURD**

Chief Executive Officer (CEO)

A young boy with short dark hair is sitting on a light-colored floor, smiling broadly at the camera. He is wearing a white t-shirt with a blue and yellow graphic of a building and a sun. He has a gold chain around his neck and a gold bracelet on his right wrist. He is surrounded by toys, including a red toy truck and a yellow toy car. The background is a plain white wall with a red vertical stripe on the right side.

*Focused on the future.*  
because progress starts with people.  
Helping today's potential become  
tomorrow's possibility across  
*St. Kitts & Nevis.*

 in YOU



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## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of The Bank of Nevis Limited

#### Opinion

We have audited the consolidated financial statements of **The Bank of Nevis Limited** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The consolidated financial statements of the Group for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated statements on December 31, 2024.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters ...continued*****Expected credit losses (“ECL”) of financial assets****Description of the Matter*

The ECL of financial assets is a key audit matter, as it requires the application of critical management judgement and use of subjective estimates in determining the amount of ECL that are required to be recognised in the consolidated financial statements. As of June 30, 2023, the Group’s financial assets with credit risk that are subject to ECL assessment amounted to \$875,058,860 which represents 89% of total assets.

Accordingly, the Group used the ECL model in determining the credit loss allowance for its financial assets. Under IFRS 9, *Financial Instruments*, the assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, the associated loss ratio and of default correlation between counterparties. Furthermore, the Group incorporates forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly from its initial recognition to the measurement date of ECL. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

The disclosures relating to the credit loss allowances for the financial assets, and the related credit risk are included in notes 4, 5 and 7 to 10 to the consolidated financial statements.

*How the Matter was addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the adequacy of the allowance of loans to customers, which was considered to be a significant risk, included the following:

- Obtained an understanding of and critically assessed the Group’s accounting policies relating to the classification, measurement and ECL assessment of financial assets;
- Evaluated the inputs and assumptions, as well as the formulae used in the development of the ECL models for the various financial assets. This includes assessing the appropriateness of design of the ECL impairment model and formulae used in determining the ECL;
- Evaluated the classification of credit-impaired loans and advances to customers for completeness of the population of loans and advances to customers included in the Stage 3 ECL calculation. Independently tested the accuracy of management’s Stage 3 ECL calculation on a sample basis;
- Examined the collateral values recorded by management by comparing them to independent valuation reports of independent professional valuers;
- Assessed the estimated costs and time to sell pledged collaterals used in the ECL calculation for reasonableness;
- Assessed the key credit risk factors such as default history, macro-economic factors and financial capability of counterparties;
- Assessed the adequacy of related financial statement disclosures to ensure they are in accordance with the requirements of IFRS 9.

## **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements ...continued**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lisa Maryse Roberts.



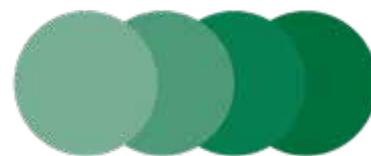
**Chartered Accountants**  
**December 24, 2025**  
**Basseterre, St. Kitts**

# The Bank of Nevis Limited

## Consolidated Statement of Financial Position

### As at June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023 \$	2022 \$
<b>Assets</b>		
Cash and balances due from banks and other financial institutions (note 7)	<b>186,996,150</b>	237,087,473
Investment securities (note 8)	<b>180,759,243</b>	140,988,434
Loans and advances (note 9)	<b>520,767,941</b>	489,676,211
Other assets (note 10)	<b>40,460,428</b>	18,324,345
Property and equipment (note 11)	<b>35,942,634</b>	35,098,247
Right-of-use assets (note 12)	<b>477,053</b>	795,088
Intangible assets (note 13)	<b>17,803,149</b>	18,679,372
Income tax receivable (note 16)	<b>35,660</b>	313,787
Deferred tax asset (note 16)	<b>1,200,844</b>	2,053,030
<b>Total assets</b>	<b>984,443,102</b>	943,015,987
<b>Liabilities</b>		
Customers' deposits (note 14)	<b>827,880,025</b>	820,372,907
Note payable (note 33)	<b>24,821,308</b>	-
Other liabilities and accrued expenses (note 15)	<b>14,054,865</b>	17,390,663
Deferred tax liability (note 16)	<b>2,700,884</b>	1,981,441
Lease liabilities (note 12)	<b>502,768</b>	818,523
<b>Total liabilities</b>	<b>869,959,850</b>	840,563,534
<b>Shareholders' equity</b>		
Share capital (note 17)	<b>24,339,943</b>	24,339,943
Statutory reserves (note 19)	<b>23,583,584</b>	16,512,127
Revaluation reserves (note 20)	<b>12,793,977</b>	13,319,271
Other reserves (note 21)	<b>17,247,939</b>	2,690,317
Retained earnings	<b>36,099,736</b>	44,055,778
Attributable to the Bank's equity holders	<b>114,065,179</b>	100,917,436
Non-controlling interests (note 18)	<b>418,073</b>	1,535,017
<b>Total shareholders' equity</b>	<b>114,483,252</b>	102,452,453
<b>Total liabilities and shareholders' equity</b>	<b>984,443,102</b>	943,015,987

Approved for issue on behalf of the Board of Directors on December 24, 2025.

Chairman of the Board

Chairman of the Audit Committee

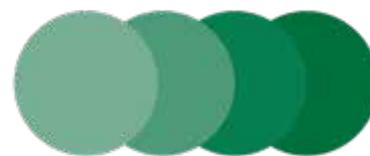
The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Income

For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023 \$	2022 \$
Interest income (note 22)	42,938,064	36,720,745
Interest expense (note 23)	(14,840,285)	(13,986,593)
<b>Net interest income</b>	<b>28,097,779</b>	22,734,152
Fees and commission income (note 24)	14,014,231	11,832,099
Fee expenses (note 24)	(7,438,738)	(6,417,581)
<b>Net fees and commission income</b>	<b>6,575,493</b>	5,414,518
Other operating income, net (note 25)	10,490,300	5,105,618
Net gains /(losses) from financial instruments at FVTPL	1,786,154	(5,075,753)
Net loss from derecognition of financial assets measured at FVTOCI	(82,286)	(4,372)
<b>Other income, net</b>	<b>18,769,661</b>	5,440,011
<b>Operating income</b>	<b>46,867,440</b>	28,174,163
<b>Operating expenses</b>		
General and administrative expenses (note 31)	(18,711,780)	(26,217,879)
Expected credit losses - loans and advances (note 9)	(2,858,612)	(2,750,457)
Correspondent bank charges	(1,450,500)	(1,020,588)
Depreciation (note 11)	(1,331,290)	(1,071,461)
Amortisation (note 13)	(1,151,428)	(1,119,229)
Audit fees	(705,362)	(895,353)
Directors' fees and expenses	(544,341)	(552,271)
Depreciation on right-of-use leased assets (note 12)	(318,035)	(318,035)
Expected credit (losses)/recoveries - investment securities	(22,262)	108,136
<b>Total operating expenses</b>	<b>(27,093,610)</b>	(33,837,137)
<b>Net profit/(loss) for the year before tax</b>	<b>19,773,830</b>	(5,662,974)
<b>Taxation</b> (note 16)		
Current tax expense	(1,007,939)	(2,573)
Deferred tax (expense)/credit	(1,962,420)	1,986,319
Tax (expense)/credit	(2,970,359)	1,983,746
<b>Net profit /(loss) for the year</b>	<b>16,803,471</b>	(3,679,228)

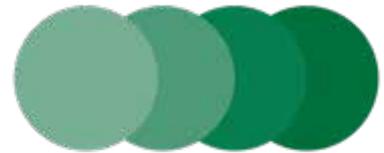
The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Income (Continued)

For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



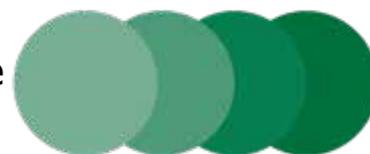
	2023 \$	2022 \$
<b>Net profit/(loss) is attributed to:</b>		
Equity holders of the Bank	16,784,011	(3,575,809)
Non-controlling interests (note 18)	19,460	(103,419)
	<u>16,803,471</u>	<u>(3,679,228)</u>
<b>Profit/(loss) per share attributable to equity holders of the Bank</b>		
Earnings/(loss) per share (note 27)	<u>0.93</u>	<u>(0.20)</u>

The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Comprehensive Income For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023 \$	2022 \$
<b>Net profit/(loss) for the year</b>	<b>16,803,471</b>	<b>(3,679,228)</b>
<b>Other comprehensive (loss)/income for the year, net of tax:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Net change in market value for equity instruments at FVTOCI, net of tax (note 20)	<b>(105,053)</b>	123,956
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Net change in market value of debt instruments at FVTOCI, net of tax (note 20)	<b>(688,373)</b>	(788,758)
Change in ECLs of FVTOCI debt investment securities (note 20)	<b>(5,077)</b>	(908)
<b>Total other comprehensive loss for the year</b>	<b>(798,503)</b>	<b>(665,710)</b>
<b>Total comprehensive income /(loss) for the year</b>	<b>16,004,968</b>	<b>(4,344,938)</b>
Total comprehensive income /(loss) attributable to:		
Equity holders of the Bank	<b>15,985,508</b>	(4,241,519)
Non-controlling interests (note 18)	<b>19,460</b>	(103,419)
	<b>16,004,968</b>	<b>(4,344,938)</b>

The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Changes in Equity

### For the year ended June 30, 2020/23

(expressed in Eastern Caribbean dollars)



	Share capital	Statutory reserves	Revaluation reserves	Other reserves	Retained earnings	Non-Controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at June 30, 2021</b>	<b>24,339,943</b>	<b>16,512,127</b>	<b>14,346,878</b>	<b>2,373,400</b>	<b>48,997,009</b>	<b>1,638,436</b>	<b>108,207,793</b>
Net loss for the year	-	-	-	-	(3,575,809)	(103,419)	(3,679,228)
Net change in market value for equity instruments at FVTOCI, net of tax (note 20)	-	-	123,956	-	-	-	123,956
Net change in market value of debt instruments at FVTOCI, net of tax (note 20)	-	-	(788,758)	-	-	-	(788,758)
Change in ECLs of FVTOCI debt investment securities (note 20)	-	-	(908)	-	-	-	(908)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(665,710)</b>	<b>-</b>	<b>(3,575,809)</b>	<b>(103,419)</b>	<b>(4,344,938)</b>
Transfers to reserves (note 21)	-	-	-	1,365,422	(1,365,422)	-	-
Deferred tax on FVTOCI investment securities (note 20)	-	-	(361,897)	-	-	-	(361,897)
Other adjustments (note 21)	-	-	-	(1,048,505)	-	-	(1,048,505)
<b>Balance at June 30, 2022</b>	<b>24,339,943</b>	<b>16,512,127</b>	<b>13,319,271</b>	<b>2,690,317</b>	<b>44,055,778</b>	<b>1,535,017</b>	<b>102,452,453</b>
Net income for the year	-	-	-	-	16,784,011	19,460	16,803,471
Net change in market value for equity instruments at FVTOCI, net of tax (note 20)	-	-	(105,053)	-	-	-	(105,053)
Net change in market value of debt instruments at FVTOCI, net of tax (note 20)	-	-	(688,373)	-	-	-	(688,373)
Change in ECLs of FVTOCI debt investment securities (note 20)	-	-	(5,077)	-	-	-	(5,077)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(798,503)</b>	<b>-</b>	<b>16,784,011</b>	<b>19,460</b>	<b>16,004,968</b>
Transfers to reserves (notes 19 and 21)	-	7,661,925	-	15,507,559	(23,169,484)	-	-
Other adjustments (notes 18,19,20 and 21)	-	(590,468)	273,209	(949,937)	1,324,894	(1,136,404)	(1,078,706)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,895,463)</b>	<b>-</b>	<b>(2,895,463)</b>
Dividends paid (note 28)	-	-	-	-	(2,895,463)	-	(2,895,463)
<b>Balance at June 30, 2023</b>	<b>24,339,943</b>	<b>23,583,584</b>	<b>12,793,977</b>	<b>17,247,939</b>	<b>36,099,736</b>	<b>418,073</b>	<b>114,483,252</b>

The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Cash Flow For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023 \$	2022 \$
<b>Cash flows from operating activities</b>		
Net profit/(loss) for the year before tax	19,773,830	(5,662,974)
Items not affecting cash:		
Interest expense (note 23)	14,840,285	13,986,593
Expected credit losses - loans and advances (note 9)	2,858,612	2,750,457
Depreciation (notes 11 and 12)	1,649,325	1,389,496
Amortisation (note 13)	1,151,428	1,119,229
Net realised loss from financial instruments at FTVOCI	209,012	-
Expected credit loss/(recovery) - investment securities	22,262	(108,136)
Other income	-	(1,048,505)
Gains from movements in foreign currency exchange rates	-	(348,273)
Fair value (gains)/losses from financial instruments at FVTPL	(1,786,154)	5,075,753
Interest income (note 22)	(42,938,064)	(36,720,745)
<b>Cash flows used in operations before changes in operating assets and liabilities</b>	<b>(4,219,464)</b>	<b>(19,567,105)</b>
<b>Changes in operating assets and liabilities</b>		
Increase in loans and advances, net of repayments received	(33,035,289)	(33,694,048)
(Increase)/decrease in mandatory and restricted deposits held with Central Bank	(3,346,522)	23,557,873
Decrease/(increase) in other assets	1,927,477	(9,169,017)
Increase in customers' deposits	7,335,271	49,554,289
Decrease in other liabilities and accrued expenses	(3,335,798)	(9,219,209)
<b>Net cash (used in)/from operations before interest and tax</b>	<b>(34,674,325)</b>	<b>1,462,783</b>
Interest paid	(14,636,201)	(13,755,064)
Interest received	41,024,917	36,076,103
Income tax paid (note 16)	(729,812)	(8,364)
<b>Net cash (used in)/from operating activities</b>	<b>(9,015,421)</b>	<b>23,775,458</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of investment securities	56,200,496	29,332,003
Purchase of investment securities	(98,693,840)	(78,487,136)
Purchase of fixed deposits	(33,945,996)	(35,697,129)
Proceeds from disposals of fixed deposits	10,009,870	27,146,277
Purchase of property and equipment (note 11)	(2,219,064)	(630,409)
Proceeds from disposal of property and equipment	43,387	-
Purchase of intangible assets (note 13)	(596,163)	(146,346)
Acquisition (net of cash and cash equivalents) - investment securities	-	(1,554,888)
<b>Net cash used in investing activities</b>	<b>(69,201,310)</b>	<b>(60,037,628)</b>
<b>Balance carried forward</b>	<b>(78,216,731)</b>	<b>(36,262,170)</b>

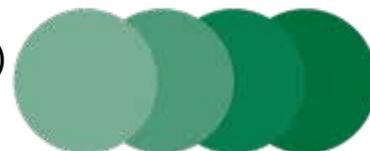
The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Consolidated Statement of Cash Flows (Continued)

For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Balance brought forward</b>	<u>(78,216,731)</u>	(36,262,170)
<b>Cash flows from financing activities</b>		
Interest paid on lease liabilities (note 12)	(32,237)	(46,933)
Repayments of lease liabilities (note 12)	(315,755)	(301,059)
Dividends paid (note 28)	<u>(2,895,463)</u>	-
<b>Net cash used in financing activities</b>	<u>(3,243,455)</u>	(347,992)
<b>Decrease in cash and cash equivalents</b>	<b>(81,460,186)</b>	(36,610,162)
<b>Net foreign currency exchange rate movements on cash and cash equivalents</b>	-	447,812
<b>Cash and cash equivalents, beginning of year</b>	<u>177,592,167</u>	213,754,517
<b>Cash and cash equivalents, end of year (note 30)</b>	<u><b>96,131,981</b></u>	177,592,167

The attached notes are an integral part of these consolidated financial statements.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 1 Incorporation and principal activity

The Bank of Nevis Limited ("BON" or "the Bank") is a public company incorporated on August 29, 1985 under the laws of the Federation of St. Christopher and Nevis. BON is subject to the provisions of the Banking Act No. 1 of 2015 of St. Christopher and Nevis and its principal activity is the provision of financial services. Its registered office is Main Street, Charlestown, Nevis.

BON's shares are listed on the Eastern Caribbean Securities Exchange (ECSE). The consolidated financial statements comprise the Bank and its subsidiaries (collectively "the Group".)

BON Bank Ltd. ("BON Bank"), formerly 'RBTT Bank (SKN) Limited', was incorporated in Nevis under the laws of the Federation of St. Christopher and Nevis. BON Bank is subject to the provisions of the Banking Act No. 1 of 2015 of St. Christopher and Nevis. The Bank's investment in BON Bank was derecognised on January 31, 2023 (see note 33).

The principal activity of BON Bank is the provision of financial services, and its registered office is Chapel Street, Charlestown, Nevis.

On February 3, 2005, the Bank of Nevis Mutual Fund Limited was incorporated. The Fund is an open-ended public investment fund approved to be registered under the Securities Act 2001 of St. Christopher and Nevis. The Fund has not yet commenced its mutual fund activities.

On April 25, 2005, the Bank of Nevis Fund Managers Limited was incorporated under the laws of the Federation of St. Christopher and Nevis, through the Companies Ordinance 1999 of St. Christopher and Nevis. The company will be engaged to provide investment management services to its related Fund, Bank of Nevis Mutual Fund Limited, when the Fund commences its mutual fund activities.

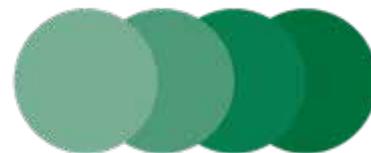
#### 2 New or revised standards or interpretations

##### New and amended standards that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments as follows:

- *Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to IFRS Standards 2018-2020 – Amendments to IFRS 9 Financial Instruments and IFRS 16 Leases*
- *Amendments to IFRS 3 Business Combinations – References to Conceptual Framework*

These amendments do not have a material impact on these consolidated financial statements and therefore the disclosures have not been made.



## 2 New or revised standards or interpretations (continued)

### New and amended standards that are not yet effective

- *Amendments to IAS 1 Presentation of financial statements - Classification of Liabilities as Current or Non-current (will apply retrospectively for annual reporting periods beginning on or after 1 January 2023) (continued)*

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023)*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB. The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

- *Amendments to IAS 1, Presentation of Financial Statements and IFRS Practice Statement 2, making Materiality Judgements (effective for annual periods beginning on or after 1 January 2023)*

The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments aim to help entities provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



## 2 New or revised standards or interpretations (continued)

### New and amended standards that are not yet effective (continued)

- *Amendments to IAS 1, Presentation of Financial Statements and IFRS Practice Statement 2, making Materiality Judgements (effective for annual periods beginning on or after 1 January 2023) (continued)*

The amendments are consistent with the following refined definition of material:

*"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those statements."*

To support the amendments to IAS 1, the IASB also amended IFRS Practice Statement 2, Making Materiality Judgements", to provide guidance on the concept of materiality and its application to accounting policy disclosures.

The Group is currently assessing the impact of these amendments on the Group's consolidated financial statements.

## 3 Significant accounting policies

### 3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### 3.2 Basis of preparation and consolidation

#### *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revaluated amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) up to June 30, each year. Control is achieved when the Bank:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

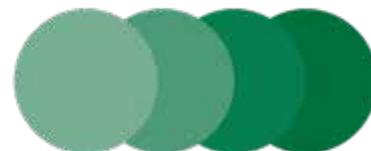
When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.2 Basis of preparation and consolidation (continued)

##### *Basis of consolidation (continued)*

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Bank, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.3 Foreign currency translation

##### *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates (the "functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Bank's functional and presentation currency.

##### *Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated into Eastern Caribbean dollars at the closing rates of exchange prevailing at the reporting date. Foreign currency transactions are translated at the rates prevailing on the transaction dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

#### 3.4 Financial assets

##### 3.4.1 Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost.

##### (a) Debt instruments

Debt instruments are those instruments that contain contractual obligations to pay the instrument holder certain cash flows, such as government and corporate bonds. Loans and advances, due from other banks and other financial institutions and other receivables are classified as debt instruments as well. Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

##### Business model test:

Business model reflects the objective of the Bank holding different assets. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, the financial assets are held for trading purposes and are measured at FVTPL.

##### Solely Payments of Principal and Interest test (SPPI):

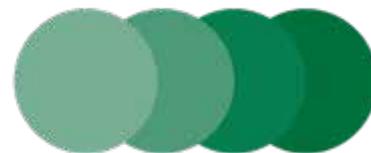
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Bank considers whether interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.4 Financial assets (continued)

##### 3.4.1 Classification and measurement (continued)

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL or FVTOCI are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised.
- FVTOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent and none occurred during the period.

##### a) Equity instruments

Equity instruments are instruments that do not contain contractual obligations to pay the instrument holder and that evidences residual interests in the issuer's net assets. The Bank subsequently measures equity investments with the exception of local equity investments at FVTPL. Local equity investments are measured at FVTOCI. The fair value of FVTOCI that are not quoted securities is derived by the use of valuation techniques.

The Bank has used valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Based on information available the Bank has utilised the adjusted net asset method approach to measuring the fair value of unquoted equity instruments. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. As part of the valuation process reference is made to individual assets and liabilities recognised in the investee's statement of financial position as well as the fair value of any unrecognised assets and liabilities at the measurement date. The Bank also evaluates the measurement method that the investees use to measure its assets and liabilities and applies judgement in adjusting the carrying amounts to fair value.

Local equity investments have not historically been traded nor are presently traded by the Bank. These securities are held primarily for the receipt of dividend income. Impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Bank's right to receive payments is established.



### 3 Significant accounting policies (continued)

#### 3.4 Financial assets (continued)

##### 3.4.2 Impairment measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'. Financial instruments in Stage 1 have their expected credit losses ('ECLs') measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Instruments in Stage 2 have their ECLs measured based on expected credit losses over the lifetime of the investment.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Instruments in Stage 3 have their ECLs measured based on expected credit losses that result from default events over the life of the instrument.
- Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Cumulative changes in lifetime expected credit losses are recognised since initial recognition. At each reporting date, the amount of the change in lifetime expected credit losses is recognised as an impairment gain or loss. Their ECLs are always measured on a lifetime basis.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.



### **3 Significant accounting policies (continued)**

#### **3.4 Financial assets (continued)**

##### **3.4.2 Impairment measurement (continued)**

POCI financial assets of the Bank are impaired loans and advances that were acquired with the purchase of RBC St. Kitts branch. These loans were deemed as POCI financial assets as they were purchased at a deeply discounted price that reflected incurred credit losses. The total purchase price for the Loans and Advances portfolio factored in the RBC St. Kitts branch provisions that were associated with the accounts. A deep discount was therefore received since the purchase price was less than the contractual cash flows.

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

For debt securities, the Bank examines the issuer's capital adequacy, financial performance, liquidity position, and credit rating to assess whether the issuer has experienced significant increase in credit risk since the origination of the assets. When no external credit rating is available, the Bank assigns internal credit rating based on internal risk criteria. The Bank also considers if there is any negative press or adverse market information that may indicate changes in credit risk.

For loans and advances, and other receivables, delinquency status is utilised as the main indicator for changes in credit risk. Credit management actions are triggered by movement in days past due. Other qualitative factors are also considered, which include but are not limited to:

- Early signs of cash flow / liquidity problems
- The borrower is in short-term forbearance
- Known adverse changes in financial conditions
- Known adverse changes in business or economic conditions in which the borrower operates

For debt securities, default is defined as the missed contractual payment of principal or interests. For loans and advances, and other receivables, the Bank defines default based on the following criteria:

##### Quantitative criteria

- The borrower is more than 90 days past due on its contractual payments

##### Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. Examples of these instances are:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenants

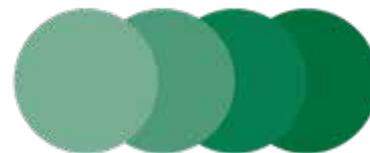
The criteria above are consistent with the definition of default used for internal credit risk management purposes.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.4 Financial assets (continued)

##### 3.4.2 Impairment measurement (continued)

The Bank assesses on a forward-looking basis the ECLs associated with its debt instruments carried at amortised cost and FVTOCI and with the exposure arising from loan commitments. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECLs reflect:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PD is generated based on historical default data of each portfolio.

EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD is assessed based on contractual terms of the debt instrument.

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, availability of collateral or other credit support, and historical recovery information.

ECLs are determined by projecting the PD, LGD and EAD for future periods and is based on current and forward looking information for each individual exposure or collective segment. These three components are multiplied together and discounted. For expected credit loss provisions modelled on a collective basis, a group of exposures is assessed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

A loss allowance for full lifetime ECLs is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition and financial instruments in default. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

#### Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on the Bank's historical experience and credit risk assessment. The Bank considers as a backstop that significant increase in credit risk occurs when an asset is more than 31 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, the ECL reverts from lifetime ECL to 12-month ECL.

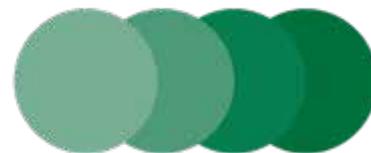
For expected credit losses modelled on a collective basis, a group of exposures is assessed on the basis of shared credit risk characteristics, such that risk exposures within a group are homogeneous.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.4 Financial assets (continued)

##### 3.4.2 Impairment measurement (continued)

###### Forward-looking information

When incorporating forward looking information, such as macroeconomic forecasts, into determination of expected credit losses, the Bank considers the relevance of the information for each specific group of financial instruments. The macroeconomic indicators utilised include but are not limited to GDP growth and unemployment rate. These variables and their associated impact on the ECLs vary by financial instrument.

In addition to the base economic scenario, the Bank also incorporated upside and downside scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each product type to ensure non-linearities are captured. The attributes of scenarios are reassessed at each reporting date. The scenario weightings takes account of the range of possible outcomes each chosen scenario is representative of.

###### Presentation of ECLs

ECLs are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at fair value through OCI: the ECLs are not recognised in the consolidated statement of financial position because the carrying amounts of these assets remain their fair values. However, the loss allowance is disclosed and is recognised in the fair value reserve in equity with a corresponding charge to profit or loss. The accumulated gain or loss recognised in OCI is recycled to profit or loss upon derecognition of the assets; and

#### 3.5 Financial liabilities and equity instruments

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements and the definitions of financial liability and an equity instrument.

##### 3.5.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

###### 3.5.1.1 Ordinary shares

Ordinary shares are classified in the financial statements as equity.

###### 3.5.1.2 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year which are approved after the reporting period are disclosed in the notes to the financial statements.

##### 3.5.2 Other financial liabilities

Financial liabilities are classified as 'other financial liabilities', and are initially recognised at cost. Other financial liabilities are subsequently recognised at amortised cost using the effective interest method.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.5 Financial liabilities and equity instruments (continued)

##### 3.5.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### 3.6 Interest income and expense

Interest income and expenses are recognised in the consolidated statement of income for all interest-bearing financial assets and liabilities using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. For financial assets other than purchased or originated credit-impaired (i.e. assets that are credit-impaired on initial recognition) the effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability on initial recognition. For purchased or originated credit-impaired adjusted financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows including expected credit losses, to the amortised cost of debt instruments on initial recognition.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is not recognised on these assets.

#### 3.7 Fees and commissions

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Commitment fees for loans are deferred (together with related direct costs) and recognised as an adjustment to the effective yield on the loan.

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the acquisition of shares or other securities are recognised on completion of the underlying transaction.

#### 3.8 Dividend income

Dividend income from investment securities is recognised in the consolidated statement of income when the Group's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.9 Property and equipment and depreciation

Land and buildings held for use in the production or supply of services, or for administrative purposes are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Independent revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Furniture, fixtures, vehicles and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The following annual depreciation rates are applied:

Buildings	2.5%
Furniture and fixtures	15%
Equipment	15%
Computer equipment	20%
Land improvements	10%
Motor vehicles	20%

Land is not depreciated.

All repairs and maintenance to property and equipment are charged to operating expenses during the financial period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 3.10 Intangible assets

##### Computer software

Acquired computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of the computer software, which is three to five years, using the straight line method. The estimated useful lives and method of amortisation are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

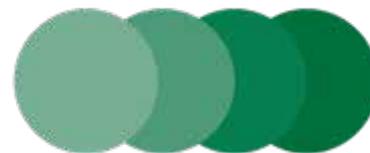
Costs associated with maintaining computer software programs are charged to operating expenses during the financial period in which they are incurred.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.10 Intangible assets (continued)

##### Intangible assets acquired as a result of a Business Combination

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses (note 13). Amortisation is recognised on a straight-line basis over the estimated useful lives of the assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### Core deposit intangibles:

A cost savings approach was used to value the core deposit intangibles. The cost savings method measures the after-tax costs saved by owning the acquired Deposits. The underlying assumption is that the cost of using alternative funds for loans and investments are greater than the cost of using a deposit base. As a result, cost savings are achieved, and the present value is calculated in order to determine the value of the core deposit intangible.

The following annual amortization rates are applied to the Core Deposit Intangibles acquired through the acquisition of the assets and assumed liabilities of the RBC St. Kitts Branch.

Core deposit intangibles – Term deposits	33.33% (3 years)
Core deposit Intangibles – Savings	10% (10 years)
Core deposit Intangibles – Current	10% (10 years)

#### 3.11 Impairment of property, equipment and intangible assets

Property equipment and intangible assets are periodically reviewed for impairment. An impairment loss is recognised for the amount by which the carrying amount of the asset is greater than its estimated recoverable amount. The recoverable amount of an asset is the higher of fair value less costs to sell, and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 3.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

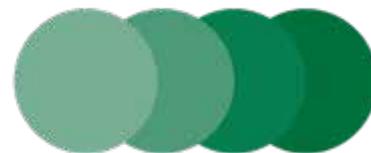
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.12 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition. These include cash, unrestricted balances with banks and other financial institutions, treasury bills, and other short-term highly liquid investment securities.

#### 3.14 Pension costs

The Group maintains a defined contribution pension plan for its eligible employees. The Bank's contributions to the pension plan are charged to consolidated statement of income in the period to which the contributions relate.

#### 3.15 Taxation

##### a) Current income tax

Income tax payable is calculated on taxable profit for the year, based on the enacted tax rates within the Federation of St. Christopher and Nevis. Taxable profit differs from net profit as reported in the consolidated of income because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible.

##### b) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the enacted tax rates by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from the depreciation of property and equipment and the revaluation of certain financial assets and liabilities.

Income tax payable on profits, based on the applicable tax law is recognised as an expense in the period in which profits arise. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

#### 3.16 Leases

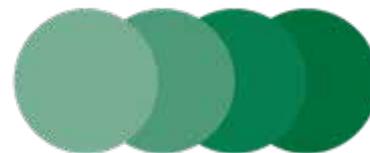
For any new contracts entered, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. When the Bank is the lessee in a lease arrangement, the Bank initially records a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Short-term leases and leases of low-value assets, if any, are accounted for using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.16 Leases (continued)

Right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. The Bank depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Each lease generally imposes a restriction that unless there is a contractual right for the Bank to sublease to another party, the right-of-use asset can only be used by the Bank. The Bank must keep the leased properties in a good state of repair and return the leased properties in its original condition at the end of the lease. Also, the Bank must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The right-of-use assets and lease liabilities have been disclosed separately on the consolidated statement of financial position.

#### 3.17 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Bank, liabilities incurred by the Bank to the former owners of the acquiree and the equity interest issued by the Bank in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Bank entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

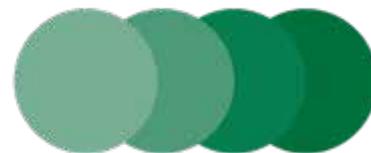
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 3 Significant accounting policies (continued)

#### 3.17 Business combination (continued)

When the consideration transferred by the Bank in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss. When a business combination is achieved in stages, the Bank's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

#### 3.18 Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is designated as an indefinite life asset and is not amortised but is reviewed for impairment at least annually. If any events and conditions are identified that do not support an indefinite useful life, then the useful life will be changed from indefinite to a definite useful life. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### 3.19 Events after the reporting period

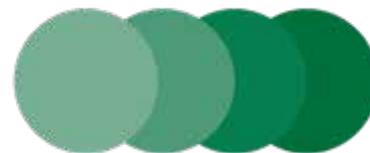
Post year-end events that provide additional information about the Group's consolidated financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group defines risk as the possibility of losses of profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the Accounting and Investment and Risk and Compliance departments under policies approved by the Board of Directors. A Risk Management Committee is also established to oversee the risk management process of the Group. The Accounting and Investment department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board and Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk, market risks (which are discussed below) and operational risk.

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets and settlement balances with market counterparties.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control is conducted by management of the Credit and Accounting and Investments departments and Internal Management Investment Committee which reports to the Investment and Credit Committees and Board of Directors regularly.

##### 4.1 Credit risk

Oversight of credit risk is delegated by the Board of Directors to the Credit Committee.

The Group's Credit Committee exercises oversight of the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.



#### **4 Financial risk management (continued)**

##### **4.1 Credit risk (continued)**

- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

The internal audit function performs regular audits, making sure that the established controls and procedures are adequately designed, implemented and operating effectively.

##### Significant increase in credit risk

As explained in note 3 the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

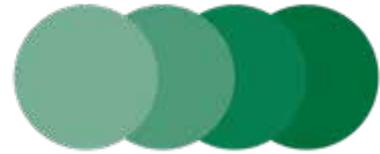
##### *(a) Loans and advances*

The estimation of credit loss is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties as outlined in 3.4.2 Impairment measurement above. The Group currently uses status of delinquency and days past due together with known qualitative factors.

The approaches used are varied, using probability of default, exposure at default and loss given default or a loss rate approach.

##### *(b) Debt securities and other bills*

The Group's portfolio of debt securities and other bills which consists of St Christopher and Nevis Federal Government, Nevis Island Administration, and Governments of Antigua and Barbuda, Grenada, Dominica, St. Lucia and St. Vincent and the Grenadines treasury bills, and other debt obligations by regional governments and banking and non-banking financial institutions, are all measured using either the Bank's internal rating system that incorporates macroeconomic factors, or external ratings obtained from regional rating agencies. The Group assesses the risk of default on these obligations by regularly monitoring the performance of the St. Kitts and Nevis Federal Government, Nevis Island Administration and other regional governments, through published government data, information received directly from government departments and information published by international agencies such as the International Monetary Fund (IMF) and the World Bank.



#### **4 Financial risk management (continued)**

##### **4.1 Credit risk (continued)**

The risk of default on regional corporate debt is assessed by continuous monitoring of the performance of these companies through published financial information, and other data gleaned from various sources.

##### **4.1.2 Risk limit control and mitigation policies**

The Bank manages, limits and controls concentrations of credit risk wherever they are identified, in particular to individual counterparties and groups, and to industries and countries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to regular review by the Board of Directors. The exposure to any one borrower, including banks and brokers is further restricted by sub-limits covering on and off statement of financial position exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored, on an ongoing basis. Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

##### *(a) Collateral*

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is a common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are as follows:

- Mortgages over properties
- Charges over business assets such as premises, inventory and accounts receivable
- Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally secured.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

##### *(b) Credit-related commitments*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipment of goods to which they relate, and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter term commitments.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	2023 \$	2022 \$
<b>Credit risk exposures relating to on-statement of financial position assets:</b>		
Balances with Central Bank	68,715,372	64,417,136
Deposits with other banks	95,146,270	71,858,406
Deposits with non-bank financial institutions	16,328,362	93,254,189
Restricted deposits	1,538,834	808,470
<i>Investment securities:</i>		
Financial assets at amortised cost:		
- Treasury bills and other eligible bills	50,111,140	57,377,009
- Bonds and other debt instruments	16,077,574	16,353,045
Financial assets at FVTOCI:		
- Quoted debt securities	67,004,738	17,610,847
Loans and advances	520,767,941	489,676,211
Other assets	39,368,629	17,241,079
<b>Total</b>	<b>875,058,860</b>	<b>828,596,392</b>
<b>Credit risk exposures relating to off-statement of financial position items:</b>		
Loan commitments and other credit related facilities	76,324,318	57,868,612
<b>Total</b>	<b>951,383,178</b>	<b>886,465,004</b>

The above table represents a worst case scenario of credit risk exposure to the Bank at June 30, 2023 and 2022 without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the consolidated statement of financial position.

As shown above, 54.7% of the total maximum exposure is derived from loans and advances to customers (2022: 55.2%); 14.0% from investment securities (2022 10.3%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loans and advances portfolio and debt securities based on the following:

- 90.2% of the loans and advances portfolio exposure is categorised as performing (2022: 92.9%);
- 9.8% of loans and advances are considered impaired (2022: 7.1%);
- The provision for impairment is \$8,610,009 (2022: \$6,946,102);
- Treasury bills are held with the Nevis Island Administration, the St. Christopher and Nevis Federal Government, the Government Antigua and Barbuda, the Government of St. Vincent and the Grenadines and the Government of St. Lucia;
- The debt investment securities in the Bank's investment portfolio apart from the Treasury Bills are held with non-bank financial institutions in the Eastern Caribbean region, which have a relatively low risk profile.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

##### *Loans and advances renegotiated*

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired totalled \$5,088,088 at June 30, 2023 (2022: \$324,300).

##### **Significant increase in credit risk**

As discussed above in the significant increase in credit risk section, under the Bank's monitoring procedures a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 31 days past due.

The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status, excluding related interest receivable.

	Year ended 2023		Year ended 2022		
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	
<b>Loans and advances to customers</b>					
0-30 days	<b>474,623,577</b>	<b>1,710,821</b>	443,820,268	2,034,335	
31-59 days	<b>4,273,043</b>	<b>373,887</b>	2,950,239	235,058	
60-89 days	<b>4,738,224</b>	<b>189,416</b>	22,360,697	316,198	
90 - 180 days	<b>4,738,319</b>	<b>884,476</b>	2,598,074	374,286	
More than 181 days	<b>41,004,787</b>	<b>5,451,409</b>	24,893,035	3,986,225	
<b>Total</b>	<b>529,377,950</b>	<b>8,610,009</b>	496,622,313	6,946,102	
	<b>Overdraft</b>	<b>Personal</b>	<b>Commercial</b>	<b>Public sector</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>As at June 30, 2023</b>					
Individual impaired loans and advances	841,241	30,914,983	20,337,533	-	52,093,757
Fair value of collateral	-	<b>60,601,817</b>	<b>25,955,817</b>	-	<b>86,557,634</b>
<b>As at June 30, 2022</b>					
Individual impaired loans and advances	359,616	24,730,679	8,893,552	1,192,634	35,176,481
Fair value of collateral	-	<b>73,157,836</b>	<b>25,952,843</b>	-	<b>99,110,679</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

*(expressed in Eastern Caribbean dollars)*

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### **4 Financial risk management (continued)**

#### **4.1 Credit risk (continued)**

##### **4.1.4 Repossessed collateral**

The Group took no possession of collateral securing facilities at June 30, 2023 (2022: \$Nil).

Reposessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 4 Financial risk management (continued)

#### 4.1 Credit risk (continued)

#### 4.1.5 Concentration of risks of financial assets with credit risk exposure

##### (a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, (without taking into account any collateral held or other credit support) as categorised by geographical region as at June 30, 2023 and 2022. For all classes of assets, the Group has allocated exposures to regions based on country of domicile of the counterparties.

	St. Christopher & Nevis \$	Other Caribbean \$	North America \$	Europe \$	US \$	Total \$
<b>Credit risk exposures relating to on-statement of financial position assets:</b>						
Balances with Central Bank	68,715,372	-	-	-	-	68,715,372
Deposits with other banks	23,039,344	37,185,302	16,387,316	10,449,608	8,084,700	95,146,270
Deposits with non-bank financial institutions	13,012,005	2,995,008	321,349	-	-	16,328,362
Restricted deposits	1,538,834	-	-	-	-	1,538,834
<i>Investment securities:</i>						
Financial assets at amortised cost:						
- Treasury bills and other eligible bills	39,640,087	10,471,053	-	-	-	50,111,140
- Bonds and other debt securities	5,664,172	10,413,402	-	-	-	16,077,574
Financial assets at FVTOCI:						
- Quoted debt securities	1,564,370	-	42,096,664	-	23,343,704	67,004,738
Loans and advances	505,244,305	2,755,905	11,573,485	1,194,246	-	520,767,941
Other assets	39,368,629	-	-	-	-	39,368,629
	<b>697,787,118</b>	<b>63,820,670</b>	<b>70,378,814</b>	<b>11,643,854</b>	<b>31,428,404</b>	<b>875,058,860</b>
<b>Credit exposures relating to off-statement of financial position items:</b>						
- Loan commitments and other credit related facilities	76,324,318	-	-	-	-	76,324,318
<b>As at June 30, 2023</b>	<b>774,111,436</b>	<b>63,820,670</b>	<b>70,378,814</b>	<b>11,643,854</b>	<b>31,428,404</b>	<b>951,383,178</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 4 Financial risk management (continued)

#### 4.1 Credit risk (continued)

#### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

(a) Geographical sectors (continued)

	St. Christopher & Nevis \$	Other Caribbean \$	North America \$	Europe \$	Total \$
<b>Credit risk exposures relating to on-statement of financial position assets:</b>					
Balances with Central Bank	64,417,136	-	-	-	64,417,136
Deposits with other banks	27,521,355	16,692,062	13,060,799	14,584,190	71,858,406
Deposits with non-bank financial institutions	7,647,669	40,877,401	44,729,119	-	93,254,189
Restricted deposits	808,470	-	-	-	808,470
<b>Investment securities:</b>					
Financial assets at amortised cost:					
- Treasury bills and other eligible bills	38,642,540	18,734,469	-	-	57,377,009
- Bonds and other debt securities	5,678,510	10,674,535	-	-	16,353,045
Financial assets at FVTOCI:					
- Quoted debt securities	-	-	17,610,847	-	17,610,847
Loans and advances	469,840,941	3,268,018	15,333,307	1,233,945	489,676,211
Other assets	17,241,079	-	-	-	17,241,079
	<b>631,797,700</b>	<b>90,246,485</b>	<b>90,734,072</b>	<b>15,818,135</b>	<b>828,596,392</b>
<b>Credit exposures relating to off-statement of financial position items:</b>					
- Loan commitments and other credit related facilities	57,868,612	-	-	-	57,868,612
<b>As at June 30, 2022</b>	<b>689,666,312</b>	<b>90,246,485</b>	<b>90,734,072</b>	<b>15,818,135</b>	<b>886,465,004</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

The following table breaks down the Group's credit exposure without taking into account any collateral held or other credit support by industry sectors of the Group's counterparties.

	Personal \$	Public sector \$	Professional and other \$	Tourism \$	Agriculture and manufacturing \$	Financial institutions \$	Other industries \$	Total \$
<b>Credit risk exposures relating to on-statement of financial position assets:</b>								
Balances with Central Bank	-	-	-	-	-	68,715,372	-	68,715,372
Deposits with other banks	-	-	-	-	-	95,146,270	-	95,146,270
Deposits with non-bank financial institutions	-	-	-	-	-	16,328,362	-	16,328,362
Restricted assets	-	-	-	-	-	1,538,834	-	1,538,834
<i>Investment securities:</i>								
Financial assets at amortised cost:								
- Treasury bills and other eligible bills	-	50,111,140	-	-	-	-	-	50,111,140
- Bonds and other debt securities	-	10,551,197	-	-	-	5,526,377	-	16,077,574
Financial assets at FVTOCI:								
- Quoted debt securities	-	23,343,704	-	-	-	42,963,302	697,732	67,004,738
Loans and advances	349,662,300	124,752,985	9,096,333	3,363,446	10,039,523	-	23,853,354	520,767,941
Other assets	-	-	-	-	-	53,555	39,315,074	39,368,629
	<b>349,662,300</b>	<b>208,759,026</b>	<b>9,096,333</b>	<b>3,363,446</b>	<b>10,039,523</b>	<b>230,272,072</b>	<b>63,866,160</b>	<b>875,058,860</b>
<b>Credit exposure relating to off-statement of financial position items:</b>								
- Loan commitments and other credit related facilities	11,453,528	6,850,872	3,217,797	212,886	379,501	500,000	53,709,734	76,324,318
<b>As at June 30, 2023</b>	<b>361,115,828</b>	<b>215,609,898</b>	<b>12,314,130</b>	<b>3,576,332</b>	<b>10,419,024</b>	<b>230,772,072</b>	<b>117,575,894</b>	<b>951,383,178</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

	Personal \$	Public sector \$	Professional and other \$	Tourism \$	Agriculture and manufacturing \$	Financial institutions \$	Other industries \$	Total \$
<b>Credit risk exposures relating to on-statement of financial position assets:</b>								
Bank	-	-	-	-	-	64,417,136	-	64,417,136
Deposits with other banks	-	-	-	-	-	71,857,306	-	71,857,306
Deposits with non-bank financial institutions	-	-	-	-	-	93,255,289	-	93,255,289
Restricted assets	-	-	-	-	-	808,470	-	808,470
<i>Investment securities:</i>								
Financial assets at amortised cost:								
- Treasury bills and other eligible bills	-	57,377,009	-	-	-	-	-	57,377,009
- Bonds and other non-debt securities	-	10,826,161	-	-	-	5,526,884	-	16,353,045
- Quoted securities	-	-	-	-	-	13,882,707	3,728,140	17,610,847
Loans and advances	328,416,880	115,299,072	8,474,213	3,426,902	9,617,837	-	24,441,307	489,676,211
Other assets	-	-	-	-	-	63,060	17,178,019	17,241,079
	<b>328,416,880</b>	<b>183,502,242</b>	<b>8,474,213</b>	<b>3,426,902</b>	<b>9,617,837</b>	<b>249,810,852</b>	<b>45,347,466</b>	<b>828,596,392</b>
<b>Credit exposure relating to off-statement of financial position items:</b>								
- Loan commitments and other credit related facilities	14,046,696	1,286,518	9,731,422	182,565	378,451	-	32,242,960	57,868,612
<b>As at June 30, 2022</b>	<b>342,463,576</b>	<b>184,788,760</b>	<b>18,205,635</b>	<b>3,609,467</b>	<b>9,996,288</b>	<b>249,810,852</b>	<b>77,590,426</b>	<b>886,465,004</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

##### Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

This table summarises the loss allowance as of the year end by class of exposure/asset.

	2023	2022
	\$	\$
<b>Loss allowance by class</b>		
Investment securities		
Debt securities - Amortised cost	142,262	114,923
Loans and advances	<u>8,610,009</u>	<u>6,946,102</u>
<b>Total</b>	<u><b>8,752,271</b></u>	<u>7,061,025</u>

Changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance include:

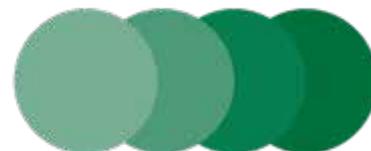
- (a) Changes because financial instruments originated or were acquired during the reporting period;
- (b) Changes because financial instruments were derecognised (including those that were written-off) during the reporting period;
- (c) Changes because financial instruments classified as FVTOCI, eligible for expected credit loss calculations, matured during the reporting period and the proceeds from the maturities were used to purchase financial instruments classified as FVTPL not eligible for expected credit loss calculations; and
- (d) Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The net carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

	2023					2022
	ECL Staging					Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit- impaired	Total	
Debt securities – amortised cost	\$	\$	\$	\$	\$	\$
Credit grade:						
Investment grade	137,092,837	-	-	-	137,092,837	205,909,099
Non-investment grade	98,135,393	12,831,584	-	-	110,966,977	98,274,079
Gross carrying amount	235,228,230	12,831,584	-	-	248,059,814	304,183,178
Loss allowance	(139,386)	(2,876)	-	-	(142,262)	(114,923)
Carrying amount	<b>235,088,844</b>	<b>12,828,708</b>	-	-	<b>247,917,552</b>	<b>304,068,255</b>

	2023					2022
	ECL Staging					Total
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Purchased credit- impaired	Total	
Debt securities – FVTOCI	\$	\$	\$	\$	\$	\$
Credit grade:						
Investment grade	66,349,365	-	-	-	66,349,365	16,961,218
Non-investment grade	-	655,373	-	-	655,373	649,629
Carrying amount	<b>66,349,365</b>	<b>655,373</b>	-	-	<b>67,004,738</b>	<b>17,610,847</b>

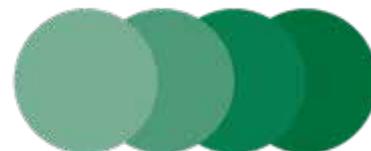


# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Loss allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial assets experiencing significant movement in credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the movement between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and model assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

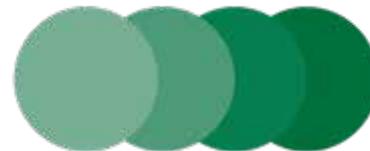
Debt securities – amortised cost	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Purchased credit- impaired \$	Total \$
<b>Loss Allowance as at June 30, 2022</b>	<b>113,003</b>	<b>1,920</b>	-	-	<b>114,923</b>
Transfers:					
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Changes in risk parameters	(3,485)	1,078	-	-	(2,407)
New financial assets originated or purchased	(8,943)	(489)	-	-	(9,432)
Financial assets fully derecognised during the period	38,811	367	-	-	39,178
<b>Loss Allowance as at June 30, 2023</b>	<b>139,386</b>	<b>2,876</b>	-	-	<b>142,262</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Loans and advances, and other receivables - Reducing balance loans - amortised cost	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Purchased credit- impaired \$	Total \$
<b>Loss Allowance as at June 30, 2022</b>	<b>411,880</b>	<b>427,392</b>	<b>1,732,962</b>	<b>-</b>	<b>2,572,234</b>
Transfers:					
Transfer from Stage 1 to Stage 2	3,148	(3,148)	-	-	-
Transfer from Stage 1 to Stage 3	(2,401)	-	2,401	-	-
Transfer from Stage 2 to Stage 1	71,985	(71,985)	-	-	-
Transfer from Stage 2 to Stage 3	-	(167,782)	167,782	-	-
Transfer from Stage 3 to Stage 2	-	(11,092)	11,092	-	-
Transfer from Stage 3 to Stage 1	26,862	-	(26,862)	-	-
New financial assets originated or purchased	156,929	32,194	-	-	189,123
Financial assets fully derecognised during the period	(63,983)	(9,964)	(131,325)	-	(205,272)
Changes in risk parameters	(205,229)	(5,934)	997,030	-	785,867
Foreign exchange adjustment	-	-	-	-	-
<b>Loss Allowance as at June 30, 2023</b>	<b>399,191</b>	<b>189,681</b>	<b>2,753,080</b>	<b>-</b>	<b>3,341,952</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Credit cards– amortised cost	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Purchased credit- impaired \$	Total \$
<b>Loss Allowance as at June 30, 2022</b>	<b>86,451</b>	<b>68,132</b>	<b>2,513,802</b>	<b>-</b>	<b>2,668,385</b>
Transfers:					
Transfer from Stage 1 to Stage 2	(1,389)	1,389	-	-	-
Transfer from Stage 1 to Stage 3	(3,483)	-	3,483	-	-
Transfer from Stage 2 to Stage 1	18,933	(18,933)	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-	-
New financial assets originated or purchased	9,446	14,461	84,886	-	108,793
Financial assets fully derecognised during the period	(3,909)	(4,061)	-	-	(7,970)
Changes in risk parameters	4,315	(1,196)	891,819	-	894,938
<b>Loss Allowance as at June 30, 2023</b>	<b>110,364</b>	<b>59,792</b>	<b>3,493,990</b>	<b>-</b>	<b>3,664,146</b>

Overdrafts – amortised cost	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Purchased credit- impaired \$	Total \$
<b>Loss Allowance as at June 30, 2022</b>	<b>1,536,282</b>	<b>26,344</b>	<b>142,857</b>	<b>-</b>	<b>1,705,483</b>
Transfers:					
Transfer from Stage 1 to Stage 2	(1,090,312)	1,090,312	-	-	-
Transfer from Stage 1 to Stage 3	(4,235)	-	4,235	-	-
Transfer from Stage 2 to Stage 1	21,606	(21,606)	-	-	-
Transfer from Stage 2 to Stage 3	-	(673)	673	-	-
Transfer from Stage 3 to Stage 2	-	1,095	(1,095)	-	-
Transfer from Stage 3 to Stage 1	1,101	-	(1,101)	-	-
New financial assets originated or purchased	235,630	7	287,337	-	522,974
Financial assets fully derecognised during the period	(144,643)	(4,065)	(4,940)	-	(153,648)
Changes in risk parameters	527,779	(1,064,732)	66,055	-	(470,898)
<b>Loss Allowance as at June 30, 2023</b>	<b>1,083,208</b>	<b>26,682</b>	<b>494,021</b>	<b>-</b>	<b>1,603,911</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

IFRS 9 carrying values

The following tables explain the changes in the carrying value between the beginning and the end of the period due to these factors. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets.

<b>Debt securities – amortised cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Purchased credit-impaired</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Gross carrying amount as at June 30, 2022</b>	<b>292,028,035</b>	<b>12,155,143</b>	-	-	<b>304,183,178</b>
Transfers:					
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
New financial assets originated or purchased	36,249,084	2,707,497	-	-	38,956,581
Financial assets fully derecognised during the period	(90,523,095)	(1,347,450)	-	-	(91,870,545)
Changes in principal and interest	(2,525,794)	(683,606)	-	-	(3,209,400)
<b>Gross carrying amount as at June 30, 2023</b>	<b>235,228,230</b>	<b>12,831,584</b>	-	-	<b>248,059,814</b>
<hr/>					
<b>Debt securities – FVTOCI</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Purchased credit-impaired</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Gross carrying amount as at June 30, 2022</b>	<b>16,961,218</b>	<b>649,629</b>	-	-	<b>17,610,847</b>
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
New financial assets originated or purchased	52,641,121	-	-	-	52,641,121
Financial assets fully derecognised during the period	(4,766,263)	-	-	-	(4,766,263)
Changes in principal and interest	1,513,289	5,744	-	-	1,519,033
<b>Gross carrying amount as at June 30, 2023</b>	<b>66,349,365</b>	<b>655,373</b>	-	-	<b>67,004,738</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Loans and advances, and other receivables: Reducing balance loans - amortised cost	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount as at June 30, 2022</b>	<b>387,622,079</b>	<b>13,879,034</b>	<b>23,357,904</b>	<b>8,945,160</b>	<b>433,804,177</b>
Transfers:					
Transfer from Stage 1 to Stage 2	(5,046,114)	5,046,114	-	-	-
Transfer from Stage 1 to Stage 3	(10,705,274)	-	10,705,274	-	-
Transfer from Stage 2 to Stage 1	5,884,007	(5,884,007)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,913,877)	3,913,877	-	-
Transfer from Stage 3 to Stage 2	-	11,092	(11,092)	-	-
Transfer from Stage 3 to Stage 1	721,639	-	(721,639)	-	-
New financial assets originated or purchased	114,735,677	287,078	3,872,128	1,590,308	120,485,191
Financial assets fully derecognised during the period	(54,225,696)	(5,482,154)	(1,801,227)	(12,727)	(61,521,804)
Changes in principal and interest	(17,904,041)	3,870,826	508,906	(2,588,345)	(16,112,654)
<b>Gross carrying amount as at June 30, 2023</b>	<b>421,082,277</b>	<b>7,814,106</b>	<b>39,824,131</b>	<b>7,934,396</b>	<b>476,654,910</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

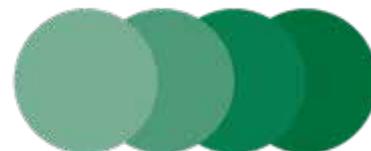
Credit cards - amortised cost	Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount as at June 30, 2022</b>	<b>6,594,821</b>	<b>200,458</b>	<b>2,513,802</b>	-	<b>9,309,081</b>
Transfers:					
Transfer from Stage 1 to Stage 2	(105,984)	105,984	-	-	-
Transfer from Stage 1 to Stage 3	(265,691)	-	265,691	-	-
Transfer from Stage 2 to Stage 1	55,704	(55,704)	-	-	-
Transfer from Stage 2 to Stage 3	-	(116,772)	116,772	-	-
Transfer from Stage 3 to Stage 2	-	10,840	(10,840)	-	-
Transfer from Stage 3 to Stage 1	181,508	-	(181,508)	-	-
New financial assets originated or purchased	627,633	54,862	84,884	-	767,379
Financial assets fully derecognised during the period	(298,187)	(11,948)	346,859	-	36,724
Changes in principal and interest	543,115	39,021	358,330	-	940,466
<b>Gross carrying amount as at June 30, 2023</b>	<b>7,332,919</b>	<b>226,741</b>	<b>3,493,990</b>	-	<b>11,053,650</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Overdrafts - amortised cost	Stage 1	Stage 2	Stage 3	Purchased credit- impaired	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount as at June 30, 2022</b>	<b>53,020,773</b>	<b>128,666</b>	<b>359,616</b>	<b>-</b>	<b>53,509,055</b>
Transfers:					
Transfer from Stage 1 to Stage 2	(37,601,583)	37,601,583	-	-	-
Transfer from Stage 1 to Stage 3	(146,065)	-	146,065	-	-
Transfer from Stage 2 to Stage 1	105,526	(105,526)	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,286)	3,286	-	-
Transfer from Stage 3 to Stage 2	-	2,872	(2,872)	-	-
Transfer from Stage 3 to Stage 1	2,888	-	(2,888)	-	-
New financial assets originated or purchased	2,384,830	7,382	489,290	-	2,881,502
Financial assets fully derecognised during the period	(4,988,312)	(19,853)	(12,961)	-	(5,021,126)
Changes in principal and interest	(1,210,550)	(8,351,197)	(138,294)	-	(9,700,041)
<b>Gross carrying amount as at June 30, 2023</b>	<b>11,567,507</b>	<b>29,260,641</b>	<b>841,242</b>	<b>-</b>	<b>41,669,390</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

Economic variable assumptions

The most significant period-end assumptions used for the investment securities ECL estimate as at June 30, 2023 are set out below.

		2024	2025
World GDP growth rate	Base	3.0%	2.9%
	Upside	4.7%	4.6%
	Downside	1.3%	1.2%
US inflation rate	Base	4.1%	2.7%
	Upside	5.6%	4.2%
	Downside	2.6%	1.2%

The most significant period-end assumptions used for the investment securities ECL estimate as at June 30, 2022 are set out below.

		2023	2024
World GDP growth rate	Base	3.5%	3.0%
	Upside	5.2%	4.7%
	Downside	1.8%	1.3%
US unemployment rate	Base	8.0%	4.2%
	Upside	6.4%	2.6%
	Downside	9.6%	5.8%

The most significant period-end assumptions used for the Loans and Advances ECL estimates as at June 30, 2023 are set out below.

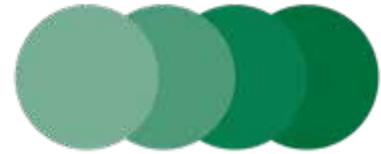
St. Kitts & Nevis	2023		2022	
	Expected State for the next 12 months		Expected State for the next 12 months	
Unemployment rate	Base	Positive 1	Base	Positive 1
	Upside	Positive 2	Upside	Positive 2
	Downside	Stable	Downside	Stable
GDP growth	Base	Positive 1	Base	Positive 1
	Upside	Positive 2	Upside	Positive 2
	Downside	Stable	Downside	Stable
Interest rate	Base	Stable	Base	Stable
	Upside	Stable	Upside	Stable
	Downside	Stable	Downside	Stable
Housing price	Base	Negative 1	Base	Negative 1
	Upside	Stable	Upside	Stable
	Downside	Negative 2	Downside	Negative 2

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.1 Credit risk (continued)

##### 4.1.5 Concentration of risks of financial assets with credit risk exposure (continued)

The scenario weightings assigned to each economic scenario at June 30, 2023 were as follows:

	Base	Upside	Downside
Debt securities	80%	10%	10%
Loans and advances, and other receivables	80%	10%	10%

The scenario weightings assigned to each economic scenario at June 30, 2021 were as follows:

	Base	Upside	Downside
Debt securities	80%	10%	10%
Loans and advances, and other receivables	80%	10%	10%

Set out below are the changes to the ECL as at June 30, 2023 that would result from reasonably possible variations in the most significant assumption affecting the ECL allowance:

	Change in threshold	ECL impact of	
		Increase in value (\$)	Decrease in value (\$)
Loss Given Default			
Investments - Corporate Debts	(- /+) 5%	1,431	(1,431)
Investments - Sovereign Debts	(- /+) 5%	5,697	(5,697)
		ECL impact of	
Collateral haircut			
Loans	(- /+) 5%	675,737	(615,860)
Overdrafts	(- /+) 5%	190,073	(190,073)

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.2 Market risk

The Group 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 Group 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. Regular reports are submitted to the Board of Directors and department heads.

##### 4.2.1 Price risk

The Group is exposed to quoted equity securities price risk because of equity investments held by the Group and classified in the Consolidated statement of financial position as FVTOCI and FVTPL investment securities. The Group's portfolio includes securities that are quoted on the Eastern Caribbean Securities Exchange, and its exposure to equity securities price risk is minimal because the total of these securities is insignificant in relation to its Consolidated statement of financial position and because of the limited volatility in this market. The Group does not hold equity securities that are quoted on the world's major securities markets. The Group is not exposed to commodity price risk.

If market rates at June 30, 2023 had been 0.5% higher/lower with all other variables held constant, equity for the year would have been \$237,829 (2022: \$248,238) lower/ higher as a result of the increase/decrease in the fair value of FVTOCI and FVTPL investment securities. Other comprehensive income would have been \$19,067 (2022: \$19,052) lower/higher and profit would have been \$218,762 (2022: \$229,186) lower/higher.

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>FVTPL and FVTOCI</b>		
Equity securities, quoted at market value	<b>2,376,976</b>	8,584,461
Mutual funds, quoted at market value	<b>43,752,456</b>	39,584,105
<b>Total</b>	<b>46,129,432</b>	48,168,566

##### 4.2.2 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. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which 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 since 1974.

The following table summarises the Bank's exposure to foreign currency risk at June 30, 2023. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.2 Market risk (continued)

##### 4.2.2 Foreign currency risk (continued)

As at June 30, 2023	XCD	USD	EUR	GBP	CDN	Other	Total
<b>Assets</b>							
Cash and balances with the Central Bank	72,812,044	943,819	119,980	74,841	13,636	18,364	73,982,684
Deposits with other banks	23,210,530	55,607,192	392,863	803,129	14,964,618	167,938	95,146,270
Deposits with non-bank financial institutions	14,085,947	2,242,415	-	-	-	-	16,328,362
Restricted deposits	1,538,834	-	-	-	-	-	1,538,834
Investment securities:							
Financial assets at amortised cost:							
- Treasury bills and other eligible bills	29,791,451	20,319,689	-	-	-	-	50,111,140
- Bonds and other debt instruments	11,747,356	4,330,218	-	-	-	-	16,077,574
Financial assets at FVTOCI:							
- Quoted securities	2,400,399	66,981,315	-	-	-	-	69,381,714
- Unquoted securities	1,436,359	-	-	-	-	-	1,436,359
Financial assets at FVTPL:							
- Quoted securities	-	43,752,456	-	-	-	-	43,752,456
Loans and advances	445,000,062	75,767,879	-	-	-	-	520,767,941
Other assets	39,368,629	-	-	-	-	-	39,368,629
<b>Total financial assets</b>	<b>641,391,611</b>	<b>269,944,983</b>	<b>512,843</b>	<b>877,970</b>	<b>14,978,254</b>	<b>186,302</b>	<b>927,891,963</b>
<b>Liabilities</b>							
Customers' deposits	649,549,397	178,315,222	-	15,406	-	-	827,880,025
Other liabilities	10,650,787	36	-	-	-	58,998	10,709,821
Lease liabilities	502,768	-	-	-	-	-	502,768
Note payable	24,821,308	-	-	-	-	-	24,821,308
<b>Total financial liabilities</b>	<b>685,524,260</b>	<b>178,315,258</b>	<b>-</b>	<b>15,406</b>	<b>-</b>	<b>58,998</b>	<b>863,913,922</b>
<b>Net on statement of financial position balance</b>	<b>-44,132,649</b>	<b>91,629,725</b>	<b>512,843</b>	<b>862,564</b>	<b>14,978,254</b>	<b>127,304</b>	<b>63,978,041</b>
<b>Credit and capital commitments</b>	<b>52,083,629</b>	<b>24,240,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,324,318</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 4 Financial risk management (continued)

#### 4.2 Market risk (continued)

#### 4.2.2 Foreign currency risk (continued)

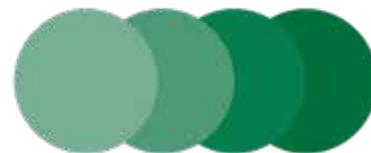
As at June 30, 2022	XCD	USD	EUR	GBP	CDN	Other	Total
<b>Assets</b>							
Cash and balances with the Central Bank	69,252,238	1,626,230	120,873	40,827	46,265	79,975	71,166,408
Deposits with other banks	27,691,631	33,728,261	343,882	590,011	9,003,950	500,671	71,858,406
Deposits with non-bank financial institutions	8,721,611	84,532,578	-	-	-	-	93,254,189
Restricted deposits	808,470	-	-	-	-	-	808,470
Investment securities:							
Financial assets at amortised cost:							
- Treasury bills and other eligible bills	38,054,221	19,322,788	-	-	-	-	57,377,009
- Bonds and other debt instruments	11,938,653	4,414,392	-	-	-	-	16,353,045
Financial assets at FVTOCI:							
- Quoted securities	2,331,375	17,610,847	-	-	-	-	19,942,222
- Unquoted securities	1,478,967	-	-	-	-	-	1,478,967
Financial assets at FVTPL:							
- Quoted securities	-	45,837,191	-	-	-	-	45,837,191
Loans and advances	372,939,230	116,736,981	-	-	-	-	489,676,211
Other assets	17,241,079	-	-	-	-	-	17,241,079
<b>Total financial assets</b>	<b>550,457,475</b>	<b>323,809,268</b>	<b>464,755</b>	<b>630,838</b>	<b>9,050,215</b>	<b>580,646</b>	<b>884,993,197</b>
<b>Liabilities</b>							
Customers' deposits	635,645,622	184,727,285	-	-	-	-	820,372,907
Other liabilities	14,258,829	-	-	-	-	-	14,258,829
Lease liabilities	818,523	-	-	-	-	-	818,523
<b>Total financial liabilities</b>	<b>650,722,974</b>	<b>184,727,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>835,450,259</b>
<b>Net on statement of financial position balance</b>	<b>(100,265,499)</b>	<b>139,081,983</b>	<b>464,755</b>	<b>630,838</b>	<b>9,050,215</b>	<b>580,646</b>	<b>49,542,938</b>
<b>Credit and capital commitments</b>	<b>42,394,360</b>	<b>15,474,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,868,612</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.2 Market risk (continued)

##### 4.2.2 Foreign currency risk (continued)

At June 30, 2023, if the Eastern Caribbean dollar had strengthened/weakened by 10% against the Euro, with all other variables held constant, post-tax net income (2022: post-tax net loss) for the year would have been \$38,463 higher/lower (2022: \$34,857 lower/higher), mainly as a result of foreign exchange gains/losses on translation of Euro denominated loans and receivables and foreign exchange losses/gains on translation of customer deposits denominated in Euro.

The contribution to net income before taxation of foreign exchange gains on assets and liabilities held in Euro currency in 2023 was a loss of \$169,085 (2022: loss of \$53,752).

If at June 30, 2023, the Eastern Caribbean dollar had strengthened/weakened by 10% against the Pound Sterling with all other variables held constant, post-tax net income (2022: post-tax net loss) for the year would have been \$64,692 higher/lower (2022: \$47,313 lower/higher), mainly as a result of foreign exchange gains/losses on translation of Pound Sterling denominated loans and receivables, and foreign exchange losses/gains on translation of customer deposits denominated in Pounds Sterling.

The contribution to net income before taxation of foreign exchange gains on assets and liabilities held and transactions denominated in Pound Sterling currency was a loss of \$237,826 (2022: loss of \$166,971).

If at June 30, 2023, if the Eastern Caribbean dollar had weakened/strengthened by 10% against the Canadian dollar, post tax net income (2022: post-tax net loss) for the year would have been \$1,123,369 higher/lower (2022: \$678,766 lower/higher), mainly as a result of foreign exchange gains/losses on translation of Canadian dollar denominated trade receivables, and debt securities classified as FVTOCI.

The contribution to net income before taxation of foreign exchange gains assets and liabilities held and transactions denominated in Canadian currency was a loss of \$65,233 (2022: loss of \$71,897).

The Bank holds no Euro, Pound Sterling or Canadian denominated investment securities. Hence, there would have been no impact on equity if the Eastern Caribbean Dollar had weakened/strengthened against these currencies at June 30, 2023.

##### 4.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase or decrease as a result of such changes. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the Assets and Liabilities Management Committee. Several other committees are involved in the management of interest rate risk which includes the Risk Management Committee, Investment Committee and Internal Management

Investment Committee which meet and report to the Board on a regular basis.

The following table summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



4 Financial risk management (continued)		Under 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>4.2 Market risk (continued)</b>								
<b>4.2.3 Interest rate risk (continued)</b>								
<b>As at June 30, 2023</b>								
<b>Assets</b>								
Cash and balances with Central Bank		1,689,504	-	-	-	-	72,293,180	73,982,684
Deposits with other banks		17,444,446	10,822,588	24,927,825	-	-	41,951,411	95,146,270
Deposits with non-bank financial institutions		204,098	-	15,642,081	-	-	482,183	16,328,362
Restricted deposits		1,538,834	-	-	-	-	-	1,538,834
Investment securities:								
Financial assets at amortised cost:								
- Treasury bills and other eligible bills		29,337,582	11,864,500	8,909,058	-	-	-	50,111,140
- Bonds and other debt instruments		3,043,221	3,000,000	2,503,188	7,393,370	137,795	-	16,077,574
Financial assets at FVTOCI:								
- Quoted securities		1,259,743	911,744	2,328,182	13,111,178	-	51,770,867	69,381,714
- Unquoted securities		-	-	-	-	-	1,436,359	1,436,359
Financial assets at FVTPL:								
- Quoted securities		12,308,281	-	-	-	-	31,444,175	43,752,456
Loans and advances		14,291,641	3,481,676	34,563,402	40,177,410	418,069,478	10,184,334	520,767,941
Other assets		-	-	-	-	-	39,368,629	39,368,629
<b>Total financial assets</b>		<b>81,117,350</b>	<b>30,080,508</b>	<b>88,873,736</b>	<b>60,681,958</b>	<b>418,207,273</b>	<b>248,931,138</b>	<b>927,891,963</b>
<b>Liabilities</b>								
Customers' deposits		377,890,424	35,689,835	183,051,391	1,267,579	25,777,216	204,203,580	827,880,025
Other liabilities		-	-	-	-	-	10,709,821	10,709,821
Lease liabilities		27,000	54,320	249,850	171,598	-	-	502,768
Note payable		24,821,308	-	-	-	-	-	24,821,308
<b>Total financial liabilities</b>		<b>402,738,732</b>	<b>35,744,155</b>	<b>183,301,241</b>	<b>1,439,177</b>	<b>25,777,216</b>	<b>214,913,401</b>	<b>863,913,922</b>
<b>Total interest repricing gap</b>		<b>(321,621,382))</b>	<b>-(5,663,647))</b>	<b>-(94,427,505))</b>	<b>59,242,781</b>	<b>392,430,057</b>	<b>34,017,737</b>	<b>63,978,041</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.2 Market risk (continued)

##### 4.2.3 Interest rate risk (continued)

As at June 30, 2022

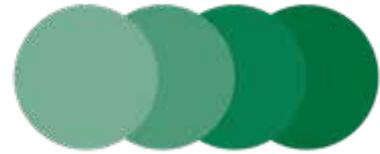
	Under 1 month \$	1 to 3 months \$	3 to 12 months \$	1 to 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>							
Cash and balances with Central Bank	-	-	-	-	-	71,166,408	71,166,408
Deposits with other banks	12,248,331	7,057,830	7,517,715	-	-	45,033,430	71,857,306
Deposits with non-bank financial institutions	6,787,303	28,418,189	12,952,052	-	-	45,097,745	93,255,289
Restricted deposits	-	-	808,470	-	-	-	808,470
Investment securities:							
Financial assets at amortised cost:							
- Treasury bills and other eligible bills	27,992,079	18,462,323	10,922,607	-	-	-	57,377,009
- Bonds and other debt instruments	2,957,161	3,045,329	3,335,582	2,608,243	4,406,730	-	16,353,045
Financial assets at FVTOCI:							
- Quoted securities	1,259,743	911,744	2,328,182	13,111,178	-	2,331,375	19,942,222
- Unquoted securities	-	-	-	-	-	1,478,967	1,478,967
Financial assets at FVTPL:							
- Quoted securities	57,608,464	828,702	11,690,652	38,798,969	376,038,732	45,837,191	489,676,211
Loans and advances	-	-	-	-	-	17,241,079	17,241,079
Other assets	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>108,853,081</b>	<b>58,724,117</b>	<b>49,555,260</b>	<b>54,518,390</b>	<b>380,445,462</b>	<b>232,896,887</b>	<b>884,993,197</b>
<b>Liabilities</b>							
Customers' deposits	365,631,499	37,656,117	213,595,587	323,557	25,595,341	177,570,806	820,372,907
Other liabilities	-	-	-	-	-	14,258,829	14,258,829
Lease liabilities	25,742	51,792	238,222	502,767	-	-	818,523
<b>Total financial liabilities</b>	<b>365,657,241</b>	<b>37,707,909</b>	<b>213,833,809</b>	<b>826,324</b>	<b>25,595,341</b>	<b>191,829,635</b>	<b>835,450,259</b>
<b>Total interest repricing gap</b>	<b>(256,804,160)</b>	<b>21,016,208</b>	<b>(164,278,549)</b>	<b>53,692,066</b>	<b>354,850,121</b>	<b>41,067,252</b>	<b>49,542,938</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.2 Market risk (continued)

##### 4.2.3 Interest rate risk (continued)

Because of limited volatility in the securities markets in which the Group's investments are held, the Bank is not unduly exposed to fair value interest rate risk.

Cash flow interest rate risk arises from loans and advances to customers, and other interest-bearing assets at variable rates. If at June 30, 2023 variable interest rates on loans and advances to customers and other interest-bearing assets had been 0.5% higher/lower, with all other variables held constant, post tax net profit (2022: post-tax net loss) for the year would have been \$2,546,103 higher/lower (2022: \$2,477,906 lower/higher), mainly as a result of higher/lower interest income. Cash flow interest rate risk also arises from customers' deposits, at variable interest rates. If at June 30, 2023 variable interest rates on customers' deposits had been 0.5% higher/lower, with all other variables held constant, post tax net profit (2022: post-tax net loss) for the year would have been \$2,433,752 lower/higher (2022: \$2,509,967 higher/lower), mainly as a result of higher/lower interest expense.

##### 4.3 Liquidity risk

Liquidity risk is the risk that the Group 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 fulfil 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.

##### 4.3.1 Liquidity risk management process

The Group's liquidity management process is carried out within the Bank by The Accounting and Investments Department, and monitored by management. Oversight includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Monitoring liquidity ratios of the consolidated statement of financial position against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement, and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Accounting and Investment Department also monitors unmatched medium term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 4 Financial risk management (continued)

#### 4.3 Liquidity risk (continued)

##### 4.3.2 Funding approach

Sources of liquidity are regularly reviewed by management and the Board of Directors in order to maintain a wide diversification by currency, geography, provider, product and term.

##### 4.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual and undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash flows.

	<b>Under</b>					<b>Total</b>
	<b>1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>\$</b>
	<b>\$</b>					<b>\$</b>
<b>As at June 30, 2023</b>						
Customers' deposits	581,784,361	34,994,579	187,839,584	5,447,318	28,407,221	838,473,063
Lease liabilities	10,709,821	-	-	-	-	10,709,821
Other liabilities and accrued expenses	28,999	57,999	260,994	173,997	-	521,989
Note payable	24,821,308	-	-	-	-	24,821,308
<b>Total financial liabilities (contractual maturity dates)</b>	<b>617,344,489</b>	<b>35,052,578</b>	<b>188,100,578</b>	<b>5,621,315</b>	<b>28,407,221</b>	<b>874,526,181</b>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>81,117,350</b>	<b>30,080,508</b>	<b>88,873,736</b>	<b>60,681,958</b>	<b>418,207,273</b>	<b>678,960,825</b>
<b>As at June 30, 2022</b>						
Customers' deposits	543,186,004	37,986,529	217,557,833	4,470,373	28,222,988	831,423,727
Lease liabilities	28,999	57,999	260,994	521,988	-	869,980
Other liabilities and accrued expenses	14,258,829	-	-	-	-	14,258,829
<b>Total financial liabilities (contractual maturity dates)</b>	<b>557,473,832</b>	<b>38,044,528</b>	<b>217,818,827</b>	<b>4,992,361</b>	<b>28,222,988</b>	<b>846,552,536</b>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>109,842,907</b>	<b>58,724,117</b>	<b>49,555,260</b>	<b>54,518,390</b>	<b>380,445,462</b>	<b>653,086,136</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.3 Liquidity risk (continued)

##### 4.3.4 Assets held for managing liquidity risk

The Group holds a diversified portfolio of cash and high-quality, highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Loans and advances;
- Cash and balances with central banks;
- Certificates of deposit; and
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks;

##### 4.3.5 Off statement of financial position items

###### (a) Credit commitments

The dates of the contractual amounts of the Bank's off-statement of financial position financial instruments that commit to extend credit to customers and other facilities are summarised in the table below.

	Up to 1 year \$	1 to 5 years \$	Total \$
<b>As at June 30, 2023</b>			
Credit commitments	76,324,318	-	<b>76,324,318</b>
<b>As at June 30, 2022</b>			
Credit commitments	57,868,612	-	57,868,612

###### (b) Financial guarantees and other financial facilities

The Bank had no financial guarantees at June 30, 2023 (2022: \$Nil).

###### (c) Capital commitments

The Bank had no contractual capital commitments at June 30, 2023 (2022: \$Nil).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)

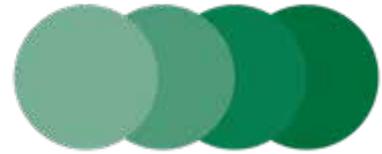


#### 4 Financial risk management (continued)

##### 4.4 Fair value of financial assets and liabilities

The table below summarises the carrying amounts and fair values of the Bank's financial assets and liabilities.

	Carrying value		Fair value	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and balances with the Central Bank	73,982,684	71,166,408	73,982,684	71,166,408
Deposits with other banks	95,146,270	71,858,406	95,146,270	71,858,406
Deposits with non- bank financial institutions	16,328,362	93,254,189	16,328,362	93,254,189
Restricted deposits	1,538,834	808,470	1,538,834	808,470
Investment securities:				
Financial assets at amortised cost:				
- Treasury bills and other eligible bills	50,111,140	57,377,009	50,111,140	57,377,009
- Bonds and other debt securities	16,077,574	16,353,045	16,077,574	16,353,045
Loans and advances	520,767,941	489,676,211	530,830,369	493,170,714
Other assets	39,368,629	17,241,079	39,368,629	17,241,079
<b>Total financial assets</b>	<b>813,321,434</b>	<b>817,734,817</b>	<b>823,383,862</b>	<b>821,229,320</b>
<b>Financial liabilities</b>				
Customers' deposits	827,880,025	820,372,907	827,880,025	820,372,907
Other liabilities	10,709,821	14,258,829	10,709,821	14,258,829
Lease liabilities	502,768	818,523	502,768	818,523
Note payable	24,821,308	-	24,821,308	-
<b>Total financial liabilities</b>	<b>863,913,922</b>	<b>835,450,259</b>	<b>863,913,922</b>	<b>835,450,259</b>



#### **4 Financial risk management (continued)**

##### **4.4 Fair value of financial assets and liabilities (continued)**

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value if one exists. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, other assets and liabilities, items in transit and lease liabilities are assumed to approximate their carrying values due to their short-term nature.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with pricing models based on discounted cash flow analysis using prices from observable current market transactions.

*(i) Short term financial assets and liabilities*

The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of cash and balances due from other banks and other financial institutions, treasury bills, loans and advances and other assets. Short term financial liabilities are comprised of customers' deposits, other liabilities and note payable.

*(ii) Long-term financial assets*

The fair value of long-term financial assets which are not quoted in an active market is based on discounted cash flows using the interest rate for new financial assets with the same characteristics and maturities.

*(iii) Customers' deposits and lease liabilities*

The estimated fair values of customers' deposits and lease liabilities not quoted in an active market are based on discounted cash flows using interest rates for new debts with similar remaining maturities.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.4.1 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed debt instruments listed on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The standard requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investment securities				
-FVTOCI securities	46,387,288	22,994,426	1,436,359	70,818,073
-FVTPL securities	43,752,456	-	-	43,752,456
<b>Balance as at June 30, 2023</b>	<b>90,139,744</b>	<b>22,994,426</b>	<b>1,436,359</b>	<b>114,570,529</b>
<b>Financial assets</b>				
Investment securities				
-FVTOCI securities	19,411,650	530,572	1,478,967	21,421,189
-FVTPL securities	45,837,191	-	-	45,837,191
<b>Balance as at June 30, 2022</b>	<b>65,248,841</b>	<b>530,572</b>	<b>1,478,967</b>	<b>67,258,380</b>

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise most equity securities that are quoted on active stock exchanges.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.4 Fair value of financial assets and liabilities (continued)

##### 4.4.1 Fair value hierarchy (continued)

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes equity securities that are quoted on the Eastern Caribbean Stock Exchange. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The valuation of unquoted equity instruments is inherently subjective. Determining the fair value of such securities requires the application of multiple pricing benchmarks, many of which involve unobservable inputs.

The approach used by the Bank is the Net Asset Value (NAV) method, which estimates the value of an equity share by referencing the entity's net assets as reported in its most recent financial statements. This method uses net assets as a proxy of fair value and dividing the amount by the number of outstanding shares

The following table shows the level within the hierarchy of non-financial assets measured at fair value:

	Level 1 \$	Level 2 \$	Total \$
<b>Non-financial assets</b>			
Land and buildings	-	33,004,824	33,004,824
<b>Balance as at June 30, 2023</b>	<b>-</b>	<b>33,004,824</b>	<b>33,004,824</b>

	Level 1 \$	Level 2 \$	Total \$
<b>Non-financial assets</b>			
Land and buildings	-	33,242,013	33,242,013
<b>Balance as at June 30, 2022</b>	<b>-</b>	<b>33,242,013</b>	<b>33,242,013</b>

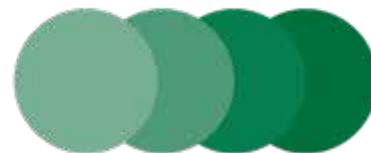
The fair value of the Group's land and buildings included in property and equipment are based on appraisals performed by an independent property valuer. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by Management. The appraisals were carried out primarily using the replacement cost method due to limited market sales data for comparable properties in the areas.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.5 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Eastern Caribbean Central Bank (the ECCB);
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the ECCB, for supervisory purposes. The required information is filed with the ECCB on a quarterly basis.

The Banking Act No. 1 of 2015 ("the Act") which regulates the Parent Company ("BON") activities came into effect on May 20, 2016. The minimum capital requirement for licensees is \$20 million. As at June 30, 2023, the Bank has paid up capital of \$24,339,943 exceeds the minimum paid up capital requirement of \$20 million for a licensed financial institution.

The Act further states that a licensed financial institution if deemed to be a holding company is required to have paid up capital of at least \$60,000,000. The Bank of Nevis Limited based on definition provided by the Act was deemed to be a holding company due to its ownership interest in its subsidiary Bank of Nevis International Limited. The Bank of Nevis Limited divested its 100% interest in Bank of Nevis International Limited on December 31, 2019. During 2021, the Bank acquired a controlling interest in BON Bank Ltd. However, the Bank received a waiver from the regulator with regards to the classification as a holding company.

The Bank's regulatory capital as managed by the Board of Directors is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of treasury shares), retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of securities held as FVTOCI and FVTPL.

The risk weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 4 Financial risk management (continued)

##### 4.5 Capital management (continued)

The following table summarises the composition of the regulatory capital and the ratios of the Bank for the years ended June 30, 2023 and June 30, 2022.

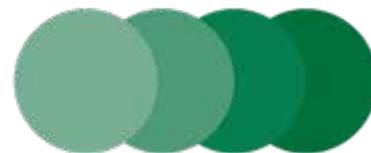
	2023 \$	2022 \$
<b>Tier 1 capital</b>		
Share capital	24,339,943	24,339,943
Statutory reserves	23,583,584	16,512,127
Retained earnings	<u>36,099,736</u>	<u>44,055,778</u>
<b>Total qualifying Tier 1 capital</b>	<u>84,023,263</u>	<u>84,907,848</u>
<b>Tier 2 capital</b>		
Revaluation reserves	12,793,977	13,319,271
Reserve for loan impairment	11,785,503	2,690,317
Reserve for interest accrued on non-performing loans	<u>5,462,436</u>	<u>-</u>
<b>Total qualifying Tier 2 capital</b>	<u>30,041,916</u>	<u>16,009,588</u>
<b>Total regulatory capital</b>	<u>114,065,179</u>	<u>100,917,436</u>
<b>Risk weighted assets</b>		
On-statement of financial position	560,019,348	469,584,212
Off-statement of financial position	<u>76,324,318</u>	<u>115,723,944</u>
<b>Total risk weighted assets</b>	<u>636,343,666</u>	<u>585,308,156</u>
<b>Basel ratio</b>	<u>17.9%</u>	<u>17.2%</u>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 5 Critical accounting estimates, and judgements in applying accounting policies and key sources of estimation uncertainty

The Group's consolidated financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Certain accounting policies and management's judgements are especially critical for the Group's results and financial situation due to their materiality.

##### Classification of financial statements

The Group has made judgements in applying the business model criteria to its portfolio of debt instruments.

The Group has also applied judgement as to whether designating debt instruments at FVTPL significantly reduces an accounting mismatch.

The Group has further applied judgements in classifying the RBC St. Kitts Branch acquired impaired portfolio as POCI financial assets as they were purchased at a deeply discounted price that reflected incurred credit losses.

##### Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for debt security financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 3.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- The Bank's criteria for determining if there has been a significant increase in credit risk and also impairment allowances for financial assets should be measured on a Lifetime Expected Credit Losses basis;
- Choosing appropriate models and assumptions for the measurement of ECLs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios for each type of product or market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECLs.

##### Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where recorded current market transactions or observable market data are not available at fair value, fair value is determined using the adjusted net assets method. The adjusted net assets method indicates the market value of the shares of a business by adjusting the asset and liability balances on the subject company's Statement of Financial Position to their market value equivalents.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 5 Critical accounting estimates, and judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### Fair value of financial instruments (continued)

Management uses best estimates of the most appropriate model assumptions to adjust the carrying value of assets. Consideration is given to factors such as:

- the date of a subject company's statement of financial position
- the nature of the asset or liability
  - some assets by their nature would likely not value well in the market.
  - due to the short-term nature of some assets and liabilities, the carrying values approximate their fair values
- sensitivity analysis performed in response to risk to determine the materiality of positive and negative changes in the values of components of statement of financial position items which may impact the fair value assessment.
- adequacy of the information available to provide sufficient insight into the asset

The carrying values of the Bank's financial assets at FVTOCI and FVTPL and the amounts of fair value changes recognised on those assets are disclosed in note 8.

##### Business combination

IFRS 3 'Business Combinations' requires that goodwill arising on the acquisition of subsidiaries is capitalised and included in intangible assets. IFRS 3 also requires the identification and valuation of other separable intangible assets at acquisition. The assumptions involved in valuing these intangible assets require the use of management estimates. The estimates made in relation to acquired intangible assets include identification of relevant assets and estimates of the useful economic lives of the intangible assets.

##### Core deposit intangible assets

A cost savings approach was used to value the core deposit intangible. The cost savings method measures the after-tax costs saved by owning the deposit book. The underlying assumption is that the cost of using alternative funds for loans and investments are greater than the cost of using a deposit base. As a result, cost savings are achieved and the present value is calculated in order to determine the value of the core deposit intangible. Assumptions were made with respect to the attrition rate based on the historical attrition noted in the Bank's deposit base by the type of deposit, that is, current, term and savings. Consideration was also given to the cost of deposits including maintenance costs.

The useful life of the intangible assets were estimated based on the likely economic lifespan of the asset acquired with consideration given to factors such as:

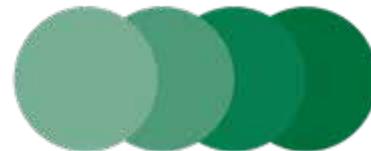
- The expected use and potential use by another entity;
- Typical life cycles for the product and any public information on useful lives;
- Technical, technological, commercial or other types of obsolescence;
- Stability of the industry in which the asset operates and changes in the market demand;
- Expected actions by competitors;
- Level of maintenance expenditure required to obtain the future economic benefits; and
- The period of control over the asset and legal or similar limits on the use of the asset.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 5 Critical accounting estimates, and judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### Goodwill impairment

Determining whether goodwill is impaired requires judgement in assessing cash generating unit (CGU) groups to which goodwill should be allocated, and the recoverable amount of the CGU. Management allocates a new acquisition to a CGU group based on which one is expected to benefit most from that business combination. Determination of the recoverable amount involves the estimation of future net income of these business units and the expected returns to providers of capital to the business units and the Bank as a whole. Determinations of recoverable amounts can be sensitive to certain key inputs such as earnings forecasts and discount rates. Amounts actually recovered from CGUs through either sale or use may differ from the amounts estimated.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

##### St. Kitts branch operations

The goodwill associated with the St. Kitts branch operations arose when the business was acquired by the Group in 2021. The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the board of directors covering a five-year period and the Bank's branch accounting methodology. In addition, the cashflow projections included a terminal period. This is consistent with the period established for the initial goodwill calculation in 2021 for the business that was acquired and operated on a going concern basis. A discount rate of 15.2% (2022: 16%) was used which was determined by the cost of equity formula.

The key assumptions used by management in setting the cash flow projections were as follows:

- Forecast operating income growth rates are based on past experience over a five-year time horizon.
- Operating expenses are forecast based on cost sharing arrangements and strategic decisions approved by the Board of Directors.

The cashflows beyond the five-year period were extrapolated based on industry benchmarks.

##### Property and equipment

In determining the fair value of the acquired land and buildings as at the acquisition date, consideration was given to various approaches including the market data approach and the replacement basis. Values assigned to Land and Buildings were based on current values and market trend. The market value assigned assumes that there would be a willing buyer for the property in the present condition.

##### Leases

The lease term is a critical estimate. For lessees, the lease term affects the size of the lease liability. To determine the lease term, the Bank considers the length of the non-cancellable period of a lease and the period for which the contract is enforceable. In lease contracts that have no options, the non-cancellable period, the period for which the contract is enforceable and the lease term will all be the same.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate. This is the rate that the Bank would have to pay at the commencement date of the lease for a loan of a similar term, and with similar security, to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 6 Business segments

The Bank has no other operating segments as it only operates within the Retail and Corporate Banking Sector.

#### 7 Cash and balances due from banks and other financial institutions

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	<b>5,267,312</b>	6,749,272
Balances with Eastern Caribbean Central Bank (ECCB) other than mandatory deposits	<b>9,631,678</b>	8,679,964
Cash and current accounts with other banks	<b>40,827,802</b>	42,130,222
Items in the course of collection from other banks	<b>1,606,071</b>	4,938,838
Short term fixed deposits	<b>11,868,890</b>	84,987,710
<b>Included in cash and cash equivalents</b> (note 30)	<b>69,201,753</b>	147,486,006
Mandatory reserve deposits with the ECCB	<b>49,716,000</b>	49,268,000
Eastern Caribbean Automatic Clearing House (ECACH) Collateral account	<b>9,367,694</b>	6,469,172
Restricted fixed deposits	<b>1,538,834</b>	808,470
Fixed deposits	<b>57,172,148</b>	33,067,093
	<b>186,996,429</b>	237,098,741
Expected credit losses	<b>(279)</b>	(11,268)
	<b>186,996,150</b>	237,087,473
Current	<b>126,373,622</b>	180,553,099
Non-current	<b>60,622,528</b>	56,534,374
	<b>186,996,150</b>	237,087,473

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

*(expressed in Eastern Caribbean dollars)*

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#### **7 Cash and balances due from banks and other financial institutions (continued)**

The interest rates on balances due from banks and other financial institutions range from 0% to 5.5% per annum (2022: 0% to 3.90% per annum).

Under the Banking Act No. 1 of 2015 of St. Christopher and Nevis, commercial banks are required to transfer to the ECCB balances on accounts which are inactive for a period of over 15 years. The balances transferred to the ECCB are held in a special account and are not available for use in the Bank's day-to-day operations.

Commercial banks doing banking business in the Eastern Caribbean Currency Union (ECCU) are required to maintain a non-interest-bearing reserve deposit with the ECCB, which when combined with the EC dollar cash on hand should be equivalent to a minimum 6% of their total average deposit liabilities (excluding inter-bank deposits). This reserve deposit is not available for use in the Bank's day-to-day operations.

The ECACH is an electronic network for clearing cheques and other electronic transactions which is shared by participating Banks in the ECCU. Participating Banks are required to maintain an ECACH collateral account which is revised annually on April 1 based on the clearings data for the last four years for the participating Bank.

The restricted deposits comprise deposits held with Caribbean Credit Card Corporation Limited in the amount of \$1,538,834 (2022: \$808,470) bearing interest at a rate of 0% per annum (2022: 0% per annum). These deposits are not available for use in the Bank's day-to-day operations, and are primarily used as security for the credit card operations.

The Group has deposits held with the ECCB as a reserve requirement for the ECACH. The ECACH requires participating banks to maintain collateral equivalent to three days exposure to cheque settlements.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 8 Investment securities

	2023 \$	2022 \$
<b>Financial assets at amortised cost:</b>		
Treasury bills, included in cash and cash equivalents (note 30)	<b>26,930,228</b>	30,106,161
Treasury bills	<b>23,180,912</b>	27,270,848
Bonds and other debt instruments	<b>16,219,557</b>	16,456,700
<b>Total financial assets at amortised cost</b>	<b>66,330,697</b>	73,833,709
<b>Financial assets at FVTOCI</b>		
Quoted equity securities	<b>2,376,976</b>	2,331,375
Quoted debt securities	<b>67,004,738</b>	17,610,847
Unquoted equity securities	<b>1,436,359</b>	1,478,967
<b>Total financial assets at FVTOCI</b>	<b>70,818,073</b>	21,421,189
<b>Financial assets at FVTPL</b>		
Quoted securities	<b>43,752,456</b>	45,837,191
<b>Total financial assets at FVTPL</b>	<b>43,752,456</b>	45,837,191
<b>Total investment securities before expected credit losses</b>	<b>180,901,226</b>	141,092,089
Expected credit losses	<b>(141,983)</b>	(103,655)
<b>Total investment securities</b>	<b>180,759,243</b>	140,988,434
Current	<b>75,465,499</b>	71,214,750
Non-current	<b>105,293,744</b>	69,773,684
	<b>180,759,243</b>	140,988,434

#### Expected credit losses on investment securities

The movement in expected credit losses on investment securities is as follows:

	2023 \$	2022 \$
<b>Balance, beginning of year</b>	<b>103,655</b>	116,193
Remeasurement of loss allowance	<b>38,328</b>	(12,538)
<b>Balance, end of year</b>	<b>141,983</b>	103,655

#### Fixed income securities, quoted at market value

The fixed income securities quoted at market value comprise fixed deposits held with banks in the United States of America with values of maximum US\$250,000 per deposit per bank. The Federal Deposit Insurance Corporation (FDIC) insures the deposits.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 8 Investment securities (continued)

##### FVTPL

Quoted debt and equity instruments

The Group maintains certain debt and equity instruments trading in regional and international markets denominated in USD and XCD currency.

##### FVTOCI

###### Equity instruments

The Bank maintains certain equity instruments which are quoted and unquoted. The instruments are denominated in XCD currency. The Bank has made the irrevocable election to classify these securities as FVTOCI – equity instruments as management has not obtained these instruments for the purposes of speculation or active trading.

###### Unquoted equity instruments

For unquoted securities, the Bank undertakes a fair value assessment at each reporting date to assess the gains or losses attributable to such assets. During the financial year, net fair value losses (2022: gains) related to financial assets in equity securities which are not trading in an active market amounted to \$105,053 (2022: \$53,997).

###### Debt securities – quoted corporate and sovereign bonds

The Group has certain investment securities which comprise of quoted corporate and sovereign fixed rate bonds. Bonds have coupon rates of 0.750% to 8.50% (2022: 0.75% to 8.50%). Bonds have a maximum term of ten (10) years and will mature between July 2023 and February 2033 and pay semi-annual coupon interest payments until maturity. As at June 30, 2023, the fair values of these amounted to \$67,004,738 (2022: \$17,610,847).

##### Treasury bills

Included in the amounts for treasury bills are treasury bills issued by The Nevis Island Administration in the amount of \$30,331,840 (2022: \$29,353,252) earning interest ranging from 4.0% per annum to 7.0% per annum (2022: 4.0% per annum to 7.0% per annum).

Also included in the amounts for treasury bills are treasury bills issued by the Government of St. Christopher and Nevis in the amount of \$9,114,500 (2022 \$8,749,920) earning interest at 4.0% per annum (2022: 4.0% per annum).

The movement in investment securities before expected credit losses may be summarised as follows:

	Amortised cost \$	FVTPL \$	FVTOCI \$	Total \$
<b>Balance at June 30, 2022</b>	73,833,709	45,837,191	21,421,189	141,092,089
Additions/purchases	15,373,914	12,137,141	68,022,918	95,533,973
Interest accrued	593,339	-	697,732	1,291,071
Interest received	(1,017,442)	-	(185,817)	(1,203,259)
Disposals/sales and redemption	(22,452,823)	(16,008,030)	(17,739,643)	(56,200,496)
Gain/(loss) from change in fair value, net	-	1,786,154	(1,398,306)	387,848
<b>Balance at June 30, 2023</b>	<b>66,330,697</b>	<b>43,752,456</b>	<b>70,818,073</b>	<b>180,901,226</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 8 Investment securities (continued)

	Amortised cost \$	FVTPL \$	FVTOCI \$	Total \$
<b>Balance at June 30, 2021</b>	59,340,166	16,357,660	16,844,488	92,542,314
Additions/purchases	35,608,634	37,660,782	10,860,426	84,129,842
Interest accrued	1,017,442	-	185,817	1,203,259
Interest received	(1,224,556)	-	(119,466)	(1,344,022)
Disposals/sales and redemption	(20,907,977)	(3,105,020)	(5,319,006)	(29,332,003)
Loss from change in fair value, net	-	(5,076,231)	(1,031,070)	(6,107,301)
<b>Balance at June 30, 2022</b>	<b>73,833,709</b>	<b>45,837,191</b>	<b>21,421,189</b>	<b>141,092,089</b>

	2023 \$	2022 \$
<b>Gains/(losses) from investment securities comprise:</b>		
Net gains/(losses) from disposal of investment securities	<b>1,703,868</b>	(5,080,125)

#### Equity instruments measured at FVTOCI

The table below represents investments in equity instruments designated at FVTOCI as well as the dividend income recognised measured at FVTOCI. These are investments, which the Bank plans to hold in the long term for strategic reasons.

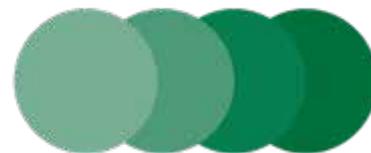
	Fair value \$	Dividend income recognised \$
St. Kitts-Nevis-Anguilla National Bank Limited	1,817,197	13,980
Caribbean Credit Card Corporation Limited	81,444	-
St. Kitts Nevis Anguilla Trading Development Company Limited	343,946	19,767
Eastern Caribbean Home Mortgage Bank	376,619	-
Eastern Caribbean Securities Exchange	154,303	-
Eastern Caribbean Automated Clearing House Services Incorporated	823,994	-
Cable & Wireless Limited	240	-
RJ FI Money Market	215,592	-
<b>Balance at June 30, 2023</b>	<b>3,813,335</b>	<b>33,747</b>
St. Kitts-Nevis-Anguilla National Bank Limited	1,817,197	247,236
Caribbean Credit Card Corporation Limited	81,444	15,464
St. Kitts Nevis Anguilla Trading Development Company Limited	513,942	25,697
Eastern Caribbean Home Mortgage Bank	567,255	16,523
Eastern Caribbean Securities Exchange	144,173	7,500
Eastern Caribbean Automated Clearing House Services Incorporated	686,094	-
Cable & Wireless Limited	237	13
<b>Balance at June 30, 2022</b>	<b>3,810,342</b>	<b>312,433</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 9 Loans and advances

	2023	2022
	\$	\$
Reducing balance loans	471,252,486	429,316,850
Overdrafts	41,669,390	53,509,011
Credit card advances	11,053,650	9,309,081
	<u>523,975,526</u>	<u>492,134,942</u>
Interest receivable	5,402,424	4,487,371
	<u>529,377,950</u>	<u>496,622,313</u>
Allowance for loan impairment	<u>(8,610,009)</u>	<u>(6,946,102)</u>
<b>Total loans and advances</b>	<b><u>520,767,941</u></b>	<b><u>489,676,211</u></b>
Current	52,336,719	70,127,818
Non-current	468,431,222	419,548,393
	<u>520,767,941</u>	<u>489,676,211</u>

	2023	2022
	\$	\$
<b>Allowance for loan impairment</b>		
The movement in allowance for loan impairment is as follows:		
<b>Balance, beginning of year</b>	<b>6,946,102</b>	8,929,444
Remeasurement of loss allowance	<u>1,663,907</u>	<u>(1,983,342)</u>
<b>Balance, end of year</b>	<b><u>8,610,009</u></b>	<b><u>6,946,102</u></b>

The Loans and Advances portfolio includes acquired loans and advances classified as purchased or originated credit-impaired ('POCI') with carrying values totalling \$6,344,087 (2022: \$8,945,159). Embedded within the carrying value of the POCI Loans and Advances are expected lifetime credit losses totalling \$7,199,741 (2022: \$8,994,456). The POCI ECL expense recorded in the Statement of Income during the financial year totalled \$899,068 (2022: \$502,156). Other movements in the POCI Lifetime ECL balances, embedded within the carrying value of the POCI Loans and Advances, relates to the release of the portion of the Lifetime ECL relating to the 2023 financial year. Bad debts written off directly to profit and loss amounted to \$295,637 (2022: \$4,231,643).

The ECL expense recorded in the Statement of Income totalled \$2,858,612 (2022: \$2,750,457). The amount comprises the remeasurement of loss allowances highlighted in the table above, POCI ECL expenses, and Bad debts written off directly to profit or loss.

According to the Eastern Caribbean Central Bank loan provisioning guidelines, the calculated allowance for loan impairment amounts to \$34,433,915 (2022: \$18,588,301). An increase in the reserves of \$10,045,123 (2022: \$1,365,422) was recognised through a reserve for loan impairment (see Note 21). Embedded within the carrying value of the acquired Loans and Advances balances, not classified as POCI, are acquired provisions totalling \$6,838,662 (2022: \$11,715,182).

The total value of non-productive loans and advances at the end of the year amounted to \$46,631,323 (2022: \$35,176,483). The interest accrued on non-productive loans and advances but not recorded in these consolidated financial statements amounted to \$1,653,585 (2022: \$7,858,321). Included in loans and advances is an amount due from other financial institutions of \$4,578,790 (2022: \$6,906,467).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 9 Loans and advances (continued)

Interest receivable on loans that would not be recognised under ECCB guidelines amounted to \$5,462,436 (2022: \$nil) and is included in other reserves in equity (note 21).

#### 10 Other assets

	<b>2023</b>	<b>2022</b>
	\$	\$
Accounts receivable	<b>39,031,806</b>	12,439,242
Prepayments	<b>1,091,799</b>	1,283,054
Items in transit	<b>336,823</b>	4,602,049
<b>Total other assets</b>	<b>40,460,428</b>	18,324,345
Current	<b>40,460,428</b>	18,324,345

Included in Accounts receivable is an amount totalling \$24,517,805. The amount relates to liquidation proceeds due from BON Bank (see note 33).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 11 Property and equipment

	Land and buildings	Land improvements	Land	Furniture and fixtures	Equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended June 30, 2023</b>								
Opening net book amount	33,242,013	56,717	-	221,425	914,975	544,439	118,678	35,098,247
Additions	367,684	-	-	109,566	1,503,330	133,484	105,000	2,219,064
Disposals	-	-	-	(702)	(49,963)	(76,539)	-	(127,204)
Depreciation eliminated on disposals	-	-	-	702	13,932	69,183	-	83,817
Depreciation charge	(604,873)	(15,468)	(15,468)	(80,556)	(338,373)	(247,950)	(44,070)	(1,331,290)
<b>Closing net book amount</b>	<b>33,004,824</b>	<b>41,249</b>	<b>41,249</b>	<b>250,435</b>	<b>2,043,901</b>	<b>422,617</b>	<b>179,608</b>	<b>35,942,634</b>
<b>At June 30, 2023</b>								
Cost or valuation	35,681,563	113,434	113,434	2,106,216	5,344,073	2,657,680	352,738	46,255,704
Accumulated depreciation	(2,676,739)	(72,185)	(72,185)	(1,855,781)	(3,300,172)	(2,235,063)	(173,130)	(10,313,070)
<b>Net book amount</b>	<b>33,004,824</b>	<b>41,249</b>	<b>41,249</b>	<b>250,435</b>	<b>2,043,901</b>	<b>422,617</b>	<b>179,608</b>	<b>35,942,634</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 11 Property and equipment (continued)

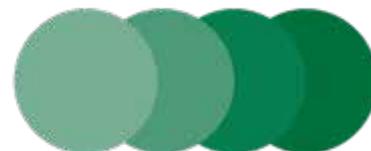
	Land and buildings	Land improvements	Land	Furniture and fixtures	Equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended June 30, 2022</b>								
Opening net book amount	33,705,348	68,060	-	186,241	757,547	653,877	168,226	35,539,299
Additions	178	-	-	90,120	419,305	120,806	-	630,409
Transfers	-	-	-	6,624	(15,117)	8,493	-	-
Disposals	-	-	-	-	-	(18,106)	-	(18,106)
Depreciation eliminated on disposals	-	-	-	-	-	18,106	-	18,106
Depreciation charge	(463,513)	(11,343)	(61,560)	(246,760)	(238,737)	(49,548)	(1,071,461)	
<b>Closing net book amount</b>	<b>33,242,013</b>	<b>56,717</b>	<b>221,425</b>	<b>914,975</b>	<b>544,439</b>	<b>118,678</b>	<b>35,098,247</b>	
<b>At June 30, 2022</b>								
Cost or valuation	35,313,879	113,434	1,997,352	3,890,706	2,600,735	247,738	44,163,844	
Accumulated depreciation	(2,071,866)	(56,717)	(1,775,927)	(2,975,731)	(2,056,296)	(129,060)	(9,065,597)	
<b>Net book amount</b>	<b>33,242,013</b>	<b>56,717</b>	<b>221,425</b>	<b>914,975</b>	<b>544,439</b>	<b>118,678</b>	<b>35,098,247</b>	
<b>At June 30, 2021</b>								
Cost or valuation	35,313,701	113,434	1,900,608	3,486,518	2,489,542	247,738	43,551,541	
Accumulated depreciation	(1,608,353)	(45,374)	(1,714,367)	(2,728,971)	(1,835,665)	(79,512)	(8,012,242)	
<b>Net book amount</b>	<b>33,705,348</b>	<b>68,060</b>	<b>186,241</b>	<b>757,547</b>	<b>653,877</b>	<b>168,226</b>	<b>35,539,299</b>	

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 11 Property and equipment (continued)

The land and buildings on Main Street, Charlestown, were revalued in March 2019 by an independent property appraiser. The valuation was based on the current replacement cost method based on the values and market conditions at the time of the valuation. The land and buildings on Fort Street, Basseterre were revalued by an independent property appraiser for the purchase price allocation as at April 2021. The valuation was based on the replacement cost method based on market conditions at the time of valuation. The Bank has determined that there have been no significant changes in the market conditions since the valuations, and therefore considers the revalued amounts as being a reasonable assessment of the fair values at reporting date.

The fair value hierarchy for land and buildings is assessed at Level 2, which includes direct and indirect observable inputs.

The following is the carrying amount of land and buildings carried at re-valued amounts had they been measured at historical cost:

##### At June 30, 2023

	Land \$	Buildings \$	Total \$
Cost	3,657,737	19,135,333	22,793,070
Additions	-	367,685	367,685
Accumulated depreciation	-	(5,316,679)	(5,316,679)
<b>Net book amount</b>	<b>3,657,737</b>	<b>14,186,339</b>	<b>17,844,076</b>

##### At June 30, 2022

	Land \$	Buildings \$	Total \$
Cost	3,657,737	19,135,155	22,792,892
Additions	-	178	178
Accumulated depreciation	-	(4,932,969)	(4,932,969)
<b>Net book amount</b>	<b>3,657,737</b>	<b>14,202,364</b>	<b>17,860,101</b>

#### 12 Leases

##### Right-of-use leased assets

The Bank leases the Wellington branch property for its operations.

i) Amounts recognised in the consolidated statement of financial position:

	2023 \$	2022 \$
Opening net book amount	795,088	1,113,123
Depreciation charge	(318,035)	(318,035)
<b>Closing net book amount</b>	<b>477,053</b>	795,088

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



## 12 Leases (continued)

### Right-of-use leased assets (continued)

	2023 \$	2022 \$
Cost	1,192,632	1,192,632
Accumulated depreciation	<u>(715,579)</u>	<u>(397,544)</u>
<b>Net book amount</b>	<b>477,053</b>	<b>795,088</b>
<i>ii) Amounts recognised in the consolidated statement of income:</i>		
	2023 \$	2022 \$
Depreciation charge on right-of-use leased assets	<u>318,035</u>	<u>318,035</u>

### Lease liabilities

#### i) Amounts recognised in the consolidated statement of financial position:

	2023 \$	2022 \$
Opening balance		1,119,582
Additions	818,523	46,933
Interest expense (note 23)	32,237	(347,992)
Lease payments	<u>(347,992)</u>	<u>(347,992)</u>
<b>Balance at the end of year</b>	<b>502,768</b>	<b>818,523</b>
Current	331,169	315,756
Non-current	<u>171,599</u>	<u>502,767</u>
	<b>502,768</b>	<b>818,523</b>

#### ii) Amounts recognised in the consolidated statement of income:

	2023 \$	2022 \$
Interest expense on lease liabilities	<u>32,237</u>	<u>46,933</u>

Each lease generally imposes a restriction that, unless there is a contractual right for the Bank to sublease the asset to another party, the right-of-use asset can only be used by the Bank. Each lease is either noncancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased asset as security. Further, the Group must keep the leased properties in a good state of repair and return the leased properties in its original condition at the end of the lease. Also, the Group must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 12 Leases (continued)

The table below describes the nature of the Bank's leasing activity by type of right-of-use assets recognised on the consolidated statement of financial position.

	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with termination option
<b>June 30, 2023</b>					
<b>Right-of-use assets</b>					
Office building - Wellington	1	Up to 3 years	2.5 years	1	1
<b>June 30, 2022</b>					
<b>Right-of-use assets</b>					
Office building - Wellington	1	Up to 3 years	3.5 years	1	1
<b>June 30, 2023</b>					
Lease payments	347,992	173,997	-	-	521,989
Finance charges	(16,823)	(2,398)	-	-	(19,221)
<b>Net present values</b>	<b>331,169</b>	<b>171,599</b>	-	-	<b>502,768</b>
<b>June 30, 2022</b>					
Lease payments	347,992	521,988	-	-	869,980
Finance charges	(32,236)	(19,221)	-	-	(51,457)
<b>Net present values</b>	<b>315,756</b>	<b>502,767</b>	-	-	<b>818,523</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 13 Intangible assets

	<b>Computer Software</b>	<b>Core Deposits</b>	<b>Goodwill</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Year ended June 30, 2023</b>				
Opening net book amount	772,098	5,550,822	12,356,452	18,679,372
Additions	596,163	-	-	596,163
Impairment charge	-	-	(320,958)	(320,958)
Amortization charge	(392,006)	(759,422)	-	(1,151,428)
<b>Closing net book amount</b>	<b>976,255</b>	<b>4,791,400</b>	<b>12,035,494</b>	<b>17,803,149</b>
<b>At June 30, 2023</b>				
Cost	6,147,911	6,500,099	12,035,494	24,683,506
Accumulated amortization	(5,171,656)	(1,708,699)	-	(6,880,357)
<b>Net book amount</b>	<b>976,255</b>	<b>4,791,400</b>	<b>12,035,494</b>	<b>17,803,149</b>
<b>Year ended June 30, 2022</b>				
Opening net book amount	981,818	6,313,985	12,356,452	19,652,255
Additions	146,346	-	-	146,346
Amortization charge	(356,066)	(763,163)	-	(1,119,229)
<b>Closing net book amount</b>	<b>772,098</b>	<b>5,550,822</b>	<b>12,356,452</b>	<b>18,679,372</b>
<b>At June 30, 2022</b>				
Cost	5,579,676	6,500,099	12,356,452	24,436,227
Accumulated amortization	(4,807,578)	(949,277)	-	(5,756,855)
<b>Net book amount</b>	<b>772,098</b>	<b>5,550,822</b>	<b>12,356,452</b>	<b>18,679,372</b>
<b>At June 30, 2021</b>				
Cost	5,433,330	6,500,099	12,356,452	24,289,881
Accumulated amortization	(4,451,512)	(186,114)	-	(4,637,626)
<b>Net book amount</b>	<b>981,818</b>	<b>6,313,985</b>	<b>12,356,452</b>	<b>19,652,255</b>

#### Goodwill

Goodwill arising from the 2021 acquisition of the assumed assets and liabilities of Royal Bank of Canada St. Kitts Branch was determined based on independent valuation of the fair value of the net assets acquired as compared to the consideration transferred.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 13 Intangible assets (continued)

#### Goodwill (continued)

The goodwill is primarily related to combined years of banking experience, technical knowledge in credit risk assessment, growth expectations, expected future profitability and other synergies expected to be achieved from the acquisition. None of the goodwill recognised is expected to be tax deductible.

In accordance with IFRS 3, goodwill was reviewed for impairment as at June 30, 2023 using the 'value in use' method. This requires the use of estimates for determination of future cash flows expected to arise from each CGU and an appropriate perpetuity discount rate to calculate present cash flows. In each case, the cash flow projections are based on financial budgets approved by senior management and the values assigned to key assumptions reflects past performance.

The goodwill impairment test was conducted using sensitivity analysis, including a range of growth rates, recovery assumptions, interest rates, discount rates and macro-economic outlooks in arriving at a probability-weighted expected cash flow projection.

The key assumption used in the estimation of the recoverable amount is a discount rate of 15.2% (2022: 16%) which was determined by the cost of equity formula.

#### Impairment testing

Goodwill has indefinite useful life, thus, not subject to amortisation but would require an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

The Group monitors the total goodwill of \$12,035,494 as at June 30, 2023 (2022: \$12,356,452) on the cash-generating unit to which the assets were allocated. The value-in-use amounting to \$26,957,375 as at June 30, 2023 (2022: \$26,533,205) was determined using a five-year cash flow projection. The discount rate of 8% is the key assumption used by management in determining the value-in-use of the cash-generating unit. Based on management's analysis, no impairment is required to be recognised on goodwill during the year ended June 30, 2023 (2022: \$nil). However, there was a reduction of \$320,958 in 2023 due to the liquidation of BON Bank.

### 14 Customers' deposits

	2023 \$	2022 \$
Savings accounts	<b>379,788,357</b>	356,930,023
Time deposits	<b>277,180,827</b>	305,899,056
Current accounts	<b>166,917,607</b>	153,722,441
	<b>823,886,791</b>	816,551,520
Interest payable	<b>3,993,234</b>	3,821,387
<b>Total customers' deposits</b>	<b>827,880,025</b>	820,372,907
Current	<b>800,835,230</b>	794,454,009
Non-current	<b>27,044,795</b>	25,918,898
	<b>827,880,025</b>	820,372,907

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 14 Customers' deposits (continued)

Included in customers' deposits at year end are balances for related companies amounting to \$1,862,823 (2022: \$25,303,693).

Included in the customers' deposits at year end are balances for other financial institutions amounting to \$6,886,268 (2022: \$6,939,207).

The Bank pays interest on all categories of customers' deposits except demand deposits. At the reporting date, total interest expense on customers' deposit accounts for the year amounted to \$14,808,048 (2022: \$13,939,660). The average effective rate of interest paid on customers' deposits was 1.79% (2022: 1.80%).

#### 15 Other liabilities and accrued expenses

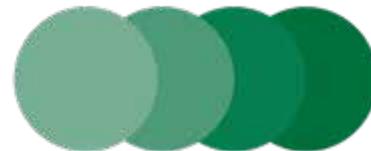
	2023 \$	2022 \$
Accounts payable and accrued expenses	<b>6,970,567</b>	10,283,245
Deferred commission on loans and overdrafts	<b>2,120,664</b>	1,773,076
Manager's cheques	<b>1,973,603</b>	1,919,305
Government stamp duty and VAT payable	<b>1,568,298</b>	779,353
Fair value adjustment on employee loans	<b>767,011</b>	626,579
Advance deposits for credit cards	<b>457,369</b>	986,374
Items-in-transit	<b>197,353</b>	1,022,731
<b>Total other liabilities and accrued expenses</b>	<b>14,054,865</b>	17,390,663
Current	<b>11,068,744</b>	15,084,296
Non-current	<b>2,986,121</b>	2,306,367
	<b>14,054,865</b>	17,390,663

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 16 Taxation

The deferred income tax asset and liability on the consolidated statement of financial position are related to the following:

	2023 \$	2022 \$
Property and equipment	(2,810,015)	(2,071,600)
FVTOCI and FVTPL investment securities	<u>109,131</u>	<u>90,159</u>
Deferred tax liability	<u>(2,700,884)</u>	<u>(1,981,441)</u>
Unutilised tax losses and capital allowances	122,614	1,806,150
Interest on non-performing loans and advances	182,226	182,226
FVTOCI and FVTPL investment securities	<u>896,004</u>	<u>64,654</u>
Deferred tax asset	<u>1,200,844</u>	<u>2,053,030</u>
Deferred tax (liability)/asset, net	<u>(1,500,040)</u>	<u>71,589</u>

The deferred tax expense/(credit) in the consolidated statement of income is comprised of the following:

	2023 \$	2022 \$
<b>Consolidated statement of income</b>		
Deferred tax on unused tax losses and capital allowances carried forward	1,683,536	(1,806,150)
Deferred tax on movement in market value of FVTOCI investment securities	(459,531)	(338,812)
Deferred tax on depreciation of property and equipment	738,415	(157,273)
Deferred tax on interest on non-performing loans	-	315,916
Deferred tax expense/(credit)	<u>1,962,420</u>	<u>(1,986,319)</u>
<b>Consolidated statement of other comprehensive income</b>		
Deferred tax credit on movement in market value of FVTOCI investment securities (note 20)	<u>(390,791)</u>	<u>(361,897)</u>

The movement of deferred tax (liability)/asset, net is shown below.

	2023 \$	2022 \$
Balance at beginning of year	71,589	1,696,011
Deferred tax (expense)/credit on consolidated statement of income	(1,962,420)	(1,986,319)
Deferred tax credit on consolidated statement of other income comprehensive income	<u>390,791</u>	<u>361,897</u>
<b>Balance at end of year</b>	<u>(1,500,040)</u>	<u>71,589</u>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 16 Taxation (continued)

	2023 \$	2022 \$
<b>Income tax receivable, beginning of year</b>	<b>313,787</b>	307,996
Payments made during year, net of refunds	<b>729,812</b>	8,364
Current tax expense	<b>(1,007,939)</b>	(2,573)
<b>Income tax receivable, end of year</b>	<b>35,660</b>	313,787
<b>Income tax expense</b>		
Net profit/(loss) for the year before tax	<b>19,773,830</b>	(5,662,974)
Income tax expense/(credit) at standard rate of 25% (2022:25%)	<b>4,943,458</b>	(1,415,744)
Tax effect of:		
Exempt income	<b>(3,695,732)</b>	(945,898)
Non-deductible expenses	<b>1,504,973</b>	962,685
Temporary differences	<b>217,660</b>	(584,789)
<b>Income tax expense/(credit)</b>	<b>2,970,359</b>	(1,983,746)

#### Capital cost allowances

The additions and claims for capital cost allowances during the current year have not been confirmed by the tax authorities. Unclaimed capital cost allowances may be carried forward indefinitely and deducted against future taxable income. The amount claimed is restricted to 50% of the taxable income in any one year.

	2023 \$	2022 \$
Balance at beginning of year	<b>1,584,238</b>	377,192
Additions during the year	<b>1,372,378</b>	1,207,046
Claims during the year	<b>(2,956,616)</b>	-
<b>Balance end of year</b>	<b>-</b>	1,584,238

As part of the Government of St. Kitts and Nevis' COVID-19 stimulus package in March 2020 the Corporate Income Tax rate reduced from 33% to 25% for the period April 1 to June 30, 2021. The benefits of the stimulus package were subsequently extended up to December 31, 2023. The applicable tax rate for the financial year ended June 30, 2023 based on this change is 25% (2022: 25%).

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 17 Share capital

Authorised share capital – 50,000,000 shares (2022: 50,000,000 shares) at no par value.

Issued and fully paid – 18,096,644 shares (2022: 18,096,644 shares) at no par value.

The Company's Ordinance, Nevis 1999 (section 26) stipulates that shares in a company are to be without nominal or par value. The Ordinance further stipulates that where a former-Act company is continued under the Ordinance, a share with nominal or par value issued by the company before it was continued is deemed to be a share without nominal or par value. The Bank continued under the Companies Ordinance of Nevis on December 31, 2001 and would have adopted the no par value requirement as prescribed by the Ordinance. The par value prior to continuance under the Companies Ordinance was EC\$1.00. The movement in share capital is summarised as follows:

	<b>Number of Shares</b>	<b>Share Capital</b>
Balance as at June 30, 2023 and 2022	<u>18,096,644</u>	<u>24,339,943</u>

The Banking Act No. 1 of 2015 ("the Act") which regulates the activities of the Parent Company ("BON") came into effect on May 20, 2016. The minimum capital requirement for licensees is \$20 million. As at June 30, 2023, the Bank has paid up capital of \$24,339,943, which exceeds the minimum paid up capital requirement of \$20 million for a licensed financial institution.

#### 18 Non-controlling interests

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Balance, beginning of year</b>	<b>1,535,017</b>	1,638,436
Share of profit/(loss) of subsidiaries	<b>19,460</b>	(103,419)
Disposal of BON Bank Ltd.	<b>(1,136,404)</b>	-
<b>Balance end of year</b>	<b><u>418,073</u></b>	<u>1,535,017</u>

#### 19 Statutory reserves

Section 45 (1) of the St. Christopher and Nevis Banking Act No. 1 of 2015 states that every licensed financial institution shall maintain a reserve fund and shall, out of its net profits of each year transfer to that fund a sum equal to not less than twenty per cent of profits whenever the amount of the reserve fund is less than a hundred percent of the paid-up or, or as the case may be, assigned capital of the licensed financial institution.

The movement of statutory reserves is as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>16,512,127</b>	16,512,127
Transfers to reserves during the year	<b>7,661,925</b>	-
Disposal of BON Bank Ltd.	<b>(590,468)</b>	-
<b>Balance, end of year</b>	<b><u>23,583,584</u></b>	<u>16,512,127</u>

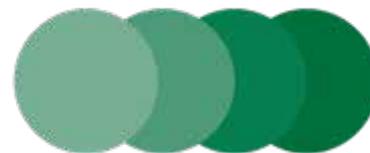
The amount transferred during the period represents 20% of the net profit of the Bank on a stand-alone basis.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 20 Revaluation reserves

	2023 \$	2022 \$
Property	13,862,130	13,862,130
FVTOCI investment securities	<b>(1,068,153)</b>	(542,859)
	<b>12,793,977</b>	13,319,271

The movement in the revaluation reserves may be summarised as follows:

	2023 \$	2022 \$
Balance, beginning of year	13,319,271	14,346,878
Change in market value of FVTOCI investment securities, (net of tax)	<b>(793,426)</b>	(664,802)
Change in ECLs of FVTOCI debt investment securities	<b>(5,077)</b>	(908)
Deferred tax on FVTOCI investment securities	-	(361,897)
Disposal of BON Bank Ltd.	<b>273,209</b>	-
<b>Balance, end of year</b>	<b>12,793,977</b>	13,319,271

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of:

Investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal, and

Investments in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognised on these investments (note 4.1.5) and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments.

This reserve is unrealised and hence not available for distribution to shareholders.

The deferred tax impact on the depreciation in market value of investment securities is shown below:

	2023 \$	2022 \$
Depreciation in market value	<b>(1,184,217)</b>	(1,026,699)
Less: deferred tax (note 16)	<b>390,791</b>	361,897
<b>Balance, end of year</b>	<b>(793,426)</b>	(664,802)

The details of change in market value of FVTOCI investment securities, (net of tax) are as follows:

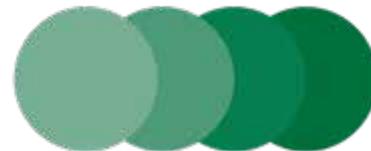
	2023 \$	2022 \$
FVTOCI equity instruments, net of tax	<b>(105,053)</b>	123,956
FVTOCI debt instruments, net of tax	<b>(688,373)</b>	(788,758)
	<b>(793,426)</b>	(664,802)

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 21 Other reserves

	2023	2022
	\$	\$
Balance at beginning of year	2,690,317	2,373,400
Decrease in reserve for items in transit on correspondent bank accounts	-	(1,048,505)
Increase in reserve for loan impairment (note 9)	10,045,123	1,365,422
Reserve for interest accrued on non-performing loans (note 9)	5,462,436	-
Disposal of BON Bank	(949,937)	-
<b>Balance at end of year</b>	<b>17,247,939</b>	<b>2,690,317</b>
<b>Other reserves are represented by:</b>		
Reserve for loan impairment	11,785,503	2,690,317
Reserve for interest accrued on non-performing loans	5,462,436	-
	<b>17,247,939</b>	<b>2,690,317</b>

#### Reserve for loan impairment

This reserve is created to set aside the amount by which the loan loss provision calculated under the Prudential Guidelines of the Eastern Caribbean Central Bank exceeds the expected credit losses for loans and advances calculated in accordance with IFRS 9.

#### Reserve for interest accrued on non-performing loans

This reserve is created to set aside interest accrued on non-performing loans wherein certain conditions are met in accordance with IFRS 9. The prudential guidelines of the ECCB do not allow for the accrual of such interest. As a result, the interest is set aside in a reserve and it is not available for distribution to shareholders until received.

#### 22 Interest income

	2023	2022
	\$	\$
Loans and advances	34,545,255	30,037,548
Deposits with other banks and financial institutions	2,769,409	3,145,775
Treasury bills	2,576,598	2,516,969
Investment securities at FVTOCI	2,160,876	370,059
Investment securities at amortised cost	768,570	614,991
Investment securities at FVTPL	117,356	35,403
<b>Total interest income on financial assets</b>	<b>42,938,064</b>	<b>36,720,745</b>

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 23 Interest expense

	2023	2022
	\$	\$
Time deposits	8,549,605	8,019,705
Savings deposits	6,079,179	5,767,940
Demand deposits	179,264	152,015
Lease liabilities (note 12)	32,237	46,933
<b>Total interest expense on other financial liabilities</b>	<b>14,840,285</b>	<b>13,986,593</b>

#### 24 Net fees and commission income

	2023	2022
	\$	\$
<b>Fees and commission income</b>		
Card services fees and commission	9,383,138	6,721,237
Other fees and commission	4,631,093	5,110,862
<b>Fees and commission income for the year</b>	<b>14,014,231</b>	<b>11,832,099</b>
<b>Fee expenses</b>		
Card services fees and commission expenses	7,438,738	5,953,944
Other fees and commission expenses	-	463,637
<b>Fee expenses for the year</b>	<b>7,438,738</b>	<b>6,417,581</b>
<b>Net fees and commission income</b>	<b>6,575,493</b>	<b>5,414,518</b>

#### 25 Other operating income, net

	2023	2022
	\$	\$
Miscellaneous	4,912,995	1,050,279
Bad debts recovered	2,593,162	2,032,715
Foreign exchange gains (net)	1,772,679	1,382,608
Dividend income	938,343	595,080
Other fees and commissions	273,121	152,276
Net card services fees and commissions	-	(107,340)
<b>Total other operating income, net</b>	<b>10,490,300</b>	<b>5,105,618</b>

Included in miscellaneous income is an amount totalling \$4,876,520 (2022: \$nil). The amount relates to expected credit losses that were previously recognized by RBC in relation to the acquired RBC loan portfolio. During 2023, certain loans within the acquired portfolio were derecognized, having been repaid fully, resulting in the recognition of the related income.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



## 26 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. A number of banking transactions were entered into with related parties. These include loans, deposits and other transactions. The details of related party transactions, outstanding balances at the year end and relating expenses and income for the year are as follows:

### Directors, key management personnel, and related entities

	2023	2022
	\$	\$
<b>Balances</b>		
Loans and advances outstanding	<b>9,431,418</b>	6,070,890
Undrawn credit commitments	<b>228,576</b>	236,381
Collateral held on balances outstanding	<b>22,443,723</b>	5,066,803
Deposits held	<b>72,689,317</b>	77,628,562
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Transactions for the year</b>		
Interest income earned on loans and advances	<b>339,618</b>	202,838
Interest expense incurred on deposits held	<b>2,883,722</b>	2,659,936
Interest rates on loans and advances	<b>4.0% - 19.5%</b>	4.0% - 19.5%
Interest rates on deposits held	<b>0.0% - 4.00%</b>	0.0% - 4.00%

Loans and advances to directors are granted on commercial terms and are secured by cash and/or mortgages over real estate.

Loans and advances to key management personnel are granted on terms outlined in the Bank's Staff Advances Policy, which provides for the application of certain preferential terms, including interest rates and collateral arrangements. Collateral arrangements for loans and advances to key management personnel include cash and/or mortgages over properties.

During the year, compensation paid to key members of management amounted to \$2,724,674 (2022: \$4,637,101), allocated as follows:

	2023	2022
	\$	\$
Salaries and short-term benefits	<b>2,614,737</b>	2,987,909
Pension and post-employment benefits	<b>109,937</b>	1,649,192
	<b>2,724,674</b>	4,637,101

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



#### 27 Earnings/(loss) per share

This is the basic earnings/(loss) per share, calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. There are no dilutive potential ordinary shares.

	<b>2023</b>	<b>2022</b>
	\$	\$
Net profit/(loss) for the year attributable to equity holders of the Bank	<b>16,784,011</b>	(3,575,809)
Weighted average number of ordinary shares in issue	<b>18,096,644</b>	18,096,644
<b>Basic earnings per share</b>	<b>0.93</b>	(0.20)

#### 28 Dividends

During the year, a dividend of \$0.16 per share was declared (2022: \$Nil per share), in respect of the financial year ended 30 June 2021. The total dividends paid amounted to \$2,895,463 (2022: \$Nil).

#### 29 Contingencies and commitments

##### Credit related and capital commitments

The following table indicates the contractual amounts of the Bank's off-statement of financial position financial instruments:

	<b>2023</b>	<b>2022</b>
	\$	\$
Undrawn commitments to extend loans and advances	<b>76,324,318</b>	57,868,612

Included in the amount of undrawn commitments to extend advances above are credit card commitments totalling \$12,951,753 (2022: \$14,665,936) at the year end.

##### Legal claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of business. No provision has been made in the consolidated financial statements as at June 30, 2023, in respect of these claims as the amounts and outcomes are not presently determinable.

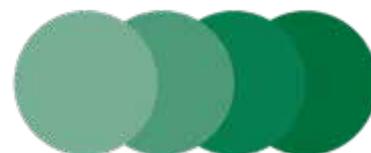
As of the date of approval of the consolidated financial statements, the Group does not believe that any of the litigation matters will have a material effect on its consolidated statement of income or consolidated statement of financial position.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 30 Cash and cash equivalents

	2023 \$	2022 \$
Cash and balances due from banks and other financial institutions (note 7)	<b>69,201,753</b>	147,486,006
Investment securities (note 8)	<b>26,930,228</b>	30,106,161
<b>Total cash and cash equivalents</b>	<b>96,131,981</b>	177,592,167

### 31 General and administrative expenses

	2023 \$	2022 \$
Salaries and related costs (note 32)	<b>10,968,290</b>	12,117,931
Building and equipment maintenance and repairs	<b>2,995,312</b>	2,642,906
Professional fees and legal costs	<b>849,768</b>	689,302
Stationery, printing and postage	<b>759,955</b>	907,276
Utilities	<b>761,432</b>	696,590
Security services	<b>540,221</b>	536,573
Telephone, telex and cables	<b>502,251</b>	405,031
Insurance expense	<b>450,463</b>	341,550
Advertisement and promotion	<b>363,423</b>	382,395
Other general and administrative expenses	<b>328,144</b>	7,168,696
Taxes and licences	<b>192,521</b>	329,629
<b>Total general and administrative expenses</b>	<b>18,711,780</b>	26,217,879

### 32 Salaries and related costs

	2023 \$	2022 \$
Salaries and wages	<b>8,059,067</b>	8,815,190
Other staff costs	<b>1,825,434</b>	1,865,701
Social security costs	<b>683,676</b>	869,100
Pension and gratuity costs	<b>400,113</b>	567,940
<b>Total salaries and related costs</b> (note 31)	<b>10,968,290</b>	12,117,931

Contributions to the pension plan for the year ended June 30, 2023 amounted to \$359,441 (2022: \$352,180).

### 33 Note payable

On September 30, 2022, the Bank entered into an Asset Purchase Agreement with its wholly owned subsidiary, BON Bank Ltd., as part of a group restructuring arrangement. Under the terms of the agreement, BON Bank Ltd. agreed to sell, assign, and transfer to the Bank all of its assets and liabilities, as defined in the agreement.

# The Bank of Nevis Limited

## Notes to Consolidated Financial Statements

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



### 33 Note payable (continued)

The transaction was approved by the shareholders of BON Bank Ltd. at a special shareholders' meeting held on November 3, 2022. The transfer was effected on January 31, 2023 upon receipt of an approved Vesting Order.

As a result of this internal reorganization, the investment in BON Bank Ltd. was derecognised in the financial year ended June 30, 2023. No gain or loss was recognized on this transaction, as it represented a common control transaction between entities under the same ownership.

The Bank's acquisition and subsequent liquidation of BON Bank Ltd. is part of a strategic restructuring aimed at consolidating the Bank's banking operations. This transaction was designed to streamline the Bank's organisational structure and enhance overall operational efficiency.

By transferring the assets and liabilities of BON Bank Ltd. to the Bank, the Bank aimed to simplify its corporate structure, reduce administrative overhead, and improve governance. The restructuring was intended to achieve cost efficiencies and enhance regulatory compliance.

This restructuring aligns with the Bank's long-term strategic objectives to strengthen its market position, improve profitability, and create sustainable value for its shareholders.

The total purchase consideration of \$24,821,308 represents the amount payable to BON Bank Ltd. following the completion of the asset transfer. This amount was settled through the issuance of a promissory note by The Bank of Nevis Limited to BON Bank Ltd. The promissory note is payable on demand, is unsecured, and non-interest bearing.

As at June 30, 2023, the liquidation proceeds due from BON Bank amounted to \$24,517,805 and is shown as part of accounts receivable under other assets in the consolidated financial statements (see note 10).

### 34 Post reporting date events

#### *Corporate income tax rate*

Effective January 1, 2024, the Government of St. Kitts and Nevis reduced the corporate income tax rate in St. Kitts and Nevis from 33% to 25% indefinitely. The impact of the decrease in the tax rate is not reflected in the deferred tax liability and deferred tax asset reported in the consolidated financial statements as of June 30, 2023. If the new tax rate were applied to calculate the deferred income taxes reported as at June 30, 2023, the Group's deferred tax liability and asset would decrease by \$654,760 and \$196,376, respectively.

# Summary Separate Financial Statements

**The Bank of Nevis Limited**

**June 30, 2023**

(expressed in Eastern Caribbean dollars)



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of The Bank of Nevis Limited

#### Opinion

The summary separate financial statements, which comprise the summary separate statement of financial position as at June 30, 2023, the summary separate statement of income, summary separate statement of comprehensive income, summary separate statement of changes in equity and summary separate statement of cash flows for the year then ended, and the related note, are derived from the audited separate financial statements of **The Bank of Nevis Limited** (the "Bank") for the year ended June 30, 2023. We expressed an unqualified opinion in our report dated December 24, 2025.

In our opinion, the accompanying summary separate financial statements are consistent, in all material respects, with the audited separate financial statements, on the basis described in Note 1.

#### Summary Separate Financial Statements

The summary separate financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate financial statements and the auditor's report thereon.

#### The Audited Separate Financial Statements and Our Report Thereon

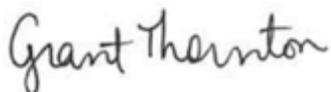
We expressed an unqualified audit opinion on the audited separate financial statements in our report dated December 24, 2025. Our report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the separate financial statements of the current period.

#### Management's Responsibility for the Summary Separate Financial Statements

Management is responsible for the preparation of the summary separate financial statements on the basis described in Note 1.

**Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary separate financial statements are consistent, in all material respects, with the audited separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



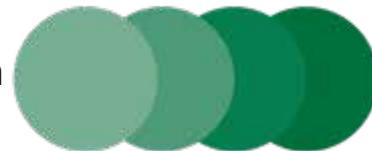
**Chartered Accountants**  
**December 24, 2025**  
**Basseterre, St. Kitts**

# The Bank of Nevis Limited

## Summary Separate Statement of Financial Position

As at June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023	2022
	\$	\$
<b>Assets</b>		
Cash and balances with the Central Bank	73,982,684	65,277,317
Due from other banks and other financial institutions	113,013,466	165,833,312
Investment securities	180,759,243	140,348,662
Non-current assets held for sale	–	2,564,302
Loans and advances	520,767,941	463,062,734
Other assets	40,460,428	15,889,029
Investment in subsidiaries	1,350,000	1,350,000
Property and equipment	35,942,634	31,711,892
Right-of-use leased assets	477,053	795,088
Intangible assets	17,803,149	17,967,764
Income tax receivable	29,106	307,960
Deferred tax asset	1,200,844	2,053,030
<b>Total assets</b>	<b>985,786,548</b>	907,161,090
<b>Liabilities</b>		
Customers' deposits	829,742,848	798,057,162
Note payable	24,821,308	–
Other liabilities and accrued expenses	14,054,865	16,332,703
Deferred tax liability	2,700,884	1,401,267
Lease liabilities	502,768	818,523
Due to subsidiaries	–	11,203,219
<b>Total liabilities</b>	<b>871,822,673</b>	827,812,874
<b>Shareholders' equity</b>		
Share capital	24,339,943	24,339,943
Statutory reserves	23,270,237	15,608,312
Revaluation reserves	12,793,977	13,592,480
Other reserves	17,247,939	1,740,380
Retained earnings	36,311,779	24,067,101
<b>Total shareholders' equity</b>	<b>113,963,875</b>	79,348,216
<b>Total liabilities and shareholders' equity</b>	<b>985,786,548</b>	907,161,090

Approved for issue on behalf of the Board of Directors on December 24, 2025.

Chairman of the Board

Chairperson of the Audit Committee

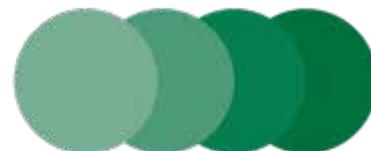
The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Summary Separate Statement of Income

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



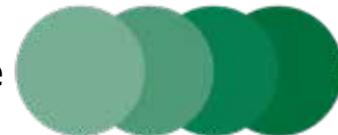
	2023 \$	2022 \$
Interest income	41,832,778	34,992,949
Interest expense	(14,748,089)	(13,588,945)
<b>Net interest income</b>	<b>27,084,689</b>	21,404,004
Fees and commission income	14,014,231	11,832,099
Fee expenses	(7,438,738)	(6,417,581)
<b>Net Fees and commission income</b>	<b>6,575,493</b>	5,414,518
Net gains/(losses) from financial instruments at FVTPL	1,786,154	(5,075,753)
Net loss from derecognition of financial assets measured at FVTOCI	(82,286)	(4,372)
Other operating income, net	32,110,365	5,644,562
<b>Other income, net</b>	<b>33,814,233</b>	564,437
<b>Operating income</b>	<b>67,474,415</b>	27,382,959
<b>Operating expenses</b>		
General and administrative expenses	(18,015,633)	(23,210,549)
Expected credit losses - loans and advances	(2,913,473)	(2,753,525)
Correspondent bank charges	(1,442,660)	(1,012,510)
Depreciation	(1,277,969)	(969,849)
Amortisation	(1,112,390)	(1,052,306)
Audit fees	(705,362)	(895,353)
Directors' fees and expenses	(477,358)	(440,353)
Depreciation on right-of-use leased assets	(318,035)	(318,035)
Expected credit (losses)/recoveries - investment securities	(22,231)	107,622
<b>Total operating expenses</b>	<b>(26,285,111)</b>	(30,544,858)
<b>Net profit/(loss) for the year before tax</b>	<b>41,189,304</b>	(3,161,899)
<b>Taxation</b>		
Current tax expense	(907,028)	-
Deferred tax expense/(credit)	(1,972,651)	2,012,164
Tax (expense)/credit	(2,879,679)	2,012,164
<b>Net profit/(loss) for the year – attributable to shareholders of the Bank</b>	<b>38,309,625</b>	(1,149,735)
<b>Earnings/(loss) per share</b>	<b>2.12</b>	(0.06)

The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Summary Separate Statement of Comprehensive Income For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Net profit/(loss) for the year</b>	<b>38,309,625</b>	<b>(1,149,735)</b>
<b>Other comprehensive (loss)/income for the year, net of tax:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Net change in market value for equity instruments at FVTOCI, net of tax	<b>(105,053)</b>	53,997
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Net change in market value of debt instruments at FVTOCI, net of tax	<b>(688,373)</b>	(788,758)
Change in ECLs of FVTOCI debt investment securities	<b>(5,077)</b>	(908)
<b>Total other comprehensive loss for the year</b>	<b>(798,503)</b>	<b>(735,669)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>37,511,122</b>	<b>(1,885,404)</b>

The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Summary Separate Statement of Changes in Equity For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	Share capital \$	Statutory reserves \$	Revaluation reserve \$	Other reserves \$	Retained earnings \$	Total \$
<b>Balance at June 30, 2021</b>	24,339,943	15,608,312	14,690,046	1,362,151	26,643,570	82,644,022
Net loss for the year	-	-	-	-	(1,149,735)	(1,149,735)
Other comprehensive loss for the year	-	-	(735,669)	-	-	(735,669)
<b>Total comprehensive loss for the year</b>	-	-	<b>(735,669)</b>	-	<b>(1,149,735)</b>	<b>(1,885,404)</b>
Transfers to reserves	-	-	-	1,426,734	(1,426,734)	-
Deferred tax on FVTOCI investment securities	-	-	(361,897)	-	-	(361,897)
Other movements	-	-	-	(1,048,505)	-	(1,048,505)
<b>Balance at June 30, 2022</b>	24,339,943	15,608,312	13,592,480	1,740,380	24,067,101	79,348,216
Net income for the year	-	-	-	-	38,309,625	38,309,625
Other comprehensive loss for the year	-	-	(798,503)	-	-	(798,503)
<b>Total comprehensive loss for the year</b>	-	-	<b>(798,503)</b>	-	<b>38,309,625</b>	<b>37,511,122</b>
Transfers to reserves	-	7,661,925	-	15,507,559	(23,169,484)	-
<b>Transaction with owners</b>	-	-	-	-	(2,895,463)	(2,895,463)
Dividends paid	-	-	-	-	-	-
<b>Balance at June 30, 2023</b>	24,339,943	23,270,237	12,793,977	17,247,939	36,311,779	113,963,875

The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Summary Separate Statement of Cash Flows

### For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



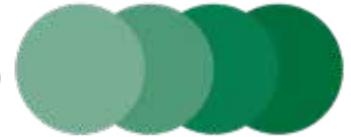
	2023 \$	2022 \$
<b>Cash flows from operating activities</b>		
Net profit/(loss) for the year before tax	41,189,304	(3,161,899)
Items not affecting cash:		
Interest expense	14,748,089	13,588,945
Expected credit losses - loans and advances	2,913,473	2,753,525
Depreciation	1,596,004	1,287,884
Amortisation	1,112,390	1,052,306
Net realised loss from financial instruments at FTVOCI	209,012	-
Expected credit losses/(recoveries) - investment securities	22,231	(107,622)
Other income	-	(1,048,505)
Losses on movements in foreign currency exchange rates	-	336,774
Fair value (gains)/loss from financial instruments at FVTPL	(1,786,154)	5,075,753
Gain on disposal of subsidiary	(21,953,503)	-
Interest income	(41,832,778)	(34,992,949)
<b>Operating loss before changes in operating assets and liabilities</b>	<b>(3,781,932)</b>	<b>(15,215,788)</b>
<b>Changes in operating assets and liabilities</b>		
Increase in loans and advances, net of repayments received (Increase)/decrease in mandatory and restricted deposits held with Central Bank	(34,984,770)	(38,652,018)
Decrease/(increase) in other assets	(7,462,547)	23,651,803
(Decrease)/increase in customers' deposits	336,944	(7,507,002)
Decrease in other liabilities and accrued expenses	(14,661,180)	65,973,741
	(3,319,252)	(8,951,529)
<b>Cash (used in)/generated from operations before interest and tax</b>	<b>(63,872,737)</b>	<b>19,299,207</b>
Interest received	39,850,239	34,381,105
Income tax paid	(718,223)	-
Interest paid	(14,499,863)	(13,339,029)
<b>Net cash (used in)/from operating activities</b>	<b>(39,240,584)</b>	<b>40,341,283</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposals of investment securities	56,200,496	29,315,603
Proceeds from disposals of fixed deposits	10,009,870	40,423,500
Proceeds from disposal of a subsidiary	5,302,638	-
Proceeds from disposal of property and equipment	43,378	-
Purchase of intangible assets	(947,775)	(146,346)
Purchase of property and equipment	(2,217,307)	(603,760)
Purchase of fixed deposits	(33,945,996)	(48,974,352)
Purchase of investment securities	(60,357,413)	(80,042,025)
<b>Net cash used in investing activities</b>	<b>(25,912,109)</b>	<b>(60,027,380)</b>
<b>Balance carried forward</b>	<b>(65,152,693)</b>	<b>(19,686,097)</b>

The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Summary Separate Statement of Cash Flows (Continued) For the year ended June 30, 2023

(expressed in Eastern Caribbean dollars)



	2023 \$	2022 \$
<b>Balance brought forward</b>	<b>(65,152,693)</b>	(19,686,097)
<b>Cash flows from financing activities</b>		
(Repayments)/advances to/ from related parties	<b>(11,203,219)</b>	12,797,786
Repayments of lease liabilities	<b>(315,755)</b>	(301,059)
Interest paid on lease liabilities	<b>(32,237)</b>	(46,933)
Dividends paid	<b>(2,895,463)</b>	-
<b>Net cash (used in)/from financing activities</b>	<b>(14,446,674)</b>	12,449,794
<b>Decrease in cash and cash equivalents</b>	<b>(79,599,367)</b>	(7,236,303)
<b>Net effect of foreign currency exchange rate movements on cash and cash equivalents</b>	-	(237,235)
<b>Cash and cash equivalents, beginning of year</b>	<b>175,731,348</b>	183,204,886
<b>Cash and cash equivalents, end of year</b>	<b>96,131,981</b>	175,731,348

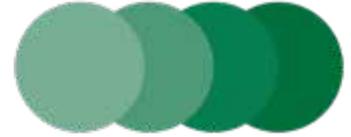
The accompanying note is an integral part of these summary separate financial statements.

# The Bank of Nevis Limited

## Note to Summary Separate Financial Statements For the year ended June 30, 2023

*(expressed in Eastern Caribbean dollars)*

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### **1 Basis of preparation**

These summary separate financial statements are derived from the audited separate financial statements of The Bank of Nevis Limited for the year ended June 30, 2023.

# NOTES





**THE BANK OF NEVIS  
LIMITED**

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