

Schedule 2
FORM EC SRC – OR

(Select One)

QUARTERLY FINANCIAL REPORT for the period ended MARCH 31, 2020
Pursuant to Section 98(2) of the Securities Act, 2001

OR

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

Issuer Registration Number: ST.KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD

(Exact name of reporting issuer as specified in its charter)
ST CHRISTOPHER AND NEVIS

(Territory or jurisdiction of incorporation)
CENTRAL STREET, BASSETTERRE, ST KITTS

(Address of principal executive Offices)

(Reporting issuer's:

Telephone number (including area code): (869) 465-2204

Fax number: (869) 465-1050

Email address: webmaster@sknanb.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

CLASS	NUMBER
ORDINARY SHARES	135,000,000

SIGNATURES

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

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

Name of Chief Executive Officer: (Acting)

DONALD THOMPSON

Name of Director:

ALEXIS NISBETT


Signature


Signature

28/5/2020
Date

28/05/20
Date

Name of Chief Financial Officer::

ANTHONY GALLOWAY


Signature

28/5/2020

Date

INFORMATION TO BE INCLUDED IN FORM EC SRC-OR

1. Financial Statements

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

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

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

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

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

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

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

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and nonfinancial indicators.

General Discussion and Analysis of Financial Condition

At the end of the quarter ended March 2020, the Financial Condition of the Bank was as follows:

- 1) The Bank's total asset base decreased by \$286.8 million or 7.9% to \$3.361 billion, due mainly to the following:
 - Increase in Loans and Advances by \$20.2 million or 2.4%
 - Increase in Treasury Bills by \$1.7 million or 3.1%Offset by,
 - Decrease in Financial Assets by \$107.3 million or 15.7%
 - Decrease in Investments by \$88.6 million or 9.6%
 - Decrease in Originated Debts by \$47.6 million or 21.2%
 - Decrease in Deposits with other financial institutions by \$34.2 million or 5.8%
 - Decrease in Cash and balances with Central Bank by \$21.3 million or 10.0%
 - Decrease in Other Assets by \$8.5 million or 31.4%
 - Decrease in Property, Plant & Equipment by \$1.2 million or 4.6%

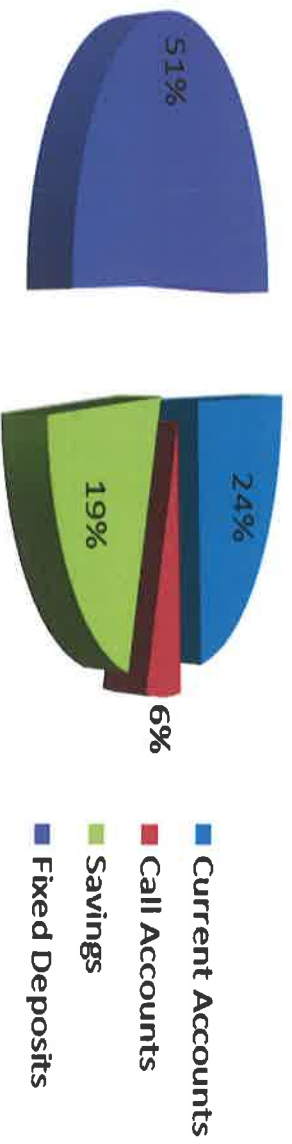
Cash and balances with Central Bank constituted 5.7% of the total assets, investments constituted 49.2%, loans and advances contributed to 25.4%, Lands held (financial asset) constituted 17.1%, while all other assets comprised the 2.6% at March 31, 2020. The investment strategy applied by the Bank ensures that it maintains a well-diversified portfolio to reduce risk exposure.

- 2) Net Loans and advances at March 31, 2020 increased by \$20.2 million or 2.4% when compared with \$835.9 million at June 2019. During the review period, the COVID-19 Pandemic has caused economic distress to both businesses and individuals across the globe. The Bank has offered relief to its borrowers in the form of a three-month moratorium on interest and principal payments. The Bank has also continued in its efforts to grow the loan portfolio during this financially challenging time by offering Emergency short-term loans to qualified customers who have been affected.

- 3) Customers' deposits decreased by \$234.0 million or 7.7% when compared with \$3.039 billion at June 2019, due mainly to the decrease in ECD current account and USD Call account balances held by the Government of St. Kitts-Nevis, fixed deposits held by Statutory Bodies as well as a decrease in USD current account balances held by Private Businesses.
Below is a diagram showing the customer deposit mix at the end of March 2020.

- 4) Shareholders' Equity decreased by \$12.3 million or 2.3% when compared with \$542.2 million at June 2019, resulting from a dividend payment to shareholders of \$20.2 million, unrealized losses on FVOCI investments of \$4.3 million and profit earned of \$12.2 million.
The Company continues to closely monitor market and other risks to ensure that it realizes its goal of providing satisfactory returns to shareholders, thereby increasing the value of their investments.

Customer Deposit Mix



Liquidity and Capital Resources

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

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

such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

LIQUIDITY

The Bank's liquidity is managed and monitored on a daily basis by management to ensure that there is sufficient liquidity to meet its liabilities when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank maintains a portfolio of marketable assets that can be easily liquidated as protection against unforeseen liquidity problems, as well as cash and balances with the Central Bank and other financial institutions. At the end of the review period, Cash and balances with Central Bank stood at \$191.8 million, \$29.2 million more than the required reserve deposit of \$162.6 million.

During the last three quarters, the bank remained sufficiently liquid to meet its contractual obligations as they fall due. This is evident by the reported positive cash and cash equivalents amount of \$548.7 million at the end of March 2020, despite a reduction of \$140.8 million when compared to June 2019. The fall was due mainly to the closure of liquid deposits held with Financial Institutions at maturity, to ensure a surplus of funds in our current account at ECCB.

During the last quarter, the Bank has seen additional requests for funds from Banks and Financial Institutions due to the strain caused by the Coronavirus pandemic. Management is actively engaged in closely monitoring the liquidity position to ensure funds are readily available at all times.

The Bank has completed a six-month liquidity forecast, as requested by ECCB, taking into consideration the extraction of funds by local and regional stakeholders due to a slowdown in

economies. The forecast completed showed that the Bank is in a good position to maintain adequate liquidity over the six-month period.

CAPITAL

The Bank's policy is to manage the capital levels based on the underlying risk of its business. Capital adequacy is monitored to ensure compliance with the ECCB's risk based capital guidelines, which require a minimum ratio for Tier 1 or core capital of 4% to risk weighted assets. Tier 1 Capital is comprised of share capital, statutory reserves, general reserves and retained earnings. At March 31, 2020, the Bank was compliant with the capital adequacy requirements, reporting a Tier 1 capital ratio of 32%.

Shareholders' Equity recorded at March 31, 2020 was \$529.9 million, which represents a 2.3% or \$12.3 million decrease when compared with \$542.2 million recorded at June 30, 2019. This was the result of a net operating income for the period, which was offset by a dividend payment to shareholders and unrealized losses on investments during the period.

Off Balance Sheet Arrangements

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

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

At the end of the review period, the Bank had contractual commitments to extend credit to customers resulting from loan and credit card facilities granted and Letters of Credit arrangements with customers. At March 2020, Letters of Credit obligations stood at \$6.4 million, which remained unchanged from the amount reported at June 2019, while loan and credit card commitments stood at \$40.6 million, an increase of \$9.4 million or 30.2% resulting from new credit facilities granted.

Results of Operations

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

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

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls.

Overview of Results of Operations

RESULTS OF OPERATIONS

The amount of reported income from continuing operations for the quarter ended March 31, 2020 was affected by economic changes caused by the COVID-19 pandemic, which has been affecting businesses worldwide. The Coronavirus pandemic resulted in reduced consumption and investment, which was triggered by a shut down in many countries around the world. As the virus gained a foothold in the US in March and the economy went into hibernation, stock market volatility hit levels that investors have not seen in a dozen years. Stock prices fell much below their previous highs, with the S&P and Dow Jones falling more than 35%.

As the Bank holds the majority of its investment portfolio in the international stock market, the fall in stock prices affected the income reported, as since the application of IFRS 9 changes in the fair value of equity securities are recorded in Profit and loss.

Usual and ordinary events and transactions for the quarter ended March 31, 2020 resulted in operating income before tax of \$12.2 million, which represents a \$15.5 million decrease when compared with 27.7 million reported at March 31, 2019.

Outlined below is a summary of the results of operations at the end of March 2020 and 2019.

	Mar 2020 \$mil	Mar 2019 \$mil	% Change
Income from Loans & Advances	21.8	23.4	-6.8%
Income from Investments	12.7	14.1	-9.9%
Income from Deposits with financial Inst.	2.9	2.2	31.8%
Income from Lands	13.6	15.8	-13.9%
Non-interest income	44.3	51.7	-14.3%
Total income	95.3	107.2	-11.1%
Interest Expenses	37.2	37.3	-1.2%
Non-interest expenses	45.9	42.2	0.3%
Total expenses	83.1	79.5	4.5%
Net Income before taxes	12.2	27.7	-56.0%

Net-interest Income

At March 31, 2020, net interest income decreased by 4.4 million or 24.2% when compared with the \$18.2 million recorded at the end of the same period in 2019. The decrease in net interest income was due to a \$0.1 million decrease in interest expense coupled with a \$4.5 million decrease in interest income. The fall in interest income is the result of the impairment of large commercial loans over the past year.

The year-over-year decrease in interest income resulted from the reduction in interest income from loans and advances, investments and the Financial asset.

Net Fees & Commission Income

Net fees and commission income fell by \$1.5 million (or 64.7%) at the end of March 2020 when compared with the amount attained for the quarter ended March 31, 2019. The year-over-year decrease in net fees and commission income was due mainly to:

- An increase in Management fees on investments by \$1.2 million
- An increase in E-Business expenses and reimbursables by \$1.1 million
- An increase in Commissions paid on Debit cards by \$0.8 million

Offset by:

- An increase in Legal income by \$0.4 million
- An increase in service charge on wires by \$1.0 million
- An increase in services charges on ATMs & Merchant services by \$0.2 million

Other Income

At March 31, 2020, income from other sources showed a decline of \$9.1 million or 23.2% when compared to the amount recorded for the period ended March 2019. The decline in other income was due to a decrease in foreign exchange gains of \$1.1 million, a decrease in dividends received on equity securities of \$0.1 million, along with a decrease in net gains on investment securities of \$7.9 million. The table below gives an analysis of revenues earned over the review period.

<i>Analysis of Revenue</i>	Mar 2020	Mar 2019	% Change
Interest Income	\$ 000	\$ 000	
Interest from loans and advances	21,821	23,429	-6.9%
Interest from Investments	11,045	11,707	-5.6%
Interest from Treasury Bills	1,716	2,414	-28.9%
Interest from Deposits with Fin. Inst.	2,884	2,257	27.8%
Interest on Lands	13,597	15,769	-13.8%
Total interest	51,063	55,576	-8.1%
Non-interest income			
Income from fees and commissions	14,421	12,692	13.6%
Gains from foreign exchange	4,827	5,960	-19.0%
Gains from investments, net	19,174	29,145	-34.2%
Dividend income	5,817	5,884	-1.1%
Expected credit losses	-	(2,096)	100.0%
Other income	91	95	-4.2%
Total non-interest income	44,330	51,680	-14.2%
Total Revenue	95,393	107,256	-11.1%

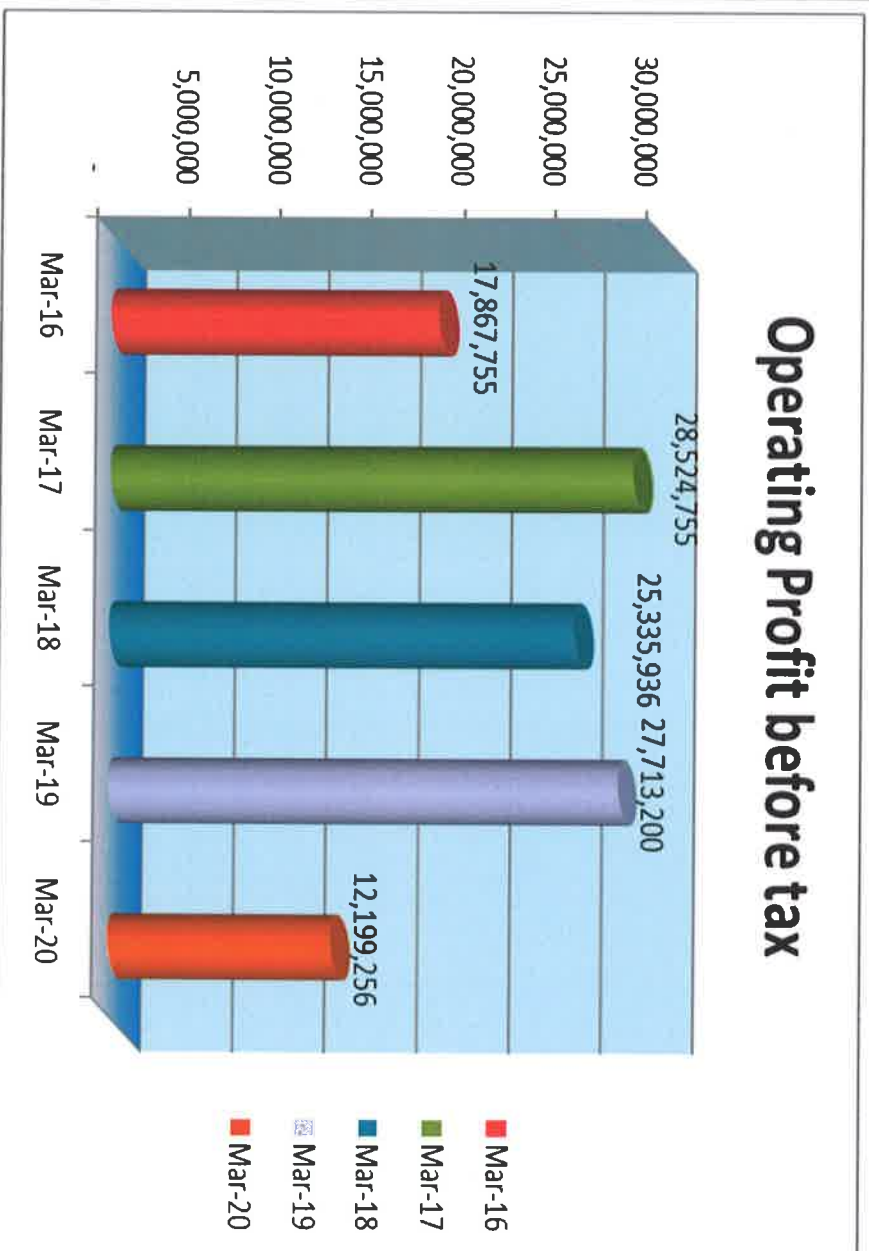
Operating Expenses

Operating expenses incurred at the end of March 2020 was \$32.4 million when compared to \$31.9 million at the end of March 2019, representing a slight increase of \$0.5 million or 1.4%. Operating cost management and curtailment remains a critical area of focus for the bank.

Operating Income

Over the past 5 years, operating income before tax grew comparatively from \$17.9 million at the end of March 2016 to a high of \$28.5 million at the end of March 2017, with a gentle dip to \$25.3 million at March 2018. Operating profit moved in an upward direction again at the end of March 2019 to \$27.7 million, but declined to \$12.2 million at the end of March 2020 amidst the financial and economic challenges posed by the COVID-19 pandemic. The Company has implemented strict cost cutting strategies in its continued efforts to curtail costs, especially in these challenging times.

Outlined below is the movement of net operating income at March 31st over a five year period.



OUTLOOK

The Directors and Management of National Bank will remain focused on our strategic priorities of broadening and deepening customer relationships, managing risks and positioning ourselves to take advantage of growth opportunities. New initiatives are being sought to further improve the overall end-to-end customer experience. Additionally, promotions are currently being undertaken to increase awareness and usage of our Card products, mobile and online banking platforms in-order to encourage our customers to avoid standing in lines at the bank and social distancing to stay safe.

Providing greater security and assurance to our Debit and Credit Card users against fraud and Identity theft continues to be a major goal.

The Bank is optimistic that economic conditions will improve in the coming months, and we have already started to see an improvement in the stock market and stock prices of securities in our investment portfolio during the months of April and May 2020. As efforts to find a cure for the coronavirus continues, we expect that conditions will further improve.

3. Disclosure about Risk Factors.

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

The management of risks has emerged as one of the greatest challenges that banks now face. The Bank's activities expose it to a variety of financial risks, as taking risk is core to the commercial banking business. Management is aware that operational risks are an inevitable consequence of being in business, and hence risk management policies are designed to identify and analyze risks in order to set appropriate levels and controls to monitor and mitigate risks.

Risk management is carried out by the Credit and Finance Divisions under policies approved by the Board of Directors. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The types of risks that affect the Bank are credit risk, liquidity risk, market risk (interest rate and currency risk), insurance risk and other operational risks.

Credit risks can have a great impact on the results from operations or on financial conditions due to the industry in which we operate. The Bank takes on exposure to credit risk, which is the risk that counter-parties will cause financial losses for the bank by failing to discharge their obligations.

Credit exposure arises principally in lending activities that lead to loans and advances and investment activities that bring debt securities and other bills into the Bank's asset portfolio. The Bank's exposure to credit risk is managed through regular analysis of the ability of its borrowers to meet obligations as well as taking collateral and corporate and personal guarantees as securities on advances.

The recent shut-down of many businesses from the Coronavirus pandemic has caused financial distress on some individuals and businesses, and the Bank has offered relief to affected customers in the form of a three-month moratorium on interest and principal payments. The Bank will closely monitor these loans, as the possibility exists that these customers would take longer than three months to return to a position to properly service their obligations or the possibility of the loans becoming impaired.

The Bank is exposed to market risk, which is the risk that fair values or future cash flows will fluctuate because of changes in market prices. The Bank holds investments in open positions in interest rate and equity products, all of which are exposed to general and specific market movements and changes in market rates or prices such as interest rates, equity prices and foreign exchange rates. Exposure to market risk is managed by diversifying the investment portfolio.

The increased volatility in the stock market due to the Coronavirus pandemic increases market risk, as stock prices have plunged during the last quarter. The Bank's investment portfolio has experienced unrealized losses as a result of the increased market volatility, as well as a decrease in interest rates on its fixed income securities.

The Bank with the assistance of highly competent and experienced fund managers maintains a well-diversified investment portfolio of over \$0.9 billion, and the portfolio is monitored on a daily basis. The investment portfolio contributes significantly to the total income of the bank.

Liquidity risk, to which the Bank is also exposed, is the risk that the bank is unable to meet its payment obligations when they fall due and fulfill commitments to lend. Sources of liquidity are monitored daily and the bank holds a diversified portfolio of cash and investment securities to support payment obligations.

Liquidity sources fell over the last three quarters due to a large reduction of deposit balances maintained by a few Correspondent banks in the ECCU region thereby decreasing the Bank's deposit balance held at ECCB.

The Finance Division has been closely monitoring the liquidity position of the Bank even more during these financially challenging times, as more frequent calls for withdrawals from deposits are being made. The Bank holds short term liquid deposits ranging from terms of 1 week to 1 month, which can be used to fund our current account and boost our surplus at ECCB to meet requests. Based on the recently completed six-month forecast as mentioned earlier, the Bank will be able to maintain adequate liquidity to meet its obligations.

4.

Legal Proceedings.

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

None

5. Changes in Securities and Use of Proceeds.

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

None

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

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

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

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

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

- Payments to associated persons and the purpose for such payments

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

None

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Defaults upon Senior Securities.

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

None

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

None

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

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

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

None

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

None

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

None

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

8.

None

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

None

Other Information.

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

None

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE THIRD QUARTER ENDED

MARCH 31, 2020

SKNA National Bank Ltd. Finance Division

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER ENDED MARCH 31, 2020

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ST. KITTS-NEVIS-ANGULLA NATIONAL BANK LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

	<i>Unaudited</i> Quarter Ended 31-Mar-2020	<i>Audited</i> Year Ended 30-Jun-2019
	\$	\$
Assets		
Cash and balances with Central Bank	191,818,186	213,144,357
Treasury Bills	56,716,510	55,001,900
Deposits with other financial Institutions	556,322,463	590,561,782
Financial Asset	574,757,993	682,074,899
Loans and Advances - customers	856,148,198	835,944,866
- originated debts	176,595,782	224,214,629
Investments - FVTPL	702,796,150	733,230,408
Equity Investments - FVOCI	69,689,248	108,285,907
Debt securities - FVOCI	63,938,314	83,531,528
Investment in Subsidiaries	26,750,000	26,750,000
Customers' Liability under Acceptances, Guarantees, and Letters of Credit (per contra)	6,374,705	6,374,705
Income tax recoverable	16,567,010	16,567,010
Property, Plant and Equipment	24,664,656	25,853,099
Intangible Assets	521,312	590,741
Other Assets	18,739,430	27,331,063
Deferred Tax Asset	18,558,488	18,302,402
Total Assets	3,360,958,445	3,647,759,296
Liabilities		
Due to Customers	2,804,671,918	3,038,721,022
Due to other financial institutions	0	124,223
Deferred Tax Liability	-	-
Acceptances, Guarantees and Letters of Credit (per contra)	6,374,705	6,374,705
Accumulated Provisions, Creditors, and Accruals	20,562,286	53,511,226
Income taxes payable	(560,189)	6,797,243
Total Liabilities	2,831,048,720	3,105,528,419
Shareholders' Equity		
Issued Share Capital	135,000,000	135,000,000
Share Premium	3,877,424	3,877,424
Retained Earnings	93,408,731	104,997,933
Other Reserves	297,623,570	298,355,520
Total Shareholders' Equity	529,909,725	542,230,877
Total Liabilities and Shareholders' Equity	3,360,958,445	3,647,759,296

Notes

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
Statement of Income for the period ended March 31, 2020

	NINE MONTHS ENDED		SIX MONTHS ENDED		THREE MONTHS ENDED	
	31-Mar-2020	31-Mar-2019	31-Dec-2019	31-Dec-2018	30-Sep-2019	30-Sep-2018
	\$	\$	\$	\$	\$	\$
INCOME						
Interest income	51,062,770	55,576,341	34,227,939	34,969,361	16,055,553	18,499,943
Interest expense	(37,225,159)	(37,313,207)	(24,899,497)	(25,219,972)	(12,524,876)	(12,511,427)
Net interest income	13,837,611	18,263,134	9,328,442	9,749,389	3,530,677	5,988,516
Fees and commission income	14,421,448	12,691,551	10,182,801	7,894,804	4,201,672	3,879,923
Fee expense	(13,575,343)	(10,296,739)	(7,825,102)	(6,656,244)	(3,511,221)	(3,368,638)
Net fees and commission income	846,105	2,394,812	2,357,699	1,238,560	690,451	511,285
Dividend income	5,817,036	5,883,638	2,529,811	3,359,313	456,094	1,515,993
Net gains less (losses) from investments	19,174,359	27,048,340	10,474,105	19,569,605	2,251,191	11,023,458
Gain on foreign exchange	4,827,169	5,960,588	3,504,820	3,480,328	1,459,451	1,658,178
Other operating income	91,104	95,292	97,977	154,603	(163,916)	97,291
Other Income/(losses)	29,909,668	38,987,858	16,606,713	26,563,849	4,002,820	14,294,920
Operating Income	44,593,384	59,645,804	28,292,854	37,551,798	8,223,948	20,794,721
Operating expenses						
Administration and general expenses	29,202,062	28,796,936	20,365,172	21,758,365	6,696,376	6,168,877
Directors fees and expenses	677,286	620,888	398,381	388,874	146,500	169,159
Professional fees and related expenses	-	-	-	-	-	-
Depreciation & amortisation	2,514,780	2,514,780	1,676,520	1,676,520	838,260	838,260
Impairment charges	-	-	-	-	-	-
Total operating expenses	32,394,128	31,932,604	22,440,073	23,823,759	7,681,136	7,176,296
Operating income before tax and impairment	12,199,256	27,713,200	5,852,781	13,728,039	542,812	13,618,425
Income tax	-	-	-	-	-	-
Net income	12,199,256	27,713,200	5,852,781	13,728,039	542,812	13,618,425

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
Statement of Comprehensive Income for the period ended March 31, 2020

	NINE MONTHS ENDED		SIX MONTHS ENDED		THREE MONTHS ENDED	
	31-Mar-2020	31-Mar-2019	31-Dec-2019	31-Dec-2018	30-Sep-2019	30-Sep-2018
	\$	\$	\$	\$	\$	\$
Net Income for the period	12,199,256	27,713,200	5,852,781	13,728,039	542,812	13,618,425
Other Comprehensive Income, net of income tax:						
<i>Other comprehensive income to be classified to profit or loss in subsequent periods:</i>						
Available-for-sale financial assets:						
Unrealised gains/(losses) on investment securities, net of tax	-	(86,025,473)	-	(46,864,306)	-	9,438,449
Less: Reclassification adjustments for (gains)/losses included in income	-	(9,097,523)	-	(6,536,967)	-	(1,046,096)
Financial assets measured at FVOCI - debt instruments:						
Unrealised net gains/(losses) on investment securities, net of tax	730,683	237,488	172,170		285,396	-
Reclassification adjustments for net gains included in income, net of tax	(178,002)	-	(133,084)	-	(55,504)	-
Total other comprehensive Income/(loss)	552,681	(94,885,508)	39,086	(53,401,273)	229,892	8,392,353
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>						
Financial assets measured at FVOCI - equity instrument, net of tax						
Net gains/(losses) due to changes in fair value	(3,058,698)	-	(6,074,107)	-	(1,678,948)	-
Other comprehensive income for the period	(4,270,408)		(5,967,346)		(1,449,056)	8,392,353
Total Comprehensive Income/(Loss) for the period	7,928,848	(67,172,308)	(114,565)	(39,673,234)	(906,244)	22,010,778

STATEMENT OF CHANGES IN EQUITY
For The Quarter Ended March 31, 2020

Notes	Share Capital \$	Share Premium \$	Statutory Reserves \$	Other Reserves \$	Revaluation Reserves \$	FVOCI Reserves \$	Property Revaluation Reserves \$	Retained Earnings \$	Total Shareholders' Equity \$
Balance at Mar 31, 2019	135,000,000	3,877,424	133,791,519	182,745,521	(88,468,777)	-	15,912,813	70,559,535	453,418,035
Changes on initial application of IFRS 9	-	-	-	-	88,468,777	(6,661,224)	-	21,442,603	103,250,156
Net Income for the year	-	-	-	-	-	-	-	19,849,909	19,849,909
Other Comprehensive Income	-	-	-	(1,339,969)	-	(32,947,254)	-	-	(34,287,223)
Total Comprehensive Income for the year	-	-	-	(1,339,969)	88,468,777	(39,608,478)	-	41,292,512	88,812,842
Transfer to Reserves	-	-	6,854,114	-	-	-	-	(6,854,114)	-
Dividends	-	-	-	-	-	-	-	-	-
Balance at June 30, 2019	135,000,000	3,877,424	140,645,633	181,405,552	-	(39,608,478)	15,912,813	104,997,933	542,230,877
Total Comprehensive Income For The Quarter	-	-	-	-	-	(4,270,408)	-	12,199,256	7,928,848
Transfer to Reserves	-	-	-	-	-	3,538,458	-	(3,538,458)	-
Dividends	-	-	-	-	-	-	-	(20,250,000)	(20,250,000)
Balance at March 31, 2020	135,000,000	3,877,424	140,645,633	181,405,552	-	(40,340,428)	15,912,813	93,408,731	529,909,725

ST. KITTS-NEVIS-ANGULLA NATIONAL BANK LTD.
STATEMENT OF CASHFLOW
FOR THE PERIOD ENDED MARCH 31, 2020

	Unaudited Quarter ended 31-Mar-2020 \$	Audited Year ended 30-Jun-2019 \$
Cash flows from operating activities		
Operating Income before taxation	12,199,256	59,328,347
Adjustments for:		
Interest Income	(51,062,770)	(88,702,725)
Interest Expense	37,225,159	49,711,997
Depreciation and amortisation	2,514,780	2,085,061
(Gain)/loss on disposal of equipment	85	(23,249)
Dividend Income	(5,817,036)	(10,774,252)
Credit & other impairment charges	-	10,420,590
Unrealised (gains)/losses on FVTPL investments	55,583,283	2,886,496
Retirement benefit expense	-	532,931
Operating income before changes in operating assets and liabilities	50,642,757	25,465,196
<i>(Increase) decrease in operating assets:</i>		
Loans and advances to customers	(19,438,881)	(73,344,096)
Mandatory deposits with Central Bank	15,735,779	(133,790)
Other assets	8,591,633	(6,690,631)
<i>Increase (decrease) in operating liabilities:</i>		
Customers' deposits	(238,176,562)	1,631,718
Due to other financial institutions	(124,223)	124,223
Accumulated provisions, creditors, and accruals	(32,948,940)	3,657,925
Cash generated from/(used in) operations	(215,718,437)	(49,289,455)
Interest received	55,016,841	75,774,242
Interest paid	(33,097,700)	(49,540,067)
Pension contribution paid	0	(1,231,815)
Income taxes paid, incld creditable withholding taxes	(7,357,432)	(23,137,901)
Net cash generated from/(used in) operating activities	(201,156,728)	(47,424,996)
Cash flows from investing activities		
Purchase of equipment and intangible assets	(1,257,047)	(1,768,557)
Interest received from investments	-	12,565,441
Dividend received	5,817,036	10,774,252
Proceeds from disposal of equipment	-	479,540
(Increase)/Decrease in special term deposits	-	(30,526,555)
Payments received from the financial asset	101,499,051	100,341,552
(Increase)/Decrease in restricted term deposits and T/Bills	(156,663)	33,600,000
Increase in Investment securities and originated debts	(816,576,213)	(1,700,257,751)
Proceeds from the sale of Investment securities	791,311,754	1,787,326,867
Net cash generated from/(used in) investing activities	80,637,918	212,534,789
Cash flows from financing activities		
Other Borrowed Funds	(20,250,000)	(13,500,000)
Dividend paid	-	-
Net cash generated from/(used in) financing activities	(20,250,000)	(13,500,000)
Net Increase (Decrease) in cash and cash equivalents	(140,768,810)	151,609,793
Cash and cash equivalents at beginning of period	689,502,389	537,892,596
Cash and cash equivalents at end of period	548,733,579	689,502,389

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