Schedule 3

FORM ECSRC – Q

(Select One)

Quarterly Report
For the period ended **MARCH 31, 2015**

or

TRANSITION REPORT ______________________
(Applicable where there is a change in reporting issuer's financial year)

For the transition period from ______________________ to ______________________

Issuer Registration number **SKNANB 28071959KN**

ST KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD
(Exact name of reporting issuer as specified in its charter)

ST KITTS-NEVIS
(Territory or jurisdiction of incorporation)

CENTRAL STREET, BASSETERRE, ST. KITTS
(Address of principal office)

Reporting issuer's:

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

Fax number: **(869) 465 1050**

Email address: **webmaster@sknanb.com**

(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

Name of Chief Executive Officer

MS. DAWNE WILLIAMS

SIGNED AND CERTIFIED

Signature

APRIL 30, 2015

Date

Name of Director:

MR. HOWARD MC EACHRANE

SIGNED AND CERTIFIED

Signature

APRIL 30, 2015

Date

SIGNED AND CERTIFIED

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Third quarter ended March 31, 2015

Introduction

The Management Discussion and Analysis of Financial Condition and Results of Operations include forward-looking statements about objectives, strategies and expected financial results and positions. These statements are based on the Bank's current plans, expectations and beliefs about future events. They are inherently subject to risks and uncertainties beyond the Bank's control including, but not limited to, economic and financial conditions globally, technological development, competition, and regulatory developments both at home and abroad. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. The reader is therefore cautioned not to place undue reliance on these statements.

Overview

Notwithstanding continued global economic challenges, sluggish growth and investor uncertainties, National Bank remains a strong and resilient bank. During the quarter ended March 31, 2015, the Bank remains adequately capitalized and liquid.

During the period under review, the Bank's total asset base continued on its growth path increasing by $518.9 million (16.4%) to $3.674 billion and was primarily associated with an increase in deposits with financial institutions of $278.9 million (39.2%), financial asset (land acquired under 'Land for Debt Swap') of $249.8 million (44.1%) and investments of $149.2 million (24.2%) partially moderated by a $90.6 million (30.9%) decline in cash and balances with Central Bank and $70.0 million (10.1%) in loans and advances.

Cash and balances with Central Bank constituted 5.5% of the total assets, investments constituted 52.7%, loans and advances accounted for 17.0%, while all other assets comprised the remaining 24.8% at March 31, 2015. The investment strategy applied to these assets ensures that the securities and market instruments held by the Bank are well-diversified so as to reduce risk.

On the other side, customers' deposits, which are the main source of funding, increased to 86.0% of the total liabilities and shareholder's equity at March 2015, when compared to 84.9% at June 2014. Shareholders' funds decreased by $8.2 million (or 1.9%) from the financial year end.

Income Statement

Results of Operations

The Bank reported a net operating income of $14.2 million at the end of its third quarter ended March 31, 2015 which represents a $0.4 million increase when compared with the $13.8 million reported at March 31, 2014. The year-over-year increase in profitability was due mainly to an increase in realized gains on marketable securities.

Outlined below is a summary of the results of operations at the end of March 2015 and 2014.

	Mar 2015 $ mil	Mar 2014 $ mil	% Change
Income from Loans & Advances	33.2	34.7	-4.3%
Income from Investments	14.5	15.7	-7.6%
Income from Deposits with financial Inst.	0.8	5.1	-84.3%
Income from Lands	18.8	14.7	27.9%
Non-interest income	33.0	32.5	1.5%
Total income	100.3	102.7	-2.3%
Interest Expenses	56.6	65.5	-13.6%
Non-interest expenses	29.5	23.4	26.1%
Total expenses	86.1	88.9	-3.1%
Net Income before taxes	14.2	13.8	2.9%

Net Interest Income

At March 31, 2015, net interest income increased by $6.1 million or 128.3% when compared with the $4.7 million recorded at the end of the same period in 2014. A decrease in interest expense by $9.0 million and a reduction in interest income by $2.9 million were the two main drivers of this increase in net interest income.

The year-over-year decrease in interest costs was due to the reduction in interest rates on deposit accounts. The growth in deposits has also produced substantial liquidity; however as the economy begins to show recovery, management continues to implement a number of strategies to enhance the loan portfolio in an effort to generate additional interest income.

Net Fees & Commission Income

Net fees and commission income increased by $1.6 million (or 32.5%) at the end of March 2015 when compared with the amount attained for the quarter ended March 31, 2014. The year-over-year increase in fees and commission income was due mainly to an increase in commission derived from E-commerce transactions.

Other Income

At March 31, 2015, income from other sources fell by $5.9 million or 24.4% in comparison to the amount recorded for the quarter ended March 31, 2014. The decrease in other income was due mainly to a decrease in realized gains on marketable securities. The table below gives an analysis of revenues earned.

Analysis of Revenue	**Mar 2015**	**Mar 2014**	
Interest Income	**$ 000**	**$ 000**	**% Change**
Interest from loans and advances	33,213	34,695	-4.3%
Interest from Investments	7,186	8,105	-11.3%
Interest from Treasury Bills	7,371	7,617	-3.2%
Interest from Deposits with Fin. Inst.	813	5,126	-84.2%
Interest on Lands	18,812	14,738	27.6%
Total interest	**67,395**	**70,281**	**-4.1%**
Non-interest income			
Income from fees and commissions	14,716	8,324	76.8%
Gains from foreign exchange	4,400	4,608	-4.5%
Gains from investments, net	12,184	17,734	-31.3%
Dividend income	1,609	1,742	-7.6%
Other income	46	62	-25.8%
Total non-interest income	**32,955**	**32,470**	**1.4%**
Total Revenue	**100,350**	**102,751**	**-2.3%**

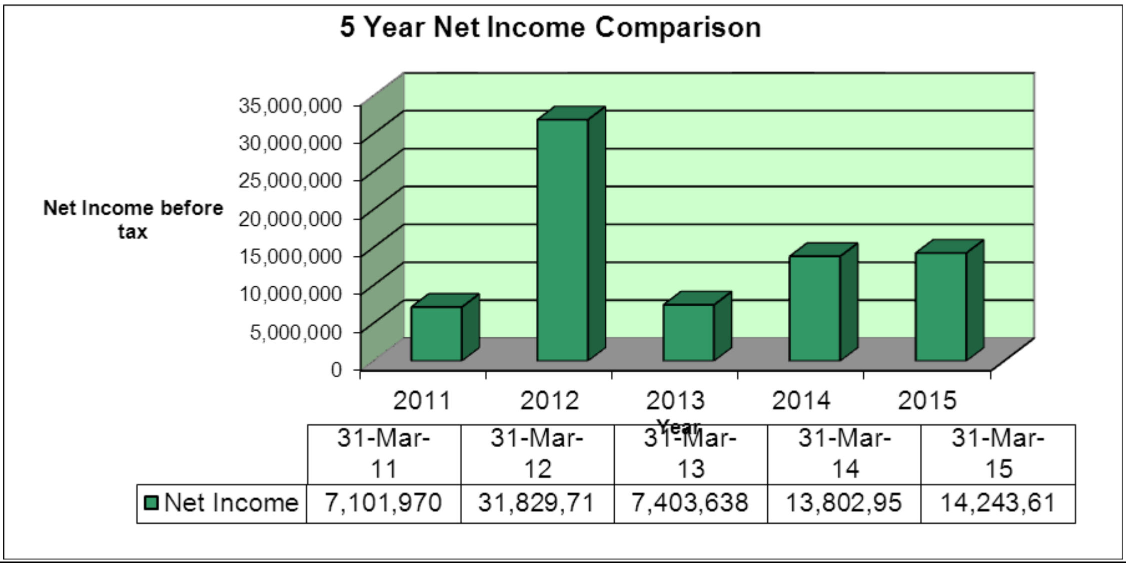
Operating Expenses

At the end of the review period, March 31 2015, operating expenses increased to $21.2 million from $19.9 million at March 31, 2014. Operating cost management and curtailment remains a critical area of focus for the bank.

Net Income

Over the past 5 years net income before tax has increased from $7.1 million in the first quarter of 2011 to $14.2 million for the same period in 2015. The Company is optimistic that net income will improve over the next quarter and beyond. Increased focus will be placed on exploring new avenues to augment our non-interest income base and curtail interest costs.

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



Balance Sheet

Assets

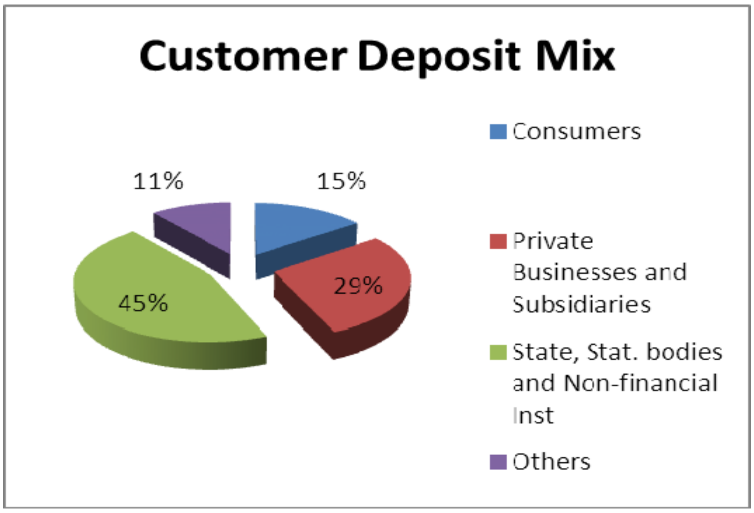
Over the past five years, the Bank's asset base has expanded tremendously. Total Assets has grown from \$2.4 billion in 2011 to \$3.7 billion as at March 31, 2015, a significant increase of \$1.3 billion. Total assets at the end of the review period increased by \$518.9 million (or 16.4%) when compared with total assets of \$3.16 billion at 30th June 2014. The increase in total assets at March 31, 2015 was due mainly to increases in deposits with financial institutions, available for sale investments and lands transferred to the Bank, offset by a decrease in loans and advances and balances at Central Bank.

The asset growth obtained from June 2014 to the current review period was funded by the growth in the deposit portfolio.

Liabilities

At the end of March 2015, total liabilities increased by \$527.1 million to \$3.242 billion, representing a 19.4% increase when compared with total liabilities of \$2.715 billion at the end of June 2014. This increase stemmed mainly from the growth in the Bank's customers deposits portfolio over the quarters.

The Bank's customer deposit base, which is the primary funding source, increased significantly by \$478.7 million (or 17.9%). Accumulated provisions also increased by \$16.6 million (or 56.4%) from June 30, 2014, while amounts due to financial institutions increased by \$31.6 million (or 4,886.1%). Below is a diagram showing the customer deposit mix for the quarter ended March 31, 2015.



Shareholders' Equity

The company continues to realize its goal of providing a satisfactory return to shareholders and increasing the value of investments. Shareholders' Equity recorded at March 31, 2015 was $432.4 million compared with $440.6 million recorded at June 30, 2014. This represents a 1.9% decrease, resulting mainly from a dividend payment to shareholders in December 2014, unrealized losses on available-for-sale securities, offset by profits earned during the period.

Corporate Governance

The Board of Directors continue to monitor the business affairs of the Bank to ensure compliance with relevant statutes, regulations, rules, established policies and procedures. They are charged with the oversight responsibility of increasing operational efficiency, strengthening shareholder and customer confidence, and the investment attractiveness of the Bank. In this regard the Board is focused on:

- Adoption and implementation of corporate governance guidelines and codes of ethics and business conduct.

- Continued emphasis on the Corporate Strategic Plan, which includes management's philosophy, economic outlook and conditions, performance targets and plans for implementation of strategies over the next 5 years.

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

Risk Management

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

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

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

Outlook

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

The Bank will improve business standards by implementing strategies geared towards the strengthening of the Bank. These measures should boost total revenue. We anticipate an improvement in the performance of the Bank resulting in positive returns on its investments in the near future. Careful investment for the future, in line with a well thought-out strategy, will be beneficial in the long-run.

1. General information

St. Kitts-Nevis-Anguilla National Bank Limited (the Bank) was incorporated on the 15th day of February 1971 under the Companies Act chapter 335, and was re-registered under the new Companies Act No. 22 of 1996 on the 14th day of April 1999. The Bank operates in both St. Kitts and Nevis and is subject to the provisions of the Banking Act of 1991.

The Bank is a limited liability company and is incorporated and domiciled in St. Kitts. The address of its registered office is as follows: Central Street, Basseterre, St. Kitts.

The principal activity of the Bank is the provision of financial services.

The Bank is listed on the Eastern Caribbean Securities Exchange.

2. New and revised standards and interpretations

2.1 Effective for current year

New and amended standards for the non-consolidated financial statements

	Effective for annual periods beginning on or after
IAS 27 (2011) Separate Financial Statements	January 1, 2013
IAS 28 (2011) Investments in Associates and Joint Ventures	January 1, 2013
IAS 19 Amendments to IAS 19 – Employee Benefits	January 1, 2013
IFRS 10: Consolidated Financial Statements	January 1, 2013
IFRS 11: Joint Arrangements	January 1, 2013
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13: Fair Value Measurement	January 1, 2013
IFRS 1 Amendments as part of improvements to IFRSs 2011	January 1, 2013
IAS 1 Amendments as part of improvements to IFRSs 2011	January 1, 2013
IAS 16 Amendments as part of improvements to IFRSs 2011	January 1, 2013
IAS 32 Amendments as part of improvements to IFRSs 2011	January 1, 2013
IAS 34 Amendments as part of improvements to IFRSs 2011	January 1, 2013
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
IFRS 10: Consolidated Financial Statements (Transitional arrangements)	January 1, 2013
IFRS 11: Joint Arrangements (Transitional arrangements)	January 1, 2013

2. New and revised standards and interpretations ….*continued*

2.1 Effective for current year………….*continued*

	Effective for annual periods beginning on or after
IFRS 12: Disclosure of Interests in Other Entities (Transitional arrangements)	January 1, 2013
IFRS 1: First-time Adoption of International Financial Reporting Standards (Government Loans)	January 1, 2013

2.2 Available for early adoption

IFRS 10: Consolidated Financial Statements (Exemptions)	January 1, 2014
IFRS 12: Disclosure of Interests in Other Entities (Exemptions)	January 1, 2014
IFRS 19: Employee Benefits	January 1, 2014
IAS 27: Separate Financial Statements (Exemptions)	January 1, 2014
IAS 32: Financial Instruments – Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IAS 36: Impairment of Assets	January 1, 2014
IAS 39: Financial Instruments: Recognition and Measurement	January 1, 2014
IFRIC 21: Levies	January 1, 2014
IFRS 7: Financial Instruments: Disclosures	January 1, 2017
IFRS 9: Additions for Financial Liability Accounting	January 1, 2017
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2017

The Bank has not opted for early adoption.

Standards and amendments that may impact the Bank's accounting policies, when adopted:

- ***IFRS 9*** was issued in November 2009 with requirements to be applied from January 1, 2013. However, new requirements were added in November 2010 with a revised date for adoption of January 1, 2015. Issued consequential amendments in November 2013 removed the mandatory effective date. The IASB, however, decided that the mandatory effective date will not be earlier than annual periods beginning on or after January 1, 2017.

IFRS 9 specifies how an entity should classify and measure its financial assets. When adopted, the standards will be applied retrospectively in accordance with IAS 8. This standard may have a significant effect on the Bank's financial statements. However, it is not practicable at this time to provide a reasonable estimate of that impact.

2. New and revised standards and interpretations......*continued*

2.2 Available for early adoption..............*continued*

- ***IFRS 7*** amendments of December 2011 modified the relief from restating comparative periods and the associated disclosures.

- **IFRS 10, IFRS 12 and IAS 27** provide investment entities an exemption from consolidating particular subsidiaries and instead require that the entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 and IAS 39. It requires also disclosures on unconsolidated subsidiaries, the nature of the relationship and certain transactions with subsidiaries.

The Bank does not anticipate any significant effect on its financial statements.

- **IAS 19** sets out that contributions from employees or third parties that are linked to service should be attributed to periods of service. It also permits a practical expedient should the amounts contributed are independent of the number of years of service.

The application of this standard should have little or no impact on the financial statements.

IAS 32 amends the disclosure requirement in IFRS 7: Financial Instruments, to require information about all recognized financial instruments that are set off. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements.

The Directors do not anticipate any significant effect to the financial statements on implementation of these amendments.

3. Summary of significant accounting policies

3.1 Statement of compliance

The non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3. Summary of significant accounting policies...........*continued*

3.2 Basis of preparation

The non-consolidated financial statements have been prepared on the historical cost convention except for the revaluation of certain non-current assets and financial instruments. Consolidated financial statements including the non-consolidated financial statements of the Bank's subsidiaries are also prepared for issuance to the shareholders. The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.3 Foreign currency transaction

Functional and presentation currency
Items included in the non-consolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates.

The non-consolidated financial statements are presented in Eastern Caribbean Dollars, which is the Bank functional and presentation currency.

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

3.4 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) ***Financial assets at fair value through profit or loss***
Certain investments, such as equity investments, principal protected investments and others, that are managed and evaluated on a fair value basis in accordance with a documented investment strategy and reported to management on that basis are designated at fair value through profit or loss.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the Statement of income in the period in which they arise.

3. Summary of significant accounting policies...........*continued*

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than : (1) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss; (2) those that the Bank upon initial recognition designates as available for sale; or (3) those for which the holder may not receive substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are recognised when cash or the right to cash is advanced to a borrower and are carried at amortised cost using the effective interest method.

(c) Bonus share dividend

Bonus share dividend is paid by the Board of Directors with the authority and approval from the shareholders of the Bank. These amounts are taken from reserves.

(d) *Held-to-maturity financial assets*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank management has the positive intention and ability to hold to maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale. Held-to-maturity financial assets are carried at amortised cost using the effective interest method.

(e) *Available-for-sale financial assets*

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on trade-date – the date on which the Bank commits to purchase or sell an asset.

Available-for-sale financial assets are initially recognised at fair value being the transaction price less transaction cost. Available-for-sale financial assets subsequently measured at fair value based on the current bid prices of quoted investments in active markets. If the market for available-for-sale financial assets is not active (such as investments in unlisted entities) and the fair value cannot be reliably measured, they are measured at cost. Gains and losses arising from the fair value of available-for-sale financial assets are recognised through other comprehensive income until the financial assets are derecognised or impaired, at which time, the cumulative gain or loss previously recognised through other comprehensive income is removed and recognised in profit or loss.

Interest calculated using the effective interest method, dividend income and foreign currency gains and losses on financial assets classified as available for sale are recognised in the Statement of income. Dividends on available-for-sale equity instruments are recognised in the Statement of income when the right to receive payment is established.

3. Summary of significant accounting policies………*continued*

3.4 Financial Assets…………*continued*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

3.5 Financial liabilities

Financial liabilities are classified as 'other liabilities' and are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Other liabilities include due to customers, due to other financial institutions, other borrowed funds and accumulated provisions, creditors and accruals.

Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

3.6 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of income 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. 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 financial liability.

When calculating the effective interest rate, estimates of cash flows that consider all contractual terms of the financial instrument are included (for example, repayment options), except future credit losses. The calculation includes all fees and points 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. Once a financial asset or a group of similar financial assets has been written down as a result of impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.7 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of business – are recognised on completion of the underlying transaction.

3.8 Dividend income

Dividends are recognised in the statement of income when the right to receive payment is established.

3.9 Impairment of financial assets

(a) ***Assets carried at amortised cost***

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower;
- Delinquency in contractual payments of principal and interest;
- Breach of loan covenants or conditions;
- Deterioration in the value of collateral;
- Deterioration of the borrower's competitive position; and
- Initiation of bankruptcy proceedings.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables and or held-to-maturity investments carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discounted rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may or may not result from foreclosure less cost for obtaining and selling the collateral, whether or not foreclosure is probable.

3. Summary of significant accounting policies……*continued*

3.9 Impairment of financial assets………..*continued*

(a) *Assets carried at amortised cost*……….*continued*

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the "Bad Debt Recovered" income account which is then used to decrease the amount of the provision for the loan impairment in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss is recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

(b) *Assets classified as available-for-sale*

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of income. Impairment losses recognised in the statement of income on equity instruments are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of income.

(c) *Renegotiated loans*

Loans and advances that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. Management continuously reviews these accounts to ensure that all criteria are met and that future payments are likely to occur.

3.10 Property, plant and equipment

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

3. Summary of significant accounting policies……*continued*

3.10 Property, plant and equipment……………..*continued*

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

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, any revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the fixed asset revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the following basis:

Building:	25 – 45 years
Leasehold improvements:	25 years, or over the period of lease if less than 25 years
Equipment, fixtures and motor vehicles:	3 – 10 years

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

All repairs and maintenance are charged to income during the financial period in which they are incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

3.11 Intangible assets – computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and to bring into use the specific software. These costs are amortized on the basis of the expected useful life of such software which is three to five years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3. Summary of significant accounting policies…….*continued*

3.12 Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units).

3.13 Investment in subsidiaries

The investment in subsidiaries is accounted for using the cost method and therefore the assets, liabilities and results of operations of the entities have not been reflected in these accounts. A subsidiary is an entity in which the Bank holds controlling interest (50% plus 1 share or more) of the voting shares of that entity.

3.14 Leases

The leases entered into by the Bank are primarily operating leases. The total payments made under the operating leases are charged to income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3.15 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with the Central Bank, treasury bills (with a maturity period of less than 90 days) and other eligible bills, loans and advances to banks, amounts due from other banks and other financial institutions and short-term government securities.

3.16 Employee benefits

(a) ***Pension plan***
The Bank operates a defined benefit plan. The administration of the plan is conducted by National Caribbean Insurance Company Limited, a subsidiary of the Bank. The actuarial valuation relating to the plan for the Bank and subsidiaries (the "Group") is typically not completed in time for the issuance of the non-consolidated financial statements and therefore this plan is accounted for as if it were a defined contribution plan.

In the prior year the fair value of the plan assets was greater than the defined benefit obligation and the directors expect this situation to be the same for the current period based on discussions with the administrator.

3. Summary of significant accounting policies…….*continued*

(a) ***Gratuity***
The Bank provides a gratuity plan to its employees after 15 years of employment. The amount of the gratuity payment to eligible employees at retirement is computed with reference to final salary and calibrated percentage rates based on the number of years of service. Provisions for these amounts are included in the Statement of income.

3.17 Current and deferred income tax

Income tax payable on profits, based on applicable tax law is recognised as an expense in the period in which profits arise, except to the extent that it relates to items recognised directly in equity. In such cases, the tax is recognised in a deferred tax liability account. The tax expense for the period comprises current and deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the non-consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or deferred tax liability is settled.

The principal temporary differences arise from depreciation of plant and equipment and revaluation of certain financial assets. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.
Deferred tax asset is recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.18 Borrowings

Borrowings are recognised initially at fair value (which is their issue proceeds and fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of income over the period of the borrowing using the effective interest method.

3.19 Guarantees and letters of credit
Guarantees and letters of credit comprise undertaking by the Bank to pay bills of exchange drawn on customers. The Bank expects most guarantees and letters of credit to be settled simultaneously with the reimbursement from the customers.

3. Summary of significant accounting policies…….*continued*

3.20 Share capital

(a) ***Share issue costs***
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) ***Dividends on ordinary shares***
Dividends on ordinary shares are recognised in equity in the period in which they are paid by the Board of Directors and or approved by the Bank's shareholders. Dividends for the year are dealt with in Note 28.

3.21 Associate companies

Associate companies are recorded at cost less amounts provided for impairment.

4. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the commercial banking business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse risks, to set appropriate levels and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Credit Division and Comptroller Division under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Bank operating units. The Board provides principles for overall risk management, as well as approved policies covering specific areas, such as foreign exchange, interest rate and credit risks. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and other price risk.

4.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparties will cause financial losses for the Bank by failing to discharge their obligations. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Bank's portfolio, could result in losses that are different from those provided for at the balance sheet date.

4. Financial risk management……*continued*

4.1 Credit risk…………………. *continued*

Management, therefore, carefully manages its exposure to such credit risks. 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. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralised and reported to the Board of Directors.

The Bank's exposure to credit risk is managed through regular analysis of the ability of its borrowers and potential borrowers to meet interest and capital repayment obligations. Credit risk is managed also in part by the taking of collateral and corporate and personal guarantees as securities on advances.

(a) *Loans and advances*

The prudential guidelines of the Bank's regulators are included in the daily credit operational management of the Bank. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model').

The Bank assesses the probability of default of individual borrowers using internal rating tools tailored to the various categories of borrowers. These rating tools are fashioned from the guidelines of the Bank regulators. Advances made by the Bank are segmented into five rating classes that reflect the range of default probabilities for each rating class. The rating tools are kept under review and upgraded as necessary.

Bank rating	Description of the classifications
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

(b) *Debt securities and other bills*

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by the Bank Treasury/Fund Managers for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

4. Financial risk management……*continued*

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 risks it undertakes by placing limits on the amount of risk acceptable in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review, when considered necessary by the Board of Directors.

The exposure to any one borrower, including banks and other financial institutions, is further restricted by sub-limits covering on-balance sheet and off-balance sheet exposures. Actual exposures against limits are monitored. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other specific controls 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 common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential 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 and individual credit facilities are generally secured. In addition, in order to minimize credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

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 authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions) are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

4.1.2 Risk limit control and mitigation policies

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans and advances, guarantees or letters of credit. With respect to credit risk, 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 of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

4.1.3 Impairment and provisioning

The impairment provision shown in the balance sheet at year-end is derived from each of the five internal rating grades. The table below shows the percentage of the Bank on-balance sheet and off-balance sheet items relating to loans and advances and associated impairment provision for each of the Bank internal categories:

Bank rating

	Mar 2015		June 2014	
	Loans and advances (%)	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1 Pass	61.38	-	58.83	-
2 Special mention	12.09	0.00	27.00	0.00
3 Sub-standard	23.64	41.64	11.53	41.64
4 Doubtful	2.76	53.15	2.52	53.15
5 Loss	0.13	5.21	0.12	5.21
	100.00	100.00	100.00	100.00

The rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria:

Loans

- Cash flow difficulties experienced by the borrower;
- Delinquency in contractual payments of principal and interest;
- Breach of loan covenants or conditions; and
- Deterioration in the value of collateral.

4. Financial risk management…….*continued*

4.1.3 Impairment and provisioning……………*continued*

Advances (overdrafts)

- Approval limit has been exceeded for three months;
- Interest charges for three months or more have not been covered by deposits; and
- Account has developed a hardcore which was not converted.

The Bank requires the review of individual financial assets that are above materiality thresholds on an annual basis or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied where necessary. Assessments take into account collateral held and anticipated cash receipts for individually assessed accounts.

4.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	Mar 2015	**June 2014**
***Credit risk exposures relating to on-balance sheet assets*:**	**$**	**$**
Treasury bills	153,977,518	162,908,892
Deposits with other financial institutions	989,694,024	710,787,386
Loans and advances:		
• Overdrafts	171,593,189	156,396,603
• Corporate customers	219,979,889	123,806,502
• Term loans	99,843,214	284,905,705
• Mortgages (personal)	133,331,505	129,603,501
• Originated debts	108,724,412	90,518,117
• Available-for-sale investments	198,117,889	202,848,046
• Other assets	27,587,572	17,082,938
	2,102,849,212	**1,878,857,691**
Credit risk exposure relating to off-balance sheet items:		
• Loan commitments and financial guarantees	94,585,167	137,403,304
Total	**2,197,434,379**	**2,016,260,995**

The above table represents a worse case scenario of credit risk exposure to the Bank at March 31, 2015 and June 30, 2014, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet. As shown above, 29% (June 2014 – 35%) of the total maximum exposure is derived from loans and advances to banks and customers.

4. Financial risk management…….*continued*

4.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements…………..*continued*

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:

- 73% (June 2014 – 84%) of the loans and advances portfolio is categorized in the top two grades of the internal rating system;
- Term loans, which represent the largest group in the portfolio, are backed by security – cash and real estate collateral and/or guarantees.
- 71% (June 2014 – 81%) of the loans and advances portfolio are considered to be neither past due nor impaired.
- The Bank continues to grant loans and advances in accordance with its lending policies and guidelines;
- A number of issuers and debt instruments in the region are not rated; consequently 32% (June 2014 - 35%) of these investments are not rated (Government securities – treasury bills, etc.).

4.1.5 Loans and advances

	Mar 2015	June 2014
	$	$
Loans and advances are summarized as follows:		
Loans and advances to customers		
Neither past due nor impaired	441,779,501	529,545,601
Past due but not impaired	44,934,690	23,032,880
Impaired principal	125,730,043	125,005,332
Interest receivable	66,504,980	66,504,980
	678,949,214	**744,088,793**
Other Interest receivable	1,686,946	6,511,881
Less allowance for impairment losses (Note 25)	(55,888,363)	(55,888,363)
Net	**624,747,797**	**694,712,311**

The total allowance for impairment losses on loans and advances is $55,888,363 (June 2014- $55,888,363). Further information of the allowance for impairment losses on loans and advances to customers is provided in Notes 26.

4. Financial risk management.......*continued*

4.1.5 Loans and advances...........continued

(a) ***Loans and advances neither past due nor impaired***
The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the rating system utilized by the Bank.

Mar 31, 2015

	Overdrafts $	Term loans $	Mortgages $	Corporate customers $	Total Loans and advances to customers $
Loans and advances to customers					
Classifications:					
1. Pass	27,946,587	58,316,488	85,251,180	165,427,841	336,942,096
2. Special mention	70,141,851	595,321	2,027,776	-	72,764,948
3. Substandard	216,604	31,340,354	515,499	-	32,072,457
Gross	**98,305,042**	**90,252,163**	**87,794,455**	**165,427,841**	**441,779,501**

June 30, 2014

	Overdrafts $	Term loans $	Mortgages $	Corporate customers $	Total Loans and advances to customers $
Loans and advances to customers					
Classifications:					
4. Pass	21,256,257	132,135,957	79,782,520	81,242,482	314,417,216
5. Special mention	66,245,561	112,102,060	1,715,177	-	180,062,798
6. Substandard	331,708	31,359,277	548,484	2,826,118	35,065,587
Gross	**87,833,526**	**275,597,294**	**82,046,181**	**84,068,600**	**529,545,601**

4. Financial risk management…….*continued*

4.1.5 Loans and advances………..continued

(b) ***Loans and advances past due but not impaired***
Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

	Term loans $	Mortgages $	Corporate customers $	Total $
At Mar 31, 2015				
Past due up to 30 days	1,889,452	9,804,298	17,179,549	28,873,299
Past due 30 – 60 days	988,995	2,404,350	-	3,393,345
Past due 60 – 90 days	455,087	395,036	-	850,123
Over 90 days	811,907	5,414,758	5,591,258	11,817,923
Gross	**4,145,441**	**18,018,442**	**22,770,807**	**44,934,690**
Fair value of collateral	**15,232,229**	**36,908,246**	**69,304,675**	**121,445,150**

	Term loans $	Mortgages $	Corporate customers $	Total $
At June 30, 2014				
Past due up to 30 days	2,490,790	10,730,779	890,658	14,112,227
Past due 30 – 60 days	509,440	2,232,310	-	2,741,750
Past due 60 – 90 days	360,333	1,450,749	-	1,811,082
Over 90 days	687,801	3,680,020	-	4,367,821
Gross	**4,048,364**	**18,093,858**	**890,658**	**23,032,880**
Fair value of collateral	**16,936,867**	**39,535,635**	**3,961,200**	**60,433,702**

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or indexes of similar assets sales in same geographical area.

4. Financial risk management…….*continued*

4.1.5 Loans and advances…………continued

(c) ***Loans and advances individually impaired***
The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is $124,668,573 (June 2014 - $191,510,312).

The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

	Overdrafts $	Term loans $	Mortgages $	Corporate customers $	Total Loans and advances to customers $
Mar 31, 2015					
Individually impaired	78,514,515	4,690,782	22,441,928	20,082,818	**125,730,043**
Interest receivable	12,835,430	2,653,942	14,794,837	36,220,771	**66,504,980**
Fair value of collateral	66,513,096	9,312,496	30,435,012	73,559,861	179,820,465

	Overdrafts $	Term loans $	Mortgages $	Corporate customers $	Total Loans and advances to customers $
June 30, 2014					
Individually Impaired	74,386,364	4,799,853	24,386,783	21,432,332	**125,005,332**
Interest receivable	12,835,430	2,653,942	14,794,837	36,220,771	**66,504,980**
Fair value of collateral	66,513,096	9,312,496	30,435,012	73,559,861	179,820,465

4. Financial risk management…….*continued*

4.1.5 Loans and advances………..continued

(d) ***Loans and advances renegotiated***

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment 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.

4.1.6 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at March 31, 2015, based on Standard & Poor's ratings or equivalent:

	Treasury Bills $	**Investment Securities $**	**Loans and receivables - notes & bonds $**	**Total $**
AA- to AA+		5,044,837		**5,044,837**
A- to A+		49,328,867		**49,328,867**
Lower than A-		44,140,257		**44,140,257**
Unrated/ Internally rated	147,084,605	99,109,796	107,077,435	**353,271,836**
	147,084,605	**197,623,758**	**107,077,435**	**451,785,797**
Interest receivable	6,892,913	494,132	1,646,977	9,034,022
Total	**153,977,518**	**198,117,889**	**108,724,412**	**460,819,819**

4. Financial risk management…….*continued*

4.1.7 Geographical concentrations of assets, liabilities, income, capital expenditure and off balance sheet items

The Bank operates only one business segment (commercial and retail banking services) which is predominantly localized to St. Kitts and Nevis. Commercial banking activities, however, accounts for a significant portion of credit risk exposure. The credit risk exposure is, therefore, spread geographically and over a diversity of personal and commercial customers:

	St. Kitts & Nevis $	United States & Canada $	Europe $	Other Caribbean States $	Total $
Mar 31, 2015					
Treasury bills	91,249,877			62,727,641	153,977,518
Deposits with Fin. Inst.	15,615,736	911,675,063	37,463,122	24,940,103	989,694,024
Loans and advances	530,941,961	81,050,800	2,406,135	10,348,901	624,747,797
Originated debts	21,261,212			87,463,200	108,724,412
Investments (AFS)	1,280,943	196,836,946			198,117,889
Other assets	13,047,163	14,540,409			27,587,572
	673,396,892	**1,204,103,218**	**39,869,257**	**185,479,845**	**2,102,849,212**

	St. Kitts & Nevis $	United States & Canada $	Europe $	Other Caribbean States $	Total $
June 30, 2014					
Treasury bills	86,651,110	-	-	76,257,782	162,908,892
Deposits with Fin. Inst.	45,698,753	621,229,912	17,331,871	26,526,850	710,787,386
Loans and advances	632,960,774	49,107,053	1,635,674	11,008,810	694,712,311
Originated debts	20,920,785	-	-	69,597,332	90,518,117
Investments (AFS)	1,280,944	201,567,102	-	-	202,848,046
Other assets	11,421,669	16,615,241	-	-	28,036,910
	798,934,035	**888,519,308**	**18,967,545**	**183,390,774**	**1,889,811,662**

Financial risk management…….*continued*

4.18 Concentration of risks of financial assets with credit exposure

The following tables break down the Bank main credit exposure at their carrying amounts, as categorised by industry sectors of our counterparties:

Mar 31, 2015	Public Sector	Construction	Tourism	Financial Institutions	Individuals	Other Industries	Total
Treasury Bills	153,977,518						153,977,518
Deposit with financial institutions	-	-	-	989,624,600	69,424	-	989,694,024
Loans and receivables:							
- Originated debts	102,827,912	-	-	2,926,500	-	2,970,000	108,724,412
- Loans & Advances	135,035,894	112,481,160	127,910,276	15,847,818	162,056,944	71,415,705	624,747,797
Investments – available-for-sale	3,019,835	-	1,115,514	76,291,536	-	117,691,004	198,117,889
Other assets	-	-	-	12,126,813	638,341	14,822,418	27,587,572
Total	**394,861,159**	**112,481,160**	**129,025,790**	**1,096,817,267**	**162,764,709**	**206,899,127**	**2,102,849,212**

June 30, 2014	Public Sector	Construction	Tourism	Financial Institutions	Individuals	Other Industries	Total
Treasury Bills	162,908,892						162,908,892
Deposit with financial institutions	36,651,312	-	-	674,131,441	4,633	-	710,787,386
Loans and receivables:							
- Originated debts	83,780,600	-	-	2,950,268	-	3,787,249	90,518,117
- Loans & Advances	318,335,301	81,789,247	73,845,229	16,545,707	150,452,394	53,744,433	694,712,311
Investments – available-for-sale	10,883,495	115,652	1,117,709	112,812,940	-	77,918,250	202,848,046
Other assets	-	-	-	7,085,881	1,546,804	8,450,253	17,082,938
Total	**612,559,600**	**81,904,899**	**74,962,938**	**813,526,237**	**152,003,831**	**143,900,185**	**1,878,857,690**

4. Financial risk management…….*continued*

4.19 Market risk

The Bank is exposed 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 and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of the market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank exposures to market risks primarily arise from the interest rate management of the Bank retail and commercial banking assets and liabilities and equity risks arising from its available-for-sale investments.

4.2.0 Price risk

The Bank is exposed to equities price risk because of investments held by the Bank and classified on the balance sheet as available-for-sale. To manage this price risk arising from investments in equity securities, the Bank diversifies its investment portfolio.

4.2.1 Foreign exchange risk

The Bank is exposed to foreign exchange risk through fluctuation in certain prevailing foreign exchange rates on its financial position and cash flows. The Board of Directors limits the level of exposure by currency and in total which are monitored daily. The Bank exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars. The Bank uses the mid-rate of exchange ruling on that day to convert all assets and liabilities in foreign currencies to Eastern Caribbean dollar (EC$).

The following table summarises the Bank exposure to foreign currency exchange rate risk at March 31, 2015. Included in the table are the Bank financial instruments at carrying amounts, categorized by currency.

Financial risk management…….*continued*

4.2.1 Foreign exchange risk…….continued

Concentration of currency risk – on and off balance sheet financial instruments

As at Mar 31, 2015	**ECD**	**USD**	**EURO**	**GBP**	**CAN**	**BDS**	**GUY**	**TOTAL**
Assets								
Cash & balances with Central Bank	196,405,203	5,999,628	56,924	85,470	22,049	31,946	-	202,601,220
Treasury bills	153,977,518	-	-	-	-	-		153,977,518
Deposits with other financial bodies	18,013,724	966,086,725	4,096,182	536,373	673,701	279,864	7,455	989,694,024
Loans and receivables								
- Loans and advances to customers	459,705,444	165,042,353	-	-	-	-	-	624,747,797
- Originated debts	67,816,634	40,907,778	-	-	-	-	-	108,724,412
Investments								
- Available-for-sale	10,706,801	645,676,094	-	-	-	-	-	656,382,895
Other assets	12,340,597	15,246,975	-	-	-	-	-	27,587,572
Total financial assets	918,965,921	1,838,959,553	4,153,106	621,843	695,750	311,810	7,455	2,763,715,438
Liabilities								
Due to Customers	2,527,651,706	628,780,679	650,513	2,599	1,755,732	-	-	3,158,841,229
Due to other financial bodies	-	32,249,304	-	3,087	-	-	-	32,252,391
Other borrowed funds	-	2,722	-	-	-	-	-	2,722
Other liabilities	29,791,278	10,467,216	42,225	467,011	174,135	117,847	-	41,059,712
Total financial liabilities	2,557,442,984	671,499,921	692,738	472,697	1,929,867	117,847	-	3,232,156,054
Net on-balance sheet positions	**(1,638,477,063)**	**1,167,459,632**	**3,460,368**	**149,146**	**(1,234,117)**	**193,963**	**7,455**	**(468,440,616)**
Credit commitment	**89,623,610**	**-**	**-**	**-**	**-**	**-**	**-**	**89,623,610**

Financial risk management.......*continued*

4.2.1 Foreign exchange risk.......*continued*

Concentration of currency risk – on and off balance sheet financial instruments

As at June 30, 2014	**ECD**	**USD**	**EURO**	**GBP**	**CAN**	**BDS**	**GUY**	**TOTAL**
Total financial assets	1,221,818,369	1,265,924,145	2,431,029	2,834,268	893,052	758,785	2,711	2,494,662,359
Total financial liabilities	2,290,433,476	400,094,105	198,782	420,753	2,462,172	117,007	-	2,693,726,295
Net on-balance sheet positions	**(1,068,615,107)**	**865,830,040**	**2,232,247**	**2,413,515**	**(1,569,120)**	**641,778**	**2,711**	**(199,063,936)**
Credit commitments	**132,667,747**	**-**	**-**	**-**	**-**	**-**	**-**	**132,667,747**

4.2.2 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 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 levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board of Directors limits the level of mismatch of interest rates repricing that may be undertaken.

Financial risk management…….*continued*

4.2.2 Interest rate risk…………*continued*

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

As at Mar 31, 2015	Up to 1 Month $	1 to 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Non-interest Bearing $	Total $
Assets							
Cash & balances with Central Bank	-	-	-	-	-	202,601,220	202,601,220
Treasury bills	-	117,731,616	29,352,990		-	6,892,912	153,977,518
Deposits with other financial Inst.	135,464,832	270,260,000	-	21,065,239	-	562,903,953	989,694,024
Loans and advances – Customers	342,731,580	40,027,167	30,563,933	35,262,128	176,162,989	-	624,747,797
- Originated debts	4,600	274,600	16,932,200	69,883,155	19,982,880	1,646,977	108,724,412
Financial Asset	-	-	-	796,020,571	-	20,437,960	816,458,531
Investments – Available-for-sale	197,623,757	-	-	-	1,005,000	457,754,138	656,382,895
Other assets	-	-	10,953,972	-	-	16,633,600	27,587,572
Total assets	675,824,769	428,293,383	87,803,095	922,231,093	197,150,869	1,268,870,760	3,580,173,969
Liabilities							
Due to customers	939,504,980	222,618,846	828,438,553	-	-	1,168,278,850	3,158,841,229
Due to other financial institutions	32,252,391	-	-	-	-	-	32,252,391
Other borrowed funds	2,722	-	-	-	-	-	2,722
Other liabilities	3,782	-	-	-	-	43,460,691	43,464,473
Total liabilities	971,763,875	222,618,846	828,438,553	-	-	1,211,739,541	3,234,560,815
Total Interest repricing gap	**(295,939,106)**	**203,674,537**	**(740,635,458)**	**922,231,093**	**197,150,869**		

Financial risk management…….*continued*

4.2.2 Interest rate risk…………*continued*

As at June 30, 2014	**Up to 1 Month** $	**1 to 3 Months** $	**3 to 12 Months** $	**1 to 5 Years** $	**Over 5 Years** $	**Non-interest Bearing** $	**Total** $
Total financial assets	905,892,766	22,722,183	332,920,788	666,832,249	254,878,511	878,111,310	3,061,357,807
Total financial liabilities	665,679,643	181,000,425	961,134,981	-	-	885,911,246	2,693,726,295
Total Interest repricing gap	**240,213,123**	**(158,278,242)**	**(628,214,193)**	**666,832,249**	**254,878,511**		

The Bank fair value arises from debt securities classified as available-for-sale. Cash flow interest rate risk arises from loans and advances to customers at available rates.

4. Financial risk management…….*continued*

4.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with financial liabilities when they fall due and to replace funds when they are withdrawn. The consequences may be failure to meet obligations to repay depositors and fulfill commitments to lend.

4.3.1 Liquidity risk management

The Bank liquidity is managed and monitored by the Comptroller Division with guidance, where necessary, by an executive director of the Board. This includes:

- Daily monitoring of the Bank liquidity position to ensure that requirements can be met. These include the replenishment of funds as they mature and/or are borrowed by customers. The Bank ensures that sufficient funds are held to meet its obligation by not converting into foreign deposits, demand deposits, reserve, provision for interest, provision for loan losses, and other net financial assets and liabilities.

- Maintaining a portfolio of marketable assets that can easily be liquidated as protection against unforeseen liquidity problems. Additionally, the investment portfolio is diversified by geography, product, currency and term.

- Daily monitoring of the balance sheet liquidity ratios against internal and regulatory requirements.

- Managing the concentration and profile of debt maturities.

- Formalised arrangements with non-regional financial institutions to fund any liquidity needs that may arise.

4.3.2 Funding Approach

Sources of liquidity are regularly reviewed to maintain a wide diversification of geography, currency, provider, product and term.

Financial risk management…….*continued*

4.3.3 Non-derivative cash flows

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

As at Mar 31, 2015	Up to 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	Over 5 years $	Total $
Financial Liabilities						
Due to customers	2,092,618,753	228,407,981	837,814,495	-	-	3,158,841,229
Due to other financial institutions	32,252,391	-	-	-	-	32,252,391
Other borrowed funds	2,722	-	-	-	-	2,722
Other liabilities	39,041,934	2,231,175	2,191,364	-	-	43,464,473
Total financial liabilities	**2,163,915,800**	**230,639,156**	**840,005,859**	**-**	**-**	**3,234,560,815**
Total assets	**1,891,421,617**	**435,169,730**	**104,151,871**	**953,284,882**	**196,145,869**	**3,580,173,969**
As at June 30, 2014						
Total financial liabilities	**1,525,961,454**	**185,821,598**	**978,170,165**	**3,773,078**	**-**	**2,693,726,295**
Total financial assets	**1,758,744,551**	**23,162,579**	**347,615,915**	**677,961,250**	**253,873,512**	**3,061,357,807**

4. Financial risk management…….*continued*

4.3.4 Off-balance sheet items

(a) Loan commitments
The dates of the contractual amounts of the Bank off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 31), are summarized in the table below.

	Up to 1 year	1 – 3 years	Over 3 years	Total
	$	$	$	$
As at Mar 31, 2015				
Loan commitments	63,240,354	794,561	25,588,695	**89,623,610**
Guarantees and standby letters of credit	4,961,557	-	-	**4,961,557**
Total	**68,201,911**	**794,561**	**25,588,695**	**94,585,167**
As at June 30, 2014				
Loan commitments	128,402,680	1,763,094	2,501,973	**132,667,747**
Guarantees and standby letters of credit	4,735,557	-	-	**4,735,557**
Total	**133,138,237**	**1,763,094**	**2,501,973**	**137,403,304**

4.4 Fair values of financial assets and financial liabilities

Fair value amounts represent estimates of the consideration that would 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 of financial instruments.

The fair values of cash resources, other assets and liabilities, items in transit are assumed to approximate their carrying values due to their short term nature. The fair values of off balance sheet commitments are also assumed to approximate the amount disclosed in Note 31. Fair value of financial assets and financial liabilities are also determined as follows:

- 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.

4. Financial risk management…….*continued*

4.4 Fair values of financial assets and liabilities……….*continued*

- 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.

(a) Treasury bills
Treasury bills are assumed to approximate their carrying value due to their short term nature.

(b) Deposits with other financial institutions
Deposits with other financial institutions include cash on operating accounts and interest and non-interest bearing fixed deposits both with a maturity period under 90 days and over 90 days. These deposits are estimated to approximate their carrying values because they are another form of cash resources.

(c) Loans and advances to customers
Loans and advances are net of provisions for impairment. The estimated fair values of loans and advances represent the discounted amount of estimated future cash flow expected to be received. Expected cash flows are discounted at current market rate to determine fair value on impaired loans and advances. A conservative approach to the present value of such cash flows on performing loans and advances is taken due to the steady rise in values of property collateral. Therefore, initial values are taken as fair value and where observed values are different, adjustments are made.

(d) Originated debt
Originated debt securities include only interest bearing financial assets.

(e) Due to customers
The estimated fair value of deposits with no stated maturity, with includes non-interest bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date are at rates, which reflect market conditions, are assumed to have fair values which approximate carrying values.

(f) Due to financial institutions
The estimated fair value of 'due to financial institutions' is the amount payable on demand which is the amount recorded.

(g) Other borrowed funds
Other borrowed funds are all interest bearing financial liabilities with amounts payable on demand and at a fixed maturity date. Fair value on this category is estimated to approximate carrying value.

4. Financial risk management…….*continued*

4.4 Fair values of financial assets and liabilities……….*continued*

The table below summarizes the carrying amounts and fair values of the financial assets and financial liabilities

	Carrying Value		Fair Value	
	Mar 2015	**June 2014**	**Mar 2015**	**June 2014**
Financial assets	**$**	**$**	**$**	**$**
Treasury bills	153,977,518	162,908,892	153,977,518	162,908,892
Deposits with other financial institutions	989,694,024	710,787,386	989,694,024	710,787,386
Loans and receivables:				
Loans and advances				
Overdrafts	171,593,189	156,396,603	228,730,878	223,149,860
Corporate	219,979,889	123,806,503	253,468,612	233,468,612
Mortgage	133,331,505	129,603,501	213,851,052	213,851,052
Term	99,843,214	284,905,705	166,279,371	334,013,621
Originated debts	108,724,412	90,518,117	108,724,412	90,518,117
AFS – debt	1,005,000	1,005,000	1,005,000	1,005,000
AFS – equity	9,308,627	9,308,627	9,308,627	9,308,627
Financial Liabilities				
Due to customers	3,158,841,229	2,666,856,354	3,158,841,229	2,666,856,354
Due to financial institutions	32,252,391	646,839	32,252,391	646,839
Other borrowed funds	2,722	2,709	2,722	2,709

Fair values of loans and advances are the fair values of the securities held.

4.4.1 Fair Value measurements recognized in the balance sheet

Unlisted equities

The non-consolidated financial statements include positions in unlisted equity securities which are measured at fair value (see note 11). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observed.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

4. Financial risk management…….*continued*

4.4 Fair value measurements recognized in the balance sheet……..continued

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets:

	Level 1	Level 2	Total
	$	$	$
Mar 31, 2015			
Debt securities	196,618,757	-	**196,618,757**
Equities	448,810,610	145,769	**448,956,379**
	645,429,367	**145,769**	**645,575,136**
Interest receivable	494,132		494,132
Total	**645,923,499**	**145,769**	**646,069,268**

There were no transfers from Level 1 to Level 2 in the period

Available-for-sale financial assets:

	Level 1	Level 2	Total
	$	$	$
June 30, 2014			
Debt securities	200,745,104	-	**200,745,104**
Equities	306,251,381	7,018,658	**313,270,039**
	506,996,485	**7,018,658**	**514,015,143**
Interest receivable	1,097,942		1,097,942
Total	**508,094,427**	**7,018,658**	**515,113,085**

The method of valuation on these Level 2 securities was identified as not being directly from unadjusted quoted prices but was based on the investee's net asset value as at its 31st December year end adjusted for the results of the intervening period to quarter end.

4. Financial risk management…….*continued*

4.5 Capital management

The Bank objectives when managing capital, which is a broader concept than the "equity" on the face of the balance sheet, are:

- To comply with the capital requirement set by the Eastern Caribbean Central Bank.
- To safeguard the Bank 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 Bank management, employing techniques based on the guidelines developed by the Eastern Caribbean Central Bank ('the Authority') for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

The Authority requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of $5,000,000 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the international agreed minimum of 8%.

The Bank regulatory capital as managed by management is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriation of retained earnings.
- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowance and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

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-balance sheet exposure, with same adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the period ended March 31, 2015 and June 30, 2014. During these two periods, the Bank complied with all the externally imposed capital requirements to which it must comply.

4. Financial risk management.......*continued*

4.5 Capital management..........*continued*

	Mar 2015	June 2014
Tier 1 capital	**$**	**$**
Share Capital	135,000,000	135,000,000
Bonus shares from capitalization of unrealized asset revaluation reserve	(4,500,000)	(4,500,000)
Reserves	292,370,344	300,617,517
Retained earnings	1,510,408	10,378,046
Total qualifying Tier 1 capital	**424,380,752**	**441,495,563**
Tier 2 capital		
Revaluation reserve – available-for-sale investments	(18,453,270)	(9,482,432)
Revaluation reserve – property, plant and equipment	7,720,621	7,720,621
Bonus shares capitalization	4,500,000	4,500,000
Un-appropriated profits	14,243,616	-
Accumulated impairment allowance	55,888,363	55,888,363
Total qualifying Tier 2 capital	**63,899,330**	**58,626,552**
Investment in subsidiaries	(26,750,000)	(26,750,000)
Total regulatory capital	**461,530,082**	**473,372,115**
Risk-weighted assets		
On-balance sheet	1,393,705,344	1,134,983,166
Off-balance sheet	93,828,514	123,496,660
Total risk-weighted assets	**1,487,533,858**	**1,258,479,826**
Tier 1 capital ratio	**29%**	**35%**
Basel ratio	**31%**	**37%**

5. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. Critical accounting estimates and judgments.........continued

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolio of assets impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the Bank makes judgment as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences in estimates and actual loss experienced.

(b) Impairment of available-for-sale equity investments

The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, when there is evidence of deterioration in the financial health of the investee industry and sector performance, changes in technology and operational and financing cash flows.

(c) ***Pension Benefits***

The present value of the pension benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of Government securities that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

6. Cash and balances with Central Bank

	Mar 2015 $	June 2014 $
Cash in hand	13,967,802	10,408,901
Balances with Central Bank other than mandatory deposits	5,446,380	123,301,676
Included in cash and cash equivalent (Note 30)	**19,414,182**	**133,710,577**
Mandatory deposits with Central Bank	183,187,038	159,515,426
Total	**202,601,220**	**293,226,003**

1) All banks in the Eastern Caribbean Currency Union are required to have a 3-day average daily gross Automated Clearing House (ACH) collateral amount with the Central Bank. The Bank's cash collateral amount stands at $5,615,002.47 and form part of the mandatory deposit.

2) As regards the remaining part of the mandatory deposits with Central Bank, commercial banks are required under Section 17 of the Banking Act, 1991 to maintain a reserve deposit with the Central Bank equivalent to 6 percent of their total deposit of customers. This reserve deposit is not available to finance the Bank's day-to-day operations. Cash and balances with Central Bank including mandatory deposits do not receive interest payments.

7. Treasury bills

	Mar 2015 $	June 2014 $
Government of Antigua and Barbuda		
maturing October 9, 2014 at 6.5% interest	-	10,384,110
maturing November 8, 2014 at 6 % interest	-	13,059,791
maturing May 6, 2015 at 6% interest	13,354,796	-
maturing October 9, 2015 at 6.50% interest	9,916,610	-
Government of Grenada		
maturing July 17, 2014 at 6% interest	-	4,020,938
maturing July 19, 2014 at 6% interest	-	13,814,240
maturing August 15, 2014 at 6% interest		4,997,113
maturing October 10, 2015 at 6% interest	7,158,100	9,400,100
maturing July 18, 2015 at 6% interest	12,278,280	-
Government of St Lucia		
maturing August 15, 2014 at 5% interest	-	11,530,000
maturing May 13, 2015 at 5% interest	11,530,000	-
maturing August 19, 2014 at 5% interest	-	4,937,671
maturing May 22, 2015 at 5% interest	4,937,671	-
maturing June 6, 2015 at 5% interest	2,024,500	2,024,500
Government of St. Kitts and Nevis		
maturing May 16, 2015 at 6.75% interest	85,884,649	85,884,649
Interest receivable	6,892,912	2,855,780
	153,977,518	**162,908,892**

Treasury bills are debt securities issued by a sovereign government.

8. Deposits with other financial institutions

	Mar 2015 $	June 2014 $
Operating cash balances	661,100,771	619,234,430
Items in the course of collection	9,573,982	6,214,871
Interest bearing term deposits	272,260,000	2,000,000
Included in cash and cash equivalent (Note 30)	**942,934,753**	**627,449,301**
Special term deposits*	21,065,239	56,060,243
Restricted term deposits**	25,568,369	25,558,581
Interest receivable	125,663	1,719,261
Total	**989,694,024**	**710,787,386**

*Special term deposits are interest bearing fixed deposits with a maturity period longer than 3 months.
**Restricted term deposits are interest bearing fixed deposits collateral used in the Bank's international business operations. These deposits are not available for use in the day-to-day operations of the Bank. Interest earned on both 'Special term deposits' and 'Restricted term deposits' is credit to income.

9. Loans and advances to customers

	Mar 2015 $	June 2014 $
Overdrafts	93,187,307	83,738,185
Mortgages	82,318,187	75,922,789
Demand	243,507,211	252,041,916
Special Term	29,283,043	104,072,278
Other Secured	26,607,401	26,474,418
Credit Cards	5,118,450	4,095,340
Consumer	6,692,592	6,233,555
Productive loans	**486,714,191**	**552,578,481**
Impaired loans and advances	125,730,043	125,005,332
Less allowance for impairment (Note 26)	(55,888,363)	(55,888,363)
	556,555,871	**621,695,450**
Interest receivable	68,191,926	73,016,861
Net loans and advances	**624,747,797**	**694,712,311**

10. Originated debts	**Mar 2015 $**	**June 2014 $**
Government of St. Kitts and Nevis bonds maturing April 18, 2057 at 1.5% interest	18,334,712	17,938,746
Eastern Caribbean Home Mortgage Bank long-term bond maturing July 01, 2015 at 3.75% interest	2,600,000	2,600,000
Antigua Commercial Bank 9 % interest rate Series A bond maturing December 31, 2025	1,455,515	1,469,314
Grenada Electricity Services Limited 10-year 7% bond maturing December 18, 2017	2,970,000	3,780,000
Government of Antigua 7-year long-term notes maturing April 30, 2017 at 6.7% interest	37,534,902	37,534,902
Government of St. Vincent & The Grenadines 10-year bond maturing December 17, 2019 at 7.5% interest	5,000,000	5,000,000
Caribbean Credit Card Corporation unsecured loan at 10 % interest (no specific repayment terms)	300,000	300,000
Government of St Lucia USD Fixed Rate Note maturing July 19, 2015 at 4.75% interest	13,513,000	13,513,000
maturing September 01, 2016 at 4.50% interest	25,369,306	-
Government of St Vincent & The Grenadines bond maturing December 17, 2014 at 5% interest	-	5,249,995
Interest receivable	1,646,977	3,132,160
Total	**108,724,412**	**90,518,117**

10.1 Loss on bond

Loss on bond (originated debt) represents impairment loss/discount on Government of St. Kitts and Nevis ("Government") 10-year 8.25% per annum $64,423,030 bond which was due to mature on March 03, 2020. As a result of the Government debt restructuring program, the Bank was given the choice to exchange its $64,423,030 bond for (1) a "New Discount Bond" which matures in twenty (20) years with interest rates at 6% per annum for the first forty-eight (48) months and 3% per annum thereafter and a "Goodwill Payment" of $130 per $1,000 on the first payment date following the issue date or (2) a "New Par Bond" which matures in forty five (45) years with interest rate of 1.5% per annum inclusive of 15-year grace period on principal and a one-time "Goodwill Payment" of $11.25 per $1,000 to be paid after the first month of issue. The Bank chose the "New Par Bond".

	Mar 2015 $	**June 2014 $**
Original bond at 8.25% per annum interest	64,423,030	64,423,030
Discount on bond	(46,088,318)	(46,484,284)
Fair Value of "New Par Bond" at balance sheet date	**18,334,712**	**17,938,746**

11. Investment securities

(A)

	Mar 2015	June 2014
Available-for-sale securities	**$**	**$**
Securities at fair value		
-- Unlisted	16,792,977	16,794,275
-- Listed	645,429,368	513,868,076
-- Interest receivable	494,132	1,097,942
-- Less provision for impairment	(6,333,582)	(6,333,582)
Sub-total	**656,382,895**	**525,426,711**

Previous years Board authorized impairment provisions are as follows:

(1) TCI Bank Limited …………….. $1,351,300.00
(2) ECIC Holdings Limited ……… $1,859,106.00

(B) The movement in held-to-maturity, available-for-sale, fair value through profit or loss and loans and receivables – originated debt financial assets during the year is as follows:

	Available for Sale	Loans and Receivables:- Debts	Total
	$	$	$
Balance – June 30, 2014	**525,426,712**	**90,518,117**	**615,944,829**
Less Interest receivable	**1,097,942**	**3,132,160**	**4,230,102**
AFS Investments	**524,328,770**	**87,385,957**	**611,714,727**
Additions	575,323,327	25,765,272	601,088,599
Disposals (sales/redemption)	(430,374,025)	(6,073,794)	(436,447,819)
Fair value gains (losses)	(13,389,309)	-	(13,389,309)
Interest receivable	494,132	1,646,977	2,141,109
Total as at Mar 31, 2015	**656,382,895**	**108,724,412**	**765,107,307**
Balance – June 30, 2013	**429,336,787**	**92,348,815**	**521,685,602**
Additions	1,414,469,738	3,341,367	1,417,811,105
Disposal (sales/redemption)	(1,337,379,618)	(5,831,571)	(1,343,211,189)
Fair value gains	21,025,039	-	21,025,039
Current period Impairment	(3,132,176)	(2,472,654)	(5,595,830)
Interest receivable	1,097,942	3,132,160	4,230,102
Total as at June 30, 2014	**525,426,712**	**90,518,117**	**615,944,829**

11. Investment securities..............continued

(B)

	Mar 2015 $	June 2014 $
Included in available-for-sale financial assets are as follows:		
Listed securities:		
- Equity securities – US	444,429,111	308,741,472
- Equity securities – Caribbean	4,381,500	4,381,500
- Debt securities – US	196,618,757	200,745,104
- Interest receivable	494,132	1,097,942
Total listed securities	**645,923,500**	**514,966,018**
Unlisted securities:		
- Equity securities – US	145,769	147,067
- Equity securities – Caribbean	14,637,149	14,637,149
- Debt securities – Caribbean	2,010,059	2,010,059
- Provision for impairment loss	(6,333,582)	(6,333,582)
Total unlisted securities	**10,459,395**	**10,460,693**
Total available-for-sale securities, net	**656,382,895**	**525,426,711**

Available-for-sale securities are denominated in the following currencies:

(C)

	Mar 2015 $	June 2014 $
Listed:		
US dollars	641,542,000	510,584,518
EC dollars	4,381,500	4,381,500
Total listed securities and interest	**645,923,500**	**514,966,018**
Unlisted:		
US dollars	9,468,677	9,469,975
Less: Provision for impairment loss	(5,334,583)	(5,334,583)
Sub-total US dollars	**4,134,094**	**4,135,392**
EC dollars	7,324,300	7,324,300
Total unlisted securities	**11,458,394**	**11,459,692**
Less: Provision for impairment loss	(998,999)	(998,999)
Total available-for-sale securities	**656,382,895**	**525,426,711**

	Mar 2015 $	June 2014 $

12. Investment in subsidiary

National Bank Trust Company (St Kitts-Nevis-Anguilla) Limited	5,750,000	5,750,000
National Caribbean Insurance Company Limited	9,000,000	9,000,000
St Kitts and Nevis Mortgage and Investment Company Limited (MICO)	12,000,000	12,000,000
Total	**26,750,000**	**26,750,000**

The subsidiaries are wholly owned except National Caribbean Insurance Company Limited (NCIC) which is 90 percent owned. National Bank Trust Company (St. Kitts-Nevis-Anguilla) Limited which is a wholly owned subsidiary of the Bank owns the remaining 10 percent.

13. Customers' liability under acceptances, guarantees and letters of credit

Letters of credit	4,961,557	4,735,557
Guarantees	-	-
Total	**4,961,557**	**4,735,557**

14. Property, Plant and Equipment

COST/VALUATION	Total	Property	Equipment	Furniture And Fittings	Motor Vehicles	Reference Books	Projects Ongoing
	$	$	$	$	$	$	$
At June 30, 2014	41,345,345	21,173,770	14,292,792	3,770,313	598,610	140,367	1,369,493
Additions	456,774	-	281,067	72,747	102,960	-	-
Disposal	-	-	-	-	-	-	-
Transfers	2,145,364	-	-	-	-	-	2,145,364
Mar 31, 2015	43,947,483	21,173,770	14,573,859	3,843,060	701,570	140,367	3,514,857
Accumulated Depreciation							
At June 30, 2014	20,306,278	4,714,313	12,627,013	2,605,740	219,385	139,827	-
Charge for Year	2,248,289	727,944	905,604	527,033	87,253	455	-
Disposal	-	-	-	-	-	-	-
Mar 31, 2015	22,554,567	5,442,257	13,532,617	3,132,773	306,638	140,282	-
Net Book Value							
At Mar 31, 2015	**21,392,916**	**15,731,513**	**1,041,242**	**710,287**	**394,932**	**85**	**3,514,857**
At June 30, 2014	**21,039,067**	**16,459,457**	**1,665,779**	**1,164,573**	**379,225**	**540**	**1,369,493**

Included in Property is land at a carrying value of $3,286,073. This is made up as follows:

	Mar 2015	June 2014
Headquarters (Basseterre)	1,575,900	1,575,900
Sandy Point (#1)	31,195	31,195
Sandy Point (#2)	17,360	17,360
Saddlers	20,210	20,210
Nevis	815,400	815,400
West Independence Square	674,658	674,658
Rosemary Lane (#1)	83,350	83,350
Rosemary Lane (#2)	68,000	68,000
Total	**3,286,073**	**3,286,073**

		Mar 2015 $	June 2014 $
15.	**Intangible assets**		
	Cost at July 1, 2014	7,968,214	7,964,977
	Additions	473,435	3,237
	Total at Mar 31, 2015	**8,441,649**	**7,968,214**
	Accumulated amortisation		
	At July 1, 2014	7,707,692	7,161,013
	Charges for the year-to-date	266,491	546,679
	Total at Mar 31, 2015	**7,974,183**	**7,707,692**
	Net book value	**467,466**	**260,522**

Intangible assets represent computer software acquired for the Bank use.

16.	**Other assets**		
	Prepayments	6,535,738	7,660,619
	Stationery and card stock	901,865	727,514
	Epassporte receivable, net	8,107,800	8,107,800
	Net defined benefit asset	10,953,972	10,953,972
	Other receivables	8,744,457	2,433,835
	Total	**35,243,832**	**29,883,740**

	Mar 2015 $	June 2014 $
17. Due to customers		
Consumers	466,473,751	421,249,449
Private businesses and subsidiaries	901,670,918	647,177,037
State, statutory bodies and non-financial bodies	1,428,564,114	1,301,285,854
Others	334,323,546	284,594,242
Interest Payable	27,808,900	25,833,483
Total Customers deposits	**3,158,841,229**	**2,680,140,065**

'Due to Customers" represents all types of deposit accounts held by the Bank on behalf of its customers. The deposit include demand deposit accounts, call accounts, savings accounts and fixed deposits.

The Bank pays interest on all categories of customers' deposits. At the balance sheet date, total interest paid and payable on deposit accounts for the period amounted to $38,378,195.

18. Other borrowed funds

Credit line	2722	2,709
Interest payable	-	-
Total	**2722**	**2,709**

The rate of interest charged on the line-of-credit was 3mth LIBOR plus 75. This credit line is secured by investment securities under management and stands at 50 percent of the portfolio.

Total interest paid and payable in this category was $13 (June 2014 - $1,712,917).

19. Accumulated provisions, creditors and accruals

Managers cheques and bankers payments	19,935,014	1,191,552
Unpaid drafts on other banks	2,791,442	6,672,927
Other payables	23,200,283	21,490,881
Total	**45,926,739**	**29,355,360**

	Mar 2015	Mar 2014
20. Taxation	**$**	**$**
Tax expense		
Current tax	-	-
Deferred tax	-	-
Total	**-**	**-**
Income for the period before tax	**14,243,616**	**13,802,955**

Deferred tax asset/(liability)

The movement on the deferred tax assets and liabilities during the period is as follows:

	Mar 2015	June 2014
Deferred tax asset/(liability)	$	$
Balance brought forward	22,551,710	20,604,955
Current year change	-	7,513,139
Net unrealized loss/(gain) in movement	4,418,471	(6,938,262)
Loss on re-measurement of defined benefit asset	-	1,371,878
Total	**26,970,181**	**22,551,710**
Tax loss carried forward	18,363,020	18,363,020
Capital loss allowance carried forward	994,881	994,881
Accelerated depreciation	1,116,195	1,116,195
Unrealised loss on AFS securities	10,110,896	5,692,425
Net defined benefit asset	(3,614,811)	(3,614,811)
Total	**26,970,181**	**22,551,710**
Deferred tax liability/(asset):		
Balance brought forward	(5,692,425)	(12,630,687)
Net unrealized gains/(losses)	(4,418,471)	6,938,262
Unrealised (loss)/gain on AFS securities	**(10,110,896)**	**(5,692,425)**
Movement is represented by:		
Unrealised gain/(loss) on AFS securities (Note 11)	(13,389,309)	21,025,039
Less amount recognized in equity (Note 22)	8,970,838	(14,086,777)
Current year movement	**(4,418,471)**	**6,938,262**

	Mar 2015 $	June 2014 $
21. Share Capital		
Authorised: -		
270,000,000 Ordinary Shares of $1 each	**270,000,000**	**270,000,000**
Issued and Fully Paid: -		
135,000,000 Ordinary Shares of $1 each	**135,000,000**	**135,000,000**

22. Reserves

22.1 Statutory reserve

Balance at beginning of year	106,849,652	102,210,953
Addition	-	4,638,699
	106,849,652	**106,849,652**

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

22.2 Revaluation reserve

Balance brought forward	(1,761,811)	(15,848,588)
Movement in market value of investments, net	(8,970,838)	14,086,777
Balance	**(10,732,649)**	**(1,761,811)**
Revaluation reserve is represented by:		
Available for sale investment securities	(18,453,270)	(9,482,432)
Properties	7,720,621	7,720,621
	(10,732,649)	**(1,761,811)**

	Mar 2015 $	June 2014 $
22. Reserves……………..*continued*		
22.3 Other reserves		
Balance at beginning of year	181,643,268	181,643,268
	181,643,268	**181,643,268**
Other reserves is represented by:		
Reserve for interest on non-performing loans	23,905,806	23,905,806
Defined Benefit Plan	6,989,682	6,989,682
General reserve	150,747,780	150,747,780
	181,643,268	**181,643,268**

Included in Other reserves are the following individual reserves:

General Reserve
General reserve is used from time to time to transfer profits from retained earnings. There is no policy of regular transfer.

Reserve for interest charged on non-performing loans
This reserve was created to set aside interest accrued on non-performing loans in accordance with International Accounting Standards (IAS) 39. The prudential guidelines of Eastern Caribbean Central Bank do not allow for the accrual of such interest. As a result, the interest is set aside in a reserve and is not available for distribution to shareholders until received.

Loan Loss Reserve
The Eastern Caribbean Central Bank requires all banks within its jurisdiction to establish a special reserve for the amount by which the regulatory requirement for loan loss provisioning exceeds that computed under IAS 39. This reserve is non-distributable and forms part of Tier 2 Capital.

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

		Mar 2015 $	Mar 2014 $
23.	**Net Interest Income**		
	Interest Income		
	Loans and Advances	33,213,158	34,694,555
	Deposits with other financial institutions	812,586	5,125,982
	Treasury Bills	7,371,175	7,617,333
	Investments	7,186,098	8,104,451
	Lands	18,812,416	14,738,232
		67,395,433	**70,280,583**
	Interest Expense		
	Savings accounts	9,556,630	9,411,638
	Call Accounts	1,303,188	1,142,462
	Fixed Deposits	45,545,101	50,489,171
	Current and other deposit accounts	189,113	2,850,298
	Debt and other related accounts	13	1,655,855
		56,594,045	**65,549,424**
	Net	**10,801,388**	**4,731,159**
24.	**Net fees and commission income**		
	Credit related fees and commission	2,557,498	2,128,095
	International and foreign exchange	11,295,084	5,438,396
	Brokerage and other fees and commission	862,989	757,455
	Fees and commission income	**14,715,571**	**8,323,946**
	Fee expenses		
	Brokerage and other related fee expenses	64,525	31,500
	International and foreign exchange fee expenses	7,819,010	2,640,393
	Other fee expenses	385,113	788,416
	Fee expenses	**8,268,648**	**3,460,309**
	Net fees and commission income	**6,446,923**	**4,863,637**

	Mar 2015 $	June 2014 $
25. Net gains less (losses) on AFS investments		
Gains on AFS investments at fair value	12,357,845	28,941,162
Losses on AFS investments at fair value	(173,750)	(4,390,428)
Total	**12,184,095**	**24,550,734**

	Mar 2015 $	June 2014 $
26. Provision for credit impairment		
Balance brought forward	55,888,363	38,570,734
Current period impairment losses	-	17,317,629
Total	**55,888,363**	**55,888,363**

27. Administration and general expenses	Mar 2015 $	Mar 2014 $
Advertisement and marketing	527,904	455,576
Stationery and supplies	296,820	323,510
Communication	661,545	694,002
Utilities	744,329	533,751
Shareholders' expenses	171,781	173,966
Rent and occupancy expenses	552,215	496,122
Taxes and licences	52,281	56,781
Security services	199,969	179,878
Insurance	554,412	125,710
Legal expenses	447,478	102,055
Staff employment	10,789,306	11,282,812
Repairs and maintenance	2,403,525	1,890,969
Premises upkeep	24,894	19,215
Other general expenses	1,020,277	799,635
Total	**18,446,736**	**17,133,982**

27. Administrative and general expenses..............*continued*

27.1 ***Employee benefit expense***

	Mar 2015 $	Mar 2014 $
Salaries and wages	8,198,231	6,402,941
Other staff cost	2,591,075	4,879,871
Total	**10,789,306**	**11,282,812**

28. Dividend

The financial statements for March 31, 2015 reflect dividend payment of $13,500,000.00 or $0.10 per share for the financial year ended June 30, 2014 which was approved at the Forty-fourth Annual General Meeting held on December 18, 2014 and subsequently paid.

29. Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making operational or financial decisions. A number of banking transactions are entered into with our subsidiaries and directors in the normal course of business. Those transactions, which include deposits, loans and other transactions, are carried out on commercial terms and conditions, at market rates.

Government of St Kitts and Nevis

The Government of St Kitts and Nevis holds 51% of the Bank issued share capital. The remaining 49% of the issued share capital are widely held by individuals and other institutions (over 5,200 shareholders). The Bank is the main bankers to the government and, as such, undertakes commercial banking transactions on behalf of the government on commercial terms and conditions at market rates.

	Mar 2015 $	June 2014 $
Public Sector		
Net surplus position (loan, advances and deposits)	1,187,309,314	844,174,662
Interest on deposits	33,937,824	47,261,906
Interest on loans and advances	9,865,384	35,650,168
Interest on land stock	18,812,416	19,777,447

29. Related Parties……………..continued

	Mar 2015 $	June 2014 $
Subsidiaries		
Loans and advances	9,990,846	11,489,494
Deposits	253,182,572	214,559,658
Interest on deposits	7,844,050	11,973,089
Interest from loans and advances	465,465	532,761
Associated Companies		
Loans and advances	70,688,599	66,536,435
Deposits	11,022,533	6,295,116
Interest on deposits	73,515	218,310
Interest from loans and advances	4,420,870	6,956,064
Directors and Associates		
Loans and advances	-	1,014,392
Deposits	142,729	804,359
Interest on deposits	3,257	21,952
Interest from loans and advances	-	54,410
SKNANB shares held	48,499	134,744
Key Management		
Total remuneration	1,721,505	1,989,072
Loans and advances	4,182,934	5,834,524
Deposits	1,594,685	1,132,632
Interest on deposits	35,328	125,558
Interest from loans and advances	223,282	296,571
SKNANB shares held	50,427	50,427

Loans advanced to Directors and key management are repayable on a monthly basis at a weighted average effective interest rate of 6.27%. Secured loans are collaterised by cash and mortgage over residential properties.

No provisions have been recognized in respect to loans and advances given to related parties, and there is no commitment to extend credit to any related party in the future.

	Mar 2015 $	June 2014 $
30. Cash and cash equivalent		
Cash and balances with Central Bank (Note 6)	19,414,182	133,710,577
Deposits with other financial institutions (Note 8)	942,934,753	627,449,301
	962,348,935	**761,159,878**

31. Contingent liabilities and commitments

At March 31, 2015 the Bank had contractual commitments to extend credit to customers, guarantee and other facilities as follows:

	Mar 2015 $	June 2014 $
(A)		
Loan commitments	89,623,610	132,667,747
(B)		
Guarantees and standby letters of credit	4,961,557	4,735,557

Contingent Liability

Lynn Bass (Appellant) and St. Kitts-Nevis-Anguilla National Bank Limited (Respondent) High Court, Civil Appeal No. 4 of 2009: Lynn Bass, a former employee, filed a claim for wrongful dismissal against the Group for special and general damages. The Group was successful in Judgment received on March 23, 2009 (with costs). The above decision was appealed in the High Court by way of Civil Appeal No. 4 of 2009 filed on April 28, 2009. A high likelihood of success on the same grounds as the initial claim is expected. The judge gave a detailed précised judgment.

32. Financial Asset

The financial asset of $816,458,531 includes $796,020,571 which represents the Bank's right to that amount of cash flows from the sale of certain lands pursuant to a shareholder's agreement dated April 18, 2012 between the Bank and its majority shareholder, the Government of St. Kitts & Nevis ("GOSKN"). The amount of $796,020,571 includes an amount of $29,016,630 which represents the value of 238.82 acres of land situated in Nevis which were transferred on October 22, 2014 in exchange for the release and discharge of debt obligations owed to the Bank by the Nevis Island Administration.

32. Financial Asset.........*continued*

Under the terms of the Agreement the secured debt obligations owed to the Bank by the GOSKN and certain public corporations would be irrevocably released and discharged by the Bank in exchange for the transfer of certain land assets to the Bank by the GOSKN.

Based on the terms of the Shareholder's agreement:

1. On the effective date, SLSC shall use all appropriate commercial efforts to sell the secured land assets that were vested to the Bank at the best price reasonably possible and as soon as reasonably practicable.

2. Commencing from the effective dates of the agreements, July 1, 2013 and September 26, 2014, the Bank is entitled to receive interest payments at a rate of 3.5% per annum on the face value of the eligible secured debt that was exchanged for the secured land assets. The amount is to be paid by the GOSKN and the NIA annually from the effective date.

3. Distribution of sale proceeds of the land assets shall be applied as follows:

   a. First towards the payment of selling and operational costs of SLSC;

   b. Secondly to the Bank until the Bank has received the face amount of the eligible secured debt immediately prior to the effective date and the interest payments, less amounts paid to the Bank;

   c. Thirdly to the Bank in exchange of the redemption of its relative interest in SLSC which was allotted for the release of eligible unsecured debt that was owed to the Bank prior to the effective date; and

   d. Fourthly to the Government of St. Kitts and Nevis.

33. Impairment Expense

	Number of Shares Held	Mar 2015 $	June 2014 $
Equity Investments			
Antigua & Barbuda Investment Bank	333,000	-	998,999
Wireless Ventures (St. Kitts-Nevis) Ltd	969	-	1,309,339
Cable Bay Hotel Development Co. Ltd	6,030	-	814,838
			3,123,176
Originated Debts			
Government of Antigua 7yr long term note		-	**2,472,654**
Loans & Advances			
Non-performing loans, advances and credit cards		-	**17,317,629**
Total Impairment Expense			**22,913,459**

BALANCE SHEET AS AT MARCH 31, 2015

	Notes	*Unaudited* Quarter Ended Mar 2015 $	*Audited* Year Ended June 2014 $
Assets			
Cash and balances with Central Bank	6	202,601,220	293,226,003
Treasury Bills	7	153,977,518	162,908,892
Deposits with other financial Institutions	8	989,694,024	710,787,386
Loans and Advances - customers	9	624,747,797	694,712,311
- originated debts	10	108,724,412	90,518,117
Financial Asset	32	816,458,531	566,695,449
Investments - available for sale	11	656,382,895	525,426,711
Investment in Subsidiaries	12	26,750,000	26,750,000
Customers' Liability under Acceptances, Guarantees, and Letters of Credit (per contra)	13	4,961,557	4,735,557
Income tax recoverable		6,004,006	6,004,006
Property, Plant and Equipment	14	21,392,916	21,039,067
Intangible Assets	15	467,466	260,522
Other Assets	16	35,243,832	29,883,740
Deferred Tax Asset	21	26,970,182	22,551,710
Total Assets		**3,674,376,356**	**3,155,499,471**
Liabilities			
Due to Customers	17	3,158,841,229	2,680,140,065
Due to other financial institutions		32,252,391	646,839
Other borrowed funds	18	2,722	2,709
Acceptances, Guarantees and Letters of Credit (per contra)		4,961,557	4,735,557
Deferred Income			
Accumulated Provisions, Creditors, and Accruals	19	45,926,739	29,355,360
Total Liabilities		**3,241,984,638**	**2,714,880,530**
Shareholders' Equity			
Issued Share Capital	21	135,000,000	135,000,000
Share Premium		3,877,424	3,877,424
Retained Earnings		15,754,023	15,010,408
Other Reserves	22	277,760,271	286,731,109
Total Shareholders' Equity		**432,391,718**	**440,618,941**
Total Liabilities and Shareholders' Equity		**3,674,376,356**	**3,155,499,471**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

Statement of Income for the period ended March 31, 2015

Audited Year Ended June 2014 $		Unaudited Quarter Ended March 2015 $	Unaudited Quarter Ended March 2014 $
	INCOME		
110,748,316	Interest income	67,395,433	70,280,583
(85,244,458)	Interest expense	(56,594,045)	(65,549,424)
25,503,858	**Net interest income**	**10,801,388**	**4,731,159**
10,705,032	Fees and commission income	14,715,571	8,323,946
(4,838,357)	Fee expense	(8,268,648)	(3,460,309)
5,866,675	**Net fees and commission income**	**6,446,923**	**4,863,637**
2,750,107	Dividend income	1,608,935	1,742,048
24,550,734	Net gains less (losses) from investments	12,184,095	17,733,745
5,805,169	Gain on foreign exchange	4,399,969	4,608,695
399,939	Other operating income	46,587	61,805
33,505,949	**Other Income/(losses)**	**18,239,586**	**24,146,293**
64,876,482	**Operating Income**	**35,487,897**	**33,741,089**
	Operating expenses		
24,407,160	Administration and general expenses	18,446,736	17,133,982
400,293	Directors fees and expenses	282,766	289,372
516,678	Audit fees and expenses		
2,637,998	Depreciation & amortisation	2,514,780	2,514,780
22,913,459	Impairment charges	-	-
50,875,588	**Total operating expenses**	**21,244,282**	**19,938,134**
14,000,894	**Operating income before tax**	**14,243,615**	**13,802,955**
7,513,139	**Income tax expense**		
21,514,033	**Net income**	**14,243,615**	**13,802,955**
0.16	**Earnings per share**		

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

Statement of Comprehensive Income for the period ended March 31, 2015

Audited Year Ended June 2014 $		Notes	Unaudited Quarter Ended Mar 2015 $	Unaudited Quarter Ended Mar 2014 $
21,514,033	**Net Income for the period**		**14,243,615**	**13,802,955**
	Other Comprehensive Income:			
	Other comprehensive income to be relassified to profit or loss in subsequent periods:			
	Available-for-sale financial assets:			
2,561,448	Unrealised gains/(losses) on investment securities, net of tax		(13,286,095)	3,585,680
	Reclassification adjustments for (gains)/losses			
11,525,329	included in income		4,315,257	13,137,265
14,086,777			(8,970,838)	16,722,945
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
(4,157,207)	Loss on re-measurement of defined benefit assets			
1,371,878	Income tax relating to items not reclassified			
(2,785,329)				
11,301,448	**Total other comprehensive Income/(loss)**		**(8,970,838)**	**16,722,945**
32,815,481	**Total Comprehensive Income/(Loss) for the period**		**5,272,777**	**30,525,900**

STATEMENT OF CHANGES IN EQUITY
For The Quarter Ended March 31, 2015

	Notes	Share Capital $	Share Premium $	Statutory Reserves $	Other Reserves $	Investment Reserves $	Property Revaluation Reserves $	Retained Earnings $	Total Shareholders' Equity $
Balance at March 31, 2014		**135,000,000**	**3,877,424**	**102,210,953**	**184,428,597**	**(6,846,265)**	**7,720,621**	**17,789,403**	**444,180,733**
Total Comprehensive Income for the year		-	-	-	(2,785,329)	(2,636,167)	-	1,859,704	(3,561,792)
Transfer to Reserves	22	-	-	4,638,699	-	-	-	(4,638,699)	-
Dividends	28	-	-	-	-	-	-	-	0
Balance at June 30, 2014		**135,000,000**	**3,877,424**	**106,849,652**	**181,643,268**	**(9,482,432)**	**7,720,621**	**15,010,408**	**440,618,941**
Total Comprehensive Income For The Quarter		-	-	-	-	(8,970,838)	-	14,243,615	5,272,777
Dividends		-	-	-	-	-	-	(13,500,000)	(13,500,000)
Balance at March 31, 2015		**135,000,000**	**3,877,424**	**106,849,652**	**181,643,268**	**(18,453,270)**	**7,720,621**	**15,754,023**	**432,391,718**

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD.
STATEMENT OF CASHFLOW
FOR THE PERIOD ENDED MARCH 31, 2015

	Notes	Unaudited Quarter Ended March 2015 $	Audited Year Ended June 2014 $
Cash flows from operating activities			
Operating Income before taxation		14,243,615	14,000,894
Adjustments for:			
Interest Income		(67,395,433)	(110,748,316)
Interest Expense		56,594,045	85,244,458
Depreciation and amortisation		2,514,780	2,637,998
Provision for Impairment			22,913,459
Gain/Loss on disposal of premises and equipment			(24,999)
Operating income before changes in operating assets and liabilities		**5,957,007**	**14,023,494**
(Increase) decrease in operating assets:			
Loans and advances to customers		65,139,580	486,456,577
Financial Asset		(230,950,666)	(566,695,449)
Mandatory deposits with Central Bank		(23,671,612)	(28,462,849)
Other accounts		(5,360,092)	8,880,424
Increase (decrease) in operating liabilities:			
Customers' deposits		476,725,747	455,791,502
Due to other financial institutions		31,605,552	(1,859,104)
Accumulated provisions, creditors, and accruals		16,571,376	(16,397,644)
Cash generated from/(used in) operations		**336,016,892**	**351,736,951**
Interest received		53,053,409	98,729,565
Interest paid		(54,618,627)	(84,649,393)
Net cash generated from/(used in) operating activities		**334,451,674**	**365,817,123**
Cash flows from investing activities			
(Increase)/Decrease in equipment and intangible assets		(3,075,572)	(961,985)
Proceeds from disposal of equipment		0	25,000
(Increase)/Decrease in special term deposits		34,995,004	18,728,544
(Increase)/Decrease in restricted term deposits and T/Bills		12,958,718	59,273,263
Net Proceeds from investment securities		(164,640,780)	(79,399,363)
Net cash generated from/(used in) investing activities		**(119,762,630)**	**(2,334,541)**
Cash flows from financing activities			
Other Borrowed Funds		13	(145,404,486)
Dividend paid		(13,500,000)	(10,800,000)
Net cash generated from/(used in) financing activities		**(13,499,987)**	**(156,204,486)**
Net Increase (Decrease) in cash and cash equivalents		**201,189,057**	**207,278,096**
Cash and cash equivalents at beginning of period		**761,159,878**	**553,881,782**
Cash and cash equivalents at end of period	30	**962,348,935**	**761,159,878**
Represented by:			
Cash in hand		13,967,802	9,020,151
Operating cash balances		661,100,771	303,084,346
Items in course of collection		9,573,982	9,373,310
Term deposits		272,260,000	16,905,354
Deposits with ECCB other than mandatory deposits		5,446,380	215,498,621
		962,348,935	**553,881,782**