

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended October 31st, 2017

Issuer Registration number
RBTT 14112001KN

RBTT BANK (SKN) LIMITED

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

NEVIS

(Territory of incorporation)

CHAPEL STREET, CHARLESTOWN, NEVIS

(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): 1 (869) - 469 - 5277

Fax number: 1 (869) - 469 - 1493

Email address: _____

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

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 of no Par Value	5,001,222
Class A ordinary shares	1,000

SIGNATURES

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

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

Name of Chief Executive Officer:

Chad Allen

Name of Director:

Isaac Solomon

SIGNED AND CERTIFIED	<input checked="" type="checkbox"/>	SIGNED AND CERTIFIED
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09/04/18
Date

09/04/18
Date

Name of Chief Financial Officer:

Deirdre Fung

SIGNED AND CERTIFIED

Signature [Signature]
09/04/18
Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

For the financial year ended October 31 2017, RBTT Bank (SKN) Limited reported a net loss of \$1.8 million representing a decline of \$2.0 million compared to net income of \$0.2 million in the previous year. Improved credit quality resulted in lower impairment losses in fiscal 2017. However, a smaller loan book along with contracting yields resulted in lower interest income, which was accompanied by lower fee based income. Furthermore, operating expenses increased by \$1.4 million, while taxes increased by \$0.2 million from deferred tax charges and an increase in the current tax expense of \$0.5 million and \$0.3 million respectively. Total assets at the end of 2017 were \$88.6 million, an increase of \$10.5 million compared to the prior year. On the funding side, gross deposits declined by \$6.5 million or 11.9% to \$47.9 million.

Gross loans totalled \$52.4 million at the end of 2017, \$8.0 million or 13.2% below the prior period. Mortgages amounted to \$37.5 million, down \$2.5 million or 6.3%, retail loans also declined by \$2.3 million or 27.6% to \$5.9 million, and Commercial/Corporate loans fell by \$3.2 million or 26.4% to \$8.9 million. Gross deposits declined by \$6.5 million or 11.9% to \$47.9 million in 2017 from \$54.4 million in 2016, with private sector and consumer balances declining by \$5.5 million and \$1.0 million respectively.

RBTT Bank (SKN) continues to focus on our overall Enterprise strategy to be the leading digitally-enabled relationship bank, and is striving for constant improvement on how we support and interact with clients and communities. While acknowledging the economic challenges, disruptive weather related threats, industry forces and increasing competitive pressures in St. Kitts and Nevis, we continue to strive for ways to be more competitive and to always win our clients' loyalty. The pace of banking is changing and we have to continue our journey of transformation and innovation to achieve our strategic priorities and to build the bank of the future. With renewed energy and enthusiasm we are moving forward on our journey.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

The company owns the property from which it operates in Charlestown, Nevis.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

Nil

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

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

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

None

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

None

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

None

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

None

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

None

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

None.

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

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

- (1) Liquidity Risk - The risk of not having funds available to pay obligations on demand and the effect that could have on the company.
- (2) Money Laundering Risk - The risk that the company may inadvertently handle transactions for a customer in contravention of internal and external anti money laundering regulations and the effect this could have on the operations of the company.
- (3) Reputation Risk - The risk that an adverse event to the company or any of its affiliates could affect public confidence in the company and its ability to transact business locally, regionally or internationally.
- (4) Business Interruption Risk - The risk of a disaster such as a fire, hurricane, earthquake or flood rendering the company unable to continue operations at least in the short term.
- (5) Credit Risk - The risk of loss incurring from a large loan or investment
- (6) Market Risk - The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

8. Changes in Securities and Use of Proceeds.

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

Not applicable.

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

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

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

- Name and address of underwriter(s)

- Amount of expenses incurred in connection with the offer _____

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

- Payments to associated persons and the purpose for such payments

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

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9. Defaults upon Senior Securities.

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

Not applicable.

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

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

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

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

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

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

General Discussion and Analysis of Financial Condition

For the financial year ended October 31 2017, RBTT Bank (SKN) Limited reported a net loss of \$1.8 million representing a decline of \$2.0 million compared to net income of \$0.2 million in the previous year. Improved credit quality resulted in lower impairment losses in fiscal 2017. However, a smaller loan book along with contracting yields resulted in lower interest income, which was accompanied by lower fee based income. Furthermore, operating expenses increased by \$1.4 million, while taxes increased by \$0.2 million from deferred tax credits in the prior year.

As at the end of 2017 the bank reported total assets of \$88.6 million, an increase of \$10.5 million compared to the previous year, primarily due to higher cash & equivalents of \$17.1 million offsetting lower loans and advances of \$6.3 million. Gross loans totalled \$52.4 million at the end of 2017, \$8.0 million or 13.2% below the prior period. Mortgages amounted to \$37.5 million, down \$2.5 million or 6.3%, retail loans also declined by \$2.3 million or 27.6% to \$5.9 million, and Commercial/Corporate loans fell by \$3.2 million or 26.4% to \$8.9 million. Total liabilities amounted to \$55.8 million, down \$2.9 million or 5.0% from the prior year, as customer deposit balances fell from \$54.4 million to \$47.9 million, a reduction of \$6.5 million offsetting an increase in the amounts due to affiliated companies of \$1.9 million and other liabilities of \$1.7 million. Gross deposits declined by \$6.5 million or 11.9% to \$47.9 million in 2017 from \$54.4 million in 2016, with private sector and consumer balances declining by \$5.5 million and \$1.0 million respectively.

Sound risk management practices resulted in improved credit quality, with impaired loans and advances falling to \$9.8 million by the end of 2017, ~18.8% of total gross loans, from \$11.8 million or 19.5% of total gross loans in 2016. The ratio of non-accrual loans to gross loans continued to trend downwards falling by 70 bps to 18.8% after a reduction of 660 bps in the prior year. Allowance for impairment losses was \$5.5 million at the end of 2017, \$1.7 million below the previous year as provisions across all products declined year-on-year. Individual and Collective impairment declined by \$1.5 million and \$0.2 million respectively.

Liquidity and Capital Resources

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

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Liquidity is closely managed by our Regional Treasury department which monitors liquidity levels and maintains strong controls over the Bank's positions. The Bank's liquidity position remains healthy and continues to meet and exceed the Weekly Reserve Requirement mandated by the Banking Act.

The Bank's liquidity strategy relies on sufficient cash and marketable instruments such as treasury bills and government securities to meet short-term requirements. To limit exposure to liquidity risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Bank employs the Standard and Poor's ("S&P") metric as a tactical and structural liquidity measure. This metric assesses liquidity cash flow run off over a one to twelve month horizon by measuring the net cash inflows and outflows over the period. Total regulatory capital to risk adjusted assets increased to 80% (2016: 40%).

There are no significant capital commitments planned for 2018.

Off Balance Sheet Arrangements

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

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

None.

Results of Operations

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

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

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

Overview of Results of Operations

The strategic focus for the bank is to become a digitally enabled relationship bank. Digital banking offers clients greater flexibility, security and control over everyday banking. We are re-assessing the traditional ways to conduct business and will bring to the market innovations which will revolutionize the industry.

For the financial year ended October 31 2017, RBTT Bank (SKN) Limited reported a net loss of \$1.8 million representing a decline of \$2.0 million compared to net income of \$0.2 million in the previous year. Total reported revenue for 2017 was \$4.0 million, representing a decline of \$1.6 million compared to the previous year, driven by declines in both net interest income and non-interest income. Net interest income fell by \$1.3 million year-on-year, driven by a decline in interest income of \$1.5 million, from a smaller loan book and lower yields which also impacted fee based other income. This was partially offset by a \$0.2 million decline in interest expense from a reduced deposit portfolio and lower cost of funds. Total reported non-interest expense (excluding impairment losses on loans and advances) was \$5.1 million for 2017. This represented an increase of \$1.4 million or 38.8% compared to 2016, due to higher other operating expenses of \$1.0 million, staff costs of \$0.2 million and auditor's remuneration of \$0.2 million. Improved credit quality resulted in lower impairment losses in fiscal 2017. Taxes increased by \$0.2 million from deferred tax credits in the prior year.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

None.

12. Directors and Executive Officers of the Reporting Issuer. (Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

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

None.

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

Reports already submitted include:

RBTT Bank SKN Ltd. 2017 Audited Financial Statements
Directors biographical information

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: _____ Position: _____

Mailing Address: _____

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).
Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: _____ Position: _____

Mailing Address: _____

Telephone No.: _____

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.