

Schedule 2
FORM ECSRC-OR

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended 30, September 2024
Pursuant to Section 98(2) of the Securities Act, 2001

OR

☐ **TRANSITION REPORT**

for the transition period from to

Pursuant to Section 98(2) of the Securities Act, 2001

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

Issuer Registration Number: KN7404841003

ST.KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD

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

(Territory or jurisdiction of incorporation)

CENTRAL STREET, BASSETERRE, ST KITTS

(Address of principal executive Offices)

Reporting issuer's:

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

Fax number: (869) 465-1050

Email address: customerservice@sknanb.com

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

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuers classes of common stock, as of the date of completion of this report 1.

CLASS	NUMBER
ORDINARY SHARES	141750000

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:
ANTHONY GALLOWAY



Signature:

30/10/2024
Date

Name of Director:
CAROL BODDIE



Signature:

30/10/2024
Date

Name of Chief Financial Officer:
PETRONELLA CROOKE



Signature

30/10/2024
Date

1. Financial Statements.

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

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

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

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

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

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

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

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

General Discussion and Analysis of Financial Condition

At the end of the quarter, September 30 2024, the Financial condition of the Bank was as follows:

1) The Bank's total asset base decreased by \$43.4 million or 1.2% to \$3.453 billion when compared to the unaudited position at June 2024, due mainly to the following movements:

- Decrease in Deposits with Financial Institutions by \$38.8 million or 19.1%
- Decrease in Treasury Bills by \$72.5 million or 56.6%
- Decrease in Originated debts by \$25.5 million or 16.4%
- Decrease in Other Assets by \$10.1 million or 35.8%
- Increase in Investments by \$83.4 million or 6.9%
- Increase in Cash and balances with ECCB by \$16.0 million or 7.6%
- Increase in Loans & Advances by \$4.3 million or 0.4%

Cash and balances with Central Bank constituted 6.6% of the total assets, investments constituted 48.2%, Loans & advances 30.7%, Lands held (financial asset) 10.4%, while all other assets constituted 4.1% of total assets as of Sept 30, 2024. The Investment strategy applied by the Bank ensures that it maintains a well-diversified portfolio to reduce risk exposure.

2) Net Loans and advances at Sept 30, 2024 increased by \$4.3 million or 0.4% when compared with \$1,055.5 million at June 2024. During the review period, the Bank continued in its efforts to grow the loan portfolio with the recent opening of its Express Banking Centre, offering the branded "NOW" loan products to the market. In addition, the Bank continues to promote the growth of its mortgage loans with the Home Loan program.

3) Customers' deposits decreased by \$151.8 million or 5.1% when compared with \$2.952 billion reported at June 2024. Much of this decrease is attributed to the decrease in demand deposit accounts, which decreased by \$89.8 million over the period July 2024 to September 2024. In addition to the decrease in demand deposits, Savings deposits and Call deposits decreased by \$5.2 million and \$60.0 million respectively. These decreases were moderated by an increase in Fixed deposits of \$3.2 million.

4) Shareholders' Equity increased by \$39.8 million or 8.5% when compared to \$469.8 million at June 2024, resulting from the operating profit of \$28.3 million reported at the end of the quarter and unrealised gains on FVOCI debt securities of \$11.5 million. The Company continues to closely monitor market and other risks to ensure that it realizes its goal of providing satisfactory returns to shareholders, thereby increasing the value of their investments.

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

To efficiently support daily operations, the Bank's liquidity is managed and monitored daily by management to ensure that sufficient resources are available to fund its ongoing liquidity needs, without incurring unacceptable losses or risking damage to the Bank's reputation. The Bank maintains marketable assets that can be easily liquidated as protection against unforeseen liquidity needs. At the end of the review period, the Bank held \$32.4 million in overseas interest-bearing short-term deposits and investments for liquidity purposes. The short-term deposits and investments held for liquidity has declined over the past few months due to redemptions in order to fulfill liquidity needs, prompted by the reduction in customer deposits of \$152 million during the quarter. In addition, the Bank has access to an available line of credit of US\$60M to supplement liquidity. At the end of September 2024, an amount of US\$35.0 million was drawn on the line of credit.

Cash on hand and the balance held with Central Bank stood at \$208.8 million at Sept 2024, \$51.8 million more than the required reserve deposit of \$157.0 million.

The loan portfolio continues to grow as customers draw down on credit facilities granted, which increases the liquidity needs of the Bank. The liquidity position has decreased during the quarter due to withdrawals from demand deposit accounts to fund operational needs by the Government and ECCU Correspondent banks. The Bank maintains adequate liquid resources, despite the recent reductions in its overseas short-term deposits and investments to fund liquidity needs.

CAPITAL

The Bank's policy is to manage the capital levels based on the underlying risk of its business. Capital adequacy is monitored to ensure compliance with the ECCB's risk-based capital guidelines, which require a minimum ratio for Tier 1 or core capital of 6% to riskweighted assets. Tier 1 Capital is comprised of share capital, statutory reserves, general reserves and retained earnings. At Sept 30, 2024, the Bank's capital remained in excess of the regulatory capital adequacy requirements, based on IFRS standards, however, stood very close to the minimum requirements based on ECCB standards. A Tier 1 capital ratio of 6.0% was reported based on ECCB standards and 15.6% based on IFRS standards at Sept 2024. The Bank is currently employing strategies to grow its Tier 1 capital over the next few years.

The Bank has recently implemented the new hybrid Basel II/III Capital Standard, which is a requirement for all licensed financial institutions by ECCB. As of June 2024, capital adequacy and reporting is based on the new Base II/III standard. The new Basel requirements places significant emphasis on internal processes for managing risk and management of capital requirements.

Management remains cognizant of the importance of improving the asset quality of the Bank in order to improve capital and mitigate the risks posed by the newly implemented Basel II/III.

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 offbalance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

At the end of the review period, the Bank had contractual commitments to extend credit to customers resulting from loan and credit card facilities granted and Letters of Credit arrangements with customers. At the end of September 2024, Letters of Credit obligations stood at \$7.5 million, which remained the same as the amount reported at June 2024. Loan and credit card commitments stood at \$61.4 million, an decrease of \$0.6 million or 1.0%, resulting from the drawdown on credit facilities at the end of the quarter.

Results of Operations

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

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

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

Overview of Results of Operations

Results of Operations

The Bank reported a net profit for the quarter ended September 30, 2024 of \$28.3 million, which exceeded of the net loss recorded for September 2023 by \$37.5 million. An increase in net gains from investments of \$35.0 million was experienced year-over-year, which mainly accounted for the reported profit. A rise in interest income earned from fixed income securities held overseas also assisted in boosting profits earned year-over-year.

Outlined below is a summary of the results of operations at the end of September 2023 and 2024.

	SEPT 2024	SEPT 2023	\$ CHA	%
			NGE	CHANGE
	\$mil	\$mil	\$mil	\$mil
Income from Loans & Advances	9.9	9.1	0.8	8.8%
Income from Investments	9.5	8.6	0.9	10.5%
Income from Deposits with financial Inst.	0.6	0.4	0.2	50.0%
Income from Lands	1.4	1.4	0.0	0.0%
Non-Interest Income	39.9	3.6	36.3	1,008.3%
Total Income	61.3	23.1	38.2	165.4%
Interest Expenses	(14.4)	(14.6)	0.2	1.4%
Non-Interest expenses	(18.6)	(17.7)	(0.9)	(5.1%)
Total Expenses	(33.0)	(32.3)	(0.7)	(2.2%)
Net Income/(loss) before taxes	28.3	(9.2)	37.5	407.6%

Net-Interest Income

For the period ended September 2024, net interest income of \$7.0 million was reported when compared to the amount of \$4.8 million recorded for the same period in 2023, representing an increase of 2.2 million. The increase in net interest income was due to an increase in interest from loans and advances of \$0.8 million and a net increase of \$1.1 million for interest income from fixed income investments and deposits. In addition, interest expense on customer deposits moved in a positive direction, falling by \$0.3M year-over-year.

Net Fees & Commission Income

Net fees and commission income of \$0.8 million remained at the same amount attained for the quarter ended September 2023. While the fees and commission income earned for the quarter ended September 2024 increased year-over-year by \$1.6 million, a similar growth was experienced in the fee expenses, hence no movement in the net amount. A current review of the service charges and fees on services provided was done as the service charges to customers have remained unchanged over a

number of years. Management has taken the decision to increase a number of service charges and fees effective November 1, 2024, which will make them more in line with market rates. The revised fees is expected to result in an increase in fee and commission income. The Bank is also looking at ways to reduce the fee expenses in order to further increase the net amount earned.

Other Income

Income from other sources declined by \$34.6 million from the previous year, due mainly to the following:

- an increase in net gains from investments of \$35.0 million; offset by
- a decline in Foreign exchange gains of \$0.2 million
- an decrease in Dividend income of \$0.2 million following the sale of some equity securities

Operating Expenses

Operating expenses incurred at the end of September 2024 was \$12.9 million when compared to the amount of \$13.5 million reported for September 2023, representing a decrease of \$0.6 million. This reduction was driven mainly by a decrease in computer related costs and costs relating to premises upgrades. Operating cost management and curtailment remains a critical area of focus for the Bank.

Outlook

The IMF Article IV Staff report noted that the local economy has bounced back from the Covid pandemic through the support of the CBI program. While noting past wins, the IMF forecasts an optimistic outlook for the economy of St Kitts & Nevis based on plans for renewable energy. Growth is expected to increase to 4.7% in 2024 following the implementation of investments that were delayed in 2023 and the solar energy project. However, while the local economy has bounced back, the flow of CBI funds has reduced, which has resulted in a decrease in the available funds for placement in interest-bearing deposits and investments.

The Directors and Management of National Bank will remain focused on our strategic priorities of broadening and deepening customer relationships, managing risks and positioning ourselves to take advantage of growth opportunities. New initiatives are being sought to further improve the overall end-to-end customer experience. Additionally, promotions are currently being undertaken to increase awareness and usage of our card products and other services. We have recently opened a new Express Banking Centre located at Bird Rock in September 2024, which offers the newly launched "NOW loans" products, which are quick loans being offered within 24 hours. The higher interest rate being charged on these loans is expected to improve the Bank's interest rate spread and hence improve

profitability.

The Pelican Mall branch was also closed during the month, with banking services for these customers now being offered at the Head Office or Express Centre.

3. Disclosure about Risk Factors.

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

The management of risks has emerged as one of the greatest challenges that banks now face, especially with varying global crisis. The Bank's activities expose it to a variety of financial risks, as taking risk is core to the commercial banking business. Management is aware that operational risks are an inevitable consequence of being in business, and hence risk management policies are designed to identify and analyze risks in order to set appropriate levels and controls to monitor and mitigate risks. Risk management is carried out by the Credit and Finance Divisions under policies approved by the Board of Directors. In addition, Internal Audit is responsible for the independent review of risk management and the control environment.

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

Credit Risk

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

Currently, the Bank has an NPL ratio to Gross loan ratio (inclusive of accrued interest) of 36.8% which is well above the 5% regulatory minimum requirement. The corporate sector is a large source of the Bank's NPLs, with a large portion being tourism related loans. There are six large Non-performing facilities that account for 63% of the total NPL balance. Management continues to aggressively pursue these facilities and has been actively engaging these borrowers in an effort to recover the NPLs. In addition, management established a Recoveries Unit within the Credit Division, which will allow greater effort and emphasis to be placed on active follow-up to prevent loans from remaining overdue. The Bank continues to assess the quality of its loan portfolio and set aside additional provisions for losses on loans which appear incollectible and have insufficient collateral.

With the launch of EveryData ECCU Ltd, an ECCB licensed credit bureau to operate in the ECCU, it is the expectation that the assessment and pricing of risk would be significantly enhanced, and it would assist with the management of credit risk. The credit bureau will serve as an integral part of the region's strategy for preventing further accumulation of high levels of non-performing loans.

Stress testing of the loan portfolio is also performed to assess the impact of economic conditions and other factors on the quality of the portfolio.

Market/Investment Risk

The Bank is exposed to market risk, which is the risk that fair values or future cash flows will fluctuate because of changes in market prices. The Bank holds investments in open market positions in fixed income and equity products, all of which are exposed to general and specific market movements and changes in market rates or prices.

During the quarter, both the equity and bond markets yielded positive returns. Market volatility is poised to remain elevated due to the US elections uncertainty, rising geopolitical tensions and further anticipated interest rate cuts. However, easing inflation, positive earnings growth and shareholder friendly activity should lead to favourable returns for equity investments. Long term bonds are expected to average around 4% and would continue to generate positive returns for the bank.

While the outlook remains uncertain, Management continues to ensure that the market risk in the portfolio is managed, mitigated and minimized with diversification across sectors, asset classes and geographies. The divestment of a significant portion of equity securities and reinvestment in fixed income securities is another mitigation strategy that was adopted.

Interest Rate Risk

The Bank is exposed to interest rate risk, which is the risk that future cash flows or the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank has deposit liabilities that are of a shorter maturity than loans, which means that deposits are repriced faster than loans. Each time a deposit matures, there is a risk of interest rates rising and the Bank having to pay a higher interest rate on them. However, loans with longer maturities cannot be repriced that easily, creating an interest repricing gap. The Bank held \$2.1 billion in short-term deposits that can be easily repriced; however, a large portion of its assets are held in non-interest bearing assets (equities of \$0.8B) and loans and other interest-bearing assets categorized in the over 1 year bucket.

Capital Risk

Capital is the cushion a bank uses to absorb unexpected losses and protect its depositors, whilst also protecting the stability of the financial system. Capital risk is the possibility that a bank does not have sufficient capital to protect it. There are several types of capital, each with different risk characteristics, such as CET1, Tier 1 and Tier 2 capital.

The Bank's capital stands very close to the minimum regulatory requirements, due to reductions in Tier 1 capital from the net loss incurred in June 2022. The reduced Tier 1 capital of \$150.1 million based on ECCB standards has led to a breach of regulatory requirements (Banking Act), which indicates that a Bank's largest individual borrower group should not exceed 25% of its Tier 1 capital. At Sept 30, 2024, there are five (5) credit accounts which exceed 25% of Tier 1 capital. The ECCB has granted approval for the Bank to temporarily exceed the single borrower regulatory threshold for a period not exceeding 24 months, effective June 2023.

At the end of the quarter, the Tier 1 capital ratio was 6.0% and the Capital Adequacy ratio (CAR) was 10.7% under Basel II/III. The regulatory minimum requirement for Tier 1 capital is 6.0% and CAR is 8.0%. However, the ECCB has stipulated a minimum CAR for SKNANB of 15.0% based on its systemic importance.

Close attention to the capital levels is a primary focus in addition to consideration of strategies to ensure that capital levels are achieved. The Bank on a regular basis performs stress testing of its significant assets to determine what impact any factors that may adversely affect the values would have on its capital base and capital ratios.

Liquidity Risk

Liquidity risk, to which the Bank is exposed, is the risk that the Bank is unable to meet its payment obligations when they fall due and fulfill commitments to lend. Sources of liquidity are regularly monitored, and the Bank holds a diversified portfolio of cash and investment securities to support payment obligations. The liquidity need has increased over the past few months, following the demand deposit withdrawals by Correspondent banks and Government. This has resulted in a reduction of overseas short-term interest bearing investments held for liquidity purposes. Nonetheless, the Bank continues to maintain a reasonable level of marketable assets that can be easily liquidated as protection against unforeseen liquidity needs. At Sept 2024, the overseas short-term investments held for liquidity declined to \$32.4M. The overall decline of these investments from \$85.2 million in July 2024 has resulted in increased liquidity risk, which is closely monitored.

The Bank also has an approved Line of Credit with Raymond James in the amount of US\$60.0M to supplement liquidity needs. As at September 2024, an amount of US\$35.0 million (EC\$94.6 million) was drawn on the line of credit.

To efficiently support daily operations, the Bank continues to monitor its liquidity daily with liquidity reporting to Management and ensures sufficient resources are available to fund ongoing liquidity needs and to fund contingent liquidity needs.

4. Legal Proceedings.

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

Legal matter associated with MSR Complaint. Professional Legal representation being provided by Debevoise & Plimpton.

5. Changes in Securities and Use of Proceeds

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

NONE

(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)

03rd Jul 2024

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

03rd Jul 2024

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

NONE

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

The payment of dividends to shareholders is limited due to the negative Retained Earnings reported by the Bank. Payment of dividends to shareholders require the prior approval from the ECCB.

6. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, 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 installment, state the amount of the default and the total arrears on the date of filing this report.

NONE

(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.

NONE

7. Submission of Matters to a Vote of Security Holders

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

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

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

N/A

8. Other Information.

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

NONE
