

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

For the financial year ended JUNE 30, 2021

Issuer Registration number  
BON 290885KN

THE BANK OF NEVIS LIMITED

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

ST KITTS AND NEVIS

(Territory of incorporation)

MAIN STREET, CHARLESTOWN, NEVIS

(Address of principal office)

**REPORTING ISSUER'S:**

Telephone number (including area code): 869-469-5564

Fax number: 869-469-4798

Email address: INFO@THEBANKOFNEVIS.COM

(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	18,096,644

**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:

**Denrick Liburd (Acting)**

SIGNED AND CERTIFIED

Date

Name of Director:

**Laurie Lawrence**

SIGNED AND CERTIFIED

Date

Name of Chief Financial Officer:

**Kimala Swanston**

SIGNED AND CERTIFIED

Signature

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.

#### Acquisition of RBC St. Kitts branch and RBTT Bank (SKN) Limited

On 1 April 2021, The Bank of Nevis Limited successfully completed the acquisition of the operations of the RBC St. Kitts branch, and 95.78% of the shareholding of RBTT Bank (SKN) Limited. The new subsidiary acquired was renamed BON Bank Ltd.

The Bank's acquisition of the operations of RBC St. Kitts and RBTT Bank (SKN) Limited is a strategic fit since it supports the Bank's vision to create growth, efficiency, better customer experience and strategic talent acquisition and management. The acquisition also enabled the Bank to gain access to a wider customer base through the establishment of physical operations in St. Kitts.

The Bank also continues to develop innovative and customer centered solutions to ensure continuous growth. These initiatives include the launch of the online and mobile banking platforms.

During the 2021 financial year, the Bank was also successful in meeting the criteria for the re-establishment of the correspondent banking relationship with Bank of America.

## **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 Bank's properties consist of the following:

Land and buildings on Main Street, Charlestown, Nevis which host the operations of the Main Street Branch and also the Head Office.

Two plots of land at Featherbed Alley (east of the Bank's main buildings) currently being utilized for parking.

Land and building on Chapel Street, Charlestown, Nevis which host the operations of BON Bank Ltd.

Land and building on Fort Street, Basseterre, St. Kitts which host the operations of the Basseterre Branch.

The Chapel Street and Fort Street properties were acquired during the year.

## **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.

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**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.

ANNUAL MEETING - December 17, 2020  
EXTRAORDINARY GENERAL MEETING - December 17, 2020

- (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.

Mr. Damion Hobson, Mrs. Jessica Boncamper and Mr. Adrian Daniel were re-elected to the Board of Directors as non-independent directors.

- (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.

The following decisions were made at the AGM:

- To appoint Deloitte and Touche as auditors for the financial year ending June 30, 2021.
- No dividends shall be declared.

The following decision was made at the Extraordinary Meeting:

- By-Law No. 1 of The Bank of Nevis Limited shall be repealed and replaced by By-Law No. 2 of The Bank of Nevis Limited.

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

N/A

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

N/A

**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.

There were no new shares issued during the financial year.

**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.

The Bank is exposed to diverse risks in the conduct of its daily operations. Some of the major risks facing the Bank are outlined below:

### **Credit Risk:**

Credit Risk is the most predominant risk factor within the Bank's environment. This represents the risk of incurring a financial loss in the event that any of the Bank's customers or counterparties fail to fulfill their contractual obligations to the Bank. The Bank's credit risk arises mainly from the loans and advances portfolio. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures from its trading activities.

### **Foreign Exchange Risk:**

The effects of fluctuations in the prevailing foreign currency exchange rates (foreign exchange risk) is another risk factor that affects the Bank. A significant amount of the Bank's assets and liabilities are held in Eastern Caribbean dollars which is the local currency. Most of the assets in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar to the United States dollar has been formally pegged since 1974. Assets and liabilities are also held in Euro, Pound Sterling, Canadian and Barbados currencies. However, the exposure is not material to the Bank's financial position.

### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. This exposure arises via select assets within the investment portfolio. The market risks arising from the investment portfolio are continuously monitored by the Investment and Risk Management Committees and by Management.

### **Liquidity Risk**

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they fall due. The liquidity position of the Bank is closely monitored on a daily basis.

**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.

N/A
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- (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)

N/A

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

N/A

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- Name and address of underwriter(s)

N/A

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- Amount of expenses incurred in connection with the offer

N/A

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

N/A

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- Payments to associated persons and the purpose for such payments

N/A

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

N/A

**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 arrears on the date of filing this report.

N/A

- (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.

N/A

## 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*

Total assets for The Bank of Nevis Limited Group expanded to \$909.0 million, representing a growth in assets of \$386.5 million or 73.96%.

The total asset base of The Bank of Nevis Limited (non-consolidated) increased by \$318.9 million or 60.88% to \$842.8 million. The growth in the asset base was reflected primarily in loans and advances which grew by \$144.1 million or 51.04%, cash and bank balances with the Central Bank \$103.1 million or 264.70% and Due from other banks and financial institutions \$30.2 million or 35.34%. This asset growth was funded mainly by deposits.

The Group's Cash and balances due from banks and other financial institutions increased by \$167.9 million or 134.93% to \$292.3 million. The growth in cash and balances due from banks and other financial institutions was mainly associated with increases in the balances with the Central Bank, short term fixed deposits and cash and current accounts with other banks which were obtained from the acquired business.

The investment portfolio was \$92.4 million, an increase of \$8.9 million or 10.71% compared to the 2020 financial year. The investment portfolio comprised treasury bills, bonds and other debt instruments, quoted debt securities and quoted and unquoted equity securities.

At 30 June 2021, The Bank of Nevis Limited Group's loans and advances portfolio increased by \$175.6 million or 62.2% to \$458.0 million. This increase included loans and advances from the acquired business but was also associated with increased demand as the Bank continued to adopt an aggressive loan marketing strategy. The growth in the loans and advances portfolio was primarily reflected in reducing balance loans which were reported at \$419.1 million and accounted for 91.49% of the portfolio. Overdrafts were reported at \$35.9 million and represented 7.83% of the portfolio, while credit card advances of \$8.2 million accounted for 1.79%.

Customers' deposits grew by \$339.1 million or 78.58% to \$770.6 million compared to the 2020 financial year. The growth in savings account and current accounts were the main contributing factors to the increase in customer deposits. Savings account grew by \$166.4 million or 107.36% to \$321.4 million while current accounts increased by \$124.5 million or 263.91% to \$171.6 million; fixed deposits grew by \$47.5 million or 21% to \$274 million. With the acquisition of RBC/RBTT, savings accounts now represent the largest deposit category which was fixed deposit prior to acquisition.

## **Liquidity and Capital Resources**

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

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

### *Discussion of Liquidity and Capital Resources*

#### Liquidity:

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

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

Monitoring and reporting take the form of cash flow measurement, and projections for the next day, week and month respectively, as these are key periods for liquidity management.

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

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

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

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

#### Capital Resources:

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the ECCB, for supervisory purposes. The required information is filed with the ECCB on a quarterly basis. As at June 30, 2021, the Bank has paid up capital of \$24,339,943 which exceeds the minimum paid up capital requirement of \$20 million for a licensed financial institution.

## **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.

Off Statement of Financial Position items: as at June 30 2021:

Credit Commitments: \$51.95 million

Financial guarantees and other financial facilities: None

Capital commitments: 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 Bank of Nevis Limited Group recorded pre-tax profits of \$27.5 million for the 2021 financial year which was associated with a gain on the purchase of the operations of RBC/RBTT of \$21,355,005. This is primarily a result of the excess value of the net assets acquired over the purchase price paid for RBTT.

The Bank of Nevis Limited (non-consolidated) recorded pre-tax profits of \$2.6 million for the 2021 financial year representing a decline of \$9.4 million or 78.24%. However, during the 2020 financial year the Bank received extraordinary income from the sale of Bank of Nevis International Limited (BONI) of \$11.1 million which was sold in December 2019. Additionally, during the 2021 financial year the Bank expended significant funds for the conversion from RBC/RBTT to The Bank of Nevis Limited operations which increased operating expenses.

For the 2021 financial year, The Bank of Nevis Limited Group reported operating income of \$41.8 million which represented a growth of \$25.3 million or 152.53% compared to the 2020 financial year. The significant growth in operating income was influenced by a gain on the purchase of the operations of RBC/RBTT of \$21,355,005 which represented 51.04% of operating income. Net interest income amounted to \$15.5 million and represented 37.10% of operating income. Net interest income grew by \$1.5 million or 10.76% compared to an increase of \$1.8 million or 15.06% in the prior year. Operating income for The Bank of Nevis Limited (non-consolidated) amounted to \$20.4 million which represented a decline of \$9.3 million or 31.36% compared to the prior year. This decline was associated with the gain on the disposal of BONI of \$11.1 million reported in the previous year.

The Bank of Nevis Limited Group recorded interest income of \$26.3 million representing a growth of \$3.4 million or 14.93% when compared to the prior year. The growth in interest income was primarily influenced by interest income from loans and advances which grew by \$3.3 million or 18.19% to \$21.5 million. The continued expansion in the interest income from loans and advances was a result of the Bank's continued aggressive loan promotion strategy. The Bank of Nevis Limited (non-consolidated) interest income was \$25.8 million for the 2021 financial year. This resulted in an increase of \$2.9 million or 12.57% which was associated mainly with the growth in interest income on loans and advances.

Interest expense for the 2021 financial year grew significantly by \$1.9 million or 21.52% to \$10.8 million compared to the increase of \$0.8 million or 10.36% in the prior year. This significant growth in interest expense was reflected in the growth in deposits associated with the acquisition of RBC/RBTT. The Bank of Nevis Limited (non-consolidated) reported interest expense of \$10.6 million which represented an increase of \$1.7 million or 19.28%.

For the 2021 financial year, The Bank of Nevis Limited Group's operating expenses or non-interest expenses amounted to \$14.3 million, a decrease of \$3.4 million or 19.07% compared to the prior year. The reduction in operating expenses was influenced primarily by a decrease in expected credit losses for loans and investments.

General and administrative expenses was \$16.0 million and represented an increase of \$4.6 million or 39.82% when compared to 2020. This increase was mainly associated with the extra cost in salaries for the acquired employees as well as expenses associated with conversion from the RBC/RBTT systems to The Bank of Nevis Limited platforms.

The Bank of Nevis Limited (non-consolidated) recorded \$17.8 million in operating expenses representing a marginal increase of \$0.1 million or 0.57%.

**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.

N/A

**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.

N/A



**14. List of Exhibits**

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

- Audited Financial Statements
- Biographical Data Forms for members of the Board of Directors
- Biographical Data Forms for Executives and other key personnel of the company

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_  
**INFO@THEBANKOFNEVIS.COM**  
\_\_\_\_\_

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: \_\_\_\_\_

INFO@THEBANKOFNEVIS.COM

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:

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*Use additional sheets if necessary.*