

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE SECOND QUARTER ENDED

DECEMBER 31, 2005

SKNA National Bank Ltd. Comptroller Division

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED DECEMBER 31, 2005

C O N T E N T S

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Introduction	1
Income Statement	1
Net Interest Income	1
Non-Interest Income	1
Expenses	2
Net Income	2
Balance Sheet	2
Assets	2
Deposits	3
Loans & Advances	3
Shareholders' Equity	3
Corporate Governance	4
Risk Management	4
Outlook	4
 BALANCE SHEET	 5
 INCOME STATEMENT	 6
 STATEMENT OF CHANGES IN EQUITY	 7
 CASH FLOW STATEMENT	 8
 NOTES TO THE FINANCIAL STATEMENTS	 9 – 28

ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK LTD.
STATEMENT OF CASHFLOW
FOR THE PERIOD ENDED DECEMBER 31, 2005

Audited Year Ended June 2005		Notes	Quarter Ended December 2005 \$	Quarter Ended December 2004 \$
	Cash flows from operating activities			
40,623,456	Operating Income before taxation		29,693,463	20,530,223
	Adjustments for:			
1,599,965	Depreciation		923,568	923,568
321,889	Provision for loan losses		-	-
(36,147)	Prior year adjustments		-	-
57,372	Loss on disposal of fixed assets		-	-
42,566,535	Operating income before changes in operating assets and liabilities		30,617,031	21,453,791
	<i>(Increase) decrease in operating assets:</i>			
(174,808,738)	Net loans and advances		(92,244,569)	(128,807,962)
(9,168,293)	Other accounts		5,987,595	1,912,904
	<i>Increase (decrease) in operating liabilities:</i>			
13,028,745	Due to other banks		(15,678,581)	4,065,952
124,982,644	Customers' deposits		(73,556,741)	(25,055,750)
1,944,300	Due to subsidiaries		-	-
	Deferred credit			
34,751,425	Accumulated provisions, creditors, and accruals		15,907,302	19,346,212
33,296,618	Cash (used in) generated from operations		(128,967,963)	(107,084,853)
(7,984,437)	Income tax paid		(9,293,875)	(3,984,438)
25,312,181	Net cash generated from (used in) operating activities		(138,261,838)	(111,069,291)
	Cash flows from investing activities			
(803,391)	Purchase fixed assets		(1,293,568)	(493,497)
(37,746,762)	(Increase) decrease in special term deposits		(2,144,592)	(26,329,531)
(78,279)	Net (increase) decrease in investment securities		3,658,328	(4,728,373)
19,800,000	Investment in subsidiaries		-	19,800,000
(18,828,432)	Net cash generated from (used in) investing activities		220,168	(11,751,401)
	Cash flows from financing activities			
	Issue of shares			
	Share premium			
(10,935,000)	Dividend paid		-	(10,935,000)
(10,935,000)	Net cash used in financing activities		0	(10,935,000)
(4,451,251)	(Decrease) increase in cash and cash equivalents		(138,041,670)	(133,755,692)
493,284,566	Cash and cash equivalents at beginning of period		488,833,315	493,284,566
488,833,315	Cash and cash equivalents at end of period	4	350,791,645	359,528,874

STATEMENT OF CHANGES IN EQUITY
For The Quarter Ended December 31, 2005

	Notes	Share Capital \$	Share Premium \$	Statutory Reserves \$	Loan Loss Reserves \$	General Reserves \$	Revaluation Reserves \$	Retained Earnings \$	Total Shareholders' Equity \$
Balance at June 30, 2004		81,000,000	3,877,424	26,954,749	7,500,000	23,587,231	2,461,142	12,031,862	157,412,408
Net Income		-	-	-	-	-	-	13,344,645	13,344,645
Appreciation in market value of investment securities	16	-	-	-	-	-	173,000	-	173,000
Dividends	20	-	-	-	-	-	-	(10,935,000)	(10,935,000)
Balance at December 31, 2004		81,000,000	3,877,424	26,954,749	7,500,000	23,587,231	2,634,142	14,441,507	159,995,053
- Income Tax, net		-	-	-	-	-	-	(36,147)	(36,147)
- As Restated		81,000,000	3,877,424	26,954,749	7,500,000	23,587,231	2,634,142	14,405,360	159,958,906
Net Income		-	-	-	-	-	-	13,775,034	13,775,034
Appreciation in market value of investment securities	16	-	-	-	-	-	80,000	-	80,000
Transfer to Reserves	16	-	-	8,000,000	-	6,000,000	-	(14,000,000)	-
Balance at June 30, 2005		81,000,000	3,877,424	34,954,749	7,500,000	29,587,231	2,714,142	14,180,394	173,813,940
Net Income		-	-	-	-	-	-	19,300,751	19,300,751
Balance at December 31, 2005		81,000,000	3,877,424	34,954,749	7,500,000	29,587,231	2,714,142	33,481,145	193,114,691

Statement of Income for the period ended December 31, 2005

Audited Year Ended <u>June 2005</u>		Notes	Unaudited Quarter Ended <u>December 2005</u> \$	Unaudited Quarter Ended <u>December 2004</u> \$
INCOME				
59,926,435	Interest - Loan & Advances and Fees		42,943,846	28,422,102
18,428,619	- Investments and Deposits with other Banks		10,992,035	7,675,900
78,355,054	Total Interest Income		53,935,881	36,098,002
50,423,508	Less: - Interest Expense		(27,151,079)	(24,265,596)
27,931,546	Net Interest Income	17	26,784,802	11,832,406
Non-Interest Income				
1,943,642	Gain (Loss) on Foreign Exchange		(7,715,973)	1,080,557
	Gain on Marketable Securities, net			
389,283	Dividend		104,730	43,550
1,508,435	Service Charge		538,670	847,544
27,352,134	Commission		18,682,358	14,021,915
1,111,075	Miscellaneous		832,857	563,943
32,304,569	Total Non-Interest Income		12,442,642	16,557,509
60,236,115	Operating Income		39,227,444	28,389,915
NON-INTEREST EXPENSES				
5,168,580	Establishment	18	2,365,384	2,207,263
490,382	Loss on Marketable Securities, net		824,540	1,133
416,141	Communication		187,313	184,290
11,754,704	Staff Employment		5,359,931	4,640,893
92,185	Travelling		48,860	46,943
594,577	Stationery and Supplies		240,118	235,363
263,879	Miscellaneous		147,544	183,037
109,567	Audit Fees and Professional Expenses		1,729	367
722,644	Other Finance Charges		358,562	360,404
19,612,659	Total Non-Interest Expenses		9,533,981	7,859,693
40,623,456	Net Operating Income before Tax		29,693,463	20,530,223
(13,503,777)	Tax Expenses		(10,392,712)	(7,185,578)
27,119,679	Net Income		19,300,751	13,344,645

BALANCE SHEET AS AT DECEMBER 31, 2005

Audited Year Ended June 2005		Notes	Unaudited Quarter Ended December 2005	Unaudited Quarter Ended December 2004
\$	Assets		\$	\$
636,534,157	Cash and Money at call	4	500,637,079	495,812,484
691,645,027	Loans and Advances	5	783,889,596	645,966,139
119,510,038	Investments	6	115,851,710	124,080,132
17,750,000	Investment in Subsidiaries	7	17,750,000	17,750,000
4,950,478	Customers' Liability under Acceptances, Guarantees, and Letters of Credit (per contra)	8	4,969,100	4,658,515
16,905,977	Bank Premises and Equipment	9	17,275,977	17,281,454
16,484,965	Other Accounts	10	10,497,370	8,019,330
374,418	Deferred Tax	11	374,418	273,945
1,504,155,060	Total Assets		1,451,245,250	1,313,841,999
	Liabilities			
17,037,324	Due to other Banks		1,358,743	8,074,531
1,109,217,715	Customers' Deposits	12	1,035,660,974	959,179,321
11,473,856	Due to Subsidiaries			
1,944,300	Deferred Credit	13	11,473,856	11,473,856
4,950,478	Due to Subsidiaries		1,944,300	
	Acceptances, Guarantees and Letters of Credit (per contra)	8	4,969,100	4,658,515
185,717,447	Accumulated Provisions, Creditors, and Accruals	14	202,723,586	170,460,723
1,330,341,120	Total Liabilities		1,258,130,559	1,153,846,946
	Shareholders' Equity			
81,000,000	Issued Share Capital	15	81,000,000	81,000,000
3,877,424	Share Premium		3,877,424	3,877,424
74,756,122	Reserves	16	74,756,122	60,676,122
	Profits (net of estimated tax)		19,300,751	13,344,645
14,180,394	Retained Earnings		14,180,394	1,096,862
173,813,940	Total Shareholders' Equity		193,114,691	159,995,053
1,504,155,060	Total Liabilities and Shareholders' Equity		1,451,245,250	1,313,841,999