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INDEPENDENT AUDITORS' REPORT

To the Shareholders of 1st National Bank St. Lucia Limited

Report on the Audit of the Summary Financial Statements

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, the summary statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of 1st National Bank St. Lucia Limited (“the Bank”) for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated April 25, 2019.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis of their established criteria as described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), “Engagements to Report on Summary Financial Statements.”

Chartered Accountants
Saint Lucia

April 25, 2019

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Financial Position


December 31, 2018

(Expressed in Eastern Caribbean dollars)

	<u>2018</u>	<u>2017</u>
Assets	\$	\$
Cash and balances with Central Bank	57,859,437	78,896,834
Due from other banks	28,003,720	53,739,498
Treasury bills	36,422,936	31,733,399
Loans and advances to financial institutions	-	23,971,139
Loans and advances to customers	502,107,145	384,839,300
Investment securities	115,691,583	74,181,301
Income tax recoverable	-	505,372
Defined benefit asset	2,743,000	2,546,000
Property and equipment	13,069,542	12,854,092
Intangible assets	614,282	531,863
Other assets	<u>8,055,755</u>	<u>7,888,801</u>
Total assets	<u>764,567,400</u>	<u>671,687,599</u>
Liabilities		
Due to customers	645,176,129	580,956,745
Other liabilities	23,368,014	5,220,816
Current income tax payable	2,744,757	-
Provisions	39,131	-
Deferred income tax liability	<u>309,399</u>	<u>797,594</u>
Total liabilities	<u>671,637,430</u>	<u>586,975,155</u>
Equity:		
Capital and reserves:		
Share capital	20,000,000	20,000,000
Reserves	21,450,049	16,551,774
Retained earnings	<u>51,479,921</u>	<u>48,160,670</u>
Total equity	<u>92,929,970</u>	<u>84,712,444</u>
Total liabilities and equity	<u>764,567,400</u>	<u>671,687,599</u>

Approved for issuance by the Board of Directors and signed on its behalf by:



Nigel A. Fulgence
President

Geraldine Lendor-Gabriel
Director

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Income

For the year ended December 31, 2018

(Expressed in Eastern Caribbean dollars)

	<u>2018</u>	<u>2017</u>
	\$	\$
Interest and similar income	38,341,195	32,960,130
Interest expense and similar charges	<u>(10,997,073)</u>	<u>(10,995,231)</u>
Net interest income	27,344,122	21,964,899
Other operating income	<u>13,103,946</u>	<u>10,909,169</u>
Net interest and other operating income	40,448,068	32,874,068
Other expenses	(21,881,810)	(20,311,024)
Impairment losses on financial assets	<u>(4,723,925)</u>	<u>(7,698,293)</u>
Profit before income tax	13,842,333	4,864,751
Income tax expense	<u>(3,913,403)</u>	<u>(1,319,629)</u>
Profit for the year	<u>9,928,930</u>	<u>3,545,122</u>
Earnings per share (expressed in EC\$ per share)		
Basic and diluted	<u>1.56</u>	<u>0.66</u>

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2018

(Expressed in Eastern Caribbean dollars)

	<u>2018</u>	<u>2017</u>
	\$	\$
Profit for the year	<u>9,928,930</u>	<u>3,545,122</u>
Other comprehensive income:		
<i>Items that will never be reclassified to profit or loss:</i>		
Re-measurement of defined benefit asset	(51,000)	412,000
Revaluation adjustment on land and buildings	(2,274,832)	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Net fair value losses on debt investments at FVOCI	(1,159,554)	-
Net fair value gains on available-for-sale investment securities	<u>-</u>	<u>290,938</u>
Other comprehensive (loss)/income for the year	<u>(3,485,386)</u>	<u>702,938</u>
Total comprehensive income for the year	<u>6,443,544</u>	<u>4,248,060</u>

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Changes in Equity

For the year ended December 31, 2018

(Expressed in Eastern Caribbean dollars)

	Share capital	Statutory reserve	Revaluation reserve	Revaluation reserve on FVOCI investments	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2018	20,000,000	8,680,478	3,708,673	945,363	3,217,260	48,160,670	84,712,444
Impact of adopting IFRS 9 at January 1, 2018	-	-	-	-	-	3,402,984	3,402,984
Restated balance at January 1, 2018	20,000,000	8,680,478	3,708,673	945,363	3,217,260	51,563,654	88,115,428
Total comprehensive income							
Profit for the year	-	-	-	-	-	9,928,930	9,928,930
Other comprehensive income							
Fair value loss on debt investment securities	-	-	-	(1,159,554)	-	-	(1,159,554)
Revaluation of land and buildings	-	-	(2,274,832)	-	-	-	(2,274,832)
Re-measurement of defined benefit asset	-	-	-	-	-	(51,000)	(51,000)
Total other comprehensive income	-	-	(2,274,832)	(1,159,554)	-	(51,000)	(3,485,386)
Total comprehensive income	-	-	(2,274,832)	(1,159,554)	-	9,877,930	6,443,544
Net transfer from retained earnings	-	1,985,786	(6,675)	-	-	(1,979,111)	-
Reserve for loan loss provision	-	-	-	-	5,007,668	(5,007,668)	-
Reserve for interest recognized on non-performing loans	-	-	-	-	1,345,882	(1,345,882)	-
Profit share 2017	-	-	-	-	-	(354,512)	(354,512)
Transactions with owners							
Dividends to shareholders	-	-	-	-	-	(1,274,490)	(1,274,490)
Balance at December 31, 2018	20,000,000	10,666,264	1,427,166	(214,191)	9,570,810	51,479,921	92,929,970

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Changes in Equity (*cont'd*)

For the year ended December 31, 2018

(Expressed in Eastern Caribbean dollars)

	Share capital	Statutory reserve	Revaluation reserve	Revaluation reserve available- for-sale investments	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2017	7,971,454	7,971,454	3,715,427	654,425	5,599,117	51,377,583	77,289,460
Total comprehensive income							
Profit for the year	-	-	-	-	-	3,545,122	3,545,122
Other comprehensive income							
Fair value gain on available-for-sale financial assets	-	-	-	290,938	-	-	290,938
Re-measurement of defined benefit asset	-	-	-	-	-	412,000	412,000
Total other comprehensive income	-	-	-	290,938	-	412,000	702,938
Total comprehensive income	-	-	-	290,938	-	3,957,122	4,248,060
Net transfer from retained earnings	-	709,024	(6,754)	-	-	(702,270)	-
Reserve for loan loss provision	-	-	-	-	(1,216,353)	1,216,353	-
Reserve for interest recognised on non-performing loans	-	-	-	-	(1,165,504)	1,165,504	-
Transactions with owners							
Dividends to shareholders	-	-	-	-	-	(549,996)	(549,996)
Issue of share capital	12,028,546	-	-	-	-	(8,303,626)	3,724,920
Balance at December 31, 2017	20,000,000	8,680,478	3,708,673	945,363	3,217,260	48,160,670	84,712,444

1ST NATIONAL BANK ST. LUCIA LIMITED

Summary Statement of Cash Flows

For the year ended December 31, 2018

(Expressed in Eastern Caribbean dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities	\$	\$
Profit for the year	9,928,930	3,545,122
Adjustments for:		
Depreciation and amortization	1,171,632	1,042,941
Loss on disposal of property and equipment	79,985	42,192
Loss on disposal of investment	-	22,254
Impairment losses on financial assets	4,723,925	7,698,293
Defined benefit income	(52,000)	(20,000)
Dividend income	(162,243)	(226,582)
Tax expense	3,913,403	1,319,629
Interest and similar income	(38,341,195)	(32,960,130)
Interest expense and similar charges	10,997,073	10,995,231
Cash flows before changes in operating assets and liabilities	(7,740,490)	(8,541,050)
Change in mandatory reserve deposits with Central Bank	17,199,591	(15,307,636)
Change in loans and advances to financial institutions	-	(618,252)
Change in loans and advances to customers	(116,418,587)	(30,984,596)
Change in other assets	(166,954)	(748,411)
Change in due to customers	64,479,432	40,750,404
Change in other liabilities	17,995,023	(2,632,115)
Cash used in operations	(24,651,985)	(18,081,656)
Interest and similar income received	35,369,503	32,952,003
Interest expense and similar charges paid	(11,257,121)	(11,303,754)
Profit sharing and bonuses paid	(354,512)	-
Defined benefit contributions paid	(196,000)	(180,000)
Income taxes paid	(1,151,469)	(507,606)
Net cash (used in)/generated from operating activities	(2,241,584)	2,878,987
Cash flows from investing activities		
Purchase of treasury bills	(25,488,359)	(10,517,998)
Proceeds from sale of treasury bills	20,497,274	12,529,387
Purchase of investment securities	(30,986,890)	(34,028,377)
Proceeds from sale of investment securities	13,430,365	4,032,300
Dividends received	162,243	226,582
Proceeds from sale of property and equipment	1,350	4,623
Acquisition of property and equipment	(3,592,639)	(776,745)
Acquisition of intangible assets	(233,029)	(99,478)
Net cash used in investing activities	(26,209,685)	(28,629,706)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	3,724,920
Dividends paid	(1,122,315)	(518,440)
Net cash (used in)/generated from financing activities	(1,122,315)	3,206,480
Net decrease in cash and cash equivalents	(29,573,584)	(22,544,239)
Cash and cash equivalents at 1 January	77,221,046	99,765,285
Cash and cash equivalents at 31 December	47,647,462	77,221,046

1ST NATIONAL BANK ST. LUCIA LIMITED

Notes to Summary Financial Statements

December 31, 2018

(Expressed in Eastern Caribbean dollars)

1. Basis of preparation

These summary financial statements are derived from the audited financial statements of 1st National Bank St. Lucia Limited for the year ended December 31, 2018 and have been prepared in accordance with criteria developed by management.