The Bank Of Nevis Limited

Prospectus Supplement

The Bank of Nevis

XCD20 Million Rights Issue and Additional Public Offering

May 15, 2017

Introductory Statement

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities offered under the Additional Public Offering (APO). The second part is the Approved Prospectus for The Bank of Nevis Limited's Rights Issue and Additional Public Offering dated, 1st February, 2017, which gives the background and more general information, some of which may not apply to this offering under the APO. To the extent there is a conflict between the information contained in this Prospectus Supplement and the information contained in the Approved Prospectus, you should rely on the information in this Prospectus Supplement.

Basis for the Supplement

At the time of issue of the Approved Prospectus, the amount of shares to be raised via the APO was indeterminate as it was contingent on the outcome of the Rights Issue. Further, in accordance with Section 2.3.2 of the Approved Prospectus, this supplement is intended to disclose the price of the shares offered via the APO.

This Prospectus Supplement therefore is issued in order to disclose the results of the Rights Issue as well as to disclose the APO share price and final offer details. It is to be read in conjunction with the Approved Prospectus as it does not contain all the information that you should consider before investing in the ordinary shares of The Bank of Nevis Limited. You should carefully read this entire Prospectus Supplement, the Approved Prospectus and any information that we authorize to be distributed to you, including the financial statements, extracts of the Valuation Report and other information included or incorporated by reference in this Prospectus Supplement and the Approved Prospectus, before making an investment decision.

A copy of the Prospectus Supplement has been delivered to the Commission for approval in accordance with the Securities (Prospectus) Regulations 2001. If you are in any doubt about the contents of this document you should consult a person licensed under the Securities Act 2001 who specializes in advising on the acquisition of shares and other securities.

All other disclosures, provisions, terms and conditions as well as the disclaimers of the approved Prospectus remain intact with the exception of the following:

Revised Time-table

The closing date of the Rights Issue was extended by two weeks from 31st March, 2017 to 18th April, 2017 primarily to facilitate the participation of local shareholders who were unable to meet the deadline and overseas shareholders who were disadvantaged due to postal services delays in the delivery of the Prospectus to them. Due to the extension of the Rights Issue, the dates for the Additional Public offering has been adjusted to open on the **15th May, 2017** and to close on the **17th July, 2017**.

Total Number of Rights Exercised

The total number of ordinary shares issued in the just completed Rights Issue is four million, four hundred and eighty-six thousand two hundred and fifty eight (4,486,258) at the cost of EC$1.00 each in the ratio of one (1) new right for every one (1) ordinary shares held.

Capital Structure of the Bank

Table 3 of Section 1.1.3 of the Approved Prospectus is updated following the Rights Issue as follows:

Table 3: Share Capital of The Bank of Nevis Limited

	2017 *	2016	2015	2014
Authorised Share Capital 50,000,000 shares at $1 each	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid for 13,833,945 at $1 each	13,833,945	9,347,687	9,347,687	9,347,687

**** As at the allotment of the Rights Issue on 27th April, 2017***

The Bank's current Share Capital and Ownership structure shown in Table 4 of the Approved Prospectus is updated as follows:

Table 4: Share Capital & Ownership Structure (at 27th April, 2017)

PARTICULARS	HOLDINGS IN EXCESS OF 5%
St. Christopher and Nevis Social Security Board	28.91%
David A. Straz Jr. Foundation	12.60%

APO Price

Based on the valuation of BON undertaken by KPMG Barbados ("KPMG") as at 31st December, 2015 with projections to 31st December, 2021, the price per share offered, is set at $2.50 which is below the valuation range of $4.61 – $6.27as outlined in the KPMG valuation report. This APO share price is set at $2.50 mostly to compensate for the subjectivity of the financial projections and the assumptions being made.

Summary of Final Terms

Table 7 of the Approved Prospectus is updated as follows:

Final APO Terms

Particulars	
Number of Ordinary Shares Offered via APO:	6,205,497
Price per Ordinary Share:	EC$2.50
Minimum Subscription:	100
Aggregate APO Offer Value	EC$15,513,743.
Offer Opens:	15th May, 2017
Offer Closes:	17th July, 2017
Settlement/Allotment Date:	24th July, 2017
Transaction Fee	Standard Brokerage Transaction Fees will apply

Valuation

KPMG was engaged to prepare a valuation report to determine the en bloc fair market value of The Bank of Nevis Limited issued and outstanding shares on a consolidated basis as of the valuation date of December 31, 2015. The methodology selected by KPMG included both an income based approach as well as an adjusted net asset approach. Procedures performed by KPMG to evaluate the projections included discussions with the Management of The Bank of Nevis Limited and trend and ratio analyses. KPMG also reviewed various sources of publicly available information with respect to companies operating in the banking industry in the Caribbean and the US and employed the market approach to test the reasonableness of their valuation conclusion.

The valuation is premised on a number of assumptions, qualifications and restrictions including the following:

- In preparing the Valuation Report, KPMG relied upon information provided by the Management of The Bank of Nevis Limited and third party financial information providers;
- There may be a material adverse impact on the Bank due to changes in laws, policies and regulations;
- The number of comparable companies was limited;
- Projections prepared by the Management of The Bank of Nevis Limited is on the basis that there will be a capital injection of $20 million. Should this injection not be forthcoming, the projections could be materially misstated; and
- Bank of Nevis International Limited will continue as a subsidiary company. Should Bank of Nevis International be sold, the projections would be negatively impacted.

Based on the scope of review and subject to the assumptions and restrictions noted in the Valuation Report, KPMG concludes that the fair market value of the issued and outstanding common shares of The Bank of Nevis Limited as at the Valuation Date is in the range of $43.1 million to $58.6 million, with a midpoint of $50.9 million. On the basis of 9,347,687 shares outstanding as at the Valuation Date, on a pro-rata basis, this equates to a range of $4.61 to $6.27 per share, with a midpoint of $5.44.

Relevant sections of the Valuation Report which include details on the methodology and assumptions are presented in the Appendix II. The Full Valuation and Factual Memorandum are available from The Bank of Nevis Limited upon request.

Director's Declaration

We, the undersigned Directors of The Bank of Nevis Limited declare that the information included in this Prospectus Supplement have been prepared in accordance with the Securities (Prospectus) Regulation 2001. We collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable inquiries, that to the best of our knowledge and belief that there are no other facts, the omission of which would make any statement in this Prospectus misleading.

Consent for the issuance of this Prospectus Supplement is given by Board Resolution dated 2nd May, 2017.

H. Ron Daniel II ______________________________

Vernel Powell ______________________________

Spencer Hanley ______________________________

Jacqueline Lawrence ______________________________

Laurie Lawrence ______________________________

Rawlinson Isaac ______________________________

Corporate Secretary ______________________________

Appendices:

1. KPMG Consent Letter dated May 2, 2017

2. Extracts from Valuation

   A. KPMG Transmittal Letter dated July 28, 2016
   B. Summary of Findings
   C. Selected Methodology and Approach
   D. Key Valuation Assumptions

3. Unaudited Consolidated Statement of Financial Position as at March 31, 2017 and Consolidated Statement of Income for the nine (9) month period then ended.

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Christ Church, BB 15154
Barbados West Indies
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Fax (246) 427-7123

P. O Box 690C
Bridgetown, Barbados

Private & Confidential

Mr. Laurie Lawrence
Chairman
The Bank of Nevis Limited
Main Street
Charlestown
Nevis

May 2, 2017

Dear Sirs

Consent of KPMG

We hereby consent to the inclusion in The Bank of Nevis Limited Additional Public Offering document to be dated May 15, 2017 of the reference to KPMG as independent financial advisor in the form and context in which it appears and reference to our Factual Memorandum and Valuation Reports ("The Reports").

Yours truly
For on behalf of KPMG

Christopher Brome, FCCA, CF
Partner, Advisory Services

Extract A.

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Christ Church
Barbados

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Private and confidential

Mr. Kevin Huggins
Chairman
The Bank of Nevis Limited
Main Street
Charlestown
Nevis

July 28, 2016

Dear Mr. Huggins

In accordance with our engagement letter dated March 2, 2016, ("Engagement Letter") we enclose our estimate valuation report (the "Valuation Report") of The Bank of Nevis Limited ("BON" or the "Company"), which determines the en bloc fair market value ("FMV") of its issued and outstanding shares (the "Shares") on a consolidated basis as at December 31, 2015 (the "Valuation Date").

It is important to note that this Valuation Report should be read in conjunction with the Factual Memorandum dated July 14, 2016.

The Valuation Report is solely for the use and benefit of Bank of Nevis Limited ("BON") and may not be relied upon by any other person or for any other purpose or published without the express prior written consent of KPMG. KPMG will assume no responsibility for losses incurred by BON or any other parties as a result of the circulation, publication, reproduction or use of the Valuation Report contrary to the provisions of this paragraph. Any recipient of the Valuation Report acknowledges restrictions in its use and circulation.

The Important notice set out opposite should be read in conjunction with this letter.

Yours truly
For and on behalf of KPMG

Christopher Brome
Partner

Important notice

Pursuant to our engagement letter dated March 2, 2016, KPMG was engaged to determine the fair market value of the shares of BON on a consolidated basis for the purpose of facilitating a specific transaction. KPMG has determined the en bloc fair market value of BON's issued and outstanding shares and a per share value has been determined by prorating the en bloc fair market value for the total number of BON's issued and outstanding shares, and does not take into account any discounts for minority interests.

An estimate valuation report contains a conclusion as to value of shares, assets or an interest in a business that is based on minimal review, analysis and little or no corroboration of relevant information, and generally set out in a brief valuation report.

The scope of review is inherently limited by nature of the Valuation Report being provided, and the conclusion being expressed may have been different had a calculation or comprehensive valuation report been prepared.

In preparing our Valuation Report, we have not verified any of the information presented herein. We have relied on Management to provide us with a representation letter stating that the information contained in this report is materially accurate and complete, fair in the manner of its portrayal and therefore forms a reliable basis for the Valuation.

We reserve the right (but will be under no obligation) to review all calculations referred to in this Valuation Report and, if considered necessary by us, to revise our valuation in the light of any new facts, trends or changing conditions existing at any date prior to or at the Valuation Date, which may become apparent to us subsequent to the date of this Valuation Report.

This report documents our procedures, assumptions, scope and the results of our calculations. We, the engagement team, believe we are independent of the Company and its affiliates and are acting objectively. We have no present or contemplated interest in the Company or its affiliates nor are we an insider or associate of the Company or its affiliates. Moreover, our fees for this engagement are not contingent upon our findings or any other event. This report has been prepared in conformity with the Practice Standards of the Canadian Institute of Chartered Business Valuators.

Unless otherwise noted, all values expressed in this report and the attached schedules are expressed in terms of Eastern Caribbean dollars. Rounding differences may occur.

Extract B.

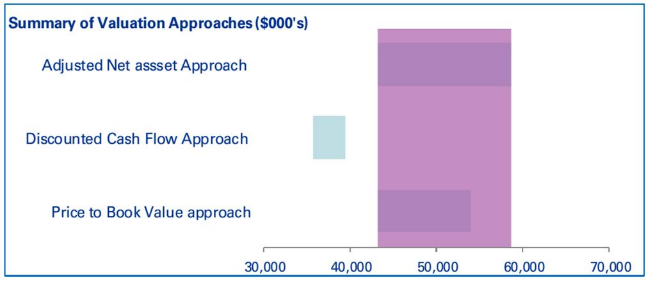
Summary of findings

Valuation conclusions

- Based on the scope of review and subject to the assumptions and restrictions noted herein, we conclude that the fair market value of the issued and outstanding common shares of the Company as at the Valuation Date is in the range of $43.1 million to $58.6 million, with a midpoint of $50.9 million.
- On the basis of 9,347,687 shares outstanding as at the Valuation Date, on a pro-rata basis, this equates to a range of $4.61 to $6.27 per share, with a midpoint of $5.44.
- The key valuation assumptions are detailed on page 31 of this report.
- This Valuation Report sets out KPMG's conclusions on the Valuation and has been prepared in accordance with our engagement letter dated March 2, 2016.
- KPMG disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the valuation, which would have been known or expected to be known as of the date hereof, but may come or be brought to KPMG's attention after such date. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the valuation, after the date hereof, KPMG reserves the right to change, modify or withdraw the valuation. Moreover, KPMG reserves the right, but will be under no obligation, to complete any additional analyses that might subsequently be required following receipt of additional information. We reserve the right, but will be under no obligation, to review our calculations and revise our conclusions in light of information existing at the Valuation Date but made known to us subsequently.

Summary of Valuation Conclusion

As at December 31, 2015	Fair Market Value of Shares		
$000's	Low	Mid	High
Adjusted net assets approach	43,119	50,872	58,624
Discounted cash flow approach	35,632	37,508	39,383
Price to Book value approach	43,152	48,546	53,940
KPMG Conclusion	**43,119**	**50,872**	**58,624**
KPMG Conclusion pro-rata value per share	**$ 4.61**	**$ 5.44**	**$ 6.27**



Summary of findings

Market Capitalisation

- For purposes of our analysis, we considered the market capitalisation of BON in assessing the reasonableness of the en bloc fair market value of the common shares. Market capitalization is determined by multiplying the outstanding common shares by the market price of the shares as at the Valuation Date. Market capitalisation is defined for our purposes as the value applicable to common share owners only, on a minority interest basis. The table below illustrates the analysis performed.

Market Capitalisation Analysis	
As at December 31, 2015	
$000's	
Number of common shares outstanding at December 31, 2015 (000's)	9,348
Trading price at December 31, 2015	4.25
Market Capitalisation - minority basis ($000's)	39,728
En bloc Fair Market Value of Common shares (midpoint) ($000's)	50,872
Implied premium control and other factors ($000's)	11,144
Implied premium control and other factors - percent (rounded)	**28%**

Source: KPMG analysis

- The table above illustrates that the en bloc fair market value of BON’s common shares exceeds the value based on the recent trading price of its common shares by approximately $11.0 million.

Extract C.

Selected methodology and approach

Selected approach

- In determining the appropriate methodology to be adopted in the valuation of the Shares, we have considered an income based approach as well as an adjusted net asset approach. In doing so, we have considered the earnings expected to be generated as well as the underlying net assets of the Company.
- Since the Company is expected to continue to experience change, in both the short and medium term before achieving sustainable operating levels, the income based method selected was Discounted Cash Flow ("DCF"). We have assessed the soundness of our DCF conclusion, by determining the Tangible Asset Backing ("TAB") and the amount of intangible assets and goodwill implied by our value conclusion.
- In making our value conclusion, KPMG has relied on the projections provided by Management. Procedures performed by KPMG to evaluate the projections have included: (1) discussions with Management, (2) trend and ratio analyses, and (3) review of mathematical accuracy. See the Factual Memorandum for analysis on Management's projections.

Extract D.

Key valuation assumptions

Key valuation assumptions

With regard to the following key valuation assumptions, when we reference "this report", that includes the Valuation Report and the Factual Memorandum dated July 14, 2016. In preparing our valuation conclusion, we have made the following assumptions:

- All quantitative and qualitative information provided to us is complete and accurate. In particular, all financial statements and/or financial information provided to us and upon which we have relied for the purpose of our valuation, presents fairly in all material respects, the financial position of BON as well as the results of operations and changes in financial position for the relevant periods reported on;
- December 2015 financial information is based on non-audited management accounts and are subject to change. KPMG reserves the right to update our valuation and conclusions in the event of audited information varying materially from that presented by Management;
- The financial projections for 2016 to 2021 accurately reflect Management's best estimate of the future operations of the Company;
- The Company had complete and satisfactory title to all of its assets as at the Valuation Date;
- The balance sheet of the Company contained no material unrecorded or contingent assets, liabilities or commitments as at the Valuation Date;
- The Company's reported earnings during the period under review contained no material, non-recurring or unusual items of revenue and expense, except as noted in this report;
- The Company had no significant non-arm's length transactions at values other than fair market value during the period under review, except as otherwise noted in this report;
- Except as disclosed in this report, the fair market value of the assets and liabilities of BON approximates the reported net book values as at the Valuation Date;
- The Company had no significant redundant assets at the Valuation Date; except as noted in this report;
- The Company had no unusual contractual obligations or litigation pending or threatened as at the Valuation Date; except as noted in this report;
- Except as noted in this report, the fair market values of the property, plant and equipment owned by the Company were not subjected to an independent appraisal. If subjected to an independent appraisal, the value would not be materially different as at the Valuation Date than the related net book values;
- The Company would realise gross proceeds on the orderly liquidation of redundant assets, as noted in this report;
- The Company's best estimates of CAPEX in the explicit projection period from 2016 to 2021, are as implied by Management's projections. We have assumed an inflationary adjustment to Capex, in line with BMI's projections for inflation over the explicit projection period;
- BON's best estimates for increases in net interest income for the period 2016 to 2021 are as stated in the adjusted Management projections;
- Management has advised that taxes will be applicable at a rate of 33% for BON and 2.5% for BONI over the explicit projection period;
- We have assumed a long term growth of 1.0% in the terminal value period;
- Management has prepared the projections on the basis that there will be a capital injection of $20 million. Should this injection not be forthcoming, the projections could be materially misstated;
- The current Management of the Company would continue in the employ of the Company and would not otherwise compete with the Company; and
- Should any of the foregoing assumptions not be accurate or any of the information provided to us not be factual or correct, our value conclusions, as expressed in this report, could be significantly different.

The Bank of Nevis Limited

Consolidated Statement of Financial Position (Unaudited)

As of March 31, 2017

(expressed in Eastern Caribbean Dollars)

	March 31, 2017 $
Assets	
Cash and balances with the Central Bank	**39,619,085**
Due from other banks and financial institutions	**102,091,369**
Investment securities	**167,653,355**
Loans and advances	**216,875,735**
Other assets	**3,302,505**
Property, plant and equipment	**27,453,490**
Intangible assets	**504,190**
Income tax receivable	**143,040**
Deferred tax asset	**1,208,120**
Total assets	**558,850,889**
Liabilities	
Customers' deposits	**490,094,058**
Other liabilities and accrued expenses	**5,504,287**
Deferred tax liability	**1,041,840**
Income tax payable	**636,655**
Total liabilities	**497,276,840**
Shareholders' Equity	
Share capital	**9,347,687**
Statutory reserves	**10,934,354**
Revaluation reserves	**12,972,759**
Other reserves	**4,147,221**
Retained earnings	**24,172,028**
Total shareholders' equity	**61,574,049**
Total liabilities and shareholders' equity	**558,850,889**

The Bank of Nevis Limited

Consolidated Statement of Income (Unaudited)

For the nine month period ended March 31, 2017

(expressed in Eastern Caribbean Dollars)

	Nine month period ended March 31, 2017 $
Interest income	14,690,720
Interest expense	(5,518,361)
Net interest income	9,172,359
Other operating income	5,078,438
	14,250,797
Operating expenses	
General and administrative expenses	6,963,357
Depreciation	668,807
Correspondent bank charges	518,506
Directors' fees and expenses	470,481
Audit fees	322,506
Amortisation	255,000
Provision for loan impairment, net of recoveries	225,000
	9,423,257
Operating profit for the period before taxation	4,827,540
Tax expense	661,205
Net profit for the period	4,166,335
Earnings per share (annualised)	0.59

Prepared by:

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Charlestown, Nevis

The unaudited financial information set forth above is preliminary and is subject to adjustments and modifications. Adjustments and modifications to the March 31, 2017 financial information may be identified during the external audit for the financial year ended June 30, 2017, which could result in differences from this preliminary unaudited financial information. The financial information is presented to update the prospective investor on the financial performance of The Bank of Nevis Limited subsequent to the financial year ended June 30, 2016.