

Schedule 1
FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended JUNE 30, 2013

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)

P.O. BOX 450, MAIN STREET, CHARLESTOWN, NEVIS

(Address of principal office)

Reporting issuer's:

Telephone number (including area code): 1 (869) 469-5564

Fax number: 1 (869) 469-1039 / 5798

Email address: info@thebankofnevis.com

(Provide information stipulated in paragraphs 1 to 13 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 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	9,347,687

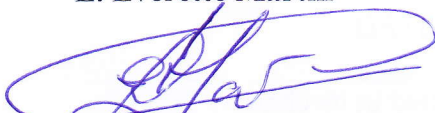
SIGNATURES

Name of Chief Executive Officer:


Name of Director:

L. Everette Martin

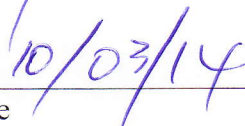
Rawlinson/Isaac




Signature



Signature



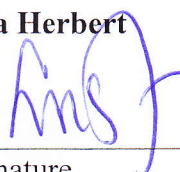
Date



Date

Name of Chief Financial Officer:

Lisa Herbert



Signature



Date

INFORMATION TO BE INCLUDED IN THE REPORT

- 1. Business.** The Bank of Nevis Limited (the “Bank”) is a public company incorporated on August 29, 1985 under the laws of the Federation of St. Christopher and Nevis. The Bank is subject to the provision of the Banking Act No. 4 of 2004 of St. Christopher and Nevis. The principal activity of the Bank is the provision of financial services, and its registered office is: Main Street, Charlestown, Nevis.

In July 1998, the Bank’s offshore activities and operations were transferred into a newly transformed subsidiary company, Bank of Nevis International Limited which is licensed to carry on the business of Offshore Banking as contemplated by the Nevis Offshore Banking Ordinance No. 1 of 1996.

The Bank also established an international and a domestic mutual fund in 2004 and 2005 respectively. The Mutual Funds are presently not operational.

The Bank’s operations commenced in 1985 with total assets of EC\$250,000 and a staff complement of 5. At June 30, 2013, the Bank’s asset base had expanded to EC\$455.75 million and the number of employees increased to 57.

- 2. Properties.**

The Bank is currently undertaking the second phase of its building construction and refurbishment project. Upon completion, the following properties will be merged to form the Bank of Nevis Limited’s Financial Complex:

1. Land and buildings at Main Street, Charlestown, Nevis, adjacent to the previous Bank’s premises were re-constructed and now host the Bank’s main offices.
2. Land and buildings on Main Street, Charlestown, Nevis, that previously housed the Bank’s offices – Phase II.
3. Two plots of land at the rear of the Bank’s premises. These are currently used as parking.

- 3. Legal Proceedings.**

N/A

- 4. Submission of Matters to a Vote of Security Holders.**

The Bank's twenty sixth Annual General Meeting was held on April 12, 2013. The following matters were submitted for a vote of the security holders:

Election of Non-independent Directors:

- Mr. Rawlinson Isaac and Ms. Janice Daniel-Hodge retired by rotation and being eligible were re-elected as Non-independent Directors

Declaration of Dividend:

- A dividend of 10 cents per share was approved by the shareholders

Appointment of Auditors:

- Deloitte & Touche / PKF were re-appointed as the Bank's auditors for the year ended June 30, 2013.

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters. The Bank's shares are listed on the Eastern Caribbean Securities Exchange (ECSE).

During the year under review a total of 58,138 of The Bank of Nevis' shares were traded on the ECSE.

At June 30, 2013, the Bank's share price on the ECSE stood at EC\$2.50, resulting in total market capitalization of EC\$23.37 million.

6. Financial Statements and Selected Financial Data.

Please see attached, the Bank's 2013 Annual Report.

7. Disclosure About Risk Factors.

The Bank is exposed to diverse risks in the conduct of its daily operations. The Bank defines risk as the possibility of losses of profits foregone, which may be caused by internal or external factors. Some of the major risks facing the Bank are outlined below.

Credit Risk:

Credit Risk is the largest risk facing the Bank's business, and is defined as the risk of incurring a financial loss should any of the Bank's customers or counterparties fail to fulfill their contractual obligations to the Bank. For the Bank, credit risk arises mainly from the loans and advances portfolio which comprises 44.89% of the Banks total assets. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures from its trading activities.

Liquidity Risk:

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for client lending, trading activities and investments. The Bank's liquidity is closely monitored by management on a daily basis.

At June 30, 2013, the Bank posted total liquid assets of EC\$133.97 million which represented 29.39% of total assets.

Foreign Exchange Risk:

The Bank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The majority 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 at EC\$2.70 = US\$1.00 since 1974. Assets and liabilities are also held in Euro, Pound Sterling, Canadian and Barbadian currencies. The exposure is no material to the Bank's financial position.

Market Risk

The Bank is exposed to market risk which 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 certain assets within the investment portfolio, which at reporting date comprised 5.19% of the Bank's total assets. The market risks arising from the investment portfolio are monitored on a continuous basis by the Investment and Risk Management committees and by Management.

8. Changes in Securities and Use of Proceeds.

N/A

9. Defaults Upon Senior Securities.

N/A

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

(i) Liquidity

The Bank's liquidity is managed on a daily basis by management and through the offices of the Accounting and Investments Department. The Bank's liquid assets are comprised primarily of correspondent accounts with banks in ECCU territories, short-term deposits with non-bank financial institutions, and Treasury Bills. At June 30, 2013, the Bank's liquid assets amounted to EC\$133.97 million or 29.39% of the Bank's asset base.

(ii) Capital Resources

The Bank had contractual capital commitments totalling EC\$650,526 as at June 30, 2013. These commitments relate to the Bank's building construction and refurbishment project which commenced in June, 2010.

(iii) Results of Operation.

Assets

The Bank's asset base expanded by EC\$41.37 million or 9.98% during the year to a total of EC\$455.75 million at reporting date. The growth in total assets is primarily reflected in the '*Cash and balances due from banks...*' category which accounted for EC\$35.40 million of the net increase. Loans and Advances and Property, Plant and Equipment increased by EC\$4.09 million and EC\$3.59 million respectively. The growth in the Bank's asset base was funded by customer deposit activity.

Loans and Advances

The Loans and Advances portfolio recorded a net increase of EC\$4.09 million or 2.04% when compared to the restated portfolio total at June 30, 2012. The marginal portfolio growth is due largely to the continuing effects of the sluggish local economic conditions.

Customers' Deposits

Total Customers' Deposits realized a significant increase of EC\$41.50 million or 11.86%, with the total portfolio at June 30, 2013 amounting to EC\$391.39 million. The fixed deposits category was the main contributor to the increase with EC\$18.85 million. Meanwhile the savings and current account categories increased by EC\$11.39 million and EC\$11.09 million respectively.

Shareholders' Equity

At June 30, 2013, the total of Shareholder's Equity amounted to EC\$58.67 million. This amount represents a net increase of EC\$8.28 million or 16.44% over the previous year. The increase for the year is associated mainly with the improvements in the net earnings position. Additionally, revaluation reserves increased by EC\$2.65 million, of which EC\$2.46 million related to the impact of revaluation of lands and buildings.

Interest Income and Expense

The Bank earned interest income in the amount of EC\$24.86 million for the year ending June 30, 2013. This earnings performance represents a net increase of EC\$1.03 million over the June 2012 results. The year's increase in interest income is reflected primarily in the loans and advances and treasury bills categories which increased by EC\$925,055 and EC\$242,289 respectively.

During the financial year ended June 30, 2013, the Bank recorded total interest expense of EC\$12.47 million. These expenses for 2013 represent a marginal increase of EC\$144,198 over the 2012 expenses, due largely to the increases in time deposit accounts.

Net interest income for the year ended June 30, 2013 was EC\$12.40 million and represents a net increase of EC\$883,979 over the performance in the previous financial year.

Other Operating Income

The total earned in other operating income for the year ended June 30, 2013 is EC\$6.52 million. When compared to the performance in the previous year, this amount represents a net increase of EC\$547,664. The increase for the year is mainly attributed to the extra-ordinary income due to write back of items in transit.

Operating Expenses

Operating expenses increased by EC\$366,530 or 3.15% for the year ended June 30, 2013, to a total of EC\$12.00 million. The increase for the year is associated mainly with increased impairment provisions in respect of the loans and advances portfolio (EC\$1.16 million). This was however moderated by an EC\$695,757 decline in general and administrative expenses.

Earnings

Pre-tax net profit for the year ending June 30, 2013 amounted to EC\$6.79 million. This amount represents a net increase of EC\$5.26 million when compared to EC\$1.53 million reported at June 30, 2012. The improved performance is mainly due to the fact that in 2012, significant losses (EC\$4.32 million) were realized within the investment portfolio.

Net profit after tax for the 2013 financial year amounted to EC\$6.60 million, representing earnings per share of EC\$0.70 and a return on average assets of 1.51%.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

N/A

12. Other Information.

N/A

13. List of Exhibits

The Bank of Nevis Limited Annual Report 2013