

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended SEPTEMBER 30, 2013

or

TRANSITION REPORT N/A

(Applicable where there is a change in reporting issuer's financial year)

For the transition period from _____ to _____

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 or jurisdiction of incorporation)

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

(Address of principal executive Offices)

(Reporting issuer's:

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

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

Email address: info@thebankofnevis.com

N/A

(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

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

10/03/14

10/03/14

Date

Date

1. Financial Statements

Consolidated Balance Sheet

As at September 30, 2013

(expressed in Eastern Caribbean dollars)

	Unaudited September 2013 \$	Audited June 2013 \$
Assets		
Cash / due from other banks and other financial institutions	152,641,405	130,131,896
Investment securities	83,732,919	90,925,449
Loans and advances	204,216,316	204,595,473
Other assets	2,099,636	1,682,570
Property, plant and equipment	26,386,865	26,086,586
Intangible assets	560,161	612,476
Income tax receivable	838,994	830,554
Deferred tax asset	807,771	888,741
Total Assets	471,284,067	455,753,745
Liabilities		
Customers' deposits	405,557,214	391,385,996
Other liabilities and accrued expenses	5,998,987	5,701,384
Total liabilities	411,556,201	397,087,380
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Statutory reserves	10,488,590	10,488,590
Revaluation reserves	13,045,434	12,995,969
Other reserves	2,959,997	2,794,581
Retained earnings	23,039,538	23,039,538
Unaudited net profit	846,620	-
Total shareholders' equity	59,727,866	58,666,365
Total liabilities and shareholders' equity	471,284,067	455,753,745

1. Financial Statements ... continued

Consolidated Statement of Income For the three months ended September 30, 2013 (expressed in Eastern Caribbean dollars)

	Unaudited September 2013 \$	Unaudited September 2012 \$
Interest income		
Income from loans and advances	3,165,060	4,119,491
Income from deposits with other banks and investments	1,523,573	1,558,353
	4,688,633	5,677,844
Interest expense		
Savings accounts	767,584	803,790
Time deposits	2,183,087	2,152,202
Current accounts	51,115	139,206
Other	-	36,842
	3,001,786	3,132,040
Net interest income	1,686,847	2,545,804
Gains from sale of investment securities	195,431	-
Other operating income	1,596,053	1,462,269
Operating Income	3,478,331	4,008,073
Operating expenses		
General and administrative expenses	2,046,393	2,170,419
Provision for loan impairment	75,000	120,000
Directors' fees and expenses	98,839	122,131
Depreciation and amortization expenses	190,734	169,851
Audit fees	108,175	108,175
Correspondent bank charges	74,315	38,135
	2,593,456	2,728,711
Operating Income for the year	884,875	1,279,362
Taxation		
Current tax expense	38,255	298,898
	38,255	298,898
Net profit for the year	846,620	980,464
Earnings per share (annualized)	0.36	0.52

Management's Discussion and Analysis of Financial Condition and Results of Operations

a) Liquidity

The Bank's liquidity position remained stable at the end of the quarter, when a total of EC\$155.51 million in liquid assets or 33.00% of total assets were recorded. At reporting date, total liquid assets primarily consisted of treasury bills, correspondent accounts as well as short term deposits with banks and other financial institutions.

b) Capital Resources

Work continued on the second phase of the Bank's building and refurbishment project. The total expenditure relating to the 'South Wing' for the quarter under review is EC\$336,621. Capital commitments in the amount of EC\$1.64 million were recorded as at September 30, 2013, and represent amounts that remained undrawn.

c) Results of Operation.

Assets

As at September 30, 2013, the Bank's portfolio of assets totalled EC\$471.28 million, representing net growth of EC\$15.53 million or 3.41% over the position at the end of the previous financial year. '*Cash and balances due from banks and other financial institutions*' increased by EC\$22.51 million, funded by customer deposit activity. Investment securities declined by EC\$7.19 million due to several maturities during the period under review.

Loans and Advances

The loans and advances portfolio recorded a nominal decrease of EC\$379,157 over the quarter under review, thereby reducing the cumulative total to EC\$204.22 million. It is noteworthy that there were several new facilities granted during the period. This activity was neutralized by several large facilities being repaid ahead of schedule.

Customers' Deposits

At the end of the quarter, total customer's deposits amounted to EC\$405.56 million, representing a net increase of EC\$14.17 million or 3.62%. The net growth in the customer deposit base for the quarter under review is primarily reflected in the US dollar current account category which contributed EC\$14.08 million to the overall increase.

2. Management's Discussion and Analysis of Financial Condition and Results of Operations... continued

c) Results of Operation....continued

Interest Income and Expense

A total of EC\$4.69 million in interest income was earned during the three months ended September 30, 2013. Earnings within this category are generated in respect of loans and advances (EC\$3.17 million), and the Investment and Treasury portfolio (EC\$1.52 million). When compared to the previous year's performance, the year-to-date total has decreased by EC\$989,211 or 17.42%. This significant decline is due largely to the impact of significantly reduced interest rates on the restructured public sector loans and advances (approximately EC\$54.80 million).

Total interest expense for the first quarter of the financial year amounted to EC\$3.00 million, and represents a net decline of EC\$130,254 or 4.16% when compared to the similar position one year ago. The year-over-year decline is attributed primarily to the general reduction of interest rates on deposit liabilities.

Other Operating Income

During the quarter ending September 30, 2013, the Bank recorded total other operating income in the amount of EC\$1.60 million. The results for the quarter exceed the previous year's total with a variance of EC\$133,784. The net increase for the period under review is mainly due to the impact of favorable movements in international currencies giving rise to revaluation gains.

Operating Expenses

At reporting date, total operating expenses amounted to EC\$2.59 million, and represents a net decline of EC\$135,255 or 4.96% when compared to the expenses of the previous financial year.

3. Disclosure of 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. It is essentially the risk of incurring a financial loss in the event that any of the Bank's customers or counterparties fails to fulfill their contractual obligations to the Bank. The Bank's credit risk arises mainly from the loans and advances portfolio which comprises 43.33% of the Bank's total assets. 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:

Also affecting the Bank is the effects of fluctuations in the prevailing foreign currency exchange rates (foreign exchange risk). 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 Barbados currencies, the exposure to which is not material to the Bank's financial position.

Market Risk

The Bank is exposed to market risk - 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, which at reporting date comprised EC\$23.64 million or 5.02% 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.

Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they become due. The Bank's liquidity is closely monitored on a daily basis, and the executive management meets on a weekly basis to discuss the position as well as recent trends and projections. At reporting date the Bank recorded liquid assets in the amount of EC\$155.51 million or 33.00% of the total asset base.

4. Legal Proceedings.

There were no matters to report.

5. Changes in Securities and Use of Proceeds.

There were no changes to securities and use of proceeds.

6. Defaults Upon Senior Securities.

There were no defaults upon senior securities.

7. Submission of Matters to a Vote of Security Holders.

N/A

8. Other Information.

N/A