

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended DECEMBER 31, 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

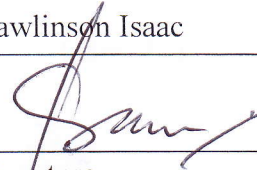
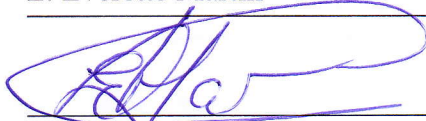
SIGNATURES

Name of Chief Executive Officer:

Name of Director:

L. Everette Martin

Rawlinson Isaac



Signature

Signature

Date

Date

10/03/14

10/03/14

1. Financial Statements

Consolidated Balance Sheet

As at December 31, 2013

(expressed in Eastern Caribbean dollars)

	Unaudited December 2013 \$	Audited June 2013 \$
Assets		
Cash / due from other banks and other financial institutions	136,394,032	130,131,896
Investment securities	90,927,136	90,925,449
Loans and advances	209,876,638	204,595,473
Other assets	1,629,205	1,682,570
Property, plant and equipment	26,970,610	26,086,586
Intangible assets	540,847	612,476
Income tax receivable	652,849	830,554
Deferred tax asset	854,609	888,741
Total Assets	467,845,926	455,753,745
Liabilities		
Customers' deposits	402,537,308	391,385,996
Other liabilities and accrued expenses	4,750,646	5,701,384
Total liabilities	407,287,954	397,087,380
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Statutory reserves	10,488,590	10,488,590
Revaluation reserves	13,146,107	12,995,969
Other reserves	2,794,581	2,794,581
Retained earnings	23,039,538	23,039,538
Unaudited net profit	1,741,469	-
Total shareholders' equity	60,557,972	58,666,365
Total liabilities and shareholders' equity	467,845,926	455,753,745

1. Financial Statements ... continued

Consolidated Statement of Income For the six months ended December 31, 2013 (expressed in Eastern Caribbean dollars)

	Unaudited December 2013 \$	Unaudited December 2012 \$
Interest income		
Income from loans and advances	6,562,208	7,860,678
Income from deposits with other banks and investments	3,001,040	3,176,588
	9,563,248	11,037,266
Interest expense		
Savings accounts	1,520,379	1,628,335
Time deposits	4,312,805	4,371,615
Current accounts	113,656	190,562
Other	-	34,664
	5,946,840	6,225,176
Net interest income	3,616,408	4,812,090
Gains from sale of investment securities	195,431	302,535
Other operating income	3,491,180	2,806,883
Operating Income	7,303,019	7,921,508
Operating expenses		
General and administrative expenses	4,135,335	4,429,190
Provision for loan impairment	50,000	240,000
Directors' fees and expenses	250,836	241,263
Depreciation and amortization expenses	381,468	339,702
Audit fees	261,351	216,351
Correspondent bank charges	66,184	118,962
	5,318,174	5,585,468
Operating Income for the year	1,984,845	2,336,040
Taxation		
Current tax expense	243,376	262,323
	243,376	262,323
Net profit for the year	1,741,469	2,073,717
Earnings per share (annualized)	0.37	0.44

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

a) Liquidity

At December 31, 2013, the Bank held total liquid assets in the amount of EC\$145.31 million, this amount constituting 31.06% of the total assets. The Bank's liquid assets are comprised of treasury bills, correspondent bank accounts as well as short term deposits with banks and other financial institutions.

Liquid assets declined by EC\$10.20 million during the quarter, due to the funding of loan drawdowns, and satisfying customer withdrawals. Notwithstanding the net decline for the quarter, the Bank's liquidity remained throughout the period.

b) Capital Resources

The Bank continued works on the second phase of the Bank's building and refurbishment project. During the quarter under review, a total of EC\$600,250 was disbursed in respect of the project. At December 31, 2013, total outstanding capital commitments amounted to EC\$1.48 million.

c) Results of Operation.

Assets

During the quarter ending December 31, 2013, the Bank's asset base contracted by EC\$3.44 million or 0.73%. This contraction in total assets is associated net outflows due largely to customer withdrawal activity during the same period. Total assets at December 31, 2013 amounted to EC\$467.85 million.

Notwithstanding the above-mentioned activity, total assets have realized net growth of EC\$12.09 million or 2.65% over the year-end (June 30, 2013) position. This growth in the asset base was funded by inflows through the customers' deposits.

Loans and Advances

At December 31, 2013, the Bank's loans and advances portfolio stood at EC\$209.88 million, thereby realizing net growth of EC\$5.66million or 2.77% for the quarter under review. The net growth for the three-month period was concentrated primarily in the commercial and public sector categories.

For the financial year thus far, the loans and advances portfolio has expanded by EC\$5.28 million or 2.58%.

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

c) Results of Operation.... continued

Customers' Deposits

The Bank's customer deposit base decreased by EC\$3.02 million or 0.74% during the quarter, to a total of EC\$402.54 million at December 31, 2013. The decline for the period is due largely to net activity within the 'US\$ Savings' and 'US\$ Current' account categories.

For the six months to December 31, 2013, total customers' deposits increased by EC\$11.51 million or 2.85%. Portfolio growth for the year is attributed mainly to activity within the 'US\$ Savings' and 'US\$ Current' account categories, as well as the 'EC\$ Current' account category.

Interest Income and Expense

Interest income earned for the quarter under review is EC\$4.87 million, generated from the loans and advances portfolio and the investment and treasury portfolio in the amounts of EC\$3.40 million and EC\$1.48 million respectively.

Total interest income earned for the six months ended December 31, 2013 amounted to EC\$9.56 million. This year-to-date earnings position represents a net decline of EC\$1.47 million or 13.35% over the earnings for the same period in the previous financial year. The decline in interest income is associated with the impact of the reduced interest rates on the restructured public sector loans and advances.

During the quarter ending December 31, 2013, total interest expense incurred amounted to EC\$2.95 million, thereby increasing the six-month total expenses to EC\$5.95 million. Total year-to-date interest expense has decreased by EC\$278,336 or 4.47%, due primarily to general reductions in the interest rates on all deposit products.

Other Operating Income

Total other operating income earned at December 31, 2013 amounted to EC\$3.49 million. This earnings position compare favorably to the earnings for the same period in the previous financial year, surpassing them by EC\$684,297 or 24.38%. The significant year-over-year increase is attributed to increased currency revaluation gains associated with upward movements in the exchange rates of the major currencies.

Operating Expenses

For the six months ended December 31, 2013, total operating expenses amounted to EC\$5.32 million. The major component of this expense group is general and administrative expenses which accounted for EC\$4.15 million. Total operating expenses have declined by EC\$267,294 or 4.79%. This movement in total operating expenses is associated primarily with general and administrative expenses which decreased by EC\$275,855 or 6.23%.

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 44.86% 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.

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 \$23.67 million or 5.06% 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 to of \$145.31 million or 31.06% 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