

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended JUNE 30, 2016

Issuer Registration number
BON 290885KN

THE BANK OF NEVIS LIMITED

(Exact name of reporting issuer as specified in its charter)

ST. CHRISTOPHER (ST. KITTS AND NEVIS)

(Territory of incorporation)

MAIN STREET, CHARLESTOWN, NEVIS

(Address of principal office)

REPORTING ISSUER'S:

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

Fax number: (869) 469-4798

Email address: info@thebankofnevis.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 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

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

L. EVERETTE MARTIN



Signature

OCTOBER 31, 2016

Date

Name of Director:

KEVIN HUGGINS



Signature

OCTOBER 31, 2016

Date

Name of Chief Financial Officer:

LISA HERBERT



Signature

OCTOBER 31, 2016

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

The Bank of Nevis Limited continues to outperform expectations despite ongoing challenges and persistently sluggish economic activity. During the 2016 financial year, the performance of the Bank continued to be underpinned by the three broad pillars of its strategic framework of Innovation, Competency and Stability. Accordingly, the Bank focused on enhancing the customer experience and operational efficiency through the introduction of innovative payment solutions, strengthening the human resources capacity with strategic talent acquisition and management, expanding profitability via lending expansion while escalating our efforts to reduce bad debts and refocusing on risk management.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

The Bank's properties consist of the following:

- 1. Land and buildings on Main Street, Charlestown - The Financial Complex in which the 'North Wing' hosts the operations of the Domestic Bank and the 'South Wing' hosts the operations of BONI, as well as administrative offices for the Domestic Bank.
- 2. Two plots of land at Featherbed Alley et.al (east of the Bank's main buildings) which will be utilized for parking.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

N/A

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

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

1. Annual General Meeting - February 18, 2016
2. Extra-ordinary General Meeting - February 18, 2016

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

Election of Directors at Annual General Meeting - February 18, 2016

- Mr Vernell Powell and Mr. Rawlinson Isaac retired by rotation, and being eligible offered themselves for reappointment as Non-independent Director. Mr. Powell was successful in his bid for reelection.
- Mrs. Jacqueline Lawrence was elected as an Independent Director
- Mr. Spencer Hanley was elected as a Non-independent Director

The other directors whose terms of office as director continued after the meeting are Janice Daniel Hodge, H Ron Daniel II, Telbert Glasgow, and Kevin Huggins.

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

1. Annual General Meeting - February 18, 2016

- Deloitte & Touche were appointed as the Bank's auditors for the financial year ending June 30, 2016. The motion carried unanimously.

2. Extraordinary General Meeting - February 2016

- It was resolved that the Bank's Directors be authorized to make a rights issue at a price of \$1 per share for every one ordinary share already held, and if all of the shares comprising the rights issue are not fully subscribed, the remaining shares will be offered via an Additional Public Offering (APO), with the price for the shares issued via the APO being determined by a valuation. - The motion carried unanimously.
- It was resolved that the Bank's Directors be authorized to negotiate for a divestiture of Bank of Nevis International Limited ("BONI") via the sale of the majority or full (100%) shareholding in BONI up to September 30, 2016; failing which, the Directors be authorized to proceed with the spin-off via the issuance of bonus shares in BONI to all current shareholders of the Company. - The motion carried unanimously.

- (d) A description of the terms of any settlement between the registrant and any other participant.

N/A

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

N/A

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

The Bank's shares are listed and traded on the Eastern Caribbean Securities Exchange ("ECSE"). For the 2016 financial year, 20,170 of the Bank's shares traded on the ECSE.

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The Bank is faced with diverse risks in the conduct of its daily operations. Risk is defined 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:

The most predominant risk factor within the Bank's environment is Credit Risk. It is 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 at reporting date June 30, 2016 constituted 35.0% of the Bank's. 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 1976. 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

Market risk 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 select assets within the investment portfolio, which at June 30, 2016 amounted to EC\$67.5 million or 10.8% of the total asset base. The market risks arising from the investment portfolio are continuously monitored 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 fall due. The liquidity position of the Bank 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 June 30, 2016, the Bank's portfolio of liquid assets amounted to EC\$175.0 million or 28.9% of total assets.

8. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

N/A

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

N/A

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer

- Net proceeds of the issue and a schedule of its use

N/A

- Payments to associated persons and the purpose for such payments

N/A

- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

Section 45 (2) of The Banking Act of St. Christopher and Nevis No. 1 of 2015 (the "Act") states that "No licensed financial institution or licensed financial holding company shall declare, credit or pay any dividend or make any other transfer from profits whenever the declaration, credit, payment, or transfer: a) would result in an impairment of the capital required under section 44 of the Act or b) if the licensed financial institution or licensed holding company realizes a net loss for that financial year."

9. Defaults upon Senior Securities.

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

N/A

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

N/A

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

For the 2016 financial year, the Group recorded a profit of EC\$3.7 million, a significant improvement over the loss of EC\$2.5 million experienced in 2015. The main contributing factor to this turnaround in profitability was the rise in net interest income of EC\$5.2 million or 85.3% associated with an EC\$3.4 million or 20.4% increase in interest income. The growth in interest income was driven primarily by the interest income on the loan portfolio which increased by EC\$2.8 million or 24.2% as total loans and advances expanded significantly over the review period. Also important, was a recovery of EC\$0.8 million on impaired loans. This performance was positively impacted by several loan campaigns conducted by the Bank during the financial year and the implementation of a new strategic plan to reduce non-performing loans.

Also of note, is the Bank's continuing efforts to reduce interest expense. During the 2016 financial year, interest expense declined by EC\$1.8 million or 17.1%. This decrease in interest expense was influenced by management's decision to reduce the interest rates paid on the fixed deposits portfolio which resulted in a decline of EC\$1.3 million or 18.6% in interest expense on this type of deposit. Additionally, interest expense on savings continues to reduce with the implementation in 2015 by the Eastern Caribbean Currency Union (ECCU) Monetary Council of a cut on the interest rate paid on savings from 3% to 2%.

Management's implementation of a new strategic plan to reduce non-performing loans successfully resulted in improved collections which positively impacted operating expenses during the review period. Total operating expenses contracted by EC\$1.5 million or 13.0% to EC\$10.1 million. The main contributing factor to this contraction was recoveries on impaired debt of EC\$0.8 million compared to a provision of EC\$1.2 million in 2015.

At the end of the 2016 financial year, the Group's assets totaled EC\$605.2 million, an increase of EC\$28.2 million or 4.9%. The Group's asset growth was mainly associated with an increase of EC\$32.5 million or 26.4% in investment securities and a growth of \$14.0 million or 7.1% in loans and advances. The asset growth was funded primarily by deposits and cash and balances due from banks and other financial institutions which were drawn down to fuel the growth in investment securities.

At EC\$207.4 million, cash and balances due from banks and other financial institutions represented 34.3% of the Group's asset base. The Group continues to operate in a high liquidity environment mainly underpinned by funds flowing into the banking system from the Citizenship by Investment (CBI) Programme. These funds remain fairly volatile and accordingly a significant portion of the funds are held in regional and international correspondent accounts and highly liquid placements with local and regional financial institutions. Investment in Treasury Bills, bonds and other debt instruments amounted to EC\$87.3 million representing an increase of EC\$19.3 million or 28.5%. BONI's investment portfolio expanded by EC\$7.7 million or 10.8% increasing from EC\$71.7 million (US\$26.6 million) in 2015 to EC\$79.4 million (US\$29.5 million) in 2016.

Although economic activity remained sluggish within the local economy, the Group's loan portfolio achieved a growth of EC\$14.0 million or 7.1% during the 2016 financial year amounting to EC\$211.3 million at June 30 2016. This growth was boosted by Management's implementation of an intensified loan's campaign throughout the entire financial year. The majority of the increase in the loan portfolio was through the "Easy Mortgage" Loan promotion for residential mortgages. On a sectorial basis for the Group, the allocations within the loans and advances portfolio remained relatively unchanged. The Household (Personal) sector remained the lead sector with EC\$80.6 million (37.0%), a growth of EC\$9.1 million from EC\$71.5 million (35.0%) in 2015, as residential mortgages and vehicle loans increased due to targeted loan campaigns. Although Public Sector debt increased marginally by EC\$0.7 million or 1.2% to EC\$60.9 million, it declined from 29.4% of the loan portfolio to 28% as efforts continue to ensure that loans to the Public Sector remain within the institution's benchmark of 30% of the total loan portfolio. The implementation of the new strategic plan for the reduction of the non-performing loan (NPL) portfolio during the year, resulted in a decrease in total non-performing loans of EC\$8.0 million or 19.7%. At June 30, 2016 total non-performing loans for the Group amounted to EC\$32.3 million. Accordingly, the NPL ratio contracted from 20.4% in 2015 to 15.3% in 2016 well below the regional and country average. Notwithstanding, the ratio remains above the Eastern Caribbean Central Bank's guideline of 5% and management is committed to ensuring that the institution becomes compliant within the next 18 – 24 months.

The Group's customers' deposits continue to trend upward and at June 30, 2016 stood at EC\$539.2 million, a growth of EC\$23.6 million or 4.6%. This growth was reflected in deposits mainly associated with the CBI programme at the parent Bank. Customers' deposits in BON stood at EC\$387.1 million at the end of the financial year, recording a growth of EC\$20.7 million or 6.7%.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

At June 30, 2016, the Bank's portfolio of liquid assets amounted to EC\$175.0 million or 28.9% of total assets. The Bank's liquidity has been stable throughout the year under review, as evidenced by its ability to comfortably satisfy its obligations to fund credit commitments and customers' withdrawal requests. The Bank's liquidity is closely monitored by the Bank's Management in conjunction with the Asset and Liability Committee and the Board.

The Group's shareholders' equity grew to EC\$58.0 million, recording an increase of EC\$3.3 million or 6.1%. This increase was largely driven by a similar growth of EC\$3.3 million or 18.0% to EC\$21.4 million in retained earnings.

During the review period, capital requirements have largely dominated the focus of the Board and Management. With the 2015 Banking Act becoming effective in May 2016 in St. Kitts and Nevis, the Parent Bank (BON) will now be required to increase its minimum paid up capital from EC\$9.3 million to EC\$20 million by August 2017. The shareholders have approved a rights issue and an additional public offering geared towards achieving the capital requirements. Management anticipates that these share offerings should be concluded prior to the end of the financial year in June 2017.

Meanwhile, the 2014 Nevis International Banking Ordinance (the 'Ordinance') which governs the operations of BONI now requires international banks licensed under the Ordinance to maintain minimum paid up capital of US\$2.0 million. The regulator has granted BONI until 31 December 2016 to comply with the minimum capital requirements. Management expects this matter to be resolved prior to the deadline with the sale of the majority shareholding in BONI.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

N/A

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

Overview of Results of Operations

For the 2016 financial year, the Group recorded a profit of EC\$3.7 million, a significant improvement over the loss of EC\$2.5 million experienced in 2015.

The Group's total interest income recorded a growth of EC\$3.4 million or 20.4% to EC\$19.9 million. This growth in interest income was boosted largely by interest income on loans and advances as depicted in the chart below. Interest income on loan and advances increased by EC\$2.8 million or 24.2% to EC\$14.2 million as management implemented aggressive loan campaigns on all loan types during the 2016 financial year. These loan campaigns yielded an increase of EC\$14.0 million or 7.1% in the loan portfolio.

All of the other sources of interest income increased over the review period although marginally. There was an uptick in interest income on Treasury Bills which grew by EC\$375,129 or 11.5% to EC\$3.6 million as the Group diversified its holdings in Treasury Bills across several ECCU Governments. The domestic Bank was also able to access Treasury Bills offered by some Governments through the Eastern Caribbean Central Bank (ECCB). While the interest income on deposits with banks and other financial institutions remained relatively flat at EC\$1.1 million, interest income on other investment securities and available-for-sale investment securities expanded by EC\$156,842 or 36.3% to EC\$0.6 million and EC\$75,279 or 23.2% to EC\$0.4 million respectively.

the Group's interest expense continued its downward trajectory over the 2016 financial year as interest expense declined by EC\$1.8 million or 17.1% to EC\$8.7 million. The decline in interest expense was mainly associated with the Group's interest rate reduction programme on fixed (time) deposits. The implementation of this reduction strategy resulted in a decrease in interest expense on fixed deposits of EC\$1.3 million or 18.6% as management gradually adjusted interest rates on the larger fixed deposits over the review period.

Additionally, contrary to the reported EC\$136,255 or 4.3% increase in interest expense on savings account in the 2015 financial year when the ECCU Monetary Council reduced interest rates on savings, interest expense on savings contracted by EC\$0.5 million or 15.5% to EC\$2.8 million during the 2016 financial year.

During the year under review, other operating income increased by EC\$0.4 million or 10.1% to EC\$4.6 million. The main contributor to this increase was an EC\$0.3 million or 40.6% growth to EC\$1.2 million in net foreign exchange gains. This was primarily associated with the strength of the currencies in the Eurozone and the United Kingdom although there was a marginal fall off in the pound sterling following the Brexit referendum in June 2016. Fees and commissions recorded an uptick of EC\$0.2 million or 9.4% to EC\$2.5 million compared to 2015.

Management's implementation of a new strategic plan to reduce non-performing loans successfully resulted in improved collections which positively impacted operating expenses during the review period. Total operating expenses contracted by EC\$1.5 million or 13.0% to EC\$10.1 million. The main contributing factor to this contraction was recoveries on impaired debt of EC\$0.8 million compared to a provision of EC\$1.2 million in 2015.

However, this reduction was partially offset by a marginal increase of EC\$135,555 or 1.7% to EC\$8.2 million in general and administrative expenses. Of note is that this increase was associated with an EC\$141,602 or 22.7% growth to EC\$0.8 million in building and equipment maintenance and repairs. By comparison, salaries and related costs decreased by EC\$196,988 or 3.6% to EC\$5.3 million. This decrease was associated with the delay in the replacement of some management staff and the appointment of the replacements at lower grade levels.

Correspondent bank charges grew by EC\$156,123 or 33.6% to EC\$0.6 million as the Group's correspondent banking activities increased over the period. As part of the strategic plan, management continues to adopt initiatives geared at sustained reduction in expenses.

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

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

N/A

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

N/A

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

- Audited Financial Statements
- Biographical Data Forms for members of the Board of Directors
- Biographical Data Forms for Executive and other Key Persons of the Company

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: L. EVERETTE MARTIN Position: GENERAL MANAGER

Mailing Address: MAIN STREET
MAIN STREET
CHARLESTOWN, NEVIS

Telephone No.: (869) 469-5564

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

The Bank of Nevis Limited: 2008 - Present

The General Manager's Core Functions include:

- Training, organizing, developing, directing and controlling employees to ensure smooth operation of the Bank, to achieve efficiency, productivity, profitability and security;
- Ensuring that operating units are within the scope of the law and regulations, thereby promoting good public image;
- Controlling and monitoring Bank lending within the limits and guidelines established by the regulators and the Board of Directors;
- Ensuring proper collection of all revenues and the effective management of expenditure; and
- Ensuring that the Bank's policies and objectives are effectively carried out.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Arts Degree in International Banking and Financial Services - University of Southampton, UK, 1996
- Bachelor of Arts Degree in Business Administration (Summa Cum Laude) - Finance Concentration (Summa Cum Laude) - University of the Virgin Islands, USVI, 1991
- Bachelor of Arts Degree in Accounting (Summa Cum Laude) - University of the Virgin Islands, USVI, 1991

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: LISA HERBERT Position: CHIEF FINANCIAL OFFICER

Mailing Address: SPRING HILL ESTATE
SPRING HILL ESTATE
ST. THOMAS' PARISH, NEVIS

Telephone No.: (869) 469-5564

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

The Bank of Nevis Limited: 2001 - Present

The current responsibilities of the Chief Financial Officer include:

- Developing, implementing and monitoring of accounting procedures, systems, and internal controls;
- Oversight of the preparation of management accounts and annual financial statements in accordance with International Financial Reporting Standards, regulatory frameworks, and industry best practice;
- Oversight of the preparation of filings with the Eastern Caribbean Central Bank and all relevant regulatory bodies;
- Coordination of the annual financial audit, as well as inspections of regulatory authorities;
- Preparing financial budgets and forecast - both capital and operating;
- Oversight of Group investments in accordance with the Group's investment policies and guidelines;

and

- Assisting with the implementation of the policies and day-to-day administration of the affairs of the Bank

Education (degrees or other academic qualifications, schools attended, and dates):

- Certified Public Accountant, Virginia Board of Accountancy, USA, 2005
- Bachelor of Arts Degree in Accounting (Summa Cum Laude) - University of the Virgin Islands, USVI, 2000

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: CINDY HERBERT Position: GENERAL COUNSEL/CORPORATE SECRETARY

Mailing Address: HORIZON VIEW, NISBETTS ESTATE
HORIZON VIEW, NISBETTS ESTATE
ST. JAMES' PARISH, NEVIS

Telephone No.: (869) 469-5564

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

- The Bank of Nevis Limited: August 2016 - Present
- Senior Legal Associate at JHT Law Firm, Nevis: 2011 - July 2016

The Core Functions of the General Counsel/Corporate Secretary include:

- Advising the Bank on issues relating to the interpretation of the Banking Act and other legislation relevant to its operations;
- Overseeing the provision of corporate secretarial services to the Bank;
- Preparing and vetting contracts, deeds, and other legal documents arising out of the Bank's operations and services;
- Representing the Bank and its employees summoned as witnesses for activities carried out in the ordinary course of business, with respect to litigious or potentially litigious matters; and
- Representing the Bank in conferences, negotiations, and meetings which may have legal ramifications and/or providing relevant information for supporting decisions in the interests of the Bank.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Laws Degree (Merit) - University of London, UK, 2015
- Legal Education Certificate - Sir Hugh Wooding Law School, Trinidad, 2008
- Bachelor of Laws Degree (Hons) - University of the West Indies, Barbados, 2006

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: LYNDIS WATTLEY Position: SENIOR MANAGER - INTERNATIONAL

Mailing Address: ROUND HILL
ROUND HILL
ST. JAMES' PARISH, NEVIS

Telephone No.: (869) 469-0080

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

- Bank of Nevis International Limited: 2014 - Present
- Regulator at St. Kitts-Nevis Financial Services Regulatory Commission, Nevis Branch: 2011 - 2014

The key areas of responsibility for the Senior Manager - International include:

- Developing and implementing bank policies and procedures in accordance with local, regional and international laws and regulations;
- Establishing and maintaining strong working relationships with local and international service providers;
- Formulating and achieving the Bank's strategic objectives to boost profits;
- Leading the business development team with the development of new products and services;
- Establishing and implementing strategies for maintaining high quality customer care services; and
- Establishing quantitative and qualitative targets and executing strategies to expand customer base.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Arts Degree in Accounting - Lehman College, City University of New York, USA, 2003
- Bachelor of Business Administration Degree (Finance and Investment) - Baruch College, City University of New York, USA, 1996

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: SONIA BOWEN-TUCKETT Position: OPERATIONS MANAGER

Mailing Address: GOVERNMENT ROAD
GOVERNMENT ROAD
CHARLESTOWN, NEVIS

Telephone No.: (869) 469-5564

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

The Bank of Nevis Limited: 2002 - Present

The Operations Manager's Core Functions include:

- Ensuring the smooth functioning of the Operations Department;
- Monitoring internal controls and compliance with banking and other relevant legislation;
- Maintaining internal controls and ensuring maximum operational efficiency;
- Ensuring adherence to security procedures and statutory regulations;
- Acting as the primary interface with customers, and providing the highest level of banking services;
- Aggressive marketing of the Bank's products to ensure maximum product exposure and profitability and;
- Identifying new target markets and business opportunities for the Bank.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Business Administration Degree - University of Leicester
- Diploma in Management Studies
- Diploma in Financial Services Management IFS

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: KAMILAH ANDERSON-RODGERS Position: RISK AND COMPLIANCE MANAGER

Mailing Address: MAIN STREET
MAIN STREET
CHARLESTOWN, NEVIS

Telephone No.: (869) 469-5564

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

- The Bank of Nevis Limited: July 2016 - Present
- Risk Analyst at Antigua Commercial Bank, Antigua: 2014 - 2016
- Economist at The Eastern Caribbean Central Bank, St. Kitts: 2010 - 2014

The Key Responsibilities of the Risk and Compliance Manager include:

- Ensuring that the Board of Directors, Management and Employees of the Bank are in compliance with the rules and regulations of the local and international regulatory agencies;
- Developing and administering the Bank's compliance monitoring plan including monitoring of funds transfers, deposit services, loans operations, credit card operations, and domestic and international banking;
- Planning, designing and implementing Enterprise Risk Management Program for the Bank to ensure full compliance with all banking laws, rules, regulations, internal policies, procedures and processes;
- Developing risk mitigation plans to manage the risks identified in accordance with regulatory compliance audit requirements, approved risk tolerance and strategic plans approved by the Bank's Board of Directors; and
- Providing support, education and training to employees of the Bank to building risk awareness;

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Science Degree in Economics - University of Warwick, UK, 2008
- Bachelor of Science Degree in Economics and Accounting - University of the West Indies, Barbados, 2005

Also a Director of the company Yes No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: KEVIN HUGGINS Position: CHAIRMAN

Mailing Address: PROSPECT PALMS
ST. JOHN'S PARISH
NEVIS

Telephone No.: (869) 662-7482

List jobs held during past five years (include names of employers and dates of employment).

- Managing Director of The Huggins Group, Nevis: 2012 - Present
- Manager, Business Development and Brokerage at The Bank of Nevis Limited: 2006 - 2012

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Accredited Director
- Bachelor of Business Administration Degree (Honors) in Finance and Investments, Baruch College, Zicklin School of Business, City University of New York, USA

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: JANICE DANIEL-HODGE Position: DIRECTOR

Mailing Address: ROUND HILL
ST. JAMES' PARISH
NEVIS

Telephone No.: (869) 663-0735

List jobs held during past five years (include names of employers and dates of employment).

- Principal of Caribbean Development and Environmental Consultants Inc, Nevis: 2003 - Present

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Accredited Director
- Master of Science Degree, Alabama A&M University, Alabama, USA
- Bachelor of Science Degree, St. Francis College, New York, USA

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: TELBERT GLASGOW Position: DIRECTOR

Mailing Address: SHAW'S ROAD, NEW CASTLE
ST. JAMES' PARISH
NEVIS

Telephone No.: (869) 662-9020

List jobs held during past five years (include names of employers and dates of employment).

- Managing Director, Spectrum Management & Consulting Ltd: 2013 - Present
- Managing Director, Heritor Management Ltd. and Heritage Management Services Ltd.: 2012 - 2014
- Program Co-ordinator, University of the West Indies Distance Learning Program, Nevis: 2003 - 2012

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Doctor of Philosophy Degree in Telecommunications Engineering, University of Southampton, UK

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: VERNEL POWELL Position: DIRECTOR

Mailing Address: MONTPELIER ESTATE
ST. JOHN'S PARISH
NEVIS

Telephone No.: (869) 662-3819

List jobs held during past five years (include names of employers and dates of employment).

- Assistant Director of St. Christopher & Nevis Social Security Board: 1992 - Present

Give brief description of **current** responsibilities

Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
- appointing and removing members of senior management;
- formulation of policy;
- input into, and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Science Degree in Administration - College for Human Services, New York, USA
- Bachelor of Science Degree in Public Administration - Medgar Evers College of the City University of New York, USA

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: HASTINGS RON DANIEL II Position: DIRECTOR

Mailing Address: BRAZIER'S ESTATE
ST. JOHN'S PARISH
NEVIS

Telephone No.: (869) 469-4686

List jobs held during past five years (include names of employers and dates of employment).

- Chief Executive Officer/Part Owner of Hamoron Services Ltd, a company in Nevis which specializes in real estate transactions and offshore financial services: 2005 - Present

Give brief description of **current** responsibilities

Responsibilities as a member of the Board of Directors include:

- oversight of the Bank, including its control and accountability systems;
- appointing and removing members of senior management;
- formulation of policy;
- input into, and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Accredited Director

- Bachelor of Science Degree in Sociology and Law, University of the West Indies, Barbados

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: JACQUELINE LAWRENCE Position: DIRECTOR

Mailing Address: FRIGATE BAY
FRIGATE BAY
ST. KITTS

Telephone No.: (869) 662-2335

List jobs held during past five years (include names of employers and dates of employment).

- General Manager at Lawrence Associates Ltd, St. Kitts: Present
- Chief Executive Officer and Principal at CaribTrust Ltd., St. Kitts: Present
- Director of Banking and Monetary Operations, Eastern Caribbean Central Bank, St. Kitts: 1994 - 2004

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Chartered Director
- Certified Public Accountant
- Bachelor of Science Degree in Accounting, Eastern Connecticut State University, USA.

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: SPENCER HANLEY Position: DIRECTOR

Mailing Address: DR. PENN HEIGHTS
ST. JOHN'S PARISH
NEVIS

Telephone No.: (869) 662-7094

List jobs held during past five years (include names of employers and dates of employment).

- Owner/operator of Lindbergh Landing, an eco-tourism product in Nevis consisting of B&B, self-catering cottages, bar, and restaurant: 2012 - Present
- CEO/General Manager of Nevis Air and Sea Ports Authority: 2006 - 2012

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master's Degree in Public Administration - Florida International University, Miami, Florida, USA
- Bachelor's Degree in Business Administration - Suffolk University, Boston, Massachusetts, USA
- Associate Degree in Accounting - Newbury College, Boston, Massachusetts, USA

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: P. ANDREW MERCHANT Position: DIRECTOR

Mailing Address: BRAZIER'S ESTATE
ST. JOHN'S PARISH
NEVIS

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

- Operations Manager, Cable Bay Hotel Development Co. Ltd., St. Kitts: 2012 - Present
- General Manager - Home and Building Depot, TDC Nevis Ltd, Charlestown, Nevis: 2001 - 2011

Give brief description of **current** responsibilities

- Responsibilities as a member of the Board of Directors include:
- oversight of the Bank, including its control and accountability systems;
 - appointing and removing members of senior management;
 - formulation of policy;
 - input into, and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
 - monitoring senior management's performance, implementing strategy, and ensuring appropriate resources are available;
 - approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
 - approving and monitoring financial and other reporting; and
 - approving credit facilities in excess of a defined amount.

Education (degrees or other academic qualifications, schools attended, and dates):

- Masters in Business Administration, The University of Pheonix, Arizona, USA
- Bachelor of Arts Degree, University of the Virgin Islands, USVI
- Associate of Arts Degree, University of the Virgin Islands, USVI

Use additional sheets if necessary.