

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended MARCH 31, 2011

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

1. Financial Statements

Consolidated Balance Sheet

As at March 31, 2011

(expressed in Eastern Caribbean dollars)

	Unaudited March 2011 \$	Audited June 2010 \$
Assets		
Cash / due from other banks and other financial institutions	110,743,557	95,029,574
Investment securities	90,867,443	85,402,242
Loans and advances	186,687,763	188,822,487
Other assets	1,860,732	1,680,544
Property, plant and equipment	19,359,821	16,743,061
Intangible assets	318,130	324,645
Total Assets	409,837,446	388,002,553
Liabilities		
Customers' deposits	335,753,391	312,585,707
Debt Security	14,897,962	14,807,343
Other liabilities and accrued expenses	5,847,379	11,215,014
Provision for income tax	1,182,644	729,498
Deferred tax liability	138,926	138,930
Total liabilities	357,820,302	339,476,492
Shareholders' Equity		
Share capital	9,347,687	7,478,150
Revaluation reserves	11,022,074	9,619,680
Other reserves	15,536,787	12,380,088
Retained earnings	12,719,794	13,844,357
Unaudited net profit	3,390,802	-
Total shareholders' equity	52,017,144	48,526,061
Total liabilities and shareholders' equity	409,837,446	388,002,553

1. Financial Statements ... continued

Consolidated Statement of Income For the nine months ended March 31, 2011 (expressed in Eastern Caribbean dollars)

	Unaudited March 2011 \$	Unaudited March 2010 \$
Interest income		
Income from loans and advances	11,506,206	11,617,593
Income from deposits with other banks and investments	5,492,058	6,217,792
	16,998,264	17,835,385
Interest expense		
Savings accounts	2,064,361	1,920,219
Time deposits and current accounts	6,663,926	6,469,362
Other	236,143	150,726
	8,964,430	8,540,307
Net interest income	8,033,834	9,295,078
Gains from sale of investment securities	503,240	-
Other operating income	3,979,308	2,705,596
Operating Income	12,516,382	12,000,674
Operating expenses		
General and administrative expenses	7,123,803	7,101,632
Provision for loan impairment	315,000	390,000
Directors' fees and expenses	348,258	310,004
Depreciation and amortization expenses	404,881	486,381
Audit fees	281,250	249,750
Correspondent bank charges	183,140	179,009
	8,656,332	8,716,776
Operating Income for the year	3,860,050	3,283,898
Taxation		
Current tax expense	469,248	365,594
	469,248	365,594
Net profit for the year	3,390,802	2,918,304
Earnings per share (annualized)	0.48	0.52

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

(a) Liquidity

Total liquid assets at March 31, 2011 were \$126.00 million, representing 30.74% of the Bank's total assets. Liquid assets under management are comprised primarily of treasury bills, correspondent bank accounts and short term deposits with banks and other financial institutions. The Bank's liquidity position is continuously monitored at various levels of management, and the Board of Directors.

(b) Capital Resources

Work on the Bank's construction and refurbishment project continued during the quarter. Total capital expenditure on the project for the quarter amounted to \$511,856, bringing the total expenditure for the year to \$3.27 million. At reporting date, outstanding commitments in relation to the project amounted to \$2.95 million.

(c) Results of Operation.

Assets

Total assets at March 31, 2011 were \$409.84 million – this amount representing a net increase of \$3.10 million over the quarter ending December 31, 2010. Growth in the asset base during the quarter was funded by net inflows through the customer deposit base. When compared to the audited position at June 30, 2010, the Bank's asset base has realized net growth of \$21.83 million or 5.63%. The growth for the nine months was also achieved through activity within the customer deposit base.

Loans and Advances

Loans and advances realised a net increase of \$1.01 million during the quarter under review with the total at March 31, 2011 being \$186.69 million. The increase for the quarter is primarily attributable to loan drawdowns on commercial type facilities.

Despite the net increase for the quarter, the overall portfolio balance declined when compared to the June 30, 2010 audited position. This contraction in the portfolio for the period is attributed in part to the loss of a significant relationship (\$6.0 million) at the commencement of the financial year.

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

Deposits

Customers' deposits at March 31, 2011 totaled \$335.75 million, representing a net increase of \$3.58 million over the amount reported at December 31, 2010. The growth during the quarter is evident primarily in the fixed deposit and savings account categories.

When compared to the audited position at June 30, 2010, customers' deposits have realized net growth of \$23.17 million or 7.41%. Growth is evident mainly in the corporate savings and fixed deposit categories.

Interest Income and Expense

Interest income earned for the quarter ending March 31, 2011 amounted to \$5.69 million, increasing the nine month total to \$17.00 million. When compared to the prior year's performance, total interest income decreased by \$837,121. The decline in interest earnings is directly associated with the decline in the loans and advances portfolio as referenced earlier in this report.

Interest expense for the quarter is \$2.97 million, a year-to-date total to \$8.96 million. This total represents a net increase of \$424,123 over the performance one year ago and is primarily as a result of increases in the customer deposit base.

At March 31, 2011, total net interest income was \$8.03 million, representing a net decrease of \$1.26 million when compared to the March 31, 2010 performance.

Other Operating Income

A total of \$1.51 million in other operating income was earned during the quarter ending March 31, 2011. The performance for the period under review has increased the total earnings to \$3.98 million. Total year-to-date other operating income represents a net increase of \$1.78 million when compared to the total earnings at March 31, 2010. The significant increase is partially due to the revision of the Bank's fee structure at the commencement of the financial year. These changes resulted in increased revenues. Additionally, there were increases in currency revaluation gains due to a general appreciation in the exchange rates for the major currencies throughout the year.

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

Operating Expenses

Operating expenses of \$3.05 million were incurred for the quarter ending March, 2011, bringing the year-to-date total to \$8.66 million. General and administrative expenses was the main contributor to this total, with \$7.12 million or 82.30%. When compared to the total reported at March 31, 2010, total operating expenses realized a marginal decrease of \$60,444.

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, 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 45.55% 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:

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 not 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 5.23% 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.

3. Disclosure of Risk Factors... continued

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.

4. Legal Proceedings.

On September 24, 2010, a former employee of the Bank filed a claim for damages for wrongful and / or unfair termination of employment. A probable outcome has not yet been determined.

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.

There were no matters to report.

8. Other Information.

N/A