

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended SEPTEMBER 30, 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 September 30, 2011

(expressed in Eastern Caribbean dollars)

	Unaudited September 2011 \$	Audited June 2011 \$
Assets		
Cash / due from other banks and other financial institutions	110,801,621	97,978,872
Investment securities	91,323,892	89,728,996
Loans and advances	208,600,531	203,744,099
Other assets	2,118,597	1,967,771
Property, plant and equipment	21,621,755	20,935,426
Intangible assets	297,935	335,889
Deferred tax asset	94,223	126,663
Total Assets	434,858,554	414,817,686
Liabilities		
Customers' deposits	358,232,849	337,920,269
Debt Security	14,277,397	14,611,287
Other liabilities and accrued expenses	6,563,409	7,022,770
Provision for income tax	1,330,456	869,066
Total liabilities	380,404,111	360,423,392
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Revaluation reserves	9,271,902	10,746,510
Other reserves	17,059,531	17,059,531
Retained earnings	17,240,566	17,240,566
Unaudited net profit	1,534,757	-
Total shareholders' equity	54,454,443	54,394,294
Total liabilities and shareholders' equity	434,858,554	414,817,686

1. Financial Statements ... continued

Consolidated Statement of Income For the three months ended September 30, 2011 (expressed in Eastern Caribbean dollars)

	Unaudited September 2011 \$	Unaudited September 2010 \$
Interest income		
Income from loans and advances	4,480,381	3,826,422
Income from deposits with other banks and investments	1,640,565	1,713,466
	6,120,946	5,539,888
Interest expense		
Savings accounts	725,611	715,009
Time deposits and current accounts	2,247,535	2,214,697
Other	64,238	16,504
	3,037,384	2,946,210
Net interest income	3,083,562	2,593,678
Gains from sale of investment securities	-	8,085
Other operating income	1,501,354	1,222,816
Operating Income	4,584,916	3,824,579
Operating expenses		
General and administrative expenses	2,096,919	2,174,911
Provision for loan impairment	90,000	105,000
Directors' fees and expenses	106,843	122,326
Depreciation and amortization expenses	154,042	132,127
Audit fees	108,151	93,751
Correspondent bank charges	29,950	47,991
	2,585,905	2,676,106
Operating Income for the year	1,999,011	1,148,473
Taxation		
Current tax expense	464,254	163,919
	464,254	163,919
Net profit for the year	1,534,757	984,554
Earnings per share (annualized)	0.66	0.42

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

a) Liquidity

At September 30, 2011, the Bank recorded liquid assets of \$112.62 million or 25.90% of total assets. The Bank's liquid assets consist primarily of treasury bills, correspondent bank accounts and short term deposits with banks and financial institutions. The liquidity position continues to be monitored closely at all levels of management as well as the Board of Directors.

b) Capital Resources

Work on the first phase of construction of the Bank's financial complex is nearing completion. Expenditure for the quarter under review amounted to \$793,119. At reporting date, the outstanding commitments in relation to the project amounted to \$1.91 million.

c) Results of Operation.

Assets

Total assets at September 30, 2011 are \$434.86 million and represent an increase of \$20.04 million or 4.83% over the total at June 30, 2011. The increase during the quarter is evidenced mainly in the loans and advances, short term deposits and investment securities. The growth in the asset base was funded via the activity within the customer deposit base.

Loans and Advances

The loans and advances portfolio expanded by \$4.86 million or 2.38% during the quarter, with the total at September 30, 2011 being \$208.60 million. The increase for the quarter is attributed mainly to increases in commercial overdraft account balances, as well as drawdowns on loans in several categories.

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

Customers' Deposits

Customers' deposits of \$358.23 million represent a net increase of \$20.31 million or 6.01% over the audited position at June 30, 2011. The increase for the quarter is due largely to increased activity within the fixed deposit and savings account categories.

Interest Income and Expense

Total interest income earned for the quarter ending September 30, 2011 amounted to \$6.12 million. Interest earned on loans and advances is the main contributor to total interest income. When compared to the performance one year ago, total interest income has increased by \$581,058, and the increase is associated with the increase in the earning assets over the comparative period.

Interest expense on customers' deposits for the quarter ending September 30, 2011 totaled \$3.04 million. This position represents a net increase of \$91,174 over September 30, 2010. The net increase over the previous year's performance is due to the net increase in customers' deposits.

Other Operating Income

Other operating income for the quarter ending September 30, 2011 amounted to \$1.50 million. This performance represents a net increase of \$278,538 when compared to the previous years' performance. The improved performance is due primarily to increased commissions and fees, as well as increased dividend income on investments.

Operating Expenses

Total operating expenses for the quarter amounted to \$2.59 million. This total represents a marginal decline of \$90,201 when compared to the previous year's expenses.

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 47.97% 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:

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 Barbados 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 5.02% 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.

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.

N/A

8. Other Information.

N/A