

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended SEPTEMBER 30, 2012

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

8/01/13

8/1/13

1. Financial Statements

Consolidated Balance Sheet

As at September 30, 2012

(expressed in Eastern Caribbean dollars)

	Unaudited September 2012 \$	Unaudited June 2012 \$
Assets		
Cash / due from other banks and other financial institutions	96,334,274	94,728,243
Investment securities	95,020,332	93,115,835
Loans and advances	211,877,159	205,597,804
Other assets	2,649,773	2,272,165
Property, plant and equipment	22,577,756	22,495,650
Intangible assets	266,543	316,046
Total Assets	428,725,837	418,525,743
Liabilities		
Customers' deposits	365,106,608	349,885,682
Debt Security	-	7,344,573
Other liabilities and accrued expenses	6,836,054	6,592,633
Provision for income tax	493,675	181,946
Deferred tax	389,558	400,363
Total liabilities	372,825,895	364,405,200
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Statutory reserves	10,207,846	10,207,846
Revaluation reserves	11,145,352	10,346,417
Other reserves	7,361,433	7,361,433
Retained earnings	16,857,160	16,857,160
Unaudited net profit	980,464	-
Total shareholders' equity	55,899,942	54,120,543
Total liabilities and shareholders' equity	428,725,837	418,525,743

1. Financial Statements ... continued

Consolidated Statement of Income For the three months ended September 30, 2012 (expressed in Eastern Caribbean dollars)

	Unaudited September 2012 \$	Unaudited September 2011 \$
Interest income		
Income from loans and advances	4,119,491	4,480,381
Income from deposits with other banks and investments	1,558,353	1,640,565
	5,677,844	6,120,946
Interest expense		
Savings accounts	803,790	725,611
Time deposits and current accounts	2,291,408	2,247,535
Other	36,842	64,238
	3,132,040	3,037,384
Net interest income	2,545,804	3,083,562
Other operating income	1,462,269	1,501,354
Operating Income	4,008,073	4,584,916
Operating expenses		
General and administrative expenses	2,170,419	2,096,919
Provision for loan impairment	120,000	90,000
Directors' fees and expenses	122,131	106,843
Depreciation and amortization expenses	169,851	154,042
Audit fees	108,175	108,151
Correspondent bank charges	38,135	29,950
	2,728,711	2,585,905
Operating Income for the year	1,279,362	1,999,011
Taxation		
Current tax expense	298,898	464,254
	298,898	464,254
Net profit for the year	980,464	1,534,757
Earnings per share (annualized)	0.52	0.66

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

a) Liquidity

At reporting date the Bank's investment in liquid assets amounted to \$102.49 million and represented 23.67% of total assets. The portfolio of liquid assets consists primarily of treasury bills, correspondent bank accounts and short term deposits with banks and financial institutions. The liquidity position is closely monitored by Management on an ongoing basis.

b) Capital Resources

The first phase (North Wing) of the Bank's building construction and refurbishment project which commenced in June, 2010 is now complete. Work has also commenced on the second phase (South Wing) of the project. During the quarter under review, amounts totalling \$197,001 were expended; meanwhile total capital commitments at September 30, 2012 amounted to \$1.37 million.

c) Results of Operation.

Assets

Total assets on record at September 30, 2012 amounted to \$428.73 million. This position represents a net increase of \$10.20 million or 2.44% over the unaudited position at June 30, 2012. The increase over the three month period was realised primarily in the '*loans and advances*' and '*cash and balances due from banks and other financial institutions*' categories, and funded via customer deposit activity.

Loans and Advances

During the quarter under review, the loans and advances portfolio expanded by \$6.28 million or 3.05% to a total of \$211.88 million at September 30, 2012. The activity for the quarter was realized primarily in the commercial loan and overdraft facilities.

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

Customers' Deposits

During the three months to September 30, 2012 the customer deposit base realized net growth of \$15.22 million or 4.35, thus increasing the total at the end of the quarter to \$365.11 million. The increase over the June 30, 2012 total is attributed to increased activity within the fixed deposit and current account categories.

Interest Income and Expense

The Bank earned interest income in the amount of \$5.68 million for the first quarter of the financial year with the loans and advances category being the main contributor to income with \$4.12 million or 72.55% of the total. When compared to the performance over the similar period one year ago, interest income declined by \$443,102.

Interest expense for the quarter under review is \$3.13 million. When compared to the performance one year ago, this total represents a net increase of \$94,656. The comparative increase is primarily attributed to the increase in customers' deposits.

Other Operating Income

Other operating income in the amount of \$1.46 million was recorded for the quarter ending September 30, 2012. Other operating income for the financial year-to-date represents a net decline of \$39,085 from the September 30, 2011 total of \$1.50 million. The year-over-year decline for the period is due mainly to lower earnings on foreign exchange transactions.

Operating Expenses

Total operating expenses for the three months ending September, 2012 is \$2.73 million. The total for the period under review represents a net increase of \$142,806 when compared to the expenses one year ago.

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 48.93% 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 Barbados currencies. The exposure is nit 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 3.91% 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 \$102.49 million or 23.91% 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