

**Schedule 3
FORM ECSRC - Q**

(Select One)

Quarterly Report For the period ended DECEMBER 31, 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

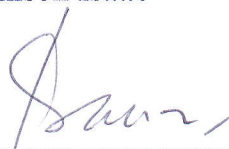
SIGNATURES

Name of Chief Executive Officer:

Name of Director:

L. Everette Martin

Rawlinson Isaac



Signature

Signature

Date

Date

28/03/13

28/2/13

1. Financial Statements

Consolidated Balance Sheet

As at December 31, 2012

(expressed in Eastern Caribbean dollars)

	Unaudited December 2012 \$	Audited June 2012 \$
Assets		
Cash / due from other banks and other financial institutions	110,605,764	94,728,243
Investment securities	91,133,450	93,115,835
Loans and advances	210,181,697	205,597,804
Other assets	2,986,331	2,272,165
Property, plant and equipment	22,880,423	22,495,650
Intangible assets	219,765	316,046
Total Assets	438,007,430	418,525,743
Liabilities		
Customers' deposits	373,987,887	349,885,682
Debt Security	-	7,344,573
Other liabilities and accrued expenses	6,552,124	6,592,636
Provision for income tax	37,307	181,946
Deferred tax liability	378,750	400,363
Total liabilities	380,956,068	364,405,200
Shareholders' Equity		
Share capital	9,347,687	9,347,687
Statutory reserves	10,207,846	10,207,846
Revaluation reserves	11,201,777	10,346,417
Other reserves	7,361,431	7,361,433
Retained earnings	16,858,904	16,857,160
Unaudited net profit	2,073,717	-
Total shareholders' equity	57,051,362	54,120,543
Total liabilities and shareholders' equity	438,007,430	418,525,743

1. Financial Statements ... continued

Consolidated Statement of Income For the six months ended December 31, 2012 (expressed in Eastern Caribbean dollars)

	Unaudited December 2012 \$	Unaudited December 2011 \$
Interest income		
Income from loans and advances	7,860,678	8,823,659
Income from deposits with other banks and investments	3,479,123	3,205,423
	11,339,801	12,029,082
Interest expense		
Savings accounts	1,628,335	1,466,332
Time deposits and current accounts	4,562,177	4,537,740
Other	34,664	152,733
	6,225,176	6,156,805
Net interest income	5,114,625	5,872,277
Other operating income	2,806,883	2,844,013
Operating Income	7,921,508	8,716,290
Operating expenses		
General and administrative expenses	4,429,190	4,559,402
Provision for loan impairment	240,000	180,000
Directors' fees and expenses	241,263	213,161
Depreciation and amortization expenses	339,702	308,085
Audit fees	216,351	216,299
Correspondent bank charges	118,962	91,945
	5,585,468	5,568,892
Operating Income for the year	2,336,040	3,147,398
Taxation		
Current tax expense	262,323	721,381
	262,323	721,381
Net profit for the year	2,073,717	2,426,017
Earnings per share (annualized)	0.44	0.54

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

a) Liquidity

At the end of the quarter, the Bank recorded liquid assets in the amount of EC\$106.58 million which represents 24.33% of total assets. This total for the financial year-to-date is comprised primarily of treasury bills, correspondent bank accounts and short term deposits with banks and financial institutions. Management continues to monitor the liquidity very closely.

b) Capital Resources

During the quarter, work continued on the second phase (south wing) of the Bank's building construction and refurbishment project.

c) Results of Operation.

Assets

At December 31, 2012, the Bank posted total assets in the amount of EC\$438.01. When compared to the position at September 30, 2012, this total represents a net increase of EC\$9.28 million or 2.16%. Asset growth for the quarter was funded by customer deposit activity and was evidenced primarily in the 'cash and balances due from other banks and financial institutions' category.

Meanwhile, total assets have increased by EC\$19.48 million or 4.65% over the audited position at June 30, 2012. The increase over the six month period was evident primarily in the '*loans and advances*' and '*cash and balances due from banks and other financial institutions*' categories, which contributed EC\$4.58 million and EC\$15.88 million respectively and was funded via customer deposit activity.

Loans and Advances

During the quarter, the loans and advances portfolio contracted slightly by EC\$1.70 million, due primarily to pay outs on facilities with significant balances. For the six months to December 31, 2012, however, the portfolio realized net expansion of EC\$4.58 million or 2.23% with a total balance of EC\$210.18 million at December 31, 2012. The activity over the six month period was realized primarily in the commercial loan and overdraft categories.

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

Customers' Deposits

The customer deposit base expanded by EC\$8.88 million or 2.43% during the quarter under review. The growth for the period was realized primarily in the fixed deposits and savings account categories. The total customers' deposits at December 31, 2012 stood at EC\$373.99 million.

Growth for the six months to December 31, 2012 was EC\$24.10 million or 6.89%. This net movement is attributed to combined activity across all portfolio categories, with the fixed deposits and current accounts categories registering the largest increases.

Interest Income and Expense

The Bank earned interest income in the amount of EC\$5.66 million for the second quarter of the financial year, increasing the year-to-date total earnings to EC\$11.34 million. The loans and advances portfolio continues to be the main contributor to interest income with EC\$7.86 million or 69.32% of the year-to-date total. When compared to the performance over the similar period one year ago, interest income has declined by EC\$689,280. This decline is attributed to reduced yields with the loans and advances portfolio.

Interest expense for the quarter under review is EC\$3.09 million with the total at the December 31, 2012 amounting to EC\$6.23 million. When compared to the performance one year ago, this total interest expense has increased by EC\$68,371. The comparative increase is primarily attributed to the increase in customers' deposits.

Other Operating Income

Other operating income in the amount of EC\$1.34 million was earned for the quarter ending December 31, 2012. The total year-to-date other operating income is EC\$2.81 million and represents a marginal decline of EC\$37,130 from the December 31, 2011 total of EC\$2.84 million.

Operating Expenses

Total operating expenses incurred for the quarter under review are EC\$2.86 million, with general and administrative expense contributing EC\$2.26 million to the total.

Total operating expenses for the six months ending December 31, 2012 are EC\$5.59 million. The total for the period under review represents a marginal increase of EC\$16,575 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 47.99% 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 constituted EC\$22.02 million or 5.03% 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 is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for client lending, trading activities and investments. The Bank's liquidity is closely monitored by management on a daily basis. At December 31, 2012, the Bank posted total liquid assets of EC\$106.58 million and represented 24.33% of total assets.

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