



The Bank Of Nevis Limited

PROSPECTUS

XCD 20 MILLION

Rights Issue and Additional Public Offering

1st February, 2017

CORPORATE INFORMATION

DIRECTORS

H. Ron Daniel II

Vernel Powell

Spencer Hanley

Jacqueline Lawrence - Independent Director

Laurie Lawrence - Independent Director

Rawlinson Isaac

GENERAL COUNSEL & CORPORATE SECRETARY

Cindy Herbert LLM (Merit), LEC, LLB (Hons),
NP

SUBSIDIARIES

Bank of Nevis International Limited

Bank of Nevis International Fund Limited

Bank of Nevis International Fund Managers
Limited

Bank of Nevis Mutual Fund Limited

Bank of Nevis Fund Managers Limited

AUDITORS

Deloitte & Touche
3rd Floor, The Goddard Building
Haggatt Hall, St. Michael, BB11059
Barbados, W. I.

REGISTERED OFFICE

Bank of Nevis Building
Main Street, Charlestown
Nevis, West Indies
Email: info@thebankofnevis.com
Telephone: 1-869-469-5564
Facsimile: 1-869-469-4798

All Subsidiaries can be contacted via the
Registered Office.



Table of Contents

DISCLAIMER.....	4
DEFINITIONS AND ABBREVIATIONS	6
PERSONS RESPONSIBLE FOR PROSPECTUS AND ADVISERS	9
NOTICE TO POTENTIAL INVESTORS	10
FORMAL LETTER OF OFFER.....	11
SUMMARY OF THE OFFER.....	12
PART 1: GENERAL INFORMATION	13
1.1 ISSUER INFORMATION	13
1.1.1 <i>Background</i>	13
1.1.2 <i>Corporate Structure</i>	13
1.1.3 <i>Capital Structure of the Bank</i>	14
1.1.4 <i>Dividend Policy</i>	15
PART 2: THE OFFER	16
2.1 THE GENERAL OFFER	16
2.2 THE RIGHTS ISSUE	16
2.2.1 <i>Procedure for Rights Issue</i>	17
2.2.2 <i>Parties Involved in the Rights Issue</i>	17
2.3 THE ADDITIONAL PUBLIC OFFERING	17
2.3.1 <i>Procedure for APO</i>	19
2.3.2 <i>Determination of the APO Offer Price</i>	19
2.3.3 <i>Expenses of the Offer</i>	19
2.3.4 <i>Parties Involved in the APO</i>	19
PART 3: THE BANK OF NEVIS LIMITED	20
3.1 5-YEAR (2012 TO 2016) FINANCIAL PERFORMANCE REVIEW.....	20
3.2 PEER COMPARISON.....	25
PART 4: THE BANK OF NEVIS LIMITED PRINCIPAL ACTIVITIES.....	26
4.1 PRINCIPAL ACTIVITIES.....	26
4.2 CORPORATE GOVERNANCE.....	26
4.3 ANTI-MONEY LAUNDERING.....	27
4.4 RISK CONSIDERATIONS	27
4.5 SIGNIFICANT INVESTMENTS	31
4.6 MATERIAL DISCLOSURES.....	31
4.7 MATERIAL CHANGE	31
4.8 MATERIAL LITIGATION.....	32
4.9 DIRECTORS' INTEREST	32
4.10 MATERIAL CONTRACTS	32
PART 5: ECONOMIC REVIEW	32

5.1	THE GLOBAL AND REGIONAL ECONOMY	32
5.2	THE ST. KITTS AND NEVIS ECONOMY	32
5.3	THE FINANCIAL SECTOR	33
PART 6: THE BANK OF NEVIS LIMITED'S FINANCIAL POSITION AND FORECAST		35
6.1	AUDITOR'S CONSENT LETTER.....	35
	THE BANK OF NEVIS LIMITED'S FINANCIAL POSITION	37
6.2	FINANCIAL FORECAST (2017 – 2021)	39
6.2.1	<i>Assumptions used to forecast the values in the financial statements.</i>	39
6.2.2	<i>The Bank of Nevis Limited's Financial Forecasts.</i>	43
PART 7: ADMINISTRATION AND MANAGEMENT		45
7.1	DIRECTORS AND SENIOR MANAGEMENT	45
7.1.1	<i>Directors.</i>	45
7.1.2	<i>Senior Management</i>	48
7.2	DIRECTORS REMUNERATION	48
PART 8: RECENT DEVELOPMENTS AND PROSPECTS		49
8.1	TRENDS CONCERNING DEVELOPMENT AND PROSPECTS	49
8.2	THE WAY FORWARD	50
APPENDICES.....		51
APPENDIX I: FORM FOR EXERCISE OF PREEMPTIVE RIGHTS		52
APPENDIX II: APO APPLICATION FORM		54
APPENDIX III: EXTRACTS FROM AUDITED FINANCIAL STATEMENTS		54

DISCLAIMER

This prospectus (the "Prospectus") has been prepared solely for information purposes from information supplied by the Issuer and is being furnished by the Lead Broker/Arranger, solely for the use by prospective investors in considering their participation in The Bank of Nevis Limited Rights Issue and Additional Public Offering.

The Issuer has confirmed to the Broker that the Prospectus does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading.

The Broker has not independently verified any of the information contained in the Prospectus and makes no representation or warranty as to the accuracy or completeness of such information. By accepting the Prospectus, each recipient agrees that the Broker shall not be held liable for any representations (expressed or implied) contained in, or for any omissions from, the Prospectus or any other written or oral communications transmitted to the recipient by or on behalf of the Broker or the Issuer in the course of the recipient's evaluation of the proposed financing.

The Prospectus should not be considered as a recommendation by the Broker that any recipient hereof participates in this offering. Each recipient contemplating participation in this offering is responsible for making its own independent investigation and appraisal of the financial condition, affairs of and creditworthiness of this offering referred to in the Prospectus. The delivery of the Prospectus at any time does not imply that the information contained herein is correct at any time subsequent to this date. The Broker does not accept responsibility for updating this Prospectus and therefore it should not be assumed that the information contained herein is necessarily accurate, complete or up to date, on any given date other than the date stated on its cover page.

The information contained in the Prospectus is solely for use by prospective shareholders in considering participating in this offering. This prospectus should not be used for business, legal or tax advice. If in any doubt about the contents of this document, prospective investors should consult a person licensed under the Securities Act who specializes in advising on the acquisition of shares and other securities.. Statements contained in this prospectus, describing documents and agreements are provided in summary form only and such documents are qualified in their entirety by reference to such documents and agreements. No person has been authorized to give any information or to make any representation other than those contained in this Prospectus in connection with this offering. If any such information or representation is given or made, such information or representation must not be relied on as having been authorized by the Broker or the Issuer.

The distribution of this Prospectus and the offer, sale or delivery of the shares may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus may come should inform themselves about and observe any such restrictions. Shareholders may be required to bear the financial risks of their investment for an indefinite period of time.

This offering is being made on the basis of this Prospectus. Use of the Prospectus for any other purpose is not authorized.

DIRECTORS' DECLARATION

We, the undersigned Directors of The Bank of Nevis Limited, declare that the accounts included in the Prospectus have been prepared in accordance with the Securities Act. We collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable inquiries, that to the best of our knowledge and belief that there are no other facts, the omission of which would make any statement in this Prospectus misleading.

Consent for the issuance of this Prospectus is given by Board Resolution dated 20th December, 2016.



H. Ron Daniel II



Vernel Powell



Spencer Hanley



Jacqueline Lawrence



Laurie Lawrence



Rawlinson Isaac



Corporate Secretary

DEFINITIONS AND ABBREVIATIONS

APO

Additional Public Offer

Banking Act

Banking Act No. 01 of 2015 of St. Christopher and Nevis

BON/The Bank/The Group/ The Issuer

The Bank of Nevis Limited

BONI

Bank of Nevis International Limited

CBI

Citizenship by Investment

CDN

Canadian Dollar, the official currency of Canada

CIS

Collective Investment Scheme

Companies Ordinance

Companies Ordinance of the Laws of St. Christopher and Nevis, Nevis Ordinances Cap 7.06.

Currency Equivalent

“Dollars” or “EC\$” throughout this Prospectus refer to Eastern Caribbean Dollars unless otherwise stated.

The exchange rate is as follows:

US\$1.00 = EC\$2.70

EC\$1.00 = US\$0.37.

DPS

Dividend Per Share

Earnings per Share (EPS)

The amount calculated when the numerator is net income and the denominator is the weighted average number of shares in issue during the relevant financial period.

ECCB

Eastern Caribbean Central Bank

ECCSD

Eastern Caribbean Central Securities Depository Limited

ECCSR

Eastern Caribbean Central Securities Registry Limited

ECCU

Eastern Caribbean Currency Union

ECSE

Eastern Caribbean Securities Exchange Limited

ECSRC

Eastern Caribbean Securities Regulatory Commission

EUR

Euro, the official currency of the Eurozone.

GBP

Great Britain Pound, The official Currency of the United Kingdom

IFRS

International Financial Reporting Standards

Lead Broker/Arranger

Bank of Saint Lucia Limited

Licensed Broker/Dealer

Broker/Dealers licensed by the ECSRC and registered with the ECSE

NPL

Non-performing loans. Typically represents loans which have not had any payments made in 90 days or more.

NPL Ratio

Non- performing loans over total loans, expressed as a percentage.

OECS

The Organization of Eastern Caribbean States

Price Earnings Ratio (PE Ratio)

The ratio calculated when the numerator is the market price per share and the denominator is the earnings per share for the relevant financial period.

Record Date

25th January, 2017

Return on Assets (ROA)

The percentage calculated when the numerator is net income and the denominator is the weighted average total assets during the financial period.

Return on Average Assets (ROAA)

Net Income divided by average Total assets between periods.

Return on Equity (ROE)

The percentage calculated when the numerator is net income and the denominator is the weighted average total shareholders' equity during the relevant financial period.

Rights Issue

A Rights Issue is a dividend of subscription rights to buy additional securities in a company made to the company's existing security holders.

Securities Act

Securities Act Cap.21.16 of 2001 of St. Christopher and Nevis

Substantial / Significant Shareholder

A person who either alone or with an affiliate or connected person, is entitled to hold more than ten per cent of the shares of the licensed financial institution or to exercise or control more than ten per cent of the total voting rights at any general meeting of the licensed financial institution or another company of which the licensed financial institution is a subsidiary and the terms "significant", "significant interest" and significant shareholding" shall be construed accordingly. (As extracted from the Banking Act).

USD

United States Dollar, the official currency of the United States of America.

XCD

Eastern Caribbean Dollar, the official currency of the member countries forming the Eastern Caribbean Currency Union.

PERSONS RESPONSIBLE FOR PROSPECTUS AND ADVISERS

The following parties were involved in the preparation of this prospectus:

BANK OF SAINT LUCIA LIMITED

1st Floor
Willie Volney Drive
Massade, Gros Islet
P.O. Box 1862
Castries
Saint Lucia, W.I.
Telephone: 1 (758) 456 6826
Fax: 1 (758) 456 6740
Email: onlinesupport@ecfh.com
Website: <https://www.bankofsaintlucia.com>

As Lead Broker, Bank of Saint Lucia Limited was principally involved in advising on the issue, collating information for the prospectus, analysis of the financials and drafting of the prospectus.

AUDITORS

Deloitte & Touche
3rd Floor, The Goddard Building
Haggatt Hall, St. Michael, BB11059
Barbados, W. I.

MANAGEMENT OF THE BANK OF NEVIS LIMITED

L. Everette Martin – General Manager
Lisa O. Herbert – Former Chief Financial Officer
Cindy Herbert – General Counsel & Corporate Secretary
Kelva A. J. Merchant – Former Investment & Treasury Manager

c/o The Bank of Nevis Limited
Main Street, Charlestown,
Nevis, W.I.

NOTICE TO POTENTIAL INVESTORS

This Prospectus is issued in accordance with the provisions of the Securities Act and accompanying Securities (Prospectus) Regulations 2001 as well as the Companies Ordinance. A copy of the prospectus was submitted to the ECSRC for approval on 13th January, 2017 pursuant to Section 92(3) of the Securities Act. The ECSRC accepts no responsibility for the contents of this Prospectus and disclaims any liability whatsoever for any reliance upon the contents of this Prospectus wholly or partly.

If you are in any doubt about the contents of this document you should consult a person licensed under the Securities Act who specializes in advising on the acquisition of shares and other securities.

FORMAL LETTER OF OFFER

DATE: 1st February, 2017

TO: THE REGISTERED SHAREHOLDERS OF THE BANK OF NEVIS

Dear Shareholder,

OFFER TO SHAREHOLDERS OF THE BANK OF NEVIS LIMITED TO EXERCISE PREEMPTIVE RIGHTS

INTRODUCTION

Under the new Banking Act which came into operation in St. Christopher and Nevis on the 20th May, 2016, commercial banks are required to set aside and maintain a minimum paid-up capital of \$20 million. This amount must be in place within 450 days of the coming into force of the said Act which took place on 20th May, 2016. Currently, the paid up capital ascribed to The Bank of Nevis Limited is \$9.3 million representing a total of 9.3 million shares at a \$1.00 par value.

In an effort to meet the shortfall in the paid up capital requirement, the Shareholders of The Bank of Nevis Limited at a meeting dated 18th February, 2016 gave approval for a Rights Issue to be conducted. Shareholders on record as at 25th January, 2017 are entitled to purchase one right for each \$1.00 share held at a price of \$1.00.

The Rights Issue will open on 1st February, 2017 and close 31st March, 2017 with minimum capital to be raised of EC\$1.0 million. The Rights Issue is made pursuant to the Prospectus contained herein which has been approved by the ECSRC.

If the maximum eligible shares under the Rights Issue are not subscribed, the remaining shares plus a number equivalent to a value of no less than \$10.7 million will be made available via an Additional Public Offering (APO). The price of the shares offered via the APO will be communicated in a Supplement to this Prospectus to be issued at the close of the Rights Issue. The APO will open 1st May, 2017 and close 30th June, 2017.

Shareholders whose participation in the APO would result in holdings exceeding the supervisory thresholds of aggregate of ten percent, twenty percent or fifty percent of the Share Capital, shall obtain written approval of the Eastern Caribbean Central Bank as allowed under Section 20 of the Banking Act, subject to the provision of Section 32.

Therefore in accordance with the provisions of the Securities Act, the Banking Act and the Companies Ordinance, the Shareholders of The Bank of Nevis Limited are hereby invited to exercise their preemptive rights.

SUMMARY OF THE OFFER

BON is offering a Rights Issue for up to \$9.3 million and if all shares comprising the Rights Issue are not fully subscribed, the remaining shares plus a further sum representing \$10.7 million worth will be offered via an Additional Public Offering (APO).

The particulars of the Offer are highlighted in Table 1 below:

Table 1: **SUMMARY OF THE OFFER**

Particulars	
Aggregate Offer Value	\$20,000,000.00
<u>Rights Issue</u>	
Aggregate Offer Value	\$9,347,687.00
Number of Ordinary Shares Offered via Rights Issue:	9,347,687
Price per Ordinary Share (Rights Issue)	\$1.00
Minimum amount to be raised via the Rights Issue :	\$1,000,000.00
Maximum amount to be raised via the Rights Issue :	\$9,347,687.00
Open Date for Rights Issue:	1 st February, 2017
Close Date for Rights Issue:	31 st March, 2017
<u>APO</u>	
Minimum Aggregate Offer Value (APO)	\$10,652,313.00
Price per Ordinary Share (APO)	To be determined
Number of Ordinary Shares Offered via APO	To be determined
APO Opens:	1 st May, 2017
APO Closes:	30 th June, 2017

PART 1: GENERAL INFORMATION

1.1 Issuer Information

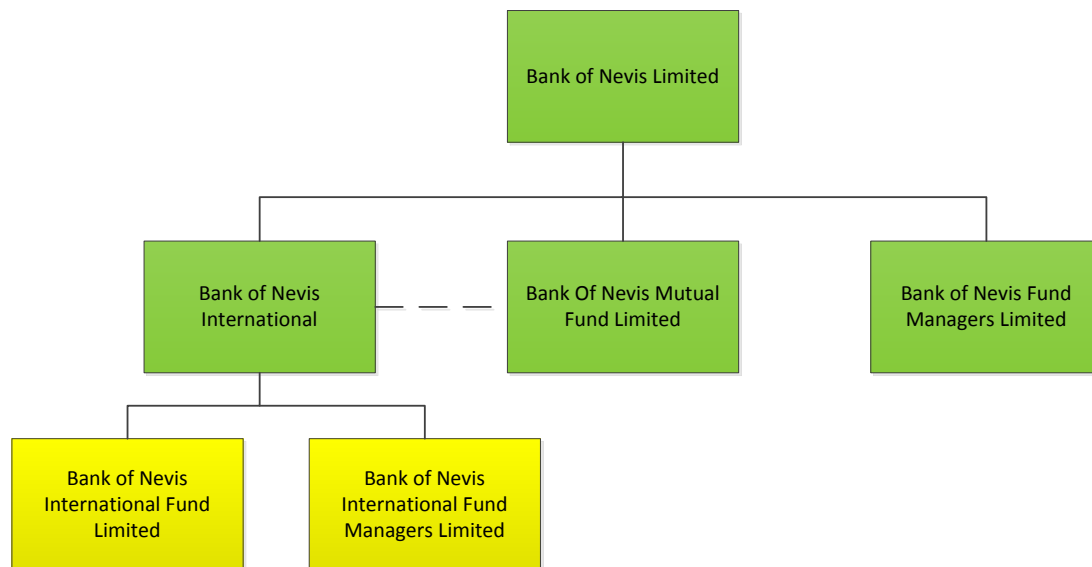
1.1.1 Background

BON was incorporated on 29th August, 1985 under the Companies Ordinance of Nevis. BON's principal activity is the provision of financial services. BON is regulated by the ECCB, the Government of Saint Kitts and Nevis and the ECSRC and is subject to the provisions of the Banking Act, the Companies Ordinance and the Securities Act. The registered office and principal place of business is the Bank of Nevis Building, Main Street, Charlestown, Nevis.

1.1.2 Corporate Structure

The Bank of Nevis Limited has 5 subsidiaries as summarized in Figure 1 below:

Figure 1: Structure of the Bank



The corporate profiles of the parent company and 5 subsidiaries are summarized in Table 2 below:

Table 2: Bank of Nevis Corporate Profile

Name of Company	Type of Business	Established
Bank of Nevis Limited	Parent Company	August, 1985
Bank of Nevis International	Offshore Banking Services	July, 1998
Bank of Nevis International Fund Limited	Open-ended public mutual fund	July, 2004

Bank of Nevis International Fund Managers Limited	Manages investment activities for the Bank of Nevis International Fund Limited	July, 2004
Bank of Nevis Mutual Fund Limited	Open-ended public investment fund	February, 2005
Bank of Nevis Fund Managers Limited	Manage investment services of its related Fund	April, 2005

The Bank of Nevis Limited and The Bank of Nevis International Limited are the only two (2) active entities within the group.

1.1.3 Capital Structure of the Bank

The Bank is fully capitalized with ordinary shares. Its share capital consists of 50,000,000 authorized shares at \$1 each of which 9,347,687 shares are issued and fully paid for. The Bank's Authorized share capital and its issued share capital is summarized in Table 3 below:

Table 3: Share Capital of The Bank of Nevis Limited			
	2016	2015	2014
Authorised Share Capital 50,000,000 shares at \$1 each	50,000,000	50,000,000	50,000,000
Issued and fully paid for 9,347,687 shares of \$1 each	9,347,687	9,347,687	9,347,687

BON currently has no listed and unlisted securities not representing share capital.

The projected change in's capital structure following the Rights Issue and APO would be as follows:

Authorised Share Capital: 50,000,000

Issued and Fully Paid: 22,246,145

The Bank's current Share Capital and Ownership structure is shown in Table 4 below:

Table 4: Share Capital & Ownership Structure (at 30th June, 2016)	
PARTICULARS	HOLDINGS IN EXCESS OF 5%
St. Christopher and Nevis Social Security Board	24.34%
David A. Straz Jr. Foundation	18.65%

1.1.4 Dividend Policy

The Board of Directors is responsible for declaring a dividend payment at its discretion to the shareholders. Dividends will only be paid from realized earnings of the Bank. Dividends payments must not exceed a maximum of 40% of the Bank's ordinary realized profits after taking into consideration all transfers.

Where the payout is less than 40% in any one year, the Board of Directors may increase future distributions proportionately. Additionally, the Board may at its discretion payout the full amount of any and all realized gains resulting from extraordinary transactions.

No dividends shall be paid other than out of profits. Dividends cannot be paid from any capital or revaluation reserves. Dividends payments for the past 5 years are summarized in Table 5 below:

Table 5: Dividends Paid in the Past 5 Years					
	2016	2015	2014	2013	2012
Dividends paid	(1,402,153)	0	(701,077)	(1,402,153)	(934,770)

PART 2: THE OFFER

2.1 The General Offer

With the coming into operations of the Banking Act on 20th May, 2016 and having been enacted in all eight countries of the ECCU, BON is seeking to meet the minimum paid up capital requirement of EC\$20.00 million. The said Act requires all institutions to meet this paid up capital within 450 days of the coming into force of the Act. The current paid up capital of The Bank of Nevis Limited is EC\$9.35 million.

Accordingly, on 18th February, 2016, the Shareholders of the Bank approved a Rights Issue at a price of EC\$1.00 per share for every one ordinary share already held in the Bank to raise a minimum amount of capital of EC\$1.00 million and maximum of EC\$9.35. In addition, the Bank will seek to raise a minimum of EC\$10.65M via an APO in order to raise an overall amount of capital of EC\$20.00M.

The Offer envisages that if existing shareholders are unable to fully subscribe to the available shares under the Rights Issue, the unsubscribed amount plus the minimum of EC\$10.65 million required to raise a total maximum of EC\$20.0 million, will be issued via an Additional Public Offering (APO). The price for the shares to be issued via the APO is the subject of an ongoing independent valuation of BON and will be released via a supplement to this Prospectus prior to the APO.

No limit was imposed on the duration within which BON is authorized to issue the share capital envisaged under the terms of the Rights Issue and APO to which this Prospectus relates.

The aggregate offer value of EC\$20 million is not underwritten by any party.

2.2 The Rights Issue

The Rights Issue is offered to shareholders who may opt to purchase additional shares of the Bank. Shareholders are being offered the exclusive right to purchase one (1) share in BON for each \$1.00 share held as at the Record Date at a price of \$1.00. If upon the satisfaction of all pre-emptive rights, there is a shortfall in meeting the EC\$9.3 million target; this shortfall will be met through the issuance of an APO. The Rights Issue is summarized in the Table 6 below:

Table 6: Particulars of Rights Issue

Aggregate Offer Value	\$9,347,687.00
Number of Ordinary Shares Offered via Rights Issue:	9,347,687
Price per Ordinary Share (Rights Issue)	\$1.00
Minimum amount to be raised via the Rights Issue :	\$1,000,000.00
Maximum amount to be raised via the Rights Issue :	\$9,347,687.00
Open Date for Rights Issue:	1 st February, 2017
Close Date for Rights Issue:	31 st March, 2017

2.2.1 Procedure for Rights Issue

In order to take up their rights, shareholders are required to complete the acceptance form provided in Appendix I of this prospectus.

Completed forms should be delivered to the main office of The Bank of Nevis Limited on or before 2.00pm on 31st March, 2017 at the following address:

Bank of Nevis Building
Main Street, Charlestown
Nevis, West Indies

The exercising of pre-emption rights will be on a first come first serve basis.

Allotment to shareholders during the Rights Issue will take place on 7th April, 2017 but in any case no shares are to be allotted on the basis of the Prospectus later than three months after the date of issue of the Prospectus. In the event of an extension to the closing date of the Rights Issue a statement will be issued by the Bank.

2.2.2 Parties Involved in the Rights Issue

Broker: Bank of Saint Lucia Limited

2.3 The Additional Public Offering

Following the Rights Issue, the Bank will issue an APO for any unsubscribed shares plus additional shares up to a value of EC\$10.6 million. The APO is scheduled to open on 1st May, 2017 and close 30th June, 2017. If this date is adjusted in the future, an announcement will be made to inform investors of the change.

The APO is summarized in Table 7 below:

Table 7: Summary of the APO

Particulars	
Number of Ordinary Shares Offered via APO:	Dependent upon the Rights Issue subscription and the valuation of BON.
Price per Ordinary Share:	To be determined based on valuation of BON.
Minimum Subscription:	100
Aggregate APO Offer Value - minimum:	EC\$10,652,313.00
- maximum	EC\$10,652,313.00 + Par value of Unsubscribed Rights Issue
Offer Opens:	1 st May, 2017

Offer Closes:

30th June, 2017

Allotment to General Public:

Remaining shares of Rights
Issue plus equivalent of
\$10,652,313 worth.

The shares offered are ordinary shares of BON ranking equally as to capital, dividend and rights upon liquidation and carrying voting rights as prescribed within its By-Laws as follows:

“At every meeting at which he is entitled to vote, every shareholder, proxy holder or individual authorized to represent a shareholder who is present in person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every shareholder, proxy holder or individual authorized to represent a shareholder shall, subject to the articles, have one vote for every share held by the shareholder”.

In accordance with Section 153 (5) of the Banking Act, in the event of liquidation, the remainder of its assets after all claims of depositors and other creditors shall be distributed among its shareholders in proportion to their respective rights. In accordance with Section 154 unclaimed funds remaining after the final distribution made by the receiver shall be deposited with the ECCB as an agent for the Minister.

There are no restrictions on the free transferability of shares.

Shareholders on record immediately following the close of the APO will be entitled to any dividends declared by the Company.

According to Section 20 of the Banking Act set forth by the ECCB, “Subject to section 32, except with the written approval of the Central Bank, no person, acting directly or indirectly, alone or together with one or more persons, shall hold or acquire:

- (a) Shares in a local licensed financial institution which, together with any existing direct or indirect holdings of that person, would exceed the supervisory thresholds of ten, twenty or fifty per cent of the share capital;
- (b) in the case of a local licensed financial institution not having a share capital, more than the supervisory thresholds of ten, twenty or fifty per cent of the total voting rights of all the members entitled to vote at a general meeting of the local licensed financial institution.

The Bank is listed on the ECSE, and application shall be made to ECSE in the APO for the additional shares to be listed upon issue.

As a consequence of the ECSE listing, the Bank’s shares are held in an uncertificated form. Accordingly, no physical certificate will be issued in respect of the new shares to be issued. Shareholders’ records will be held in book entry form in the electronic registry of the Eastern Caribbean Central Securities Registry Limited (ECCSR).

The ECCSR, as the registry for the Bank's shares, will maintain and service shareholders' records on behalf of the Company. The new shares to be issued in the APO will be transferred to the ECCSR upon completion of the allotment process.

The ECCSD, also a subsidiary of the ECSE, will be responsible for the settlement of funds for this offering.

The ECSE shall serve as the trading platform for the general buying and selling of the securities, in the secondary market when these are accepted for listing.

The minimum subscription is 100 shares and additional shares can be bought in increments of 100 shares.

The minimum capital which will be raised through the APO is \$10,652,313.

In the event of oversubscription of the APO, shares will be allotted proportionally.

2.3.1 Procedure for APO

Following the Rights Issue, shares may be purchased in the APO by members of the public. Subscription for the ordinary shares may be made using the services of Bank of Saint Lucia Limited or any other broker/dealer licensed by the ECSRC. To facilitate participation in the APO, investors would be required to complete an application form as provided in Appendix II to this prospectus. The shares via the APO will be sold on a first come first serve basis. In the event that a subscription is not accepted in whole or in part, the monies will be returned to the subscriber within fourteen (14) days after the close of the Offer period. Payment would be accepted via EC Dollar drafts and cheques, cash, wire transfers no later than 7 days prior to the issue date.

2.3.2 Determination of the APO Offer Price

The price of shares available through the APO following the Rights Issue will be based upon a valuation by an independent Audit Firm. This price will be disclosed via a Supplement to this Prospectus to be issued at the close of the Rights Issue.

The Bank cannot guarantee investors a share price above the APO price at any time after the date of this Prospectus. Shares may trade above or below the APO price.

2.3.3 Expenses of the Offer

The cost and expenses associated with this Offer will be borne by the Issuer.

2.3.4 Parties Involved in the APO

Lead Broker: Bank of Saint Lucia Limited

Other: Brokers-dealers licensed by the ECSRC

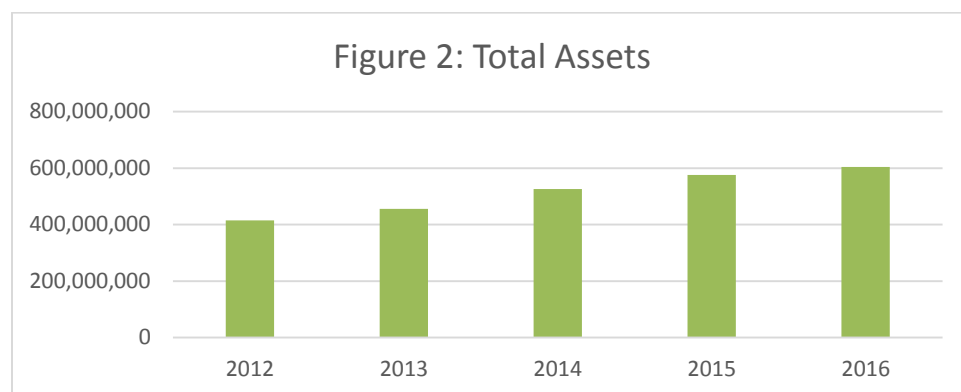
PART 3: THE BANK OF NEVIS LIMITED

3.1 5-Year (2012 to 2016) Financial Performance Review

The ensuing analysis is provided to enable investors to obtain a clearer understanding, on a comparative basis, of the consolidated financial position and results of operations of BON and its subsidiaries over the period 30th June, 2012 to 30th June, 2016. The analysis reflects the financial position and results of the Group which comprises BON and its subsidiaries including BONI. For the years ended 30th June, 2016 and 30th June, 2015, the amounts described in the below analysis may vary with amounts included in the audited consolidated financial statements presented in Appendix III, since they do not reflect the reclassification of BONI as a “held-for-sale” asset. This “held for sale” adjustment for BONI reflected in the Appendix III figures, as a disaggregated line item, is in keeping with IFRS and reflects the fact that the sale of BONI was imminent at the time of the conclusion of the 2016 Audited Financials.

Total Assets

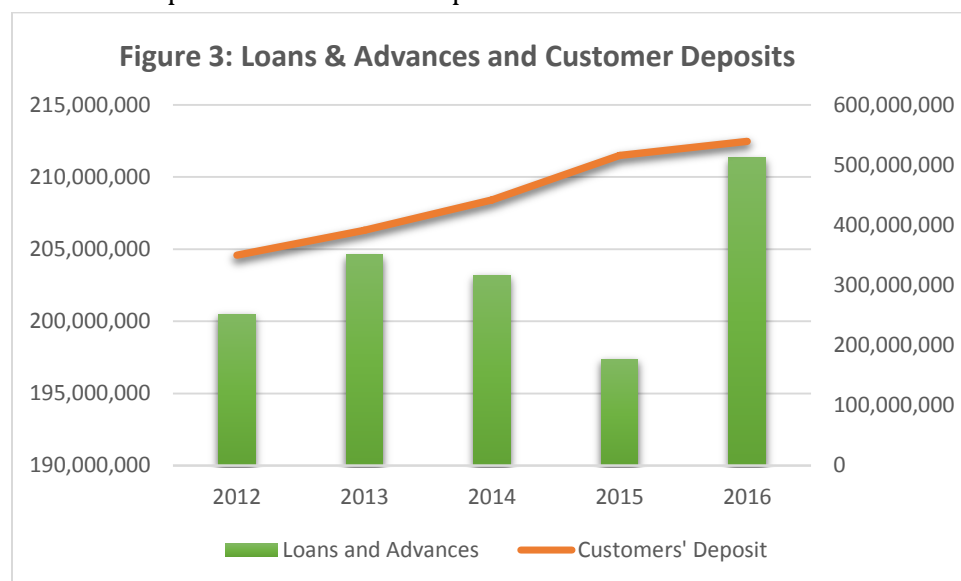
The Bank experienced a phenomenal 45.8% increase in its asset base from 2012 to 2016 with 4.9% attributable to the period between 2015 and 2016. Total assets as at 30th June, 2016 was EC\$605 million. Figure 2 below shows a steady growth in the Bank’s total assets over the last five years.



The growth in total assets is characterized by an increase of EC\$62.3 million or 66.9% in investments securities from 2012 to 2016. Investment securities now account for 25.7% of total assets compared to 22.47% in 2012. The growth of investments reflects the decision of the Board of Directors to pursue a more active investment management strategy geared at assuming an improved risk/return profile. Accordingly, balances held with financial institutions were drawn down and invested in securities.

Customer Deposits

The growth in total assets of the Group from 2012 to 2016 is fueled primarily from a growth in deposits by 54.10% or 189.3 million which could be mostly attributable to the CBI which successive government administrations have pursued. As at 30th June, 2016 customer deposits stood at EC\$539.2 million of which EC\$387.1 million is attributed to the domestic commercial banking operation of BON and \$154.7 million attributed to BONI. Figure 3 below illustrates the trend in customer deposits over the review period.



Loan and Advances

Figure 3 also shows the movement in loans and advances over the review period. After two consecutive years of decline (0.7% in 2014 and 2.9% in 2015), loans and advances picked up in 2016 by \$14.0 million or 7.1% over 2015 to reach EC\$211.3 million. This result was made possible through an intensified loan campaign that had major success in securing residential mortgages. In terms of sectorial allocations of loans and advances, the Household (Personal) Sector within which residential mortgages feature dominated with 37.0% followed by Public Sector debt at 28.0% and Construction and Land Development at 17.7%.

The loan portfolio has been greatly impacted by poor economic conditions as manifested in an increase in NPLs from EC\$15,888,941 in 2011 to EC\$40,285,949 in 2015. This represents a 153% increase over 4 years and corresponds to a movement in the NPL ratio from 7.8% in 2011 to 19.8% in 2015. In 2016, through deliberate and proactive efforts, the number of NPLs was reduced by EC\$8.0 to a value of \$32,326,893 representing a NPL Ratio of 14.9% which is well in excess of the ECCB's guideline of 5%. According to the IMF¹, the NPL ratio for St. Kitts and Nevis commercial banks as at end-2015 was 22.2%.

¹ IMF Article IV Consultation with St. Kitts and Nevis of July, 2016

Interest Income

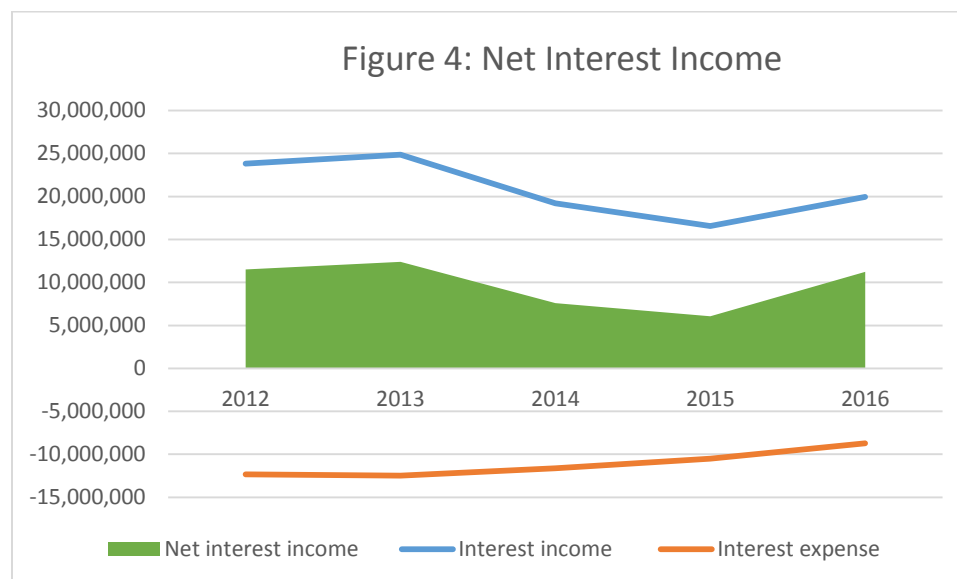
The Bank's total interest income declined by EC\$7.3M or 30.5% from 2012 to 2015 as tight credit conditions, increased incidence of NPLs and excess liquidity in local and regional markets took a toll. However, this trend was reversed in 2016 when total interest income grew by EC\$3.4 million or 20.4% to EC\$19.9 million. Interest income on loans and advances was the single greatest contributing factor in reversing the trend, having increased by EC\$2.8 million or 24.2% to EC\$14.2 million in 2016 on account of the successful loan campaigns undertaken by the bank during the year.

Interest expense

Interest expense on the other hand has moved progressively downward over the five years by an overall 29.4%. This is mostly attributable to the Bank's successful implementation of its fixed deposit interest rate reduction program and the ECCB's reduction of the minimum interest rate on savings accounts which came into effect in 2015.

Net Interest Income

As a result of the sustained decline in interest expense over the five years and the recovery in interest income on the loan portfolio in 2016, BON was able to restore net interest income to 2012 levels; net interest income was in excess of EC\$11.0 million, after the low of EC\$6.1 million recorded in 2015. This five year trend in interest income and interest expense and resultant net interest income is depicted in Figure 4 below



Operating Income

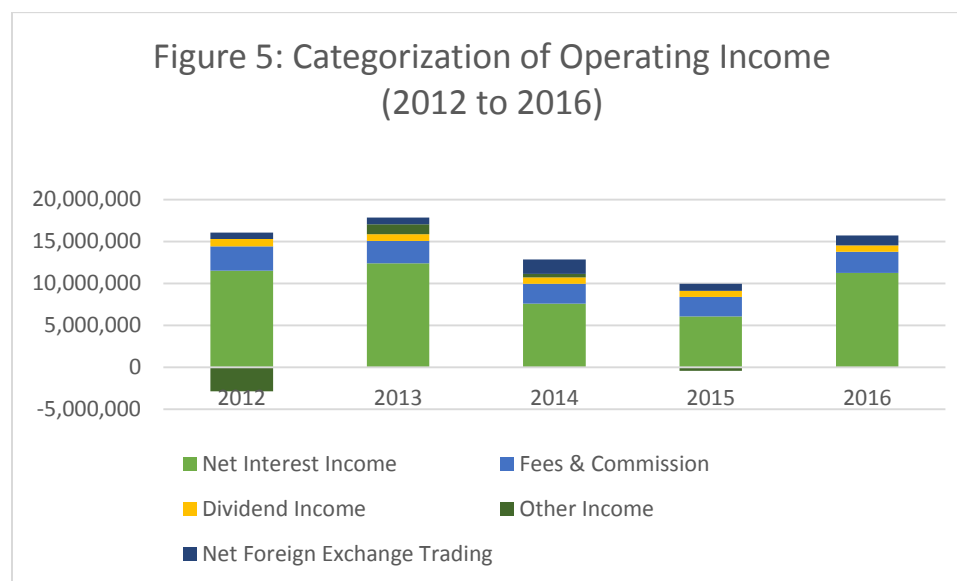
The increase in net interest income together with a 9.4% increase in fee and commission income, a 4.6% increase in dividend income and a 40.6% increase in gains on foreign exchange led to a 64.5% increase in operating income in 2016 over 2015.

This 64.5% increase in operating income between 2015 and 2016 followed a 26.1% decline between 2014 and 2015 and a 27.81% decline between 2013 and 2014. The decline in operating income over the period 2014 to 2015 was due to the following:

- i. An EC\$2.7 million or 13.8% decrease in total interest income commensurate with an EC\$4.213 million year-over-year reduction in gross loans and advances; an EC\$15.772 million or 64% increase in NPL and; an EC\$873,683 reduction in interest income on investments due to significantly reduced yields.
- ii. An increase of EC\$739,000 in impairment losses
- iii. Sizeable currency revaluation losses incurred on operational bank account balances.

Similarly, the drop in operating income from 2013 to 2014 was due to a drop in total interest income of EC\$5.7 million or 22.7%.

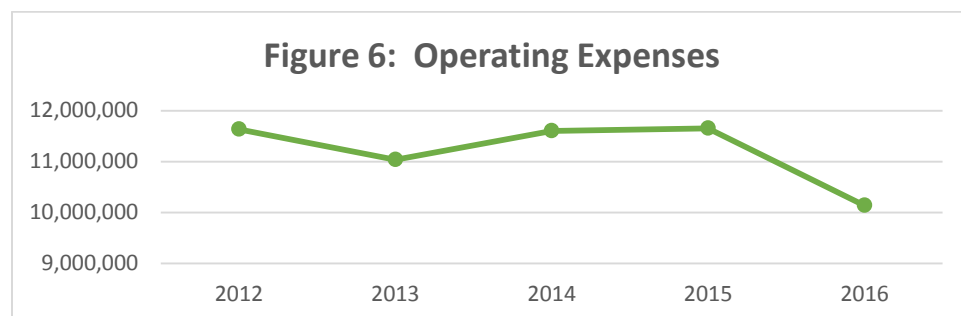
The categorization of operating income is shown in Figure 5 below:



Operating Expenses

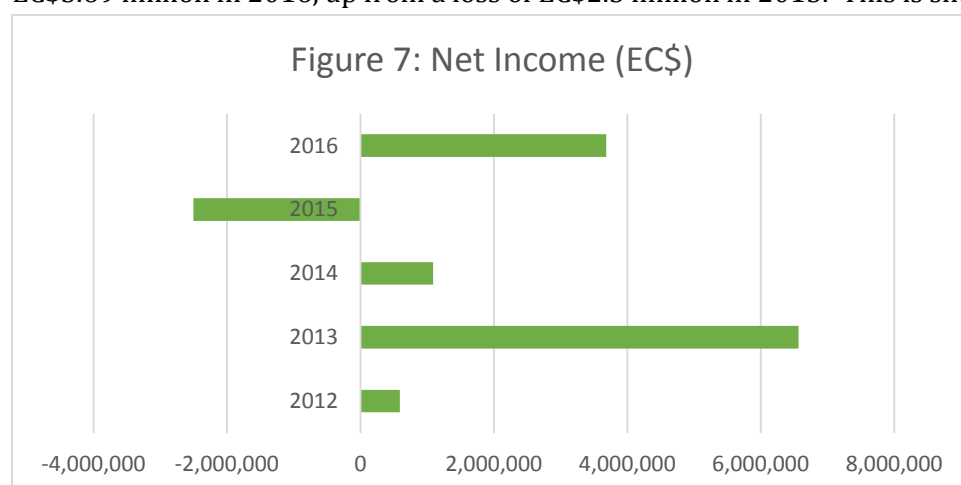
Operating expenses contracted by 12.9% or EC\$1.5 million over the five year period with much of the reduction attributed to the period from 2015 to 2016 due to recoveries on impaired debt of EC\$0.8 million in comparison to provisions of EC\$1.2 million made in 2015. Within general and administrative costs there was a reduction of EC\$196,988 in salaries and related costs due to delays

in the replacement of some management and line staff. Figure 6 portrays the five year trend in operating expenses incurred.



Net Income

As a result of the favorable interest margins achieved through the successful loan campaigns, the recovery of impaired loans and the reduction in deposit rates, the Bank has recorded a net profit of EC\$3.69 million in 2016, up from a loss of EC\$2.5 million in 2015. This is shown in Figure 7 below:



The inconsistency in the trend in net profit over the five years, as depicted in Figure 7, is explained as follows:

The spike witnessed in net profit in 2013 over 2012 reflects the recovery of a bad debt by BONI of approximately EC\$1.0 million as well as the recovery of Government of St. Kitts and Nevis Bond which was previously provided for. The subsequent decline in net profit in 2014 largely reflects the impact of the restructuring of public sector debt which involved reduction in the loans rates which amounted to EC\$2.5 million in forgone income.

BON was the major contributor to the growth in profits for the Group in 2016, contributing 58.4% or EC\$2.1 million following its loss of EC\$3.6 million in 2015.

Table 8 shows a summary of some key financial indicators for BON over the five year review period.

Table 8: Key Financial Indicators for BON

Year	Earnings/(Loss) per Share (EPS)	Dividend per share	Return on Average Asset (ROAA) (%)	Return on Average Equity (ROAE) (%)
2012	0.06	10	0.14	1.16
2013	0.7	0.15	1.51	12.05
2014	0.12	-	0.22	1.85
2015	(0.27)	0.08	(0.45)	(4.41)
2016	0.39	-	0.62	6.35

Earnings/(Loss) per share (EPS) increased from (0.27) in 2015 to 0.39 in 2016. The Bank reported an ROAE of 6.35% in 2016, which is a significant improvement from (4.41%) in 2015. The ROAA shows signs of recovery as the ratio rises from (0.45%) in 2015 to 0.62% in 2016.

3.2 Peer Comparison

When compared to indigenous banks in the Federation of St. Kitts and Nevis, BON's ROAA in 2016 of 0.62% compares favourably. A comparison of select banking indicators for BON with indigenous banks in the Federation of St. Kitts and Nevis is shown in Table 9:

Table 9: Select Banking Indicators

	2012		2013		2014		2015		2016	
	SKN*	BON	SKN	BON	SKN	BON	SKN	BON	SKN	BON
Capital adequacy ratio	39.4	21.9	24.2	22.4	26.3	20.9	22.1	19.6	N/A	19.0
NPLs/Total Loans	8.9	12.7	12.1	12.3	16.8	11.8	22.2	19.8	N/A	14.9
Provisioning/ NPLs	34.7	13.2	43.0	17.5	46.5	24.2	32.6	17.6	N/A	19.1
Liquid Assets/ Total Assets	43.6	23.1	50.7	29.4	51.3	37.2	50.2	38.6	N/A	33.9
Return on Assets	0.6	0.14	0.7	1.51	0.6	0.2	0.8	-0.5	N/A	0.6

Source: IMF. SKN depicts the Average for Indigenous Banks in St. Kitts and Nevis. The SKN figures relate to the calendar year January-December while the BON's figures relates to its financial year, July –June.

PART 4: THE BANK OF NEVIS LIMITED PRINCIPAL ACTIVITIES

4.1 Principal Activities

The Bank's principal activity is the provision of financial services and by virtue of this it has played an important role in developing the economy of Saint Kitts and Nevis. Some key activities which have propelled the Bank to the forefront of the financial sector are:

- The Bank offers comprehensive services including a variety of deposit accounts with attractive rates of interest, credit and debit cards and loans. Other services include ATM services, online banking, investment brokerage services, merchant banking services and foreign exchange purchases and sales.
- The Bank was the first bank to list its shares on the Eastern Caribbean Securities Exchange (ECSE) in October 2001. It is also a licensed Broker Dealer/ Intermediary on the ECSE, thereby facilitating the buying and selling of shares listed on the exchange.
- Within the wider community, the Bank has been at the forefront of developments providing funding for tourism projects, affordable housing, education, small business development and corporate expansion. It is not only concerned with the economic development of the island but is committed to building a better Nevis through its social corporate responsibility initiatives in areas of education, sport, culture and health. The Bank's motto "Improving the Quality of Life" embodies the ongoing contribution that it makes to the overall development of the island and the entire Federation.
- The offshore banking entity, BONI, is the only offshore bank in the Federation of St. Kitts and Nevis, offering an outstanding opportunity for clients to benefit from the advantages of a jurisdiction, which promotes wealth management, stability and integrity.

The Bank is the holder of a Banking License and a Broker Dealer License. The bank's subsidiary, the Bank of Nevis Fund Managers Ltd., hold a CIS Management Company license while the Bank of Nevis Mutual Fund Limited was authorized by the ECSRC as a CIS under the Securities (CIS) Regulations of St Kitts and Nevis. Apart from these licenses there are no patents or intellectual property rights that are of fundamental importance to the conduct of the Bank's business.

4.2 Corporate Governance

The Board of Directors and Management of BON are committed to the highest standards of corporate governance, and have adopted the "Guidelines on Corporate Governance for Institutions licensed to conduct business under the Banking Act", issued by the Eastern Caribbean Central Bank in 2006.

The Board operates through the following committees:

- Audit and Compliance Committee: Ensures the quality and Integrity of The Bank's financial statements, internal controls, Compliance and internal and external audit processes.
- Credit Committee: Responsible for oversight of the Group's credit portfolio, and approval of credit applications above management limit but below Board level.
- Business and Product Development Committee: Responsible for formulating the overall marketing policies and strategies of The Bank, subject to approval by the Board, and establishing customer service and marketing guidelines in furtherance of those policies.
- Human Resource and Compensation Committee: Responsible for making recommendations to the Board on matters relating to employees, remuneration and other forms of compensation.
- Investment Committee: Responsible for overseeing the Group's investment portfolio.
- Risk Management Committee: Responsible for monitoring and managing the capital, liquidity, balance sheet positions and trends and the market risks of The Bank's investment portfolio.

4.3 Anti-Money Laundering

The Bank recognizes its role in the enforcement of Anti-Money Laundering practices and as part of its risk management strategy has implemented the necessary policies and procedures and monitoring systems by way of the Audit and Compliance Committee to ensure absolute compliance with relevant laws, regulations and guidelines.

4.4 Risk Considerations

All investments involve risk, and investing in The Bank of Nevis Limited is no exception. The principal risks of the Bank include the following:

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities as well as from the Bank's investment portfolio. Credit risk is the single largest risk for the bank and is manifested in the high incidence of NPLs that has impacted negatively on the profitability of the Bank over the last five years.

In addition to the numerous measures of risk management the Bank has employed, such as the stringent monitoring of collateral requirements and customer classes based on risk and risk probability models, the Bank has formulated a strategic plan for the reduction of the NPL Portfolio through restructuring and payout of loans or disposal of the assets. The plan proposes the reduction of the NPL ratio as follows:

June 2016 – 13%

June 2017 – 8%

June 2018 – 6%

June 2019 – 5%

In 2016, the Bank was able to reduce the allowance for loan impairments by EC\$0.9 million mostly due to the recovery of EC\$0.8 million of impaired loans.

Market Risk

The Bank is also exposed to market risk. This risk comes in the form of the volatility which inherently exists within financial markets. This volatility may come in the form of interest rate, foreign exchange, equity prices and credit spread volatility among others.

Foreign Exchange Risk

The Bank conducts transactions in foreign currencies. As a result, there is the risk that it may experience losses from fluctuations in the value of currencies.

The Bank's exposure to foreign exchange risk can be summarized in the Table 10 below:

Table 10: BON Foreign exchange exposure²					
	Expressed in EC\$				
	USD	EUR	GBP	CDN	OTHER
As at June 30th, 2016					
Total Financial Assets	279,243,398	9,416,917	4,031,633	978,330	80,291
Total Financial Liability	274,670,521	8,617,137	3,018,288	72,156	-
Net on-balance sheet position	4,572,877	799,780	1,013,345	906,174	80,291
As at June 30th, 2015					
Total Financial Assets	286,957,414	8,546,777	6,752,658	757,279	102,560
Total Financial Liability	240,141,137	7,961,600	5,078,817	67,232	-
Net On-Balance sheet position	46,816,277	585,177	1,673,841	690,047	102,560
As at June 30th, 2014					
Total Financial Assets	237,366,603	5,566,671	5,030,481	912,765	63,277
Total Financial Liability	214,865,083	4,890,386	1,679,489	69,516	624
Net On-Balance sheet position	22,501,520	676,285	3,350,992	843,249	62,653

² Amounts do not reflect the disaggregation of BONI.

The recent volatility in the United Kingdom and the Eurozone has led to declining exchange rates among the Pound Sterling and the Euro. As a result, the bank incurred revaluation losses.

The Bank continues its risk mitigation strategies by setting limits on overnight and intra-day positions and this is monitored daily in an effort to effectively manage exposure levels.

Interest Rate Risk

This is the risk that future cash flows or the fair value of future financial instruments may change with fluctuations in market rates. For The Bank of Nevis, interest rate risk comes from fixed income debt instruments, loans and advances to customers and other interest bearing assets at variable rates. Table 11 below summarizes the Bank's exposure to interest rate risk.

Table 11: BON Interest Rate Risk Exposure ³ expressed in EC\$							
		Under 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing
As at June 30 th , 2016							
Total Assets	financial	64,407,640	62,302,704	59,271,462	40,651,685	138,593,748	209,182,628
Total Liability	financial	233,580,179	18,319,523	101,334,870	8,019,874	-	182,442,687
Total interest repricing Gap		(169,172,539)	43,983,181	(42,063,408)	32,631,811	138,593,748	26,739,941
As at June 30 th , 2015							
Total Assets	financial	75,720,399	57,274,112	34,821,395	50,177,148	123,494,264	203,050,494
Total Liability	financial	218,644,166	18,017,225	122,647,238	9,409,770	-	150,617,315
Total interest repricing Gap		(142,923,767)	39,256,887	(87,825,843)	40,767,378	123,494,264	52,433,179
As at June 30 th , 2014							
Total Assets	financial	59,545,738	72,980,010	20,410,292	44,377,522	123,923,833	173,004,630
Total Liability	financial	183,479,728	32,594,707	113,407,606	8,862,324	-	126,294,463
Total interest repricing Gap		(123,933,990)	40,385,303	(92,997,314)	35,515,198	123,923,833	46,710,167

³ Amounts do not reflect the disaggregation of BONI.

The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Investment and Treasury Unit.

Liquidity Risk

This is the risk that the Bank may not be able to fulfill its obligations due to rampant customer withdrawals, outflows due to contractual commitments and other variable cash outflows.

The Bank manages liquidity risk by monitoring and reporting cash flow levels. This is done on the basis of projections for cash flow needs for the next day, week, and month. The Bank has set out a clear strategic plan for the development of a suitable liquidity base to meet the target of a loan to deposit ratio of 80 percent.

Efforts will be aimed at developing the EC dollar savings accounts through the following initiatives:

1. Market existing savings accounts with particular emphasis on priority accounts which encourages customers to save towards a particular purpose. The Bank will make use of social media, banner advertisements and calls to existing customers in an attempt to deepen relationships.
2. Introduce new accounts such as the retirement account.
3. Generate new business by targeting high net worth individuals who do not hold significant deposits with the Bank.

Reputational Risk

The Bank seeks to uphold the highest standards of quality and integrity. However, like all financial institutions it is vulnerable to reputational risk. As such, the Bank intends to maintain its image of integrity, respect, service excellence and open communication by:

1. Surpassing customer expectations by increasing service convenience and boosting the Bank's image by various means such as: developing a banking app, newsletters, social media, customer awards program and various other marketing strategies.
2. Continuous improvements to corporate governance.
3. Remaining committed to being a socially responsible corporate entity. For example, the Bank intends to host a major charity event, the proceeds of which will go to providing assistance to cancer patients.

Operational Risk

The Bank is exposed to risk resulting from failed internal procedures, systems and people. In order to minimize this risk, it has decided to implement the following strategic plan:

1. Enhance and improve employee capabilities by providing employees with continuous learning and development coaching.

2. Communicate performance expectations to staff and foster a culture that promotes and rewards excellence.
3. Improve underwriting standards and strengthen management information capabilities.
4. Continue to upgrade network operations to maximize efficiency both externally (via channels such as ATMs, internet and mobile banking and electronic cards) and internally (via initiatives such as automated clearing houses, paperless teller transactions and enhancement of back office capabilities).

4.5 Significant Investments

The Bank's investments are primarily domiciled regionally and locally. Investments are limited to certificates of deposits or fixed deposits, corporate and government fixed income instruments and equities.

The Bank's investment strategy also allows for investments in fixed income paper, and to a lesser extent, United States' equities; these avenues will continue to be pursued in the upcoming year.

Other than the above stated herein there are no significant investments in progress as at the date of issue of this Prospectus.

4.6 Material Disclosures

At an Extraordinary Meeting of Shareholders, held 18th February, 2016, the Directors were authorized to dispose of the Bank's interest in Bank of Nevis International Limited by way of the sale of the majority or full (100%) shareholding in the entity, such authority being granted up to 30th September, 2016. Failing this, the Directors of the Bank are authorized to proceed with a spin-off whereby each shareholder of the Bank will be allotted an interest in BONI proportionate to their existing shareholding. As at the filing of this Prospectus, the Bank had entered into a Sale and Purchase Agreement with an investor in respect of its majority Shareholdings in BONI.

At the date of this Prospectus, there is no family relationship between any director or proposed director or any other person who performs an important administrative, management or supervisory function within the bank or any of its subsidiaries.

4.7 Material Change

All Material Changes are to be approved by the Board of Directors or shareholders based on the Bank's By-laws, By-law No. 1 of The Bank of Nevis Limited and the Island of Nevis Companies Ordinance No. 4 of 1999.

The directors of BON are not aware of any information that indicates any material change in the financial position or prospects of the Bank since the last published audited financial statements of 30th June, 2016.

4.8 Material Litigation

There are no pending or threatened claims, legal or arbitration proceedings of a material nature against BON, any subsidiary or any of their directors or properties that may have a significant effect on the company's financial position.

4.9 Directors' Interest

At no time during the past two years has any director had any material interest in any contract or arrangement in relation to the business of the Company and its subsidiaries.

4.10 Material Contracts

The Bank has not entered into any material contracts with external parties within the two years preceding the issue of the Prospectus, other than in the ordinary course of business.

PART 5: ECONOMIC REVIEW

5.1 The Global and Regional Economy

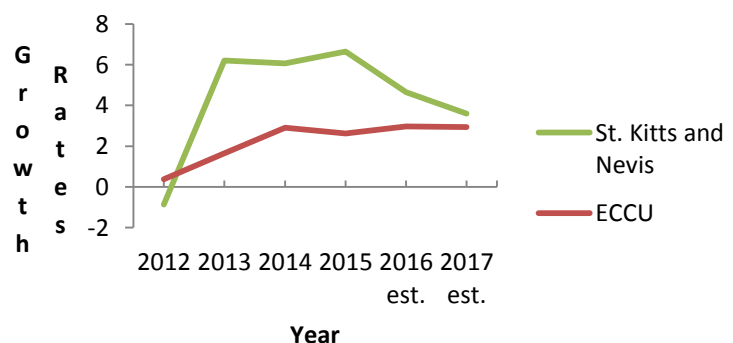
The world economy is projected to experience positive growth in 2016 amid an environment of growing uncertainty and falling commodity prices. Growth rates which were projected at 3.2 percent and 2.9 percent in January by the IMF and the World Bank, respectively, have been adjusted downwards to 3 percent and 2.4 percent, respectively.

The downwards review was due to generally low growth in advanced economies, persistently low commodity prices, weakening global trade and investment and diminishing capital flows to emerging and developing countries. Commodity-exporting countries in particular oil-exporting countries are experiencing sluggish growth while commodity-importing countries have been more resilient.

Latin America and the Caribbean are expected to experience negative growth of -1.3 percent in 2016. This is due to the deep recessions being experienced by Venezuela and Brazil. In contrast, Central America and the Caribbean are expected to experience positive growth of 2.7 and 2.6 percent, respectively. The ECCU is expected to experience positive growth of 2.96 percent due to strengthening growth in exports and tourism.

5.2 The St. Kitts and Nevis Economy

Figure 8 : Growth Forecasts



The St. Kitts and Nevis economy continues to enjoy leading growth rates in the region. The economy grew by an estimated 5 percent in 2015 following two consecutive years (2013-2014) of strong performance above 6 percent. This growth is expected to continue due to the buoyancy of the tourism and construction sectors.

In 2015, the tourism sector experienced a 27 percent increase in total visitors over 2014. This seems to be due to the 31 percent increase in cruise ship passengers for the same year. These increases were followed by a 7 percent increase in visitor expenditure.

The construction sector also experienced significant growth rates. The sector grew by 17 percent from 2014 to 2015. The ECCB is projecting further growth of 11 percent in 2016. The IMF Article IV mission to St. Kitts and Nevis attributes the country's strong economic growth to the impressive growth in the construction sector. This construction activity is supported by "large real estate projects funded by the CBI program as well as other private sector investments" (International Monetary Fund 2016).

In contrast to the rising debt in the region, St. Kitts and Nevis has maintained a fiscal surplus of 5 percent of GDP and has seen impressive declines in its debt-to-GDP ratio. The country is expected to satisfy the ECCU's target of 60 percent by 2030 as early as 2017.

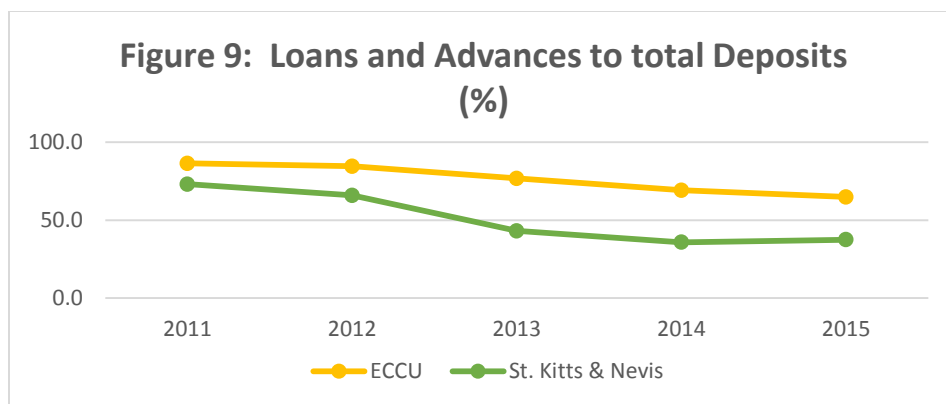
Inflation has been on a downward trajectory and turned negative due to falling commodity prices in the global economy as well as a decrease in VAT and import duty exemptions.

Although the outlook for 2016 is positive, reforms made to the CBI as well as increased competition from new CBI programs may cause a slowdown in the pace of new CBI applications and as a result a tapering of construction activity. Growth is therefore expected to moderate to 3.5 percent in 2016 and 3 percent, on average, over the medium term.

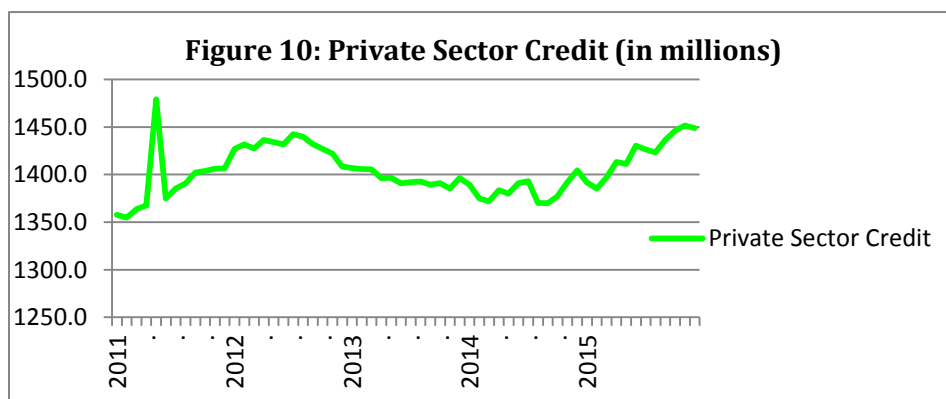
5.3 The Financial Sector

The Bank of Nevis Limited operates in a financial sector comprising six commercial banks (two indigenous banks, one regionally owned bank and three foreign branch banks), one development bank, three credit unions, one national development foundation, one finance company and fourteen insurance companies or agencies.

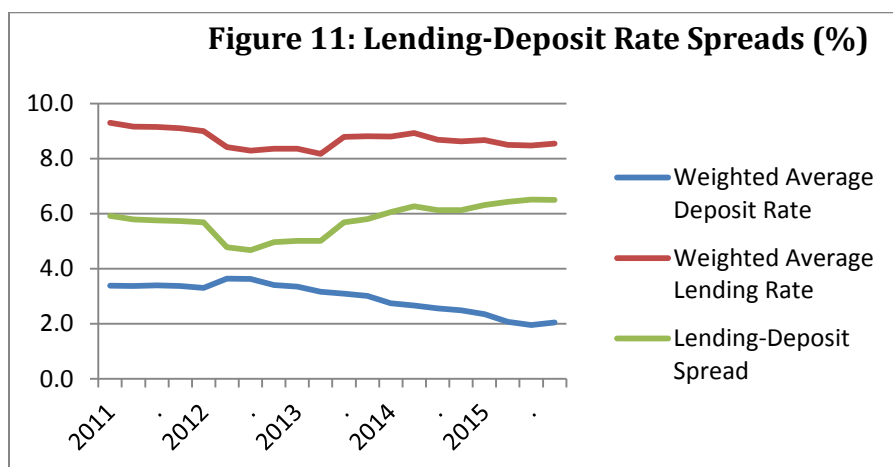
The Financial sector remains stable with high levels of liquidity due to factors such as high levels of capital inflows from the CBI program. Rising liquidity can be seen in the loans to deposit ratio which fell by 35.5 percentage points amongst commercial banks within St. Kitts and Nevis between 2011 and 2015. Figure 9 below shows the loans to deposit ratio for the past 5 years for St. Kitts and Nevis in comparison to the OECS as a whole noting a similar trend of rising liquidity within the sub-region:



The banking system experienced 3.2 percent growth in year on-year private sector credit, Figure 10 below shows private sector credit trends for the past five years:



Despite the slight increase in private sector credit, high levels of NPLs continue to plague the system. A reduced appetite for lending and rising capital inflows continues to put pressure on profits. The ECCB in May, 2015 lowered the minimum interest which can be paid on savings however, this has had marginal effects on profits. Lending rates have been declining following the savings rate and there has been a marginal improvement in banks' interest spreads. This is shown in Figure 11:



PART 6: THE BANK OF NEVIS LIMITED'S FINANCIAL POSITION AND FORECAST

6.1 AUDITOR'S CONSENT LETTER



Deloitte & Touche
3rd Floor
The Goddard Building
Haggatt Hall
St. Michael, BB11059
Barbados, W.I.
Tel: +246 430 6400
Fax: +246 430 6451
www.deloitte.com

The Board of Directors
The Bank of Nevis Limited
Charlestown
Nevis

Dear Sirs

We refer to the prospectus of the Bank of Nevis Limited (the "Bank") dated 16 January 2017 relating to the Rights Issue and Additional Public Offering of ordinary shares of the Bank.

We consent to being named and to the use, in the above-mentioned prospectus, of our report dated 28 September 2016 as well as the report dated 3 February 2015 issued jointly with PKF, St Kitts to the shareholders of the Bank on the following financial statements:

- Consolidated statements of financial position as at 30 June 2016 and 2014;
- Consolidated statements of income / (loss), comprehensive income / (loss), changes in equity and cash flows for the years ended 30 June 2016 and 2014.

Since 28 September 2016, the date of our last audit report, we have not been engaged by the Bank to perform any audit or review procedures on the Bank's financial information.

We report that we have read the prospectus and all information therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the consolidated financial statements upon which we have reported or that are within our knowledge as a result of our audit of such financial statements. We have complied with International Standard for Auditing 720 (revised): The Auditor's Responsibilities Relating to Other Information, which does not constitute an audit or review of the prospectus.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Deloitte & Touche", written over a faint, stylized line.

3 January 2017

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

6.2 Financial Statements

The following financial information in the Tables which follow was extracted from the Bank's Audited Financial Statements for the years ended June 30, 2012 to 2016.

A copy of the Auditor's Report along with the Statement of Financial Position and Statement of Income/(Loss) in respect of the following financial years is included as Appendix III to this Prospectus:

- Financial year ended June 30, 2014 showing comparison with June 30, 2013
- Financial year ended June 30, 2016 showing comparison with June 30, 2015

The full Audited Financial Statements for the Bank is available via the following link:

<http://www.thebankofnevis.com/about-us/shareholder-centre/>

The Bank of Nevis Limited's Financial Position

The Bank of Nevis Limited

Consolidated Statement of Financial Position

For 5 years starting 30th June 2012 to 2016

(expressed in Eastern Caribbean dollars)

Assets

Cash and balances due from banks and other financial Institutions

Investment securities

Loans and advances

Other assets

Property, plant and equipment

Intangible assets

Income tax receivable

Deferred tax asset

Total Assets

Liabilities

Customers' deposits

Debt security

Other liabilities and accrued expenses

Income tax payable

Provision for income tax

Total liabilities

Shareholders' Equity

Share capital

Statutory reserves

Revaluation reserves

Other reserves

Retained earnings

Total shareholders' equity

Total liabilities and shareholders' equity

	2016	2015	2014	2013	2012 (restated)
Cash and balances due from banks and other financial Institutions	207,375,638	224,093,676	190,278,427	130,131,896	94,728,243
Investment securities	155,450,302	122,965,384	100,833,653	90,925,449	93,115,835
Loans and advances	211,326,740	197,361,267	203,179,636	204,595,473	200,501,188
Other assets	919,084	1,867,491	1,775,769	1,682,570	2,272,165
Property, plant and equipment	28,028,275	28,304,072	27,823,558	26,086,586	22,495,650
Intangible assets	754,276	348,867	459,328	612,476	316,046
Income tax receivable	-	851,160	852,536	830,554	-
Deferred tax asset	111,042	116,625	454,729	888,741	958,017
Total Assets	603,965,357	575,908,542	525,657,636	455,753,745	414,387,144
Liabilities					
Customers' deposits	539,170,075	515,550,492	441,631,777	391,385,996	349,885,682
Debt security	-	-	-	-	7,344,573
Other liabilities and accrued expenses	6,439,049	5,703,813	25,255,082	5,701,384	6,592,636
Income tax payable	371,352	-	-	-	-
Provision for income tax	-	-	-	-	181,946
Total liabilities	545,980,476	521,254,305	466,886,859	397,087,380	364,004,837
Shareholders' Equity					
Share capital	9,347,687	9,347,687	9,347,687	9,347,687	9,347,687
Statutory reserves	10,934,354	10,934,354	10,934,354	10,488,590	10,207,846
Revaluation reserves	12,147,773	12,502,865	13,414,583	12,995,969	10,346,417
Other reserves	4,147,221	3,721,643	2,890,216	2,794,581	2,264,817
Retained earnings	21,407,846	18,147,688	22,183,937	23,039,538	18,215,540
Total shareholders' equity	57,984,881	54,654,237	58,770,777	58,666,365	50,382,307
Total liabilities and shareholders' equity	603,965,357	575,908,542	525,657,636	455,753,745	414,387,144

Consolidated Statement of (Loss)/ Income
For 5 years starting 30th June 2012 to 2016

(expressed in Eastern Caribbean dollars)

	2016	2015	2014	2013	2012 (restated)
Interest income	19,932,933	16,558,805	19,210,912	24,863,791	23,835,614
Interest expense	(8,701,746)	(10,496,297)	(11,618,140)	(12,467,312)	(12,323,114)
Net interest income	11,231,187	6,062,508	7,592,772	12,396,479	11,512,500
Net realised gains/(losses) on investment securities	122,090	304,481	25,545	303,570	(3,469,447)
Impairment provision on investment securities	(281,221)	(1,015,321)	-	(426,100)	(851,733)
Other operating income	4,585,872	4,166,922	5,253,236	5,555,933	5,972,586
Operating income	15,657,928	9,518,590	12,871,553	17,829,882	13,163,906
Operating expenses					
General and administrative expenses	8,175,948	8,040,393	7,721,605	8,049,786	9,709,860
Provision for loan impairment, net of recoveries	(804,135)	1,191,411	1,619,398	1,163,464	66,881
Directors' fees and expenses	625,596	612,786	627,981	495,555	437,673
Audit fees	385,117	376,851	451,219	432,701	432,601
Depreciation	826,636	768,044	606,468	355,714	556,310
Amortisation	307,970	202,521	201,623	223,277	184,749
Correspondent bank charges	620,990	464,867	401,224	317,445	247,655
	10,138,122	11,656,873	11,629,518	11,037,942	11,635,729
Operating (loss) / profit for the year before taxation	5,519,806	(2,138,283)	1,242,035	6,791,940	1,528,177
Taxation					
Current tax expense -Current Year	896,009	40,495	66,979	110,155	686,298
-Prior Year	953,752	-	-	-	-
Deferred tax expense	(15,691)	324,967	87,105	112,509	229,878
Tax expense	1,834,070	365,462	154,084	222,664	938,628
Net (loss) / profit for the year from continuing operations	2,152,769	(3,638,860)	1,087,951	6,569,276	589,549
Discontinued Operations					
Net Profit for the year from discounted operations	1,532,967	1,135,115	-	-	-
Net profit/(loss) for the year	3,685,736	(2,503,745)	1,087,951	6,569,276	589,549
Earnings/(loss) per share					
From continuing and discontinued operations	0.39	(0.27)	0.12	0.70	0.06
From continuing operations	0.23	(0.40)	-	-	-

6.2 Financial Forecast (2017 – 2021)

6.2.1 Assumptions used to forecast the values in the financial statements.

The preceding financial forecasts have been prepared by the management of BON. The underlying assumptions of forecasts are based on management's judgment of the most probable future economic conditions. These judgments are based on historical data, the Bank's planned strategic direction and the various risks to which the bank is exposed, which have been highlighted in this document.

While forecasting is useful in attempting to predict future economic conditions, the risk of uncertainty still persists. Therefore, actual results may deviate from the forecasted values.

The projected financial statements for the years ending 30th June, 2016 through 2021 have been compiled on the basis employed in preparing the Bank's historical financial statements, which are prepared in accordance with IFRS, except for the required footnote disclosures. Management's rationale for the trajectory of the various income statement and balance sheet items is as follows:

Cash

Management projects that cash will decrease mainly due to the projected increases in the loans, investments and deposits portfolios.

Loans

Management projects year on year increases in the loan book and this is premised on the following strategies being employed to achieve the projected growth in the loan portfolio:

- Existing land loan customers will be targeted for mortgage loans;
- The existing customer base will be reviewed to determine the potential for additional lending;
- Introducing a small and medium business mortgage programme to build entrepreneurship;
- Targeting specific commercial and small business customers that are experiencing growth in their operations and offer them the appropriate credit products;
- Continuing to conduct land, mortgage and vehicle loan promotions targeting young professionals;
- Promoting the student loans programme. A brochure, video and other marketing material to be prepared to assist with the promotion. The Bank will partner with the Nevis 6th Form College and the Clarence Fitzroy Bryant College to showcase the services of universities and promote the Bank's student loans annually;
- Introducing a line of credit (overdraft) for professionals based on their salaries. Amounts could range from \$3,000 to \$5,000. The professional line of credit would be provided to selective persons based on their relationship with the Bank and their salaries;

- The CBI mortgage loan program will also contribute favourably to loan growth. The program is intended to grant loans to individuals seeking to obtain citizenship in St. Kitts and Nevis. The loans will be 100% cash secured;
- Conducting town hall meetings across the island with various groups including Returning National Association, Youth Groups and Teachers Union;
- Conducting face-to-face meetings with non-commercial customers;
- Targeting non-customers at other banks; and
- Directing marketing efforts at individuals in both St. Kitts and Nevis through the Bank's website and other social media channels. Particular focus will be placed on social media to target young professionals.

Indeed the sustainability of the results achieved in 2016 is greatly contingent upon the success of the above outlined interventions in respect of the growth of the loan portfolio.

Investments

Management is projecting year on year increases in investments as there will be an increased focus on channelling excess liquidity into investments.

Deposits

Although deposits grew in the historical period, this was largely driven by the CBI Programme. With a greater level of stringency in respect of the due diligence process for applications, as well as competition from other regional territories, the inflow from the CBI is expected to be substantially reduced. Hence Management does not project that deposit growth will be heavily influenced by the CBI going forward and has undertaken to embark upon the following strategies geared at deposit growth:

- Focus on marketing of the Bank's savings accounts particularly the priority account which encourages customers to save towards a particular purpose;
- Finalise the escrow account services particularly considering the introduction of the Escrow Services Bill;
- Promote introduction of a retirement savings account;
- Target high net worth individuals who do not currently hold significant deposits with BON;
- Strengthen the relationships with existing customers, encouraging them to increase deposits;
- Intensify marketing of deposit products on BON's website and through its social media channels;

- Provide deposit information to national associations overseas such as the St. Kitts and Nevis associations in the United States and Canada to encourage repatriation of funds. Place banner advertisements on their websites and magazines; and
- Conduct town hall meetings across the island with various groups.

Property, plant and equipment

Over the historical period, the Bank undertook a major upgrade of its facilities which resulted in a significant level of capital expenditure. Consequently, Management does not envisage significant capital expenditure for the remainder of the projection period.

Interest Income

Based on the projected increase in the loan portfolio, interest income is also projected to increase. Management not only projects an increase in the loan book but also year on year increases in the average interest rate. Management has also noted that there is an expected increase in the contribution from investments, due to the anticipated significant increase in the investment portfolio as indicated.

Management has prepared a strategic plan for the reduction of the NPL portfolio to implement corrective action to recover NPL's or return these loans to performing status. In addition, the strategic plan also includes steps to prevent loans from deteriorating to NPL status. This is expected to facilitate the aforementioned increase in the performance of the loan portfolio.

Interest Expense

A reduction in interest expense is projected based on the assumption that there would be on average a reduction in the interest expense on fixed deposits. The 2017 increase in customers' deposits was assumed to be driven by savings deposits which is expected to increase interest expense. The rationale for the increase in 2018 to 2020 is that no significant rate reductions were assumed for fixed deposits, or any other category for the period therefore, the increase in expenses would be directly linked to the increases in deposits for the period.

Other operating income

There is anticipated increase in other operating income forecasted based on the planned introduction of new fees in BONI, Management has also indicated that card services will be a major contributor to growth in other operating income by enhancing the current product line and expanding into other products such as gift cards, prepaid cards, a platinum card and mobile merchant services.

General and administrative expenses

Management intends to reduce the level of general and administrative expenses by employing the following strategies:

- An HR Audit will be conducted to ascertain the optimum number of staff required for the Bank. The HR Audit will also review the operations of the institution to ensure greater efficiency and process automation. The audit will also review salaries to ensure that compensation is aligned to responsibilities. It is expected that the number of staff required will be reduced as technological enhancements are introduced and processes are automated. Management anticipates that within the strategic period that three staff members will leave to pursue studies annually;
- Reduction in electricity cost by investing in solar power and continue to encourage staff to turn off air condition units, computer, printers and other electrical items after working hours;
- Continue the reduction in stationery through use of e-statements and continue to encourage staff to print only if necessary;
- Auditing of the printers: the printers will be programmed to record what members of staff are printing. Staff would be reluctant to engage in unnecessary or non-work related printing once this is implemented;
- Utilisation of cost effective methods of communicating with customers through:
 - Use of Skype, go to meeting, WebEx presentations and WhatsApp calls;
 - Continuing to make greater use of emails instead of telephoning customers.

Impairment losses on investments

The Bank's investment portfolio has been purged of unsatisfactory assets, with the most recent write-off taking place in 2015. Based on the existing composition of the portfolio (predominantly treasury bills and regional government securities), it has been assumed that there will be no major impairment loss events over the next five years.

Provision for loan impairment

Given the historic level of impairment recognised and the significant expected increase in the level of new loans and advances as indicated by Management in their projections, it would be expected that some increase in this expense would occur over the projected period.

Management has devised the following strategies to manage NPL's:

- Enhancing and improving employee capability.
- Preventative strategies aimed at aggressively and consistently following-up on all delinquent loans
- Improvements in underwriting standards
- Strengthening management information capabilities to analyse loan performance so that early proactive measures could be taken to avoid migration into the non-productive status.

The success in managing NPLs is fundamentally important to sustaining profitability going forward.

6.2.2 The Bank of Nevis Limited's Financial Forecasts

The Bank of Nevis Limited

Consolidated Projections for Statement of Financial Position

For 5 years starting 30th June 2017 to 2021

(expressed in Eastern Caribbean dollars)

	Forecast 2017	Projections			
		2018	2019	2020	2021
Assets					
Cash and balances with Central Bank	22,952,000	23,952,000	24,952,000	25,952,000	26,952,000
Due from banks and other financial institutions	119,669,000	121,868,000	128,705,000	133,576,000	139,671,000
Investment securities	228,602,000	262,127,000	296,537,000	336,938,000	378,637,000
Loans and advances	221,696,000	234,599,000	247,200,000	262,353,000	279,893,000
Other assets	1,707,000	1,770,000	1,770,000	1,770,000	1,770,000
Deferred tax asset	200,000	180,000	160,000	140,000	120,000
Property, plant, equipment and intangible assets	28,589,000	27,607,000	26,565,000	25,459,000	24,286,000
Total Assets	623,415,000	672,103,000	725,889,000	786,188,000	851,329,000
Liabilities					
Customers' deposits	534,192,000	570,887,000	612,949,000	658,146,000	707,876,000
Other liabilities and accrued expenses	4,509,313	5,508,313	5,508,313	5,510,313	5,507,313
Income tax payable	1,209,000	2,287,000	2,815,000	3,202,000	3,571,000
Total Liabilities	539,910,313	578,682,313	621,272,313	666,858,313	716,954,313
Shareholders' Equity					
Share capital (par value plus premium)	29,347,687	29,347,687	29,347,687	29,347,687	29,347,687
Statutory reserves	12,279,000	14,497,000	17,027,000	19,969,000	21,329,000
Revaluation reserve	13,499,000	13,674,000	13,674,000	13,674,000	13,674,000
Other reserves	3,814,000	3,814,000	3,814,000	3,814,000	3,814,000
Retained earnings	24,565,000	32,088,000	40,754,000	52,525,000	66,210,000
Total shareholders' equity	83,504,687	93,420,687	104,616,687	119,329,687	134,374,687
Total liabilities and shareholders' equity	623,415,000	672,103,000	725,889,000	786,188,000	851,329,000

The Bank of Nevis Limited
Consolidated Projections for Statements of Income
For 5 years starting 30th June 2017 to 2021
(expressed in Eastern Caribbean dollars)

	Forecast 2017	Projections			
		2018	2019	2020	2021
Interest Income					
Income from loans and advance	13,632,000	16,343,000	17,183,000	17,990,000	18,830,000
Income from deposits with other banks and Investments	8,040,000	9,848,000	11,240,000	12,827,000	14,469,000
	21,672,000	26,191,000	28,423,000	30,817,000	33,299,000
Interest expense					
Demand Deposits	304,000	328,000	364,000	403,000	445,000
Savings Deposits	3,037,000	3,713,000	4,065,000	4,764,000	5,234,000
Fixed Deposits	5,296,000	4,984,000	4,926,000	4,874,000	4,713,000
	8,637,000	9,025,000	9,355,000	10,041,000	10,392,000
Net Interest Income	13,035,000	17,166,000	19,068,000	20,776,000	22,907,000
Gains (losses) from investment securities	1,109,000	1,240,000	1,379,000	1,527,000	1,684,000
Impairment losses on investment securities	-	-	-	-	-
Other operating Income	5,843,000	6,168,000	6,520,000	6,905,000	7,332,000
Operating income	19,987,000	24,574,000	26,967,000	29,208,000	31,923,000
Operating expenses					
General and administrative expenses	9,796,000	9,343,000	9,648,000	9,593,000	9,772,000
Depreciation and Amortization expenses	1,252,000	1,310,000	1,370,000	1,433,000	1,500,000
Directors' fees and expenses	671,000	681,000	681,000	681,000	681,000
Provision for loan impairment	300,000	300,000	300,000	300,000	300,000
Correspondent Bank Charges	476,000	499,000	524,000	550,000	578,000
Audit fees	377,000	395,000	415,000	436,000	458,000
	12,872,000	12,528,000	12,938,000	12,993,000	13,289,000
Operating Profit for year before Taxation	7,115,000	12,046,000	14,029,000	16,215,000	18,634,000
Taxation					
Current tax expense	1,209,000	2,287,000	2,815,000	3,202,000	3,571,000
Deferred tax expense	20,000	20,000	20,000	20,000	20,000
Prior year tax expense	-	-	-	-	-
	1,229,000	2,307,000	2,835,000	3,222,000	3,591,000
Net profit for the year	5,886,000	9,739,000	11,194,000	12,993,000	15,043,000
Return on average assets (%)	0.99	1.50	1.60	1.72	1.84

PART 7: ADMINISTRATION AND MANAGEMENT

7.1 Directors and Senior Management

7.1.1 Directors

Rawlinson Isaac

Profession	Financial Consultant
Qualifications	BA(Hons), MBA, FCIB,FAIA, FIFA, DIPFS, DTEP, Acc. Dir
Substantive Position	Non-Independent Director
Board Member since	1992-2008 and 2010 - 2015

Mr. Rawlinson A. Isaac has had a long and distinguished career in banking spanning 30 years. He holds a BA (Hons.) in Accounting, an MBA in Finance, a Post Graduate Diploma in Financial Studies (Dip. FS), and a Diploma in Trust and Estate Practice (DTEP). He is a Fellow of the Chartered Institute of Bankers, Fellow of the Institute of Financial Accountants, Fellow of the Association of International Accountants and a Fellow of the Chartered Management Institute. Mr. Isaac previously served as a director of The Bank of Nevis Limited from 1992 – 2008 and chairman from 2010 – 2015. He also served as General Manager of the Bank from 1991 – 2006. He has served on the following Boards: Caribbean Credit Card Corporation Ltd., Eastern Caribbean Home Mortgage Bank, Eastern Caribbean Securities Exchange, West Indies Power (Nevis) Ltd. Mr. Isaac owns a Consulting Practice in Finance and Management.

H. Ron Daniel II

Profession	Businessman/ Minister of Religion
Qualifications	BSc. - Sociology & Law; Acc. Dir.
Substantive Position	Non-Independent Director
Board Member Since	19 th March, 2014

Mr. H. Ron Daniel II was elected to the Board of Directors during The Bank's Annual General Meeting held on Wednesday 19th March, 2014.

Mr. Daniel graduated from the University of the West Indies (Cave Hill Campus) with a Bachelor of Science degree in Sociology and Law and is the part owner/Chief Executive Officer (CEO) of Hamoron Services Ltd - a company which specializes in real estate transactions and offshore financial services.

He serves as Pastor of the Wesleyan Holiness Church in Newcastle. Mr. Daniel has served as a Founding Director of HOPE Nevis Inc. and Deputy Chairman of The Nevis Solid Waste Management

Authority. He has also served as a member of the District Board of Administration for the Wesleyan Holiness Church and a Director for the Caribbean Credit Card Corporation.

Vernel Powell

Profession	Assistant Director – St. Christopher and Nevis Social Security Board
Qualifications	MSc., Business Administration
Substantive Position	Non-Independent Director
Board Member Since	28 th January, 2010

Mr. Powell is the Assistant Director of the Nevis Branch of the St. Christopher and Nevis Social Security Board and has served in this capacity since 1992.

Laurie L. Lawrence

Profession	Financial Advisor
Qualifications	MBA Finance, BSc., Management Studies
Substantive Position	Independent Director
Board Member Since	15 th December, 2016

Mr. Laurie Lawrence is presently a Financial Advisor employed by the Nevis Island Administration (NIA). In this role, he advises on fiscal policies, writes policy papers and speeches, and assists the Financial Services Marketing Department with the promotion of international financial services.

Previously, he taught Principles of Accounts at the Gingerland Secondary School for three (3) years; managed the Nevis Philatelic Bureau for two (2) years; was employed as Assistant Secretary in the Ministry of Finance for three (3) years; and performed the role of Permanent Secretary of Finance for twenty three (23) years. As Permanent Secretary, he was responsible for the marketing and regulation of financial services and was instrumental in the drafting and development of financial services' legislations including international banking.

Over the years, he has served in the capacity of a director on several Boards including the St. Kitts and Nevis Development Bank, the Foundation for National Development, and the Nevis Historical and Conservation Society. He was also Treasurer of the Nevis Cooperative Credit Union for four (4) years, Deputy Chairman of the St. Kitts and Nevis Financial Services Regulation Commission (FSRC) for four (4) years and Chairman of the Nevis Air and Seaport Authority for Six (6) years.

Spencer Hanley

Profession	Personal Financial Consultant & Businessman
Qualifications	BSc; Masters - Public Administration
Substantive Position	Non-Independent Director
Board Member Since	18 th February, 2016

Spencer W. Hanley is a Businessman and Personal Financial Consultant. He holds an Associate Degree in Accounting, a Bachelor's degree in Business Administration, and a Master's Degree in Public Administration from Florida International University.

His work experience includes 19 years as an internal auditor for Liberty Mutual Insurance Co of Boston and Miami Dade County; five (5) years as Loans Manager at The Bank of Nevis Ltd; two (2) years as Branch Manager of St. Kitts-Nevis-Anguilla National Bank; six (6) years as CEO/General Manager of Nevis Air and Sea Ports Authority; and six (6) years as a Director at Nevis Tourism Authority. He's the current President of St. Kitts and Nevis Red Cross Society and owner/operator of Lindbergh Landing; an eco-tourism product in Nevis consisting of B&B, self-catering cottages, bar, and restaurant.

Jacqueline Lawrence

Profession	Chief Executive Officer- CaribTrust Ltd.
Qualifications	BSc. Accounting, Certified Public Accountant (CPA), Chartered Director
Substantive Position	Independent Director
Board Member Since	18 th February, 2016

Mrs. Jacqueline Lawrence has served in the banking industry for over 20 years. She was employed by the Eastern Caribbean Central Bank from 1994 to 2014, where she held several positions including Deputy Director and Director. Presently, Mrs. Lawrence is the General Manager at Lawrence Associates Ltd which is involved in providing corporate services and is a CBI service provider as well as the Chief Executive Officer and Principal at CaribTrust Ltd. which is involved in undertaking and executing trusts

Mrs. Lawrence is a Certified Public Accountant. She holds a Bachelor of Science degree in Accounting from Eastern Connecticut State University, USA.

7.1.2 Senior Management

L Everette Martin

Profession	Banking; Finance; Accounting
Qualifications	MSc. International Banking and Finance, BA Business Administration (Finance Focused), BA Accounting
Substantive Position	General Manager

Mr. L Everette Martin is the General Manager for the Bank, a position which he has held since 2008. Mr. Martin holds a BA in Accounting from the University of the Virgin Islands (1991), BA in Business Administration with Finance Concentration from the University of the Virgin Islands (1991) and an MSc in International Banking and Financial Services from the University of Southampton (1996), UK.

During the years 1992-2008, Mr. Martin worked at the Eastern Caribbean Central Bank in the Bank's Supervision Department and held several positions including Deputy Director and Director.

Petal F.R. Parry

Profession	Banking, Accounting
Qualifications	BSc Economics and Accounting; FCCA; MBA
Substantive Position	Chief Financial Officer

Ms. Petal Parry currently serves as Chief Financial Officer (CFO) and has held this position since November, 2016. Before her tenure at the Bank of Nevis Limited, Ms. Parry would have held the position of Assurance Manager at Grant Thornton St. Kitts (formerly PricewaterhouseCoopers St. Kitts) and was employed there during the years 2006 – 2016. Ms. Parry is a Fellow of the Association of Chartered Certified Accountants. She also holds a BSc in Economics and Accounting from the University of the West Indies (Cave Hill Campus) and an MBA with a specialisation in Finance from the University of Edinburgh.

7.2 Directors Remuneration

Table 12 below summarizes the aggregate remuneration and benefits paid to directors over the past 5 years:

Table 12 : Directors Remunerations					
	2016	2015	2014	2013	2012
Directors' fees and expenses	625,596	612,786	627,981	495,555	437,673

Director's remuneration and benefits for the financial year to end 30th June, 2017 is projected to be EC\$670,858.

Table 13: Directors' Interests (at June 30, 2016)

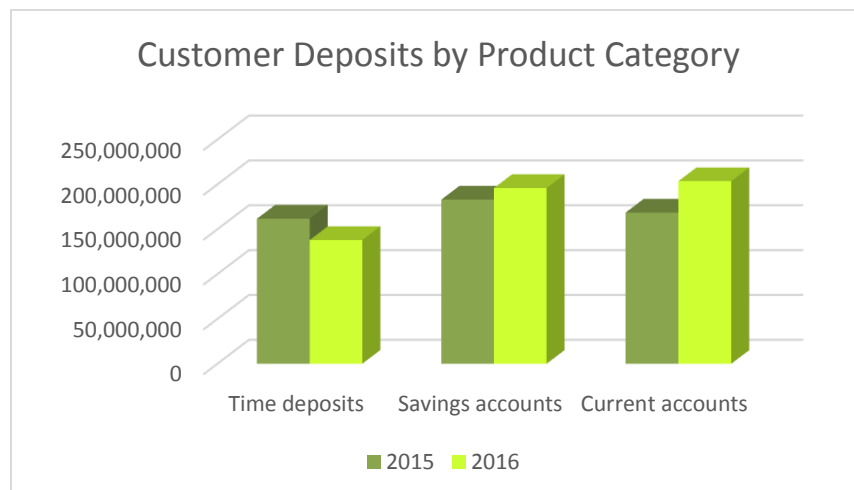
Director	Number of Shares Held	Ownership
H. Ron Daniel II	2,300	Beneficial
Janice Daniel-Hodge	25,000	Beneficial
Telbert Glasgow	2,962	Beneficial
Vernel Powel	681	Beneficial
Kevin Huggins	11,250	Beneficial
Spencer Hanley	900	Beneficial
Jacqueline Lawrence	2,000	Beneficial
P. Andrew Merchant	500	Beneficial
TOTAL	45,593	Beneficial

PART 8: RECENT DEVELOPMENTS AND PROSPECTS

8.1 Trends concerning development and Prospects

Liquidity

For the third consecutive year customer deposits have expanded significantly. BON has become one of the top 3 banks with respect to total deposits in Saint Kitts and Nevis. The deposit growth can be attributed to heightened activity in the CBI and newly established banking relationships. The Bank will continue to target a loan to deposit ratio of 80% as well as ensuring that all other liquidity ratios remain within the required benchmarks. The deposits product concentration is shown below in Figure 12:

Figure 12: The Bank's Deposits

Non-Performing Loans

The Region's banks are plagued with high NPLs and BON is no exception. Despite the implementation of a NPL reduction strategy in the 2014 financial year, the NPL ratio of 15.3% still exceeds the ECCB prudential guideline of 5%. The Bank has formulated a plan to attempt to reduce the NPL ratio to the ECCB standards while placing continuous emphasis on loans in the 60 – 90 days delinquency category to prevent migration to non-performing status.

Asset Allocation and Bank Portfolio

Notwithstanding the positive economic outturns in St. Kitts and Nevis, depressed financial conditions and uncertainty abound across the wider ECCU, a large part of which is attributed to stubborn levels of NPLs across commercial banks. The Bank has therefore adopted the strategy of maintaining stable liquidity and high quality asset portfolios. As such, the Bank has experienced a 118.9% increase in its assets in the form of cash, bank balances and interest bearing deposits from 2012 to 2016. The Bank's portfolio of investment securities increased by 66.9% over the same period.

8.2 The Way Forward

The Bank of Nevis Limited has maintained a sharp eye on the market and is fully aware of the risks to which it is exposed. It has a strong strategic framework comprising three broad pillars: Innovation, Competency and Stability. These three pillars embrace the following six goals:

- Sustained profitability and liquidity
- Surpassing customer expectations
- Systems/processes efficiency
- Strategic Talent Management
- Strong corporate governance and risk management
- Social corporate responsibility

To achieve these goals, the Bank will focus primarily on retail banking as the opportunities for corporate and small business banking are limited and are of greater risk. It also intends to employ greater use of technology and fine tune customer services while offering new products. Increasing staff efficiency is also a major strategic focus on the agenda.

APPENDICES

Appendix I: Form for Exercise of Preemptive Rights

This form **MUST** be signed by the shareholder(s) in the presence of a **Representative of The Bank of Nevis, Licensed ECSE Representative/Principal** or notarized by a **Justice of the Peace or Notary Public**.

The form must be lodged on or before 2.00pm on 31st March, 2017 at the following address:

The Bank of Nevis Building
Main Street, Charlestown
Nevis, West Indies

All applications must be submitted along with payments made at The Bank of Nevis Limited. International shareholders can make payments via wire instructions as follows:

Bank Name: The Bank of Nevis Limited
SWIFT Code: BNEVKNNE
Bank Address: P.O. Box 450, Main Street, Charlestown, Nevis
Beneficiary Name: BON Rights Issue Account
Beneficiary A/C#: 228485
Payment Details: *(Full Name & Number of Shares)*

International shareholders could send scanned copies of the form to the following email address pending receipt of the original, notarized copy: investments@thebankofnevis.com

Full name of security:

THE BANK OF NEVIS LIMITED

Full description of security:

ORDINARY SHARES OF NO PAR VALUE

No. of BON Ordinary Shares
Currently Held:

No. of shares in words

No. of shares in figures

Total number of BON Shares
applied for via Preemptive
Rights:

No. of shares in words

No. of shares in figures

The BON Ordinary Shares which are the subject of this acceptance are registered in the name(s) of:

(1) **Primary Holder:** _____

Full Name/ Company Name

Full Address: _____

National ID number

or passport number: _____

(2) Joint Holder(s) (if any): _____

Full Name(s)

Full Address: _____

National ID number

or passport number: _____

(3) Joint Holder(s) (if any): _____

Full Name(s)

Full Address: _____

National ID number

or passport number: _____

I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus. I/We request that the consideration due to me/us be delivered to me/ us as follows:

ECCSR Registry Account number: _____

Primary Signature/
Authorised Signatories: _____

Joint Holder(s) (if any)

Signature/Corporate Seal of Joint Holder _____

Name of Joint Holder (Type or Print) _____

Signature/Corporate Seal of Joint Holder _____

Name of Joint Holder (Type or Print) _____

In the Presence of (BON Official, Justice of the Peace, Notary Public):

Witness Signature/Corporate Seal: _____

Witness Name: (Type or Print): _____

Appendix II: APO Application Form

BANK OF NEVIS LIMITED ADDITIONAL PUBLIC OFFERING APPLICATION FORM	
The additional public offering of ordinary shares in The Bank of Nevis Limited will open at 9 a.m. May 1, 2017 and will close at 2.00 p.m. June 30, 2017	
Number of Shares Applied For	Amount Due for Shares on Application
* Applications may only be made for a minimum of 100 shares and in multiples of 100	
This form MUST be signed by the shareholder(s) in the presence of a Representative of The Bank of Nevis, Licensed ECSE Representative/Principal or notarized by a Justice of the Peace or Notary Public.	
I/we enclose the sum of EC\$ _____ being the amount payable on application for the above stated number of shares. I/we understand that I/we will also be required to pay applicable Eastern Caribbean Securities Exchange Fees, together with brokerage and commission fees (the terms of which have been available by the Broker/Dealers).	
International shareholders could send scanned copies of the form to the following email address pending receipt of the original, notarized copy: investments@thebankofnevis.com International shareholders can make payments via wire instructions as follows: Bank Name: The Bank of Nevis Limited SWIFT Code: BNEVKNNE Bank Address: P.O. Box 450, Main Street, Charlestown, Nevis Beneficiary Name: BON Rights Issue Account Beneficiary A/C#: 228485 Payment Details: (Full Name & Number of Shares)	
Please complete the following information using block letters:	
Registry Account #: _____	Investor ID _____
(1) Corporation	
Name of Corporation	
Address in full (Including P.O. Box No.)	
Telephone No.	Personal: _____ Business: _____
Principal Type of Business Engaged in	
Name of Authorised Official	
Designation of Authorised Official	
Name of Authorised Official	
Designation of Authorised Official	
Name of Authorised Official	
Designation of Authorised Official	
(2) Individual	
Surname and Title (Mr, Mrs, Miss or Other Title)	
Other Name(s) in full	
Date of Birth	
Address in full (including P.O. Box Number)	
Telephone No.	Personal: _____ Business: _____
Citizen / Resident of St.Kitts & Nevis	
YES/NO	
EC National	
YES/NO	
Employee of BON	
YES/NO	
Country(ies) of Citizenship	
Existing BON Shareholder	
YES/NO	
Passport Number & Country of Issue	
Occupation	
Email Address	
The above individual will serve as the primary holder to receive corporate communication and dividends unless specified otherwise.	

PLEASE REGISTER JOINT OWNER(S) AS FOLLOWS (TICK ONE):

Please be advised that the securities will be held as Joint tenants with rights of survivorship.

Surname/ Title:	Surname/ Title:
Other Name Full:	Other Name Full:
Address in full:	Address in full:
Telephone number: _____ Date of Birth: _____ Citizen of St. Kitts and Nevis Yes ☐ No ☐	Telephone number: _____ Date of Birth: _____ Citizen of St Kitts and Nevis Yes ☐ No ☐
Country of Citizenship:	Country of Citizenship:
Occupation:	Occupation:
Passport Number & Country of Issue:	Passport Number & Country of Issue:
Registry Account Number (if applicable):	Registry Account Number (if applicable):
Email Address:	Email Address:
Signature:	Signature:
Method of Dividend Payment Preferred: Dividend Check to be mailed to the following address:	EC\$ funds to be deposited directly to my/ our bank account: Bank Name: _____ Account Number: _____ Bank Address: _____ _____

Declaration: I/ We the applicant(s), by signing this application form, acknowledge that I/we have read the Terms and Conditions of the Offer of Shares by Bank of Bank of Nevis Limited and agree that by signing this application form I/we have agreed to those terms. The signature(s) below is/ are executed for and on behalf of the applicant/all applicants on this Form.

APPLICANT'S SIGNATURE: _____ **DATE:** _____

APPLICANT'S SIGNATURE: _____ **DATE:** _____

APPLICANT'S SIGNATURE: _____ **DATE:** _____

(If a corporation, under seal or stamp and with title (s) of authorised signatory(ies). Please also include a certified copy of your certificate of incorporation)

Appendix III: Extracts from Audited Financial Statements



Independent Auditors' Report

To the Shareholders of The Bank of Nevis Limited

We have audited the accompanying consolidated financial statements of The Bank of Nevis Limited which comprise the consolidated statement of financial position as at June 30, 2014, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditors' Report

To the Shareholders of The Bank of Nevis Limited

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Bank of Nevis Limited as of June 30, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

3rd Floor
The Goddard Building
Haggatt Hall
St Michael
Barbados

Independence House
North Independence Square
Basseterre
St Kitts

February 3, 2015

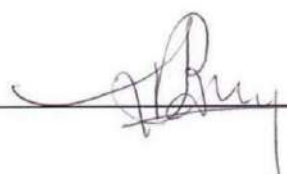
The Bank of Nevis Limited
Consolidated Statement of Financial Position
As of June 30, 2014

(expressed in Eastern Caribbean dollars)

	2014 \$	2013 \$
Assets		
Cash and balances due from banks and other financial institutions (note 7)	190,278,427	130,131,896
Investment securities (note 8)	100,833,653	90,925,449
Loans and advances (note 9)	203,179,636	204,595,473
Other assets (note 10)	1,775,769	1,682,570
Property, plant and equipment (note 11)	27,823,558	26,086,586
Intangible assets (note 12)	459,328	612,476
Income tax receivable (note 15)	852,536	830,554
Deferred tax asset (note 15)	454,729	888,741
Total assets	525,657,636	455,753,745
Liabilities		
Customers' deposits (note 13)	441,631,777	391,385,996
Other liabilities and accrued expenses (note 14)	25,255,082	5,701,384
Total liabilities	466,886,859	397,087,380
Shareholders' Equity		
Share capital (note 16)	9,347,687	9,347,687
Statutory reserves (note 17)	10,934,354	10,488,590
Revaluation reserves (note 18)	13,414,583	12,995,969
Other reserves (note 19)	2,890,216	2,794,581
Retained earnings	22,183,937	23,039,538
Total shareholders' equity	58,770,777	58,666,365
Total liabilities and shareholders' equity	525,657,636	455,753,745

Approved by the Board of Directors on January 28, 2015.


 _____ Chairman


 _____ Director

The Bank of Nevis Limited

Consolidated Statement of Income

As of June 30, 2014

(expressed in Eastern Caribbean dollars)

	2014 \$	2013 \$
Interest income (note 20)	19,210,912	24,863,791
Interest expense (note 21)	(11,618,140)	(12,467,312)
Net interest income	7,592,772	12,396,479
Net gains / (losses) from investment securities (note 8)	25,545	303,570
Impairment provision on investment securities (note 8)	-	(426,100)
Other operating income (note 22)	5,253,236	5,555,933
Operating income	12,871,553	17,829,882
Operating expenses		
General and administrative expenses (note 28)	7,721,605	8,049,786
Provision for loan impairment, net of recoveries (note 9)	1,619,398	1,163,464
Directors' fees and expenses	627,981	495,555
Audit fees	451,219	432,701
Depreciation (note 11)	606,468	355,714
Amortisation (note 12)	201,623	223,277
Correspondent bank charges	401,224	317,445
	11,629,518	11,037,942
Operating profit for the year before taxation	1,242,035	6,791,940
Taxation (note 15)		
Current tax expense	66,979	110,155
Deferred tax expense	87,105	112,509
Income tax expense	154,084	222,664
Net profit for the year	1,087,951	6,569,276
Earnings per share (note 24)	0.12	0.70



Deloitte & Touche
3rd Floor
The Goddard Building
Haggatt Hall
St. Michael, BB11059
Barbados, W.I.
Tel: +246 430 6400
Fax: +246 430 6451
www.deloitte.com

Independent Auditors' Report

To the Shareholders of The Bank of Nevis Limited

We have audited the accompanying consolidated financial statements of The Bank of Nevis Limited which comprise the consolidated statement of financial position as at June 30, 2016, and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited



Independent Auditors' Report

To the Shareholders of The Bank of Nevis Limited

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Bank of Nevis Limited as of June 30, 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "Deloitte Touche". The signature is written in a cursive, flowing style.

September 28, 2016

THE BANK OF NEVIS LIMITED

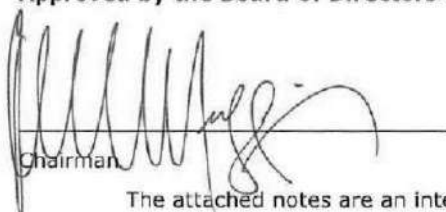
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2016

(expressed in Eastern Caribbean dollars)

	2016 \$	2015 \$
Assets		
Cash and balances due from banks and other financial institutions (note 7)	133,217,100	224,093,676
Investment securities (note 8)	76,062,973	122,965,384
Assets of subsidiary classified as held for sale (note 30)	161,900,998	-
Loans and advances (note 9)	203,804,139	198,166,893
Other assets (note 10)	592,922	1,061,865
Property, plant and equipment (note 11)	27,915,836	28,304,072
Intangible assets (note 12)	470,463	348,867
Deferred tax asset (note 15)	1,208,120	1,208,120
Income tax receivable (note 15)	-	851,160
Total assets	605,172,551	577,000,037
Liabilities		
Customers' deposits (note 13)	384,753,219	515,550,492
Liabilities of subsidiary classified as held for sale (note 30)	155,839,626	-
Other liabilities and accrued expenses (note 14)	5,017,069	5,703,813
Income tax payable (note 15)	480,678	-
Deferred tax liability (note 15)	1,097,078	1,091,495
Total liabilities	547,187,670	522,345,800
Shareholders' Equity		
Share capital (note 16)	9,347,687	9,347,687
Statutory reserves (note 17)	10,934,354	10,934,354
Revaluation reserves (note 18)	13,013,771	12,502,865
Other reserves (note 19)	4,147,221	3,721,643
Amounts recognised directly in equity relating to assets of subsidiary classified as held for sale (note 30)	(865,998)	-
Retained earnings	21,407,846	18,147,688
Total shareholders' equity	57,984,881	54,654,237
Total liabilities and shareholders' equity	605,172,551	577,000,037

Approved by the Board of Directors on September 28, 2016


Chairman


Chief Financial Officer

The attached notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME / (LOSS)

As of June 30, 2016
(expressed in Eastern Caribbean dollars)

	2016 \$	2015 \$
Continuing operations		
Interest income (note 20)	17,169,787	13,710,161
Interest expense (note 21)	(7,789,983)	(9,501,315)
Net interest income	9,379,804	4,208,846
Impairment losses on investment securities (note 8)	-	(426,100)
Other operating income (note 22)	2,775,826	2,614,118
Operating income	12,155,630	6,396,864
Operating expenses		
General and administrative expenses (note 28)	6,921,626	6,681,819
(Recovery) / provision for loan impairment, net of recoveries (note 9)	(902,437)	960,135
Directors' fees and expenses	428,337	444,589
Audit fees	278,701	271,750
Depreciation (note 11)	793,567	747,175
Amortisation (note 12)	236,760	201,497
Correspondent bank charges	445,762	377,884
	8,202,316	9,684,849
Operating profit/(loss) for the year before taxation from continuing operations	3,953,314	(3,287,985)
Taxation (note 15)		
Current tax expense: - Current year	869,569	25,908
- Prior year	946,667	-
Deferred tax (credit) / expense	(15,691)	324,967
Tax expense	1,800,545	350,875
Net profit/(loss) for the year from continuing operations	2,152,769	(3,638,860)
Discontinued operations		
Net profit for the year from discontinued operations (note 31)	1,532,967	1,135,115
Net profit/(loss) for the year	3,685,736	(2,503,745)
Earnings/(loss) per share (note 24)		
From continuing and discontinued operations	0.39	(0.27)
From continuing operations	0.23	(0.40)