

**THE BANK OF NEVIS LTD**  
**ANNUAL REPORT**  
**Year ended June 30, 2007**

**1. Changes to Board of Directors and Management**

During the year, the Bank made significant changes to its Board of Directors, and Management.

*Board of Directors*

Mr Reginald Kawaja, Chairman of the Board since 1999, demitted office as Chairman on June 30, 2006. He was replaced by Mr Joseph Parry, a long standing director of the Bank, who resigned this position on July 31, 2006 after being appointed as Premier of the Nevis Island Government after the local elections held on July 10, 2006. He also resigned as Chairman of Bank of Nevis International Ltd (**BONI**), BONI Mutual Fund Ltd and BONI Fund Managers Ltd. He was replaced by Mr Ivan Browne, a former regional director of First Caribbean International Bank, who joined the Board as an independent director in August 2006.

Also joining the Board as an independent director in August 2006 was Mr Franklyn Brand, a Nevisian businessman, currently living in St Kitts.

Mr Hensley Daniel, a director of the wholly owned subsidiary, Bank of Nevis International, resigned on July 31, 2006, after being appointed as a minister in the new Nevis Island Administration.

**The following changes took effect at the twentieth Annual General Meeting held at the Old Manor Hotel on February 15, 2007.**

The Meeting confirmed the appointment to the Board (made by the Board in August 2006), of Mr Ivan Browne and Mr Franklyn Brand.

Mr Spencer Howell and Mr Kishu Chandiramani who retired by rotation, were re-elected to the Board.

Two new directors, Mr Oral Martin and Ms Janice Hodge were elected to the Board for the first time.

Mr Kawaja, who retired by rotation, did not seek re-election. Mr Parry resigned as a Director of The Bank of Nevis Ltd on the day of the Annual General Meeting. Both gentlemen have resigned from the Board of all other Group companies on which they served as directors.

Subsequent to the Annual General Meeting, the Board confirmed the appointment of Mr Browne as Chairman of the Bank.

*Management*

Mr Rawlinson Isaac, General Manager since 1990, took pre retirement leave, effective September 1, 2006, and retired from the Bank on December 31, 2006. Executive Director and Chief Financial Officer, Mr Hanzel Manners was appointed Acting General Manager to serve in that capacity until the appointment of the new General Manager. Mr Isaac remains a director of the company.

In January 2007 the Board appointed a new General Manager in the person of Andral (Jack) Shirley of Jamaica.

Since his appointment, he has paid great attention to the areas of compliance, credit risk management and training. In order to achieve the desired objectives, the General Manager took an active role through an expanded management group, which meets weekly.

At this forum, issues of concern throughout the organisation are openly discussed, and actions taken to improve the situation.

Formal training began late June and this will be undertaken by an outside consultant, starting with rudimentary banking procedures, especially for those specialist staff who are not engaged in day to day operations.

The Board also employed an experienced banker to bolster the credit and administration departments to ensure compliance with Best Practice and to obviate any unfavourable comments from our regulators and external auditors.

## **2. Properties**

At December 31, the Bank owned the following properties.

- Land and buildings at Main Street, Charlestown, Nevis that houses the Bank's offices
- A plot of land at the rear of Bank premises originally earmarked as the site of a second building to meet the Bank's need for additional space. The Board is currently considering possibilities for alternative use.
- Building on Main Street, Charlestown, Nevis, adjacent to the current bank premises. Architects are currently finalizing designs and drawings for developing this property, and merging it with the existing premises to create a modern banking facility. There have been some unexpected delays in the design and planning stages, but construction is expected to commence during the year ending June 30, 2008.

## **3. Legal Proceedings**

The following are lawsuits and pending claims as at March 31, 2007

### **SEC v Millenium Financial (Millenium) & Newport Fiduciaries And Nominees S.A (DPP v Millenium Fianacial Ltd & Bank of Nevis International.)**

In the Millenium Financial case a Receiver was appointed in the USA to collect the assets of one of our customers, Millenium Financial. Because of some delay in getting at the customer's funds totalling US\$1.3m at Bank of Nevis International Ltd through the local courts, the Receiver obtained a court order in the US to take the same amount from our account at our US correspondent bank. The local court has ruled, however, that despite this the bank is still liable to Millenium Financial for this amount. The Bank appealed the ruling and the Court of Appeal found that the ruling of the lower court was 'Obiter Dicta'. Millenium Financial is likely to commence another action to secure payment.

### **SEC v Resource Development International et al.**

A court appointed Receiver in the U.S. is seeking to recover funds on behalf of a number of plaintiffs who were allegedly defrauded by a company holding accounts with BONI. The Receiver is seeking information on the movement of US\$1.9 million through BONI and has obtained certain orders in the U.S against **BONI** to produce documentation or face liability for the said funds. **BONI** has now produced the information but the matter is not yet discharged.

#### **4. Submission of Matters to a Vote of Security Holders**

At the Annual General Meeting mentioned, the following matters were put to a vote of the shareholders, and approved.

- The Report of the Directors and the Financial Statements for the year ended June 30, 2006.
- Confirmation of the appointment of Mr Ivan Browne and Mr Franklyn Brand as directors of the Company.
- The re-appointment of Mr Spencer Howell and Mr Kishu Chandiramani to the Board of Directors.
- The election of Ms Janice Hodge and Mr Oral Martin to the Board of Directors
- The payment of a dividend of 25 cents per share.
- The granting of authority to the Board of Directors to appoint auditors for the year ending June 30, 2007.

#### **Market for Reporting issuer's Common Equity and Related Stockholder Matters**

The Bank's share capital consists of \$7,478,150 common shares of \$1 each. No new shares were issued, or stock dividend paid during the year.

Latest share price is \$5.50. Market capitalization \$41.1 million.

#### **5. Capital**

No shares were issued during the year. The only changes consisted of increases in retained earnings and other reserves

#### **6. Disclosure of Risk Factors**

The following risk factors are relevant to the Bank

- The vagaries of the offshore industry. A significant portion of the Bank's earnings comes from its offshore subsidiary, Bank of Nevis International. Any changes in the offshore industry, or changes in the Nevis market, could have a significant impact on the Bank's earnings.
- The increasingly litigious environment of the offshore industry. This is however, being counteracted and mitigated by attention to internal controls and sound Know Your Customer policies.

- The Bank operates a single branch on Nevis and as such its domestic operations could be adversely affected by concentration on a small market.
- The Bank's investment portfolio is heavily dependent on the performance of the United States economy. The Bank has implemented measures to have the portfolio managed by investment professionals. This should mitigate these risks.

## **7. Changes in Securities and Use of Proceeds**

There were no changes in securities during the year.

## **8. Defaults upon Senior Securities**

There were no defaults on securities during the year.

### **Financial**

#### *Income before Tax*

Income before tax for the year (unaudited) was approximately **\$5mill.** a reduction of approximately **\$1.3mill,** over the previous year. This was due mainly to increase in overhead expenses which exceeded increases in revenue.

#### *Loans and Advances*

During the last quarter, the Bank commenced the disbursement of funds for a loan of **EC\$30 million** to the Nevis Island Government for the purpose of financing the construction of the final phase of the Island Main Road Project. The Bank is pleased to be able to partner with government in this important developmental project. Work is progressing as planned and the project is expected to be completed by December 31, 2007.

### *Financial Statements and selected Financial Data*

#### **Balance Sheet**

**The Bank of Nevis Ltd**  
**Consolidated Balance Sheet**  
**As of June 30, 2007**

	<b>Unaudited June 2007</b>	<b>Audited June 2006</b>
<b>Assets</b>		
Cash and balances due from other banks	42,325,168	77,239,238
Investment securities	112,297,689	130,258,954
Income tax receivable	17,527	73,956
Loans and advances	136,920,417	120,536,805
Other assets	4,984,682	1,700,572
Property, plant and equipment	8,548,807	8,080,128
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<b>Total assets</b>	<b>305,094,290</b>	<b>337,889,653</b>
<b>Liabilities</b>		
Customers' deposits	253,218,134	292,990,983
Other liabilities and accrued expenses	16,330,087	11,570,485
Provision for income tax	127,467	111,694
Deferred tax	485,947	485,947
Redeemable shares	91,068	209,359
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<b>Total Liabilities</b>	<b>270,252,703</b>	<b>305,368,468</b>
<b>Shareholders' Equity</b>		
Share capital	7,478,150	7,478,150
Revaluation reserves	1,078,779	301,963
Other reserves	7,011,753	6,296,788
Retained earnings	19,272,905	18,444,284
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<b>Total shareholders' equity</b>	<b>34,841,587</b>	<b>32,521,185</b>
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<b>Total liabilities and shareholders' equity</b>	<b>305,094,290</b>	<b>337,889,653</b>

**Statement of Income**

**The Bank of Nevis Ltd**  
**Consolidated Statement of Income**  
**For the ended June 30, 2007**

	<b>Unaudited June 2007</b>	<b>Audited June 2006</b>
<b>Interest income</b>		
Income from loans and advances	10,363,866	10,515,356
Income from deposits with other banks and investment securities	8,966,611	10,514,427
	<b>19,330,477</b>	<b>21,029,783</b>
<b>Interest expense</b>		
Savings accounts	2,438,150	2,082,929
Time deposits and current accounts	5,305,713	5,949,959
	<b>7,743,863</b>	<b>8,032,888</b>
<b>Net interest income</b>	11,586,614	12,996,895
<b>Gains less losses from investment securities</b>	(21,300)	(538,863)
<b>Other operating income</b>	5,862,549	4,105,074
<b>Operating income</b>	<b>17,427,863</b>	<b>16,563,106</b>
<b>Operating expenses</b>		
General and administrative expenses	10,693,940	7,291,196
Provision for loan impairment	137,557	1,310,674
Directors' fees and expenses	749,008	745,847
Depreciation & Amortisation	593,487	523,067
Correspondent bank charges	252,979	391,479
	<b>12,426,971</b>	<b>10,262,263</b>
<b>Operating income for the year before taxation</b>	<b>5,000,892</b>	<b>6,300,843</b>
<b>Provision for taxation</b>	(100,000)	(95,128)
<b>Net Income for the year</b>	<b>4,900,892</b>	<b>6,205,715</b>
<b>Earnings per share</b>	<b>0.66</b>	<b>0.83</b>

## Earnings ratios

	Jun-07	Jun-06
	(%)	(%)
Return on assets (ROE)	1.6	1.83
Interest expense: Interest income	38.5	38.2
Other income: Total income	22.6	16.3
Operating expenses: Total income	50.8	40.8
Operating expenses: Net int. income plus other income	72.4	60.0
Total expenses: total income	80.63	72.7
Earnings per share	66cts	83cts

## 8. Liquidity

During the year the Bank experienced a decline in liquidity. The Board has removed the ceiling on rates given on fixed deposits, and has given authority to the General Manager to negotiate rates based on need, and the competitive landscape. Management expects these and other short term measures being taken to strengthen liquidity.

### Liquidity ratios

	June '07	June '06
	%	%
Cash and balances to other banks: Total Assets	27.9	22.9
Loans: deposits	54.04	41.1

### **Changes in and Disagreements with Auditors on Accounting and Financial Disclosure**

The Bank has had no disagreements with its Auditors, PricewaterhouseCoopers. We have complied with all disclosures required by International Accounting Standards.

## **9. Officers and Key Personnel of the Company**

### **I. EXECUTIVE OFFICERS**

#### **Position: General Manager**

Name: **Andral Shirley**

Age: **61**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564/0160**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**First Global Bank Ltd – Jamaica – Managing Director: 2001 - 2003**

**Intercommercial Bank Ltd – Trinidad – Managing Director: 2004 – 2005**

**The Bank of Nevis Ltd – General Manager: January 2007 - present**

Education (degrees or other academic qualifications, schools attended, and dates):

**Liscenced Securities Dealer – Jamaica**

**Certificate – Advanced Management Programme – University of the West Indies**

Also a Director of the company       Yes       No

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#### **Position: Chief Financial Officer**

Name: **Hanzel Manners**

Age: **62**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564/1618**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**The Bank of Nevis Ltd – Chief Financial Officer: 1999 to present**

Education (degrees or other academic qualifications, schools attended, and dates):

**B.A. (Economics and History)**

**Fellow of the Association of Chartered Certified Accountants (FCCA)**

**Associate of The Chartered Institute of Bankers (ACIB)**

Also a Director of the company       Yes       No

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**Position: Company Secretary/Acting Manager,  
Bank of Nevis International Ltd**

Name: **Lyra Richards**

Age: **58**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564/2164**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Has been employed by the Bank since 1994**

Education (degrees or other academic qualifications, schools attended, and dates):

**Diploma in Financial Services**

Also a Director of the company      ( ) Yes      ( X ) No

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**Position: Accountant**

Name: **Lisa Herbert**

Age: **30**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Has been employed by the Bank since 2001**

Education (degrees or other academic qualifications, schools attended, and dates):

**B.A (Accounting),  
Certified Public Accountant (CPA)**

Also a Director of the company      ( ) Yes      ( X ) No

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**Position: Credit Risk Manager**

Name: **Trevor Ffrench**

Age: **61**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Management/Consultant – Self-Employed**

**General Manager/Chief Financial Officer – Union Bank of Jamaica/RBTT**

**General Manager/Chief Agent – Union Bank – Miami Agency**

Education (degrees or other academic qualifications)

**Executive MBA – University of Oklahoma**

Also a Director of the company      ( ) Yes      ( **X** ) No

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Name: **Lorna Hunkins**

Age: **39**

Position: **Senior Manager, Bank of Nevis Operations**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

Barclays Bank/First Caribbean International Bank: 2001-2003

The Bank of Nevis: 2005 - present

Education (degrees or other academic qualifications)

**B.Sc.(Economics & Accounting)**

Also a Director of the company      ( ) Yes      ( **X** ) No

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Name: **Trevor Hendrickson**

Age: **38**

Position: Manager, I.T Department

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Has been employed by the Bank for the past five years.**

Education (degrees or other academic qualifications)

**Cert. CIB, B. Sc.(Business/Information technology**

Also a Director of the company      ( ) Yes      ( **X** ) No

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**Position: Acting Manager – Investment & Product Development**

Name: **Kevin Huggins**

Age: **32**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564/0598**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**The Bank of Nevis Ltd: August 2006 – present**

**Goldman Sachs & Co: January 2005 – May 2006 – Institutional Sales Assistant – Equities  
Trade Management, Analyst – Third Research and Brokerage**

Education (degrees or other academic qualifications, schools attended, and dates):

**Associate of Arts – Business Administration**

**Bachelor of Business Administration – Finance and Investments**

Also a Director of the company      ( ) Yes      ( **X** ) No

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**Position: Manager – Credit Card Department**

Name: **Sonia Bowen-Tuckett**

Age: **36**

Mailing Address: **P O Box 450, Main Street  
Charlestown, Nevis**

Telephone No: **(869) 469-5564/1091**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Has been employed by the Bank since 2001**

Education (degrees or other academic qualifications, schools attended, and dates):

**Diploma in Financial Services (DipFSM)**

Also a Director of the company      ( ) Yes      ( X ) No

**NON EXECUTIVE DIRECTORS**

1) Name: **Ivan Browne**

Age: **59**

Mailing Address: **P.O.B W1709  
Woods Centre.  
Antigua**

Telephone No: **(869) 662-9902**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Corporate Banking Director,(OECS), First Caribbean International Bank Ltd.  
CEO-Caribbean Union Bank, Antigua**

Education (degrees or other academic qualifications, schools attended, and dates):

**B.A.**

**Fellow –Chartered Institute of Bankers**

**Fellow-Chartered management Institute**

**Fellow-Institute of Management Services**

**Fellow, Caribbean Association of Banking and Financial Institutions**

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2) Name: **Richard Lupinacci**

Age: **65**

Mailing Address: **P O Box 497, Hermitage  
Nevis**

Telephone No: **(869) 469-3477**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Self-Employed as Hotelier for more than five (5) years**

Education (degrees or other academic qualifications, schools attended, and dates):

1963 – **BA – Pennsylvania State University (USA)**

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3) Name: **Rawlinson Isaac**

Age: **55**

Mailing Address: **P O Box 450, Main Street, Charlestown, Nevis**

Telephone No: **(869) 469-5564/5164**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Bank of Nevis – General Manager:- 1990 to 2006. Self employed.**

Education (degrees or other academic qualifications, schools attended, and dates):

**1983 – BA – University of the Virgin Islands**  
**1996 – Fellow of the Chartered Institute of Bankers**  
**1996 - Institute of Financial Accountants**  
**1998 - MBA University of Wales**  
**1998 - Financial Studies Diploma**  
**1999 - Diploma in Trust and Estate Practice**

Also a Director of the company  Yes  No

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**4) Name: Spencer Howell**

**Age: 75**

**Mailing Address: Cane Garden  
St John's Parish, Nevis**

**Telephone No: (869) 469-3464**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Retired Civil Servant  
Self-Employed businessman for more than five (5) years**

Education (degrees or other academic qualifications, schools attended, and dates):

**Senior Certified Valuator (SCV)**

Registered International Real Estate Institute (RIM of IREI)

**5) Name: Kishu Chandiramani O.B.E**

**Age: 65**

**Mailing Address: Fortlands  
Basseterre, St Kitts**

**Telephone No: (869) 466-7777**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Self-Employed as Businessman for many years**

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**6) Name: Wendell Huggins**

**Age: 61**

**Mailing Address: Vervain Estate  
Gingerland, Nevis**

**Telephone No: (869) 469-2937**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Retired Civil Servant  
Has run own business for over five (5) years**

Education (degrees or other academic qualifications, schools attended, and dates):

**Bachelor of Arts Degree - University of the West Indies**

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**7) Name: Franklyn Brand**

**Age: 52**

**Mailing Address: P.O.Box 935  
Basseterre  
St Kitts**

**Telephone No: (869) 466-9865**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Managing Director, Island Bakery Ltd.**

Education (degrees or other academic qualifications, schools attended, and dates):

**B.A (Economics)**

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**8) Name: Oral Martin**

**Age: 48**

**Mailing Address: C/o Kawaja & Associates  
Main Street  
Charlestown**

**Telephone No: (869) 469-1819**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Kawaja & Associates – Lawyer  
Government of Montserrat – Consultant in Economic and Finance**

Education (degrees or other academic qualifications, schools attended, and dates):

**Economist & Lawyer**

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9) Name: **Janice Hodge**

Age: **45**

Mailing Address: **Main Street  
Charlestown**

Telephone No: **(869) 663-0735**

Jobs held during past five years. Give brief description of responsibilities. Include names of employers.

**Principal of Caribbean Development and Environment Consultants, Inc. : 2003 – present**

Education (degrees or other academic qualifications, schools attended, and dates):

**M.S Microbiology – Alabama University**

**B.S Biology – St Francis College Brooklyn**

**Advanced (A) Level Certification, Biology and Psychology – Birmingham England**

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Hanzel Manners  
Director



