

**THE BANK OF NEVIS LTD  
QUARTERLY REPORT  
MARCH 31, 2008**

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

**Board of Directors**

The following changes to the Board took place during the quarter:

**A. The Bank of Nevis Limited**

At the 21<sup>st</sup> Annual General Meeting held on February 28, 2008, Miss Lyra Richards and Mr. David Straz Jr. were elected as directors, while Miss Sonya Parry and Dr. Telbert Glasgow were elected as independent directors. Mr. Rawlinson Isaac was not re-elected to the board. Mr. Wendell Huggins did not seek re-election to the board. Mr. Richard Lupinacci was subsequently appointed Chairman

**B. Bank of Nevis International Limited**

Mr. Wendell Huggins and Mr. Rawlinson Isaac resigned from the board of directors effective March 27<sup>th</sup> and March 31<sup>st</sup> respectively. Miss Sonya Parry, Miss Janice Daniel, Miss Lyra Richards, Mr. Oral Martin, Mr. Kishu Chandiramani, Dr. Telbert Glasgow and Mr. David Straz Jr. were appointed to the board of directors effective in March 2008. Mr. Richard Lupinacci was subsequently appointed Chairman

**C. Bank of Nevis International Fund Limited**

Following the suspension of the operations of the fund, Mr. Rawlinson Isaac, Mr. Edgar James, and Mr. Isaac Leguir resigned from the board of directors during the month of March, 2008. Mr. Hanzel Manners is its sole remaining director.

**Management**

There were no changes to management during the quarter.

**2. Correspondent banking relationships.**

Our correspondent banking relationship with Regions Bank terminated on January 31, 2008, following their policy decision to terminate relationships with several banks in the region.

### **3. Properties**

At March 31, 2008, 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.
- Land and building on Main Street, Charlestown, Nevis, adjacent to the current bank premises. Architectural designs are currently being finalized for developing this and the existing premises into a modern banking facility.

### **4. Legal Proceedings**

The following are lawsuits and pending claims as at March 31, 2008.

#### **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 one of our account at our US correspondent banks. 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.

There were no new legal claims during the quarter.

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

An Annual General Meeting was held on February 28, 2008. The following matters were submitted for a vote of the security holders:

- Election of directors and independent directors (see section 1A of this report)
- Declaration of dividend of 20 cents per share – *Approved*
- Re-appointment of PricewaterhouseCoopers, Chartered Accountants as auditors for the year ended June 30, 2008 – *Approved*

## **6. Capital**

No shares were issued during the year.

Retained earnings were reduced (by EC\$1,495,630) due to the payment of dividends as approved at the Annual General Meeting on February 28, 2008.

### **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 for the year to date.

Latest share price is \$6.25. Market capitalization: EC\$46.7 million.

## **7. 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.

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

There were no changes in securities during the period.

## **9. Defaults upon Senior Securities**

There were no defaults on securities during the year.

## 10. Financial Information

Consolidated Balance Sheet  
As at March 31, 2008  
(expressed in Eastern Caribbean dollars)

	<b>Unaudited March 2008 \$</b>	<b>Audited June 2007 \$</b>
<b>Assets</b>		
Cash and balances due from other banks	99,207,739	54,994,414
Treasury Bills	34,990,115	42,840,656
Investment securities	46,177,251	56,780,688
Income tax receivable	17,527	-
Loans and advances	154,734,610	137,468,229
Other assets	5,986,928	5,170,449
Property, plant and equipment	8,293,760	8,581,156
<b>Total Assets</b>	<b>349,407,930</b>	<b>305,835,592</b>
<b>Liabilities</b>		
Customers' deposits	290,544,001	253,532,214
Other liabilities and accrued expenses	18,401,231	14,883,999
Provision for income tax	132,030	161,399
Deferred tax	571,881	571,881
Redeemable shares	-	220,346
<b>Total liabilities</b>	<b>309,649,143</b>	<b>269,369,839</b>
<b>Shareholders' Equity</b>		
Share capital	7,478,150	7,478,150
Revaluation reserves	1,929,059	1,179,317
Other reserves	10,162,766	10,162,765
Retained earnings	16,053,009	17,645,521
Current earnings	4,135,803	-
<b>Total shareholders' equity</b>	<b>39,758,787</b>	<b>36,465,753</b>
<b>Total liabilities and shareholders' equity</b>	<b>349,407,930</b>	<b>305,835,592</b>

Consolidated Statement of Income  
For nine months ending March 31, 2008  
(expressed in Eastern Caribbean dollars)

	<b>Unaudited March 2008 \$</b>	<b>Audited June 2007 \$</b>
<b>Interest income</b>		
Income from loans and advances	9,495,609	11,430,740
Income from deposits with other banks and investments	5,366,517	8,517,781
	<b>14,862,126</b>	<b>19,948,521</b>
<b>Interest expense</b>		
Savings accounts	1,826,779	3,124,012
Time deposits and current accounts	4,505,923	4,575,761
	<b>6,332,702</b>	<b>7,699,773</b>
<b>Net interest income</b>	<b>8,529,424</b>	<b>12,248,748</b>
<b>Gains (losses) from investment securities</b>	301,622	(286,740)
<b>Realized loss on fair value through profit or loss investments</b>	-	(57,480)
<b>Other operating income</b>	3,742,348	5,845,439
<b>Operating Income</b>	<b>12,573,395</b>	<b>17,749,967</b>
<b>Operating expenses</b>		
General and administrative expenses	6,713,028	10,573,976
Provision for loan impairment	315,000	361,918
Directors' fees and expenses	551,926	893,330
Depreciation	511,253	594,185
Audit fees and expenses	180,573	-
Correspondent bank charges	165,812	263,328
	<b>8,437,592</b>	<b>12,686,737</b>
<b>Operating Income for the year</b>	<b>4,135,803</b>	<b>5,063,230</b>
<b>Taxation</b>		
Current tax expense	-	127,346
Deferred tax expense	-	(869)
	<b>-</b>	<b>126,477</b>
<b>Net income for the year</b>	<b>4,135,803</b>	<b>4,936,753</b>
<b>Earnings per share (annualized)</b>	<b>0.74</b>	<b>0.66</b>

## **11. Liquidity**

The group's liquidity position continued to show improvement during the quarter. Liquidity management has been enhanced by the appointment of a Treasury Manager.

## **12. 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.

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

### **I. EXECUTIVE OFFICERS**

**Name:** HANZEL MANNERS  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564/1618

**Position:** Acting General Manager/Chief Financial Officer

#### **Jobs held during past five years:**

- The Bank of Nevis Ltd – Executive Director/Chief Financial Officer: 1999 to present

#### **Education:**

- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Bachelor of Arts Degree – Economics and History
- Associate of The Chartered Institute of Bankers (ACIB)

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

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**Name:** LYRA RICHARDS  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564/2164

**Position:** Acting Manager, Bank of Nevis International Ltd

#### **Jobs held during past five years:**

- Has been employed by the Bank since 1994

**Education:**

- Diploma in Financial Services

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

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**Name:** **LISA HERBERT**  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564

**Position:** Accountant

**Jobs held during past five years:**

- Has been employed by the Bank since 2001

**Education:**

- Certified Public Accountant (CPA)
- Bachelor of Arts Degree (Hons) – Accounting

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

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**Name:** **TREVOR FFRENCH**  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564

**Position:** Credit Risk Manager

**Jobs held during past five years:**

- Management/Consultant – Self-Employed
- General Manager/Chief Financial Officer – Union Bank of Jamaica/RBTT
- General Manager/Chief Agent – Union Bank – Miami Agency

**Education:**

- Executive MBA

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

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**Name:** **LORNA HUNKINS**  
P O Box 450, Main Street  
Charlestown, Nevis

Tel. No: (869) 469-5564

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

**Jobs held during past five years:**

- The Bank of Nevis: 2005 - present
- Barclays Bank/First Caribbean International Bank: 2001-2003

**Education:**

- Bachelor of Science Degree – Economics and Accounting

**Also a Director of the company**     Yes     No

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**Name:**            **TREVOR HENDRICKSON**

P O Box 450, Main Street

Charlestown, Nevis

Tel. No: (869) 469-5564

**Position:**        Manager, I.T Department

**Jobs held during past five years:**

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

**Educaton:**

- Bachelor of Science Degree – Business/Information Technology
- Certificate, Chartered Institute of Bakers,

**Also a Director of the company:**     Yes     No

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**Name:**            **KEVIN HUGGINS**

P O Box 450, Main Street

Charlestown, Nevis

Tel. No: (869) 469-5564/0598

**Position:**        Manager – Investment & Treasury

**Jobs held during past five years:**

- 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:**

- Bachelor of Business Administration – Finance and Investments
- Associate of Arts – Business Administration

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

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**Name:** SONIA BOWEN-TUCKETT  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564/1091

**Position:** Manager – Credit Card Department

**Jobs held during past five years**

- Has been employed by the Bank since 2001

**Education:**

- Diploma in Financial Services (DipFSM)

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

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**Name:** AIANDRA KNIGHTS  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564

**Position:** Legal Counsel / Company Secretary

**Jobs held during past five years:**

- The Bank of Nevis Ltd: August 2007 – present
- Self-employed: Law practice (St Lucia)
- Marcus Evans: Senior Legal Producer (Barbados)
- Clarke, Gittens & Farmer: Associate (Barbados)
- National Bank of Dominica: Legal Counsel

**Education:**

- Legal Education Certificate
- Bachelor of Laws Degree (LL.B.) (Hons)

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

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**Name:** JACQUELINE LABRADA  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564

**Position:** Compliance Manager

**Jobs held during past five years:**

- The Bank of Nevis Ltd: August 2007 – present
- Compliance Specialist (AML/CFT), Antigua Commercial Bank

**Education:**

- Associate of the Institute of Canadian Bankers
- Certificate-Anti money Laundering Specialist
- Member of International Compliance Association
- Diploma in Trust & Estate Management
- Member, Society of Trust & Estate Management (UK).

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

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**Name:** PATRICIA LESCOTT  
P O Box 450, Main Street  
Charlestown, Nevis  
Tel. No: (869) 469-5564

**Position:** Manager – Credit Administration

**Jobs held during past five years**

- Has been employed by the Bank since 1985

**Education:**

- Diploma in Financial Services (DipFSM)

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

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**II. NON EXECUTIVE DIRECTORS**

**Name:** RICHARD LUPINACCI  
P O Box 497, Hermitage  
Nevis  
Tel. No: (869) 469-3477

**Jobs held during past five years:**

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

**Education:**

- Bachelor of Arts Degree
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**Name:** SPENCER HOWELL

Cane Garden  
St John's Parish, Nevis  
Telephone No: (869) 469-3464

**Jobs held during past five years:**

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

**Education:**

- Senior Certified Valuator (SCV)
  - Registered International Real Estate Institute (RIM of IREI)
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**Name:**           **KISHU CHANDIRAMANI, O.B.E.**  
Fortlands  
Basseterre, St Kitts  
Tel. No: (869) 466-7777

**Jobs held during past five years:**

- Self-Employed as Businessman for many years
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**Name:**           **ORAL MARTIN**  
Kawaja & Associates  
Main Street  
Charlestown  
Tel. No: (869) 469-1819

**Jobs held during past five year:**

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

**Education:**

- Legal Education Certificate
  - Bachelor of Laws Degree (LL.B)
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**Name:**           **JANICE HODGE**  
Main Street  
Charlestown  
Tel. No: (869) 663-0735

**Jobs held during past five years:**

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

**Education:**

- Master of Science Degree – Microbiology
  - Bachelor of Science Degree – Biology
  - Advanced (A) Level Certification – Biology and Psychology
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**Name:**        **DAVID STRAZ, JR.**  
4401W Kennedy Blvd.  
Suite 150, Tampa,  
Florida, USA 33609

**Jobs held during past five years:**

- Honorary Consulate, Republic of Liberia
- Chairman, Southern Exchange Bank – Florida

**Education:**

- Bachelor of Science Degree
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**Name:**        **SONYA PARRY**  
Colquhoun's Estate  
P. O. Box 530  
St. Thomas' Parish, Nevis  
Tel. No: (869) 668-8660

**Jobs held during past five years:**

- Associate Attorney: Gonsalves, Perkins, and Hamel-Smith (St. Kitts)
- Associate Attorney within the Banking and Finance Group: O'Neal Webster (Tortola)

**Education:**

- Master of Laws Degree (LL.M.) (Merit) – Specialization in Banking and Finance
  - Legal Education Certificate (L.E.C.)
  - Bachelor of Laws Degree (LL.B.) (Hons)
  - Diploma in International Trust Management (Dip.ITM)
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**Name:**        **TELBERT GLASGOW**  
Shaw's Road  
Newcastle,  
St. James' Nevis  
Tel. No: (869) 662-9020

**Jobs held during past five years:**

- Program Coordinator: UWI Distance Learning Program

**Education:**

- Doctor of Philosophy – Electronics Engineering
  - Bachelor of Science Degree – Mathematics and Physics
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Hanzel Manners  
Chief Financial Officer