

**NOTICE OF EXTRAORDINARY GENERAL MEETING (SPECIAL MEETING)
OF THE BANK OF NEVIS LIMITED ('THE COMPANY')**

NOTICE IS HEREBY GIVEN THAT upon the requisition in writing of David Straz, Jr., holder of one fifth of the issued share capital of the Company, an Extraordinary General Meeting (Special Meeting) of the Company will be held at Old Manor Hotel, Gingerland, Nevis on Thursday, July 9th, 2009 at 5:00 p.m.

SPECIAL BUSINESS

1. To consider and, if thought fit, approve the following resolutions as Ordinary Resolutions with or without modifications.

ORDINARY RESOLUTION #1 (Section 96)

Be it and it is hereby resolved that, in accordance with section 96 of the by-laws of the Company, the number of directors of the Company be reduced from the current ten directors to eight directors.

ORDINARY RESOLUTION #2/2009

Be it and it is hereby resolved that Sonya Parry be removed as a director of the Company.

ORDINARY RESOLUTION #3/2009

Be it and it is hereby resolved that Dr. Telbert Glasgow be removed as a director of the Company.

ORDINARY RESOLUTION #4/2009

Be it and it is hereby resolved that Richard Lupinacci be removed as a director of the Company.

ORDINARY RESOLUTION #5/2009

Be it and it is hereby resolved that Kishu Chandiramani be removed as a director of the Company.

ORDINARY RESOLUTION #6/2009

Be it and it is hereby resolved that Oral Martin be removed as a director of the Company.

ORDINARY RESOLUTION #7/2009

Be it and it is hereby resolved that Janice Hodge be removed as a director of the Company.

ORDINARY RESOLUTION #8/2009

Be it and it is hereby resolved that Lyra Richards be removed as a director of the Company.

ORDINARY RESOLUTION #9/2009

Be it and it is hereby resolved that David Straz, Jr. be removed as a director of the Company.

ORDINARY RESOLUTION #10/2009

Be it and it is hereby resolved that Chris Morton be removed as a director of the Company.

ORDINARY RESOLUTION #11/2009

Be it and it is hereby resolved that Desmond Herbert be removed as a director of the Company.

2. To elect two independent directors
3. To elect such number of non-independent directors as are required to bring the complement of non-independent directors to 6.

BY ORDER OF THE BOARD



Aiandra E. Knights
Corporate Secretary
June 15, 2009

EXPLANATORY STATEMENT ON RESOLUTIONS AND AGENDA ITEMS

Resolution #1/2009

Mr. David Straz, Jr. submits that considering the current general economic conditions, particularly in the banking sector, and in furtherance of continued efforts to contain the expenses of the Company, in particular, Directors fees and expenses, the number of directors be reduced. Mr. David Straz, Jr. further submits that a board of directors comprising eight members can efficiently and effectively dispense with the duties and responsibilities with which they have been charged by the shareholders.

Resolution #2/2009, Resolution #3/2009, Resolution #4/2009, Resolution #5/2009, Resolution #6/2009, Resolution #7/2009, Resolution #8/2009, Resolution #9/2009, Resolution #10/2009 and Resolution #11/2009

Mr. David Straz, Jr. submits that should the proposed Resolution #1 be passed; in order to ensure transparency and to facilitate a fair and balanced process for the reduction of the number of directors of the Company, all of the present directors be first removed. However, to further promote fairness and to preserve the right of each director to an ‘up or down’ vote in his or her individual name, if he or she is to be removed prior to the expiration of their term in office, a separate resolution and thus vote will be put to the shareholders in respect of the removal of each director.

Agenda Item #2

Please note that in respect of Resolution #2/2009 and Resolution #3/2009, Sonya Parry and Dr. Telbert Glasgow are the two independent directors on the present board of directors. The Eastern Caribbean Central Bank’s enforced *Guidelines on Corporate Governance for Institution Licensed to conduct Banking Business under the Banking Act* (‘the Guidelines’) provide that financial institutions should maintain at least a 20 % ratio of independent to non-independent directors on the Board. Should the proposed Resolutions #2/2009 and #3/2009 be passed, shareholders are invited to propose eligible and qualified candidates for the election of two independent directors.

In proposing candidates for nomination as independent directors, shareholders are asked to bear in mind the definition ascribed to and determining considerations for an ‘Independent Director’ in the Guidelines. The Guidelines define ‘Independent Director’ as a director who is independent of management and free of any business or other relationships that would materially interfere with, or could reasonably be perceived to materially interfere with the exercise of his unfettered and independent judgment, the guidelines go on to state that in the determination of independence, consideration should be given to whether the person:

- a. Was employed by the institution within the last five years; or
- b. Within the last five years, had a material relationship with the institution either directly, or as an advisor, partner, shareholder, director or senior employee or a body that has or had such relationship with the institution; or

- c. Received or receives additional remuneration from the institution apart from a director's fee, participates in the institution's share option or a performance-related pay scheme, or is a member of the institution's pension scheme, or receives other forms or deferred compensation not contingent upon continued service; or
- d. Represents a significant shareholder on the board; or
- e. Has served on the board for more than ten years.

In proposing candidates for nomination generally, shareholders are asked to bear in mind the following subsections of the Banking Act, 2004:

26.(1) Every person who is, or is likely to be a director, significant shareholder, or manager of the licensed financial institution shall be a fit and proper person to hold the particular position which he holds or is likely to hold.

(2) In determining whether a person is a fit and proper person to hold any particular position, regard shall be had to

- a) that person's probity, competence and soundness of judgment for fulfilling the responsibilities of that position;***
- b) the diligence with which that person is fulfilling or likely to fulfill the responsibilities of that position; and***
- c) whether the interest of depositors or potential depositors of the licensed financial institution are, or are likely to be, in any way threatened by that person holding that position.***

Please note that, persons are not eligible for election to the office of Director at any General Meeting unless he, or some other member intending to propose him has, at least seven clear days before the meeting, left at the office a notice in writing, duly signed, specifying his candidature for the office, and the intention of such member to propose him.

Shareholders are hereby advised that the deadline for the nomination of candidates as independent directors is Wednesday, July 1st, 2009.

Agenda Item #3

Should at least three or more of the proposed resolutions, being Resolution #4/2009, Resolution #5/2009, Resolution #6/2009, Resolution #7/2009, Resolution #8/2009, Resolution #9/2009, Resolution #10/2009 or Resolution #11/2009 be passed, shareholders are invited to propose eligible and qualified candidates for the election of non-independent directors.

Shareholders are again asked that in proposing candidates for nomination, to bear in mind subsections 26(1) and (2) of the Banking Act, 2004 referred to above.

Please note that, persons are not eligible for election to the office of Director at any General Meeting unless he, or some other member intending to propose him has, at least seven clear days before the meeting, left at the office a notice in writing, duly signed,

specifying his candidature for the office, and the intention of such member to propose him.

Shareholders are hereby advised that the deadline for the nomination of candidates as non-independent directors is Wednesday, July 1st, 2009.

DIRECTORS' STATEMENT
IN OPPOSITION TO
RESOLUTIONS PROPOSED BY DAVID STRAZ

1. Introduction – David Straz

1.1 David Straz is a United States citizen living in the United States of America. Over a period of time, he has bought a number of shares in the Bank of Nevis Ltd. (“the Bank”) and has reached the maximum number that he is allowed to purchase. He now owns 20% of the shares of the Bank. Mr Straz also owns 20% of the shares of the ABI Bank in Antigua and Barbuda and is a director of ABI Bank. Until recently, the ABI Bank owned at least 8% of the shares of the Bank of Nevis Ltd. In 2007, Mr Straz sought the permission of the East Caribbean Central Bank (“ECCB”) to purchase an additional number of shares in the Bank of Nevis Ltd. The ECCB denied him permission to purchase any more shares. He is the largest shareholder of the Bank and is also a director.

1.2 Mr Straz has used his power as a 20% shareholder of the Bank to call for a meeting of the shareholders to remove all the current directors of the Bank and to elect new directors. He has proposed a resolution to reduce the number of directors from 10 to 8 directors. The meeting is scheduled for 9th July 2009.

1.3 The resolutions proposed for the meeting of 9th July 2009 are the resolutions put forward by Mr. Straz. They are not the resolutions of the Bank’s Board of Directors. **The undersigned Directors of the Bank do not support the resolutions proposed by Mr Straz.** The directors have indicated to Mr Straz that they are opposed to the resolutions and have asked him not to proceed with them. They have given their reasons to Mr Straz. Nevertheless, he has decided to proceed. It is his right as a 20% shareholder to do so and the Board of Directors has therefore called the meeting at his request. **The undersigned Directors intend to oppose Mr Straz at the meeting on 9th July 2009.**

2. The First Resolution

2.1 The first resolution calls for a reduction in the number of directors. The explanatory note states that this is being recommended to contain the expenses of the Bank, in particular directors' fees and expenses. The Board operates a number of committees which are charged with various functions. There are 7 committees: Investment; Audit; Compensation; Credit; Strategic Planning; Building; Assets and Liabilities. To enable proper consideration and discussion of the matters before the committees, 3 directors sit on each committee. It is evident that with a complement of 10 directors, directors will sit on two committees and a few directors will sit on 3. With a complement of 8 directors, the majority of directors will have to sit on 3 committees.

2.2 A reduction in the number of directors from 10 to 8 would require a serious time commitment beyond most directors' expectations. The Board meets once per month, some committees meet monthly and others quarterly. All committees meet more often than prescribed as the situation dictates. All directors are engaged in other businesses and the increased time commitment if there is a board of only 8 directors will be difficult at best if not impossible to sustain.

2.3 The problem is further compounded by the fact that 3 directors currently live overseas. These are David Straz himself who lives in the United States, Desmond Herbert who lives in England and Janice Hodge who lives in the Virgin Islands. Mrs Hodge chairs the Compensation Committee and regularly attends committee meetings. **Mr Straz has never attended a meeting of the Investment Committee of which he has been a member for more than one year.** Mr Desmond Herbert indicated to the shareholders at the last Annual General Meeting that he would not be able to attend meetings regularly. The Board is already left

with only 8 directors who are available to effectively serve on its committees.

2.4 The bank is a financial institution which faces a broad range of issues on a daily basis and we are in a local, regional and international economic climate that is challenging and problematic. The Bank's Board needs to have a wide level of professional expertise to navigate these issues in these times. The complement of 10 directors provides the opportunity to draw from such a range of expertise. In any event, some of the current directors (including Mr Straz himself) are not fully available to conduct the work of the Board of Directors.

2.5 The answer to controlling the Bank's expenses is not to reduce the number of directors to reduce directors' fees. The directors are mindful of the economic times in which we operate. In March 2008, they took the initiative of reducing directors' monthly fees for Bank of Nevis International Ltd by more than 50%. In short, the directors' fees and expenses have already been significantly reduced. **Mr Straz is fully aware of this.** They are at a level which is on the margin of attracting the talent required to provide the management needed and at the same time taking into account the current economic climate. If controlling the bank's expenses prompted Mr. Straz' request, he could have discussed a further reduction of fees with the Directors, to achieve the savings which would be realized from two less directors. The Board is therefore of the considered view that these resolutions are not necessary at this time, if at all. **If Mr Straz has any undeclared motive in bringing these resolutions, he should reveal any such motive to the shareholders and directors of the Bank.**

3. Resolutions to Remove All Directors

3.1 The other resolutions call for the removal of **all** the directors of the Bank and the election of new directors. If the resolutions succeed, the result may be that the Bank would have an entirely new Board as of 9th July 2009. Such radical action is usually taken in extreme circumstances

and may send the wrong signal to shareholders, customers and to the authorities. Such upheaval is wholly unnecessary at this time. The Bank of Nevis Limited is a solid financial institution. It is a profitable company. Its management is trained and experienced. Its accounts are audited by a reputable and experienced auditing firm. There is absolutely no need to take the risk of creating the impression that something is radically wrong with the bank when this is not the case.

3.2 If the entire Board or even a majority of the directors is removed at once, this may have certain consequences. The removal of all the directors would mean that the Bank would lose institutional knowledge, plans and projects would be affected and it would take time for an entirely new Board to grasp and deal with the major issues facing the Bank.

3.3 Even if there were a need to reduce the number of directors, there are other ways by which this can be done. The Bank's By-laws are presently being revised for approval by the shareholders and the relevant amendment may be made therein to reduce the number of directors from 10 to 8. If the By-laws are amended as such, and given that the By-laws provide that at each AGM one third of the directors shall retire by rotation, at the next AGM when three directors retire, the shareholders would only then be required to elect 1 director. By this method, the number of directors will be brought to 8. By this method also, the Bank would be able to avoid upheaval, there would be a smooth transition from 10 to 8 directors, the Board would be better able to continue with its present plans and projects, and institutional knowledge will be retained. The next AGM is scheduled for December 2009, that is, in 6 months' time. There is therefore no need to remove all the directors to achieve a reduction from 10 to 8 directors and there is no need to do so before December 2009.

4. Conclusion

4.1 The Board of Directors wish to sound a note of caution to Mr Straz and to the shareholders especially as we reflect on the long term future of the Bank and the best interests of all of our investment in the Bank. The Board has a duty to do so. In the current economic environment, it is crucial that we demonstrate stability. The actions of Mr. Straz have resulted in the directors and senior management of the Bank fielding calls with respect to the stability of the Bank. Depositors, particularly large depositors, are extremely concerned and rightly so. They want to know what is happening with the Bank and we have all been at pains to give reassurances in order to avoid unnecessary difficulties.

4.2 The Board therefore requests that shareholders attend the meeting and vote against the resolutions of Mr David Straz.



Richard Lupinacci



Kishu Chandiramani



Sonya Parry



Janice Hodge



Telbert Glasgow



Lyra Richards



Oral Martin



Chris Morton

15th June 2009