

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

Notice is hereby given that a Special Meeting of the Company will be held at Old Manor Hotel, Gingerland, Nevis on Thursday, October 21<sup>st</sup>, 2010 at 5:00 p.m.

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**SPECIAL BUSINESS**

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

**ORDINARY RESOLUTION #1**

Be it and it is hereby resolved that in accordance with Section 64 of The Companies Ordinance, 1999 (the 'Ordinance'), the Board of Directors of the Company having at its meeting held on Monday, September 13<sup>th</sup>, 2010 resolved that the existing By-Law of the Company be repealed and replaced with By-Law No. 1 dated September 13<sup>th</sup>, 2010, By-Law No.1 dated September 13<sup>th</sup>, 2010 be confirmed as the By-Law of the Company.

**ORDINARY RESOLUTION #2**

Be it and it is hereby resolved that the directors of the Company be authorized to make a bonus share issue to existing shareholders of one share for every four shares already held in the Company.

**ORDINARY RESOLUTION #3**

Be it and it is hereby resolved that the directors of the Company be authorized to make a rights issue of one ordinary share at a price of E.C. \$2 each for every one ordinary share already held in the Company.



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Aiandra E. Knights  
Corporate Secretary  
September 22<sup>nd</sup>, 2010

## **EXPLANATORY STATEMENT ON RESOLUTIONS**

### **Ordinary Resolution #1**

The Company was incorporated on August 29<sup>th</sup>, 1985 under The Companies Act, CAP. 335 (the 'Companies Act'). It was then governed by corporate instruments comprising its Memorandum and Articles of Association. On December 31<sup>st</sup>, 2001 the Company was continued under The Companies Ordinance 1999 of Nevis ("the Ordinance), and by virtue thereof the former Memorandum was replaced by the Company's Articles of Continuance<sup>1</sup> and the former Articles of Association continued as its By-Laws. However the By-Laws (the former Articles of Association), a creature of the Companies Act continued unchanged without the necessary modifications to bring it in line with the Ordinance. Having regard to the considerable differences between the Companies Act and the Ordinance and as a corollary thereto, the Articles of Association and By-Laws prescribed under the respective legislation, and in order to remedy all existing inconsistencies between the provisions of the By-Laws and the Ordinance, the By-Laws have been revised in accordance with the model by-laws prescribed under the Ordinance. At a meeting of the Board of Directors held on September 13<sup>th</sup>, 2010 the Directors of the Company repealed the former By-Laws and replaced them with the By-Law No. 1 dated September 13<sup>th</sup>, 2010 attached hereto. In accordance with Section 64 of the Ordinance, the By-Law No. 1 dated September 13<sup>th</sup>, 2010 is presented to you for confirmation thereof as the By-law of the Company.

### **Ordinary Resolution #2**

#### **Background and reasons for the Bonus Issue proposal**

The Bank of Nevis Limited commenced operations on December 9<sup>th</sup>, 1985 and will celebrate 25 years of operation on December 9<sup>th</sup>, 2010. The Board of Directors, having regard for the dedication and commitment of the shareholders to the institution over the years, has decided to propose a bonus share issue to shareholders. The bonus shares will represent 1 percent per year for the 25 years.

#### **Summary of Bonus Issue proposal**

The bonus share issue will be made through the capitalisation of \$1,869,538 million from retained earnings which represents one ordinary share for each four ordinary shares currently held. All shareholders on record as at October 21<sup>st</sup>, 2010 (record date) will be eligible to receive the bonus shares which will be issued effective October 22<sup>nd</sup>, 2010.

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<sup>1</sup> On September 21<sup>st</sup>, 2010 the Articles of Continuance of the Bank were restated. For your information, a copy of the Bank's Restated Articles of Incorporation is attached hereto.

## **Ordinary Resolution #3**

### **Background and reasons for the Rights Issue proposal**

The Bank of Nevis Limited's Board of Directors at its meeting on Monday, September 13<sup>th</sup>, 2010 resolved that a submission be made to shareholders of The Bank of Nevis Limited for approval of an increase in the Bank's issued share capital. The Company's authorised share capital is 50,000,000 ordinary shares of \$1.00 each and issued and fully paid capital is 7,478,150 ordinary shares.

The rationale for increasing the Company's capital is as follows:

1. To ensure that there is adequate capital to facilitate the sustainable growth of the Company. As the economy expands, there will be opportunities for growth of the Company's operations and it is critical that adequate capital is available to exploit those opportunities.
2. To satisfy the borrowing requirements of large customers - Section 16(1)(a) of the St Christopher and Nevis Banking Act 2004, No.4 of 2004 (the 'Banking Act'), limits lending to any one person, member of a borrower group or to any borrower group, to twenty five percent of the Bank's unimpaired capital and reserves. The Bank has not been able to satisfy borrowing requests of some of its large customers who have had to turn to other financial institutions. The increase in the Bank's capital would facilitate the strengthening of the relationships with large customers.
3. To assist with the financing of The Bank of Nevis Limited's Construction and Refurbishment Project (the 'Project') – The Company has identified internal funds to undertake the project. However, the additional increase in capital would assist in the financing of the Project.

### **Summary of Rights Issue proposal**

Subject to and following the passing of the Ordinary Resolution #3, the Company proposes to offer by way of rights to shareholders on the register as at December 1<sup>st</sup>, 2010, one ordinary share at a price of E.C. \$2 each in the capital of the Company for every one ordinary share already held in the Company.

The proposed rights issue is expected to raise in excess of E.C. \$20 million and will be executed as follows:

1. Offering of a rights issue to all existing shareholders on record as at December 1<sup>st</sup>, 2010. Shareholders will be entitled to one share at a price of \$2 for each share held. The rights issue will open on December 15<sup>th</sup>, 2010 and close January 31<sup>st</sup>, 2011. The issue will be made pursuant to a prospectus which will

be lodged with the Eastern Caribbean Securities Regulatory Commission (ECSRC) for approval.

2. If all the shares comprising the rights issue are not fully subscribed, the remaining shares will be offered first to existing shareholders at a price of E. C. \$3.00 per share. Shares will be allocated on a prorated basis relative to subscription demands. However, shares can only be purchased up to an aggregate maximum of twenty (20) percent of the total issued shares as stipulated under Section 9 (1)(a) of the Banking Act. This offer will open on February 1<sup>st</sup>, 2011 and close February 14<sup>th</sup>, 2011.
3. If existing shareholders are unable to fully subscribe to the available shares, the remaining shares would be made available to non-shareholders (public offering) at a price of E.C. \$4.00 per share. This offer will commence on February 15<sup>th</sup>, 2011 and close March 15<sup>th</sup>, 2011.

Every effort will be made to promote the rights issue and shareholders are encouraged to vote in the affirmative for the resolutions.