

THE BANK OF NEVIS LIMITED



QUARTERLY REPORT

MARCH 31, 2010

1. Changes to Board of Directors and Management

At the 23rd Annual General Meeting held on January 28, 2010 the following changes were made to the Board of Directors;

- Mr. Rawlinson Isaac and Mr. Vernel Powell were elected to the Board of Directors.
- Mrs. Janice Daniel Hodge was re-elected to the Board of Directors
- Mr. Oral Martin & Miss Lyra Richards were not re-elected to the Board of Directors.

2. Correspondent banking relationships.

There were no changes to the bank's correspondent banking relationships during the quarter. However, the Bank has been advised by Toronto Dominion Bank of the closure of the USD and CAD correspondent accounts effective April 30, 2010 and May 31, 2010 respectively.

3. Properties

At March 31, 2010, the Bank owned the following properties:

- Land and buildings at Main Street, Charlestown, Nevis that houses the Bank's offices
- Two plots 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. These plots will be incorporated into the plans for the new banking facility.
- Land and building on Main Street, Charlestown, Nevis, adjacent to the current bank premises. Plans are underway for the commencement of the construction of a modern banking facility on these premises.

4. Legal Proceedings

There were no legal proceedings against the Bank at March 31, 2010.

5. Submission of Matters to a Vote of Security Holders

An Annual General Meeting was held on January 28, 2009. The following matters were submitted for a vote of the security holders:

- Election of directors (*See Section 1*)
- Declaration of interim dividend of five cents per share – *Approved*
- Re-appointment of PricewaterhouseCoopers, Chartered Accountants as auditors for the year ended June 30, 2010 – *Approved*.

6. Capital

No shares were issued during the quarter.

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.

The Bank's shares are listed on the Eastern Caribbean Securities Exchange. 75,230 shares were traded during the quarter.

Latest share price is \$6.00, market capitalization therefore being EC\$44.87 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 Limited. 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 in a small market.
- Decline in local economic conditions to primarily to the closure of the island's main tourism plant the Four Seasons Resort as a result of damages incurred from the storm surge of Hurricane Omar in October 2008. Hundreds of the Resort's employees were subsequently made redundant and its re-opening date is still uncertain. The local economy has also been heavily impacted by the effects of the global economic meltdown.

- The Bank holds several investment securities originating in the United States (US) market and is therefore impacted by the current economic downturn in the US economy.
- The collapse of the C.L. Financial Group Limited. The Bank holds investments in two C.L. Financial Group entities; British American Insurance Company Limited (BAICO) – a 100% impairment provision was in respect of these investments was made in the 2009 audited financial statements; and Colonial Life Insurance Company Limited (CLICO) – the financial position of this entity is still very uncertain.

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, 2010

(expressed in Eastern Caribbean dollars)

	Unaudited March 2010 \$	Unaudited March 2009 \$
Assets		
Cash / due from other banks and other financial institutions	100,247,182	102,855,027
Treasury Bills	44,830,515	41,609,456
Investment securities	42,033,811	38,889,553
Loans and advances	186,583,135	170,734,390
Other assets	2,042,671	4,674,979
Property, plant and equipment	16,882,711	17,029,134
Total Assets	392,620,025	375,792,539
Liabilities		
Customers' deposits	321,311,131	298,844,554
Other liabilities and accrued expenses	22,602,964	25,713,356
Provision for income tax	327,512	306,447
Deferred tax	420,264	-
Total liabilities	344,661,871	324,864,357
Shareholders' Equity		
Share capital	7,478,150	7,478,150
Revaluation reserves	11,775,754	7,848,118
Other reserves	12,380,089	11,218,942
Retained earnings	13,405,859	21,799,586
Current earnings	2,918,303	2,583,386
Total shareholders' equity	47,958,155	50,928,182
Total liabilities and shareholders' equity	392,620,025	375,792,539

10. Financial Information ... continued

Consolidated Statement of Income For the nine months ended March 31, 2010 (expressed in Eastern Caribbean dollars)

	Unaudited March 2010 \$	Unaudited March 2009 \$
Interest income		
Income from loans and advances	11,617,592	10,129,200
Income from deposits with other banks and investments	6,217,792	6,791,667
	17,835,384	16,920,867
Interest expense		
Savings accounts	1,920,219	1,773,977
Time deposits and current accounts	6,469,363	4,960,819
Other	150,727	279,163
	8,540,309	7,013,959
Net interest income	9,295,075	9,906,908
Other operating income	2,705,598	1,347,986
Operating Income	12,000,673	11,254,894
Operating expenses		
General and administrative expenses	7,101,632	7,243,955
Provision for loan impairment	390,000	315,000
Directors' fees and expenses	310,004	339,053
Depreciation and amortization	486,381	471,234
Audit fees and expenses	249,750	179,999
Correspondent bank charges	179,009	122,268
	8,716,776	8,671,508
Operating Income for the year	3,283,897	2,583,386
Taxation		
Current tax expense	365,594	-
Prior year tax expense	-	-
Deferred tax expense	-	-
	365,594	-
Net income for the year	2,918,303	2,583,386
Earnings per share (annualized)	0.52	0.46

11. Management's Discussion and Analysis of Financial Condition and Results of Operations

Assets

Total assets at March 31, 2010 amounted to EC\$392.62 million, representing an increase of EC\$4.58 million over the financial year ended June 30, 2009.

Loans and Advances

During the quarter loans and advances increased by EC\$534.864 to a total of EC\$186.58 million at March 31, 2010. When compared to the amount recorded at June 30, 2009, this loans and advances have increased by EC\$7.85 million or 4.39%.

Deposits

Customers' deposits increased by EC\$6.35 million during the quarter, with the total being EC\$321.31 million at March 31, 2010. When compared to the previous financial year end (June 30, 2009), total customers deposits have realized net growth of EC\$1.66 million or 0.52%.

Interest Income and Expense

Interest income earned for the quarter is EC\$5.95 million. Year to date interest income as at March 31, 2010 interest income is EC\$17.84 million, representing an increase of EC\$914,517 or 5.40% over the previous year's performance.

Interest expense for the quarter amounted to EC\$2.88 million, bringing the year to date total at March 31, 2010 to EC\$8.54 million. This year to date total represents an increase of EC\$1.53 million or 21.76% over the total at March, 2009.

Total net interest income at March 31, 2010 is EC\$9.30 million. This total represents a decrease of EC\$611,833 over the amount reported at March 31, 2008.

Operating Income

Other operating income earned during the quarter is EC\$442,172, bringing the total at March 31, 2010 to EC\$2.71 million. When compared with the amount reported as at the same period one year ago, other operating income has increased by EC\$1.36 million.

Operating Expenses

Total operating expenses reported for the quarter is EC\$3.13 million. Total operating expenses at March 31, 2010 amounted to EC\$8.72 million, representing an increase of EC\$45,268 or 0.52% over the amount reported at March 31, 2009.

12. Liquidity Management

At March 31, 2010, liquid assets totaled EC\$117.90 million. Liquidity is managed on a daily basis by management and through the offices of the Investments and Treasury Management Department.

13. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure

The Bank has had no disagreements with its auditors, PricewaterhouseCoopers. The bank has complied with all disclosures required by International Financial Reporting Standards.

14. Officers and Key Personnel of the Company

I. EXECUTIVE OFFICERS

Name: L. EVERETTE MARTIN
P O Box 450, Main Street
Charlestown, Nevis
Tel. No: (869) 469-5564

Position: General Manager

Jobs held during past five years:

- The Bank of Nevis Limited: May 2008 – present
- The Eastern Caribbean Central Bank – Director Bank Supervision Department: January 2007 – May 2008
- The Eastern Caribbean Central Bank – Deputy Director, Securities Regulatory Unit, Bank Supervision Department: January 2002 – January 2007

Education:

- Master of Science Degree – International Banking and Financial Studies
- Bachelor of Arts Degree (Hons) – Business Administration (Finance Concentration)
- Bachelor of Arts Degree (Hons) - Accounting

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

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

Position: Acting Manager, Bank of Nevis International Limited

Jobs held during past five years:

- The Bank of Nevis Limited: 1994 - present

Education:

- Diploma in Financial Services

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

14. Officers and Key Personnel of the Company ... continued

I. EXECUTIVE OFFICERS ... CONTINUED

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

Position: Chief Financial Officer

Jobs held during past five years:

- The Bank of Nevis Limited: Chief Financial Officer, May 2008 – present
- The Bank of Nevis Limited: Accountant, December 2001 – April 2008

Education:

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

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

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:

- The Bank of Nevis Limited: 2007 - present
- Self-Employed – Management Consultant
- Union Bank of Jamaica/RBTT – General Manager/Chief Financial Officer
- Union Bank (Miami Agency) – General Manager/Chief Agent

Education:

- Executive MBA

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

14. Officers and Key Personnel of the Company ... continued

I. EXECUTIVE OFFICERS ... CONTINUED

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

Position: Operations Manager

Jobs held during past five years:

- The Bank of Nevis Limited: 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 (X) No

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:

- The Bank of Nevis Limited: 1991 – to present

Education:

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

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

14. Officers and Key Personnel of the Company ... continued

I. EXECUTIVE OFFICERS ... CONTINUED

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 Limited: 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 Degree – Finance and Investments
- Associate of Arts Degree – Business Administration

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

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 Limited: 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

14. Officers and Key Personnel of the Company ... continued

I. EXECUTIVE OFFICERS ... CONTINUED

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 Limited: 2007 – present
- Antigua Commercial Bank – Compliance Specialist (AML/CFT),

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

Name: ROSEBUD LANDER-ABRAHAM
P O Box 450, Main Street
Charlestown, Nevis
Tel. No: (869) 469-5564

Position: Internal Auditor

Jobs held during past five years:

- The Bank of Nevis Limited: April 2008 – present
- The Eastern Caribbean Central Bank – Bank Examiner II

Education:

- Master of Science Degree – Financial Management
- Bachelor of Science Degree – Accounting
- Certified Bank Auditor (CBA)

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

14. Officers and Key Personnel of the Company ... continued

I. EXECUTIVE OFFICERS ... CONTINUED

Name: **SHIRLETTA BYRON**
P O Box 450, Main Street
Charlestown, Nevis

Tel. No: (869) 469-5564

Position: Human Resources Manager

Jobs held during past five years:

- The Bank of Nevis Limited: 2000 – present

Education:

- Certificate in Business Administration
- Diploma in Hotel Management and Catering Services (Hons)

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

14. Officers and Key Personnel of the Company ... continued

II. NON EXECUTIVE DIRECTORS

Name: **RALWINSON ISAAC**
Hamilton Estate
Charlestown
Nevis
Tel. No: (869) 469-5164

Jobs held during past five year:

- Self employed as Businessman/Consultant from 2006 - present
- The Bank of Nevis Limited: 1991 – 2006

Education:

- Bachelor of Arts Degree (B.A.)
 - Master of Business Administration Degree (MBA)
 - Associate of the Chartered Institute of Bankers (ACIB)
 - Diploma in Trust and Estate Practice
-

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
-

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
-

14. Officers and Key Personnel of the Company ... continued

II. NON EXECUTIVE DIRECTORS ... CONTINUED

Name: **JANICE DANIEL-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 Consul, Republic of Liberia
- Chairman, Southern Exchange Bank – Florida

Education:

- Bachelor of Science Degree
-

14. Officers and Key Personnel of the Company ... continued

II. NON EXECUTIVE DIRECTORS ... CONTINUED

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:

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

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)
-

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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14. Officers and Key Personnel of the Company ... continued

II. NON EXECUTIVE DIRECTORS ... CONTINUED

Name: **CHRIS MORTON**
Hog Valley Estate
St. James' Parish
Nevis
Tel. No: (869) 469-8978

Jobs held during past five years:

- Resident Director: Hamilton Trust Company (Nevis) Limited

Education:

- Qualified member of the Society of Trust and Estate Practitioners (STEP)
-

Name: **DESMOND HERBERT**
Tower House
124 Sheperd's Lane
Leeds LS7 4D2
Tel. No: (011) 113-262-9598

Jobs held during past five years:

- Retired Mortgage Broker, Financial Consultant, and Property Developer
-

Name: **VERNEL POWELL**
Montpelier Estate
St. John's Parish
Nevis
Tel. No: (869) 662-3819

Jobs held during past five years:

- Assistant Director – St. Christopher and Nevis Social Security Board

Education:

- Master of Business Administration Degree (MBA)