THE BANK OF NEVIS LIMITED (THE 'BANK/COMPANY')
MINUTES OF 34TH ANNUAL GENERAL MEETING (AGM)
HELD 17TH DECEMBER, 2020 AT THE NEVIS PERFORMING ARTS CENTRE (NEPAC), PINNEYS INDUSTRIAL SITE, NEVIS

CALL TO ORDER

The meeting was called to order at 5:45 p.m. with the following persons present in person or virtually via Zoom:

Directors:	Laurie Lawrence (Chairman)	Damion Hobson
	Jacqueline Lawrence	Jessica Boncamper
	Vernel Powell	Sonia Williams
	Adrian Daniel	Joseph Herbert
	Clydella Hanley	

Secretary: Cindy Herbert

Shareholders:

Attendance Physically

Alleyne, Deniece
Arthurton, Stephnie N
Bartlett, Mareta E J
Boncamper, Jessica
Browne, Franklyn
Browne, Joyan
Browne, Mickian Dion
Byron, Kenrick
Claxton, Carl
Daniel, Adrian
Daniel II, Hastings Ron
Daniel, Hastings
Degrasse-Chiverton, Jessica
Douglas, Naomi
Duggins, Aisha
Evelyn, Johnella
Farrell, Frank
Halliday, Mavis
Herbert Cindy & Donovan
Herbert, Joseph
Hobson, Damion
Hunkins, Lorna
Isaac, Rawlinson
James-Boddie, Jasmin
Jeffers, Oral
Jones, Pheon Mercantedson
Lawrence, Faron & Jacqueline
Lawrence, Laurie
Lescott, O'Larry
Lescott, Marion
Lewis, Sherming
Liburd, Mechelle
Manners, Hanzel
Manners, Orville
Martin, L. Everette
McKoy, Shamoya
Mills, Jondelle
Ottley, Dorson
Parry, Petal
Powell, Vernel
Rawlins, Cardell
Rawlins, Jerome
Small, Denicia
Smithen, Ernestine & Mills, Jondelle
Stanley, Edric
Swanston, Jervan
Tross, Stedmond
Wallace, Paula
Walters, Oscar
Walters, Vernesia
Walwyn. Corine
Weeks, Kyle

Williams, Shevon K
Williams, Sonia
Wiltshire, Joseph James

<u>Attendance by Zoom</u>
Audain, Mel
Berridge, Richard
Browne, Amos
Claxton, Judy
Dascent, Sharon
Guilbert, John
Hanley, Clydella (submitted proxy)
Hoge, Fernella
Huggins, Shelda
Lake, Mark
Liburd, Denrick
Manners, Felecia
Manners, Marilyn
Merchant-Lescott, Kelva
Myers, Joalyn
Nisbett, Jackie
Prentice, Elburna
Riviere, Melville Ellery Warner
Stapleton, Donley
Thomas, Azmon
Walters, Michelle
Wiltshire, Regis

<u>Attendance by Proxy</u>
- 1st National Bank of St. Lucia Ltd *(Represented by L. Everette Martin)*
- Adventure Ltd *(Represented by Jessica Boncamper)*
- Vance Amory *(Represented by Jessica Boncamper)*
- Maureen Archibald *(Represented by Jessica Boncamper)*
- Bank of St. Lucia ECSC *(Represented by L. Everette Martin)*
- Bank of St. Lucia Staff Pension Plan *(Represented by L. Everette Martin)*
- Myrtle Bechtel *(Represented by Stedmond Tross)*
- Irvin Boncamper *(Represented by Jessica Boncamper)*
- BOSL WAM for LUCELEC DC PENSION PLAN *(Represented by L. Everette Martin)*
- Mark Brantley *(Represented by Lorna Hunkins)*
- Peter Coury *(Represented by Damion Hobson)*
- Terrence Crossman *(Represented by Jessica Boncamper)*
- Nelcia Daniel *(Represented by Jessica Boncamper)*
- Roosevelt Daniel *(Represented by Jessica Boncamper)*
- Roosevelt St. C David *(Represented by Jessica Boncamper)*
- Leonora Didder *(Represented by Jessica Boncamper)*
- Yvonne Fahie *(Represented by Lorna Hunkins)*
- Joseph Gajor *(Represented by Jessica Boncamper)*
- Elridge Glasford *(Represented by Jessica Boncamper)*
- Telbert Glasgow *(Represented by Jessica Boncamper)*
- Clydella Hanley *(Represented by Jessica Boncamper)*
- Georgette Hanley *(Represented by Jessica Boncamper)*
- Melvin Hanley *(Represented by Jessica Boncamper)*
- Theodore Hobson *(Represented by Jessica Boncamper)*
- Jennifer Hodge *(Represented by Lorna Hunkins)*
- Fernella Hoge *(Represented by Jessica Boncamper)*

- Brenda Huggins *(Represented by Jessica Boncamper)*
- Shelda Huggins *(Represented by Jessica Boncamper)*
- Thomas Keenan *(Represented by Laurie Lawrence)*
- Civilla Eulie Kentish *(Represented by McLevon Tross)*
- Amber Kimathi *(Represented by Jessica Boncamper)*
- Leon Lescott *(Represented by Jessica Boncamper)*
- Lloyd Lescott *(Represented by Jessica Boncamper)*
- Linton A. Liburd *(Represented by Jessica Boncamper)*
- Ethelyn Liburd *(Represented by Jessica Boncamper)*
- Grecia Liburd *(Represented by Jessica Boncamper)*
- Hyleeta Liburd *(Represented by Lorna Hunkins)*
- LJHS Company *(Represented by Jessica Boncamper)*
- Richard Lupinacci *(Represented by Jessica Boncamper)*
- Imogene Mills *(Represented by Jessica Boncamper)*
- Verna Morgan *(Represented by Jessica Boncamper)*
- Nevis Cooperative Credit Union *(Represented by George S. Newton)*
- Nevis Island Administration *(Represented by Colin Dore)*
- Lathania Nisbett *(Represented by Joseph Herbert)*
- Muriel Vanella Nisbett *(Represented by Joseph Herbert)*
- Wellington Parris *(Represented by L. Everette Martin)*
- Derick Parry *(Represented by Jessica Boncamper)*
- Anthony Pemberton *(Represented by Jessica Boncamper)*
- Errol Pemberton *(Represented by Jessica Boncamper)*
- Joseph & Lisa Racz *(Represented by Jessica Boncamper)*
- Derval Allyson Rawlins *(Represented by Cardell Rawlins)*
- Laurence Richards *(Represented by Jessica Boncamper)*
- Lyra Richards *(Represented by Stephnie Arthurton)*
- Shanelle Simmonds *(Represented by Lorna Hunkins)*
- SKNA Trading & Development Co. Ltd *(Represented by Ernie France)*
- St. Christopher and Nevis Social Security Board *(Represented by Ernest Pistana and Leon Charles)*
- St. Kitts Cooperative Credit Union *(Represented by Ivor K. Phillip)*
- Cleone Stapleton-Simmonds *(Represented by Chavil Archibald)*
- Myra Williams *(Represented by Jessica Boncamper)*
- Valencia Williams *(Represented by Jessica Boncamper)*

By Invitation:

- Deloitte & Touche Representatives – Andra Serieux-Kirton
- Representative of Eastern Caribbean Securities Exchange – Trevor Blake
- BON Operations Manager – Shermaine Bodley
- BON Chief Internal Auditor- Ruth Mitchel

Chairman Laurie Lawrence welcomed the shareholders to the Bank's Thirty-fourth (34th) Annual General Meeting (AGM). He noted that the quorum for the meeting was twenty (20) members and declared the meeting open, upon receiving confirmation from the Secretary that a quorum was established.

The Chairman introduced the members of Board of Directors to the shareholders and informed the meeting that the Bank had re-engaged the Eastern Caribbean Securities Exchange (ECSE) to prepare the AGM's attendance register and to conduct voting on all matters, with the aim of ensuring that the process was independent and transparent.

The invocation was delivered by Mr. George S. Newton.

The shareholders were informed that 63 proxies representing 11,024,338 shares were received.

NOTICE OF MEETING

The Chairman invited the Secretary to read the Notice of Meeting. The Secretary, Mrs. Cindy Herbert, read the Notice of Meeting.

AGENDA

The Agenda was approved as presented.

1. **APPROVAL OF MINUTES OF THE THIRTY-THIRD ANNUAL GENERAL MEETING HELD ON 19TH DECEMBER, 2019**

The Secretary presented the Minutes of the 33rd Annual General Meeting. A motion to approve the Minutes of the 33rd Annual General Meeting held on 19th December, 2019 as read, was moved by Mr. Rawlinson Isaac and seconded by Ms. Lorna Hunkins. The meeting was invited to vote by show of hands on the approval of the Minutes. **The motion carried.**

2. **TO RECEIVE THE REPORT OF THE BOARD OF DIRECTORS**

The Chairman presented a summary of his remarks recorded in the 2020 Annual Report. He highlighted the following:

1. Data from the International Monetary Fund World Economic Outlook (June 2020) illustrated that global output would decrease by 4.9%, the United States of America by 8.0%, the Euro Area by 10.2% and China by 4.5%.

2. In terms of the Caribbean region, the World Bank estimated a decline of 1.8% and the Eastern Caribbean Central Bank (ECCB) forecasted that growth in the Eastern Caribbean Currency Union would decrease 5% to 7%.

3. Progress with Strategic Initiatives were as follows:
    i) The Bank was proceeding with the acquisition of Royal Bank of Canada (RBC), St. Kitts and RBTT Bank (SKN) Limited and was awaiting the approval of the ECCB concerning the transaction.
    ii) Enhanced Internet Banking Service- There was a soft launch on 1st December 2020.
    iii) Mobile Banking- It was anticipated that this will be launched by January 2021.

4. The non- consolidated financial results were as follows:
    i) Non-consolidated profits of $9,486,694.00 or 165% increase over the previous year.
    ii) Earnings per share of $0.52.
    iii) Return on Assets of 1.91%.
    iv) Return on Equity of 12.20%.

    A significant portion of the profits were attributed to the sale of Bank of Nevis International Limited (BONI) at $12,127,050.00. However, the profit was less than anticipated due to the increase in administrative expenses, which increased by 13% and Expected Credit Losses of $4.35 million.

5. The consolidated financial results were as follows:
    i) Loss of $5,939,685, which was attributable to the loss on disposal of the subsidiary BONI of $5,107,632. The delay with the sale of BONI resulted in a significant increase in BONI's net assets. However, the delay also resulted in BON collecting dividends of $10.75 million.

6. Key Challenges were as follows:
    i) Correspondent Banking- An international bank in the USA was undertaking a due diligence review of the Bank's operations and once completed, a decision would be taken about whether BON would be on boarded.
    ii) Non-Performing Loans (NPLs) stood at 12.84%.

7. A consultant was hired to provide assistance with the Bank's Strategic Plan and an important aspect of the plan would be the Bank's expansion into the St. Kitts market and improvements in the Nevis market.

The Chairman expressed thanks to the Staff Members, his fellow Directors and Shareholders.

Director Damion Hobson presented a summary of the Report of the Board of Directors.

The shareholders were invited to ask questions.

Mr. Edric Stanley raised the following queries/comments:

1. He requested an update on the acquisition of RBC/RBTT. Chairman Laurie Lawrence noted that the parties were awaiting the approval of the ECCB concerning the transaction.
2. He enquired about the rationale for the Bank not being able to pay a dividend to its shareholders. Chairman Lawrence noted that the ECCB issued a directive to all Licensed Financial Institutions (LFIs) noting that due to the potential impact of the coronavirus pandemic, LFI were not permitted to pay dividends to shareholders. Chairman Lawrence also noted that the Bank also had to take into consideration that its Estimated Credit Losses (ECL) provisioning was $4.5 million with the possibility

that this would increase and its NPL would worsen if the economy did not rebound. As a result, he noted that it was important for the Bank to be conservative and preserve its capital.

Mr. Hanzel Manners raised the following queries/comments:

1. He noted that the sale of BONI was the main contributor towards the Bank's profit and with the removal of the proceeds of sale, this would result in an operating loss for BON. Chairman Lawrence agreed noting that BONI was a significant contributor to BON's profits and that it was previously highlighted to shareholders that the Bank's profits were likely to decline after the sale of BONI. Hence, the rationale for the Bank exploring its expansion into the St. Kitts market. Chairman Lawrence also highlighted that the profit was significantly impacted by the ECLs for loans.

2. He noted that the Bank sold $17 million in assets (BONI) for $12 million and queried the rationale for the agreement for sale not contemplating changes in circumstances. Chairman Lawrence noted that at the time that the agreement was executed between the parties, the sole matter for consideration was the approval by the regulatory authority and it was not anticipated that this would have been delayed.

Mr. Rawlinson Isaac raised the following queries/comments:

1. He noted that the coronavirus pandemic commenced three and a half months before the financial year-end. As a result, he opined that BON has not performed creditably. He also noted that the Bank's Annual Financial Report failed to provide specifics on the future vision for the Bank. Ms. Petal Parry, Chief Financial Officer, noted that although the pandemic commenced three and a half months before the financial year-end, there was an increase in the Bank's ECL.

2. He observed that the Bank had poor return on assets and noted that shareholders expected a return on their investment. Based on the foregoing, he noted that the Bank would need to concentrate on the new financial year including reviewing RBC/RBTT financials and the impact that it may have on BON. He noted that his cursory review of RBC/RBTT's financials revealed that as at 2019, there were $135 million in loans. Ms. Parry also highlighted that RBC/RBTT had a significant amount in cash available of $128 million.

Mr. H. Ron Daniel II raised the following queries/comments:

1. He requested an update about the Bank's referral programme. The General Manager, Mr. L. Everette Martin, noted that the programme was expected to launch by the first quarter of 2021.

2. He enquired about the status of the Bank's Whistleblower Policy. The General Manager noted that the policy was approved by the Board and would be placed on the Bank's website.

3. He observed that the Bank should give consideration for the representation of minority shareholders on the Board. The General Manager noted that the Bank would revert on this matter.
4. He also observed that the coronavirus pandemic has shown the reactive nature of the Bank, which triggered the launch of the enhanced online banking three years later than originally proposed. The General Manager noted that the online banking process commenced in 2019 and was launched on 1st December 2020. He also noted that the enhanced online banking allows for the transfer of monies from BON to anywhere across the ECCU. The General Manager also noted that the mobile banking was expected to launch by January 2021 once all tests were completed.

A motion to receive and accept the Report of the Board of Directors was moved by Ms. Petal Parry and seconded by Mrs. Jessica Boncamper. The meeting was invited to vote by show of hands on the motion. **The motion carried.**

3. TO RECEIVE THE REPORT OF THE AUDITORS

Director Jacqueline Lawrence, Chairperson of the Audit and Compliance Committee, introduced Mrs. Andra Serieux-Kirton, partner of Deloitte & Touche, External Auditors, to present the Auditors' Report.

The Auditors' Report on the accounts for the financial period ended June 30, 2020, was read by Mrs. Andra Serieux-Kirton. After her presentation, the floor was opened for questions. There were no questions.

A motion to receive and accept the report of the Auditors was moved by Mr. Rawlinson Isaac and seconded by Mrs. Vernesia Walters. The meeting was invited to vote by show of hands on the motion. **The motion carried.**

4. TO RECEIVE AND CONSIDER THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2020

The General Manager, Mr. L. Everette Martin, and the CFO, presented the Accounts for the Year Ended June 30, 2020 and Management Discussion and Analysis of the Audited Financial Statements. They outlined the key performance indicators for 2020 compared with the previous years' results. After their presentation, the floor was opened for questions.

Mrs. Vernesia Walters observed that on page 10 of the Annual Report, the number of employees for the Bank for the financial year ended June 30, 2020 was stated as 90 compared to 68 in 2019. The General Manager noted that this was an error as it should have reflected 82 employees.

Mrs. Walters queried the rationale for the delay with the implementation of the Bank's contactless credit cards. The General Manager noted that the project was ongoing and it was anticipated that the project would be completed by the first quarter of 2021.

Mrs. Walters also queried the Bank's NPL ratio. The General Manager noted that it was approximately 9%, which was due to the aggressive efforts in focusing on the larger NPLs. The General Manager further noted that the number of NPL was approximately 82 with approximately 5 large loans.

Mr. H. Ron Daniel II recommended that the Annual Report should present a summary or a pie chart of the breakout of loans by sector.

A motion to receive and accept the Accounts for the financial year ended June 30, 2020 was moved by Mr. Edric Stanley and seconded by Mrs. Vernesia Walters. The meeting was invited to vote by show of hands whether they were for or against receiving the Accounts for the year ended June 30, 2020. **The motion carried.**

5. **TO ELECT THREE (3) NON-INDEPENDENT DIRECTORS:**
   i. **Jessica Boncamper retires by rotation and being eligible offers herself for re-election.**
   ii. **Adrian Daniel retires by rotation and being eligible offers himself for re-election.**
   iii. **Damion Hobson retires by rotation and being eligible offers himself for re-election.**

Chairman L. Lawrence invited Mr. Trevor Blake of the ECSE to conduct the proceedings for the election of Directors.

The Returning Officer, Mr Trevor Blake, initiated the election process with a statement of purpose and an explanation of the procedures to be adopted. He informed the meeting that the retiring directors, Mr. Damion Hobson, Mrs. Jessica Boncamper and Mr. Adrian Daniel, being eligible and having indicated their availability for re-election, had been duly nominated for election. There were no other nominations.

Mr. Vernel Powell read the biography of Mr. Damion Hobson.
Mrs. Marion Lescott read the biography of Mrs. Jessica Boncamper.
Mrs. Vernesia Walters read the biography of Mr. Adrian Daniel.

The Returning Officer advised the meeting that, in accordance with BON's by-law, the election would be conducted by a show of hands, unless a ballot was demanded. There was no demand for a ballot.

As there were three nominees to fill the three vacant positions, the meeting proceeded to vote for the nominees en bloc, by a show of hands. A total of thirty-three (33) shareholders voted by show of hands in favour of the nominees. There were no votes against.

Mr. Damion Hobson, Mrs. Jessica Boncamper and Mr. Adrian Daniel were re-elected to the Board of Directors as non-independent directors.

6. **NO DIVIDEND SHALL BE DECLARED PURSUANT TO A DIRECTIVE DATED 19TH OCTOBER 2020 ISSUED BY THE EASTERN CARIBBEAN CENTRAL BANK (ECCB) TO ALL FINANCIAL INSTITUTIONS**

The Chairman informed the meeting that the Board of Directors agreed that no dividend shall be declared pursuant to a directive dated 19th October 2020 issued by the Eastern Caribbean Central Bank (ECCB) to all financial institutions. The Chairman informed the meeting that apart from the ECCB's directive, the Board also took into account the Bank's capital adequacy ratio and erosion on the Bank's capital, which led to the decision not to pay a dividend.

7. **TO APPOINT DELOTTTE AND TOUCHÉ, CHARTERED ACCOUNTANTS, AS AUDITORS FOR THE YEAR ENDING JUNE 30, 2021**

A motion was moved by Mr. Damion Hobson and seconded by Mr. George S. Newton to appoint Deloitte & Touche as the Bank's Auditors for the year ending June 30, 2021**.** The meeting was invited to vote by show of hands on the motion to appoint Deloitte & Touche as the Bank's Auditors for the year ending June 30, 2021. **The motion carried.**

8. **ANY OTHER BUSINESS**

The Chairman introduced the members of the Management Team who were present at the meeting.

There being no further business, the Chairman declared the meeting closed at 8:42 p.m.

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Laurie Lawrence	**Cindy Herbert**
Chairman	**Secretary**