Schedule 1

FORM ECSRC – K

ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended September 30, 2017

Issuer Registration number ACB201555AB

ANTIGUA COMMERCIAL BANK LTD.
(Exact name of reporting issuer as specified in its charter)

ANTIGUA & BARBUDA
(Territory of incorporation)

ST. MARY'S & THAMES STREETS, ST. JOHN'S, ANTIGUA
(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): (268) 481-4200/1/2/3

Fax number: (268) 481-4449

Email address: acb@acboline.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes ☑ No ☐

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary Shares	10 million issued
	(150 million - maximum number of shares
	the Company is authorized to issue)

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Barbara Hume- General Manager	Lorraine Raeburn - Chairman
Name of Chief Executive Officer:	Name of Director:
SIGNED AND CERTIFIED	SIGNED AND CERTIFIED
Signature	Signature
30/1/18	30.1.18
Date	Date

Joyanne Byers - Finance and Accounting Executive

Name of Chief Financial Officer:

Joyanne Byers - Finance and Accounting Executive

SIGNED AND CERTIFIED

30 January 2018

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

Antigua Commercial Bank Group continues to focus on building our institutional capacity so as to safeguard our long-term sustainability, while optimizing profits in an increasingly competitive market.

For at least the second consecutive year, whereas overall credit in the Eastern Caribbean Currency Union (ECCU) fell by 2.2% and that of Antigua and Barbuda fell by 0.7%1 , during our fiscal year ended September 30, 2017, ACB Group grew its credit exposure by 3.1% while simultaneously reducing portfolio delinquency by one percentage point. We accomplished this via ongoing efforts to target all client segments with value-added financing solutions, streamlining our processes to reduce our response times, and adequately resourcing our collections efforts in tandem with credit portfolio expansion. Despite lower yields on both loans and investments pursuant to the ECCU's ongoing excess liquidity, judicious growth of these asset classes coupled with careful management of our deposit liabilities resulted in our net interest income increasing. Fee income also grew with an expanding customer base conducting more transactions.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

List of Properties owned by Antigua Commercial Bank Ltd.

(i) Antigua Commercial Bank Headquarters - Thames & St. Mary's Streets, St. John's, Antigua

(ii) ACB Financial Centre - High & Temple Streets, St. John's, Antigua

(iii) Storage Building in ACB Staff Parking Lot, St. Mary's Street, St. John's, Antigua

No properties were acquired or disposed of during the relevant period.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

Proceedings terminated during fiscal 2016/2017

(i) Leonart Matthias v.ACB - Claim of unfair dismissal- claim for reinstatement and assessed compensation - On June 30, 2017, the Industrial Court issued its judgment in favour of the Bank and dismissed the claim for unfair dismissal. (matter terminated at the Industrial Court level)

The former employee has since filed a Notice of Appeal to the Court of Appeal on September 1, 2017. Awaiting further directions from the Court.

(ii) Grand Dickenson Bay v. ACB - Defending Injunctive Relief sought by Grand Dickenson to prevent the sale of the securing property - On June 8, 2017, the Court discharged the interim injunction granted in January, 2016 and has cleared the way for the Bank to continue to pursue the realization of its security. Dickenson Grand Bay's claim was regarded as premature as there had been no sale and the Court commented that the Bank had acted within its rights. Comments were also made that the Claimant had not approached the court with "clean hands" since it had not disclosed the 2012 claim where injunctive relief had also been dismissed.

(iii) ACB v. Dale Lake t/a The Palms Restaurant Bar and Lounge - Recovery of debt- Judgment was granted on February 25, 2017 against the Defendant in the sum of EC $24,239.50 in addition to interest in the amount of EC$370.50 and cost in the sum of EC$1,595.00.

(iv) Montpellier Farms Ltd. v. ACB - Montpellier sued the Bank claiming damages as a result of alleged failure to honor the terms of a letter of credit- the Bank countersued for Debt of over $5million - Judgment obtained after trial in favour of the Bank in February, 2011 in the amount of $5,850,945.31 together with costs of $20,000 and interest of 5% per annum from the date of the Order.

Court of Appeal via Judgment on October 27, 2015 dismissed the Appeal and ordered costs of EC$13,333.33 in favour of ACB.

Appeal filed by Montpellier to advance to the Privy Council and on June 21, 2017, Privy Council has refused Montpellier's application for permission to appeal to the Privy Council.

Proceedings commenced during fiscal 2016/2017

(i) ACB v. Paul & Gina Papadopoulos - Collection to be pursued for debt with a balance of $137,713.43 after the sale of the securing property via private treaty - The matter was outsourced on June 26, 2017 and since then, a before litigation letter was issued in July, 2017.

Via letter dated September 12, 2017, the debtor's Attorney replied requesting an accounting.

(ii) ACB v. Sevly Ireland-Rogers - Collection to be pursued to recover the balance on a debt of $52,527.49, after the sale of the securing vehicle - The file was outsourced on June 26, 2017 and a letter of demand before instituting litigation proceedings issued in July, 2017.

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

On March 9,2017, the Company hosted its 61st Annual General Meeting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

Election of Directors

Michael F. Roberts retired and was ineligible for re-election to the ACB Board having served for more than ten (10) years consecutively in accordance with s.3 of the Companies (Amendment) Act, 2009.

Lorraine Headley and Mavis George were re-elected to the ACB Board of Directors together with newly elected members, Cassandra P. Simon and Adekunle O. Osoba.

(c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

DIRECTORS' REMUNERATION
Directors' Remuneration remained unchanged.

AUDITED FINANCIAL STATEMENT 2016
The Audited Financial Statements for the year ended September, 30 2016 and the report of the External Auditors, were approved as presented.

DIVIDEND 2016
A cash dividend of $0.40 for each unit share to be paid for the financial year ended September 30, 2016, as at record date February 15, 2017, was approved.

AUDIT 2017
The appointment of KPMG Eastern Caribbean as the Company's External Auditors for the year ending September 30, 2017 was approved. Shareholders also authorized the Board to fix the remuneration of the said auditors.

(d) A description of the terms of any settlement between the registrant and any other participant.

NOT APPLICABLE

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

NOT APPLICABLE

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

NOT APPLICABLE

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

For the most recent financial year

(i) Auditor's report; and
(ii) Statement of Financial Position;

For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed

(iii) Statement of Profit or Loss and other Comprehensive Income;
(iv) Statement of Cash Flows;
(v) Statement of Changes in Equity; and
(vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

All risks faced by ACB are endemic to the business that we are in, i.e. there is none that is specific to us. Given the core business of the Bank, the primary risk facing the institution is credit risk. ACB faces risks emanating from its operations in the form of potential fraud, employee safety, cybercrime, threat from national disasters etc. Notwithstanding, the Bank continues to actively monitor and implement measures to manage its various risk exposures. On the liquidity side, the Bank's liquidity indicators were all within the regulatory requirements. Overall, there has been no notable increase in the Bank's risk profile.

8. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NOT APPLICABLE

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

  ____

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

  ____

- Name and address of underwriter(s)

  ____

  ____

- Amount of expenses incurred in connection with the offer ______________

- Net proceeds of the issue and a schedule of its use

  ____

  ____

- Payments to associated persons and the purpose for such payments

  ____

  ____

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

NOT APPLICABLE

9. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

NOT APPLICABLE

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

NOT APPLICABLE

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

The Group's Net Profit After Tax declined by 9% to $20.3 million year-over-year in fiscal 2017. Core after-tax earnings, however, increased by 2% or $0.4 million to $20.9 million notwithstanding mark-to-market losses of $0.8 million being recorded on investments in fiscal 2017 instead of an extraordinary gain of $2.5 million realized in the prior year. Within the context of the IMF's prediction of 2.7% growth in Antigua and Barbuda's real GDP during the period, the factors contributing to our performance for the year are further discussed below.

Notwithstanding growth in both our loan and investment portfolios, Gross Interest Income decreased year-over-year by $1.2 million or 2.1% due largely to shrinking interest yields on loans resulting from competitive market pressures, fewer collections of non-performing loans, and lower investment returns pursuant to ongoing excess liquidity in the Eastern Caribbean Currency Union (ECCU).

In fiscal 2017, growth in our client base and increased transaction activity resulted in a 16.9% or $1.7 million increase in Other Operating Income over prior-year. A 10.2% ($0.4 million) decline in Foreign Exchange earnings was outweighed by a 37.5% ($1.9 million) increase in Fee Income, 42.8% ($0.1 million) more in Dividend Income, and 109% ($0.1 million) more in the recovery of loans written off.

The Group's strategy to manage deposits in our excessively liquid environment resulted in decreased Interest Expense of $1.7 million or 9.1%.

Operating Expenses increased by 23.6% or $4.8 million, largely as a result of an offsetting and non-recurring $2.5 million gain on the sale of shares in Republic Bank Grenada in fiscal 2016, coupled with a $1.9 million or 9.2% increase in General & Administrative Expenses. The latter is largely attributed to $1.5 million (13%) more in salaries & related costs, as we move to strategically build our institutional capacity by filling key managerial vacancies and by increasing our complement of client-facing staff to serve our growing customer base.

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.

ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

iii) The issuer’s internal and external sources of liquidity and any material unused sources of liquid assets.

iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer’s financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

v) Circumstances that could impair the issuer’s ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.

viii) The issuer’s material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.

ix) Any known material trends, favorable or unfavorable, in the issuer’s capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Total Assets stood at $1.17 billion as of September 30, 2017 compared to $1.15 billion a year earlier, reflecting a 1.7% or $19.4 million increase. Amounts Due from Other Banks fell by $76.1 million or 60.5%, reflecting the region's ongoing excess liquidity. These amounts were partially redeployed in our investment portfolio which grew by $25.3 million or 18.5% as we sought appropriate risk-adjusted returns, while Cash and Balances with the Central Bank increased by $45 million or 23.3%.

Loans and Advances increased by $19.7 million or 3.1% year-over-year as we maintained our focus on aggressive but responsible loan growth via several campaigns serving the consumer segment, and value-added financing solutions tailored to the needs of our corporate customers.

Our Loan-to-Deposit ratio therefore grew by two percentage points year-over-year to 69%, also a reflection of the careful management of our deposit liabilities which grew marginally by 0.2% during fiscal year ended September 30, 2017.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

NOT APPLICABLE

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls, *Overview of Results of Operations*

In its fiscal year ended September 30, 2017, the ACB Group recorded its second-highest net profit ever of $20.3 million, a 9% or $2 million decline from prior-year. Whereas our loan and investment portfolios both grew, falling interest rates resulted in lower gross interest income earned. Simultaneously, growth in other operating expenses exceeded growth in other operating income, the former being significantly influenced by a non-recurring and offsetting gain on sale of investments recorded in the prior fiscal year. We expect to reverse this trend by serving our growing client base more efficiently given the Business Process Re-engineering (“BPR”) and other initiatives being pursued.

The ACB Group continues to be well-capitalized with a Total Capital Adequacy Ratio of 28.4% - well in excess of the ECCB’s minimum prescribed 8% - and remains highly profitable. We are now faced with the looming implementation of International Financial Reporting Standard 9 (IFRS 9) as of January 1, 2018 which is likely to significantly and negatively affect the earnings of all banks since we will be required to recognize expected credit losses rather than incurred credit losses. Notwithstanding this and the effects of intensifying market competition, we expect to continue delivering value to our shareholders by serving our customers with excellence, operating our business with maximum efficiency, and having a fully engaged and empowered workforce.

As our people are among our greatest assets, we are more focused than ever on enhancing staff engagement and empowering our people with the training, coaching, and other tools required to enable us to deliver the superior client experience for which we are constantly striving. Our customers may also expect, in the coming months, to benefit from the enhanced efficiencies of our BPR initiatives which are gaining momentum. These will also contribute to reducing our overhead expenses, which have been growing as our client base has expanded and as we have moved to fill critical positions in the areas of Risk Management and Compliance, Recoveries, Project Management, and our client-facing units. The bank remains highly focused on growing, but doing so responsibly and more efficiently for maximum profitability.

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

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

At the Group's last Annual General Meeting held on March 9, 2017, Shareholders approved the re-appointment of KPMG Eastern Caribbean, as its External Auditors for the financial year ending September 30, 2017. Subsequently, KPMG Eastern Caribbean ceased to operate on March 31, 2017 and effective April 1, 2017, former partners in KPMG Eastern Caribbean commenced business under BDO Eastern Caribbean.

Effective May 5, 2017, new Audit Firm, KPMG- Audit, Tax and Advisory Services ("KPMG"), was registered in Antigua and Barbuda.

In light of the above developments, the Group conducted the necessary assessment and upon the recommendation of the Audit & Risk Management Committee and with the consent of the Eastern Caribbean Central Bank, as required under section 60 of the Banking Act, 2015, the External Auditor vacancy created in March, 2017 was filled by the engagement of KPMG as the Group's External Auditor for the 2017 financial year end in accordance with section 166 (1) of the Companies Act, 1995.

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

NOT APPLICABLE

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

(i) Audited Financial Statements for the year ended September 30, 2017- Antigua Commercial Bank (Separates and Consolidated)

(ii) Audited Financial for the year ended September 30, 2016- Antigua Commercial Bank (Separates and Consolidated);

(ii) Audited Financial for the year ended September 30, 2015- Antigua Commercial Bank (Separates and Consolidated);

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Lorraine Raeburn (formerly Headley) Position __Chairman___

Age: __48 years_______________

Mailing Address: ___P.O. Box 1568, Belle View Estate, ____

_____St. John's, Antigua ____

Telephone No.: 460-4683/764-2133

List jobs held during past five years (include names of employers and dates of employment).

- Director, Crystal Cay Ltd.
- Joint Owner of Keyonna Beach – All Inclusive – Johnson Point, Antigua – April 2008 - Present

Give brief description of **current** responsibilities

Chairman of the ACB Board
Director of the ACB Mortgage & Trust Co. Ltd. Board – appointed by ACB Board

Chairman of the following Board Sub-Committees:
- Governance and Executive
- Investment

Member of the following Board Sub-Committees:
- Human Resources & Compensation
- Board Retreat Planning Committee

Education (degrees or other academic qualifications, schools attended, and dates):

- Doctoral Candidate for the Doctorate in Business Administration, University of the West Indies, Barbados – 2008 – Present
- Masters in Business Administration – University of the West Indies, Barbados – 1997
- Bachelor of Arts Degree – Mathematics & Economics, Cirton College, Cambridge University, England – 1990
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) - 2013

Use additional sheets if necessary

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: __Craig J. Walter ______ Position: __Vice-Chairman ___________________

Age: __43 years ________________

Mailing Address: __ Belle Vue Estate, ____

_____St. John's, Antigua ____

____

Telephone No.: 764-3476

List jobs held during past five years (include names of employers and dates of employment).

- Director of Finance & Administration – Eastern Caribbean Civil Aviation Authority (ECCAA) – June 2008 – Present

Give brief description of **current** responsibilities

Vice- Chairman of the ACB Board
Director of the ACB Mortgage & Trust Co. Ltd. Board – appointed by ACB Board

Chairman of the following Board Sub-Committees:
- Property, Plant & Equipment
- Board Retreat Planning Committee

Member of the following Board Sub-Committees:
- Audit & Risk Management Committee
- Governance & Executive Committee
- Investment
- Marketing & Public Relations /AGM Editorial

Education (degrees or other academic qualifications, schools attended, and dates):

- BSc. Accounting – State University of New York at Genesco – 1996

- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) – 2010

Use additional sheets if necessary

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: __Mavis George ______ Position: __Vice-Chairman ____________________

Age: __58 years ________________

Mailing Address: __ Crosbies____

_____St. John's, Antigua ____

____

Telephone No.: 464-1226/723-1226

List jobs held during past five years (include names of employers and dates of employment).

- General Manager – Antigua Fisheries Ltd. – 1986 – present

Give brief description of **<u>current</u>** responsibilities

Vice- Chairman of the ACB Board
Director of the ACB Mortgage & Trust Co. Ltd. Board – appointed by ACB Board

Chairman of the following Board Sub-Committee:

- Human Resources & Compensation Committee

Member of the following Board Sub-Committees:

- Governance & Executive Committee
- Marketing & Public Relations /AGM Editorial
- Audit & Risk Management Committee
- ACB Louis H. Lockhart Scholarship Screening Committee

Education (degrees or other academic qualifications, schools attended, and dates):

- Masters in Business Administration – University of the West Indies, Barbados – 2004

- Executive Diploma in Management – University of the West Indies, Barbados, 2002

- Diploma in General Accounting - University of Scranton, Pennsylvania - 1986

- Certificates - Institute of Chartered Accountants of the Eastern Caribbean (ICAEC), the Caribbean Association of Audit Committee Members Inc. (CAACM) and the Caribbean Governance Training Institute (CGTI)
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) – 2012

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: __Reginald Peterson______ Position: __Vice - Chairman___

Age: ___68 years______________

Mailing Address: _____Liberta Village, ______________________________

_____St. Paul's, Antigua ______________________________

____

Telephone No.: 723-8010/774-1231

List jobs held during past five years (include names of employers and dates of employment).

- Director, Mavis Cabral Medical Centre
- Self-Employed Farmer
- Retired Teacher
- Small Business Operator – Aunt Vie's Variety Store – Owner/Manager

Give brief description of **current** responsibilities

Director of the ACB Board
Director of the ACB Mortgage & Trust Co. Ltd. Board – appointed by ACB Board

Chairman of the following Board Sub-Committees:
- Credit Committee
- ACB Louis H. Lockhart Scholarship Screening Committee

Member of the following Board Sub-Committees:
- Governance and Executive Committee
- Audit & Risk Management Committee
- Technology Committee
- Property, Plant & Equipment Committee

Education (degrees or other academic qualifications, schools attended, and dates):

- Bachelor of Education – New Brunswick, Canada – 1978
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) - 2011

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: _Daryll S. Matthew ______ Position: __Director__________________

Age: _41 years ________________

Mailing Address: __ Creekside, P.O. Box 967 ____

_____St. John's, Antigua ____

____

Telephone No. 764-1269

List jobs held during past five years (include names of employers and dates of employment).

- General Manager – J. Pinder Finance & Development Company Limited – 2013
- Self- Employed Surveyor
- Managing Director/Geographic Information Specialist – Total Development Solutions Inc. – 2010 - 2012

Give brief description of **<u>current</u>** responsibilities

Director of the ACB Board
Director of the ACB Mortgage & Trust Co. Ltd. Board – appointed by ACB Board

Chairman of the following Board Sub-Committee:

- Marketing & Public Relations/AGM Editorial

Member of the following Board Sub-Committees:

- Credit Committee
- Property ,Plant & Equipment
- Technology Committee
- Board Retreat Planning Committee

Additional Board Appointment

- ACB Pension Scheme Board of Trustees

Education (degrees or other academic qualifications, schools attended, and dates):

- Masters in Business Administration (International Business & Finance) – Ashton University, Birmingham, United Kingdom – 2012 - 2013
- Masters in Geographic Information Management – University of Twenté, the Netherlands – 1999 - 2000
- Diploma in Land Surveying – University of Technology, Jamaica – 1995-1998
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) – 2012

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: __Sandra Derrick ______ Position: __Director ___________________

Age: __51 years _______________

Mailing Address: __ P.O. Box 359, ____
St. John's, Antigua ____
____

Telephone No.: 764-5361

List jobs held during past five years (include names of employers and dates of employment).

2017 - Chief Financial Officer (CFO) - Eastern Caribbean Asset Management Corporation (ECAMC)
2016- 2017- Financial Consultant
2012 – 2015

- Head/Senior Financial Analyst - Ministry of Finance, State owned Enterprise Unit
- Financial Consultant – Antigua & Barbuda Port Authority
- Acting Chief Financial Officer – Antigua & Barbuda Port Authority

Give brief description of **current** responsibilities

Director of the ACB Board

Chairman of the following Board Sub-Committee:

- Technology Committee

Member of the following Board Sub-Committees:

- Credit Committee
- Human Resources & Compensation Committee
- Audit & Risk Management Committee
- Investment Committee

Education (degrees or other academic qualifications, schools attended, and dates):

- MBA Finance, Marketing & Decision Sciences – Kellogg School of Management – Northwestern University, Evanston, Illinois – 1993
- BSc. Industrial Engineering – Stanford University, Stanford, California – 1988
- Professional Certifications – CFA – Certified Financial Analyst - 1999
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) – 2016

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: _Sharon A. Matthew-Edwards ______ Position: __Director __________________

Age: __46 years _______________

Mailing Address: __ P.O. Box 2334, Royal Estate ____

_____St. John's, Antigua ____

____

Telephone No.: 764-5391/562-4222

List jobs held during past five years (include names of employers and dates of employment).

- Owner/Manager – Concord Business Associates, Chartered Accountants – 2010 – present

Give brief description of **<u>current</u>** responsibilities

Director of the ACB Board

Chairman of the following Board Sub-Committee:

- Audit & Risk Management Committee

Member of the following Board Sub-Committees:

- Board Retreat Planning Committee
- Technology Committee
- Investment Committee
- ACB Louis H. Lockhart Scholarship Screening Committee

Education (degrees or other academic qualifications, schools attended, and dates):

- Continuing Professional Development Courses – 1994 – Present
- International Financial Reporting Standards Train the Trainer Course – 2012
- Chartered Accountant Designation – The Atlantic School of Chartered Accountants – Nova Scotia, Canada – 1994
- Bachelor of Commerce Degree (cum laude) – Double Major in Accounting & Finance – St. Mary's University, Nova Scotia, Canada – 1992
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) – 2016

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: __Valerie Jeffery______ Position: __Director___________________________

Age: ___69 years______________

Mailing Address: ___P.O. Box W57, Woods Centre, ____

_____St. John's, Antigua ____

____

Telephone No. 463-0816/464-4856

List jobs held during past five years (include names of employers and dates of employment).

- Owner/CEO – Dispatch Services Antigua Ltd. – 2000 – Present

Give brief description of **current** responsibilities

Director of the ACB Board

Member of the following Board Sub-Committees:

- Credit Committee
- Human Resources & Compensation Committee
- Marketing & Public Relations Committee
- Property, Plant & Equipment Committee
- ACB Louis H. Lockhart Scholarship Screening Committee

Education (degrees or other academic qualifications, schools attended, and dates):

1975 – 1978 – London University, United Kingdom

- Completed two (2) years of Law School, LLB degree
- Certified IATA Instructor

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: __Cassandra P. Simon_____ Position: __Director__________________________

Age: ___50 years_______________

Mailing Address: ___Cane Drive , Jeffrey's Estate , Potters, Antigua_______________________

Telephone No. 720-5155

List jobs held during past five years (include names of employers and dates of employment).

- Principal- Accounting Solutions- 1999 to present

Give brief description of **current** responsibilities

Principal- Accounting Solutions
Audit, Accounting, Tax, Payroll, Software Installation, Staff Training and Financial Advisor to Businesses and Individuals

Director of the ACB Board
Member of the following Board Sub-Committees:

- Credit Committee
- Audit & Risk Management Committee
- Technology Committee
- Property, Plant & Equipment Committee

Education (degrees or other academic qualifications, schools attended, and dates):

B.SC (Hons) Accounting 1991 –UWI, Cave Hill

ACCA, 1997 –Association of Certified Chartered Accountants;

Diploma, Computer Repair & networking 2001-Antigua & Barbuda Institute of Information Technology

Use additional sheets if necessary.

APPENDIX 1- BIOLOGICAL DATA FORMS

DIRECTORS OF THE COMPANY:

Name: __Adekunle O. Osoba_____ Position: __Director________________

Age: ___34 years______________

Mailing Address: ___P.O. Box Hammerfield ,Off All Saints Road, St. John's, Antigua____________

Telephone No. 720-2786

List jobs held during past five years (include names of employers and dates of employment).

Citizenship by Investment Unit- August 23, 2013 to present – Compliance Officer
– Compliance and Due Diligence related exercises and assessments

-Trium Bank & Trust Ltd.- January 2012 to November 2012 –Senior Manager Risk and Compliance Officer

-ABI Holdings Ltd- October 2011 to December 2011 - October 2011 to December 2011

Give brief description of **current** responsibilities

Director of the ACB Board
Member of the following Board Sub-Committees:

- Credit Committee
- Human Resources & Compensation Committee
- Marketing & Public Relation/ AGM Editorial Committee
- Investment Committee

Education (degrees or other academic qualifications, schools attended, and dates):

Certified professional Anti-Money Laundering (CP/AML) April 2016 –Florida International Bankers Association (FIBA), Inc. in Partnership with Florida International University;

Certificate in Financial Planning- August 2009 – Florida State University;

Anti-Money laundering Certified Associate (AML/CA) –January 2009–Florida International Bankers Association (FIBA), Inc. in Partnership with Florida International University;

Bachelor of Commerce- May 2006- Saint Mary's University, Halifax Nova Scotia, major: Finance

Use additional sheets if necessary.

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: ____Barbara Hume____ Position: General Manager__________

Age: ___46 years ___________

Mailing Address: ________Jolly Harbour ,Villa 307A 1 Golf course Way, St. Mary's, Antigua_____

____

Telephone No.: __(268)481-4169 /464-4169_______

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

(i) General Manager- Antigua Commercial Bank- October 2015 - present - Responsible for the general operations of the ACB Group

(ii) Unit Head ,Collections –National Commercial Bank Jamaica Limited- October 2012 to December 2013- strategic planning and daily operations of critical collections unit through a team of over 100 employees;

(iii) Unit Head ,Enterprise Underwriting –National Commercial Bank Jamaica Limited – October 2011 to December 2013- responsible for strategic and operational leadership of five (5) centralized units that evaluated and maintained credit facilities for clients in the consumer, small and medium enterprise sectors;

(iv) Unit Head, Middle Market –National Commercial Bank Jamaica Limited-September 2010 to September 2011-led a team of eight (8) charged with the mandate to rapidly grow middle market credit exposure.

Education (degrees or other academic qualifications, schools attended, and dates):

(i) 1997 -1999 : Columbia Business School, New York ,NY- MBA Finance (Honors);

(ii) 1989-1992: University of the West Indies ,Kingston ,Jamaica –BSc. Accounting (Honors)

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Joyanne Byers Position: Finance & Accounting Executive

Age: 37 years

Mailing Address: Gunthropes, P.O. Box W844,St.Peters ,Antigua

Telephone No.: (268) 764-0060

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Finance & Accounting Executive – Antigua Commercial Bank – 2009 to present

To provide strong support to the General Manager in the provision of accurate and comprehensive financial accounts and management reports, profitable and effective cash management and the overall efficient administration of the Finance, Accounting and Customer Support operation.

Education (degrees or other academic qualifications, schools attended, and dates):

Antigua Girls' High School – 1992 to 1997
Antigua State College – 1997-1999
BSc in Accounting – University of the West Indies, Cave Hill Campus – 1999 – 2002
Certified Public Accountant –July 2013

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: ______Rhodette F.C. Paige_____ Position: Legal Counsel /Corporate Secretary__________

Age: __36 years____________

Mailing Address: ________#2 Belmont Estate ,St. John's ,Antigua______

____

Telephone No.: (268) 481-4330 /764-4330

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

Legal Counsel/ Corporate Secretary at Antigua Commercial Bank– October, 2008 to present

- providing legal and secretarial support to the Board of Directors and Management;
- Manager of the Legal/ Secretariat Department

Education (degrees or other academic qualifications, schools attended, and dates):

- Bachelor of Laws with First Class Honors- University of the West Indies, Cave Hill Campus, Barbados (1999 to 2002)
- Legal Education Certificate of Merit- Norman Manley Law School, Jamaica (2004 to 2006)
- Accredited Director Certification – Institute of Chartered Secretaries Canada (ICSA) - 2010

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable____

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Austen S. Gittens   Position: Chief Internal Auditor

Age: 47 years

Mailing Address: American Road ,St. John's ,Antigua

Telephone No.: (268) 481-4233/764-4233

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Chief Internal Auditor at Antigua Commercial Bank- August 2006 to present. Responsibilities are as follows:

- Manage the Internal Audit Department for the ACB Group.
- Evaluate and provide assurance on the adequacy and application of the system of internal controls for the operations within the ACB Group. Ensuring that proper systems, procedures and internal controls are in place and followed.
- Make recommendations and offer advice on how to minimize and manage risk as well as ensuring compliance with systems, policies and relevant regulations with a view to improving the Group's performance.
- Conduct investigations when required.
- Ensuring that relevant training is provided to the Internal Audit staff.

Education (degrees or other academic qualifications, schools attended, and dates):

November 2011 – The Chartered Institute of Bankers in Scotland

- Certified International Risk Manager (CIRM)

March 2009 – Florida International Bankers Association & Florida International University

- Anti-Money Laundering Certification (AML/CA)

July 2001 – University of Manchester, Great Britain

- Master of Business Administration (MBA), Finance

May 1993 – Barry University, Miami, Florida

- Bachelor of Science (BSc), Finance & Economics (Major)
- Associates Degree (ASc), Computer Science

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

~~Not Applicable~~

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: M. Arlene R. Edwards Position: Manager- Corporate Banking

Age: _58 years_____________

Mailing Address: P.O. Box 3292,St.John's ,Antigua

____

Telephone No.: (268) 481-4160 / 764- 0062

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Manager –Corporate Banking Antigua Commercial Bank - December 2016 to present - Direct oversight of Corporate Banking as well as management of the three (3) Corporate Banking staff Manager- Private & Corporate Banking- December, 2010 to 2016- operations- Village Walk Branch

Education (degrees or other academic qualifications, schools attended, and dates):

2012 July	International Finance Corporation Certificate of Participation – Risk Management and Corporate Governance
2010 December	Chartered Institute of Bankers Scotland ▪ Certified Credit Professional (CCP)
2007 June	Caribbean Association of Indigenous Banks ▪ Certificate of Participation – Improving Small & Medium Sized (SMEs) Enterprises
2006 November	Caribbean Integrated Financial Services Limited Certificate of Participation – Outstanding participation in Effective Lending Techniques – Commercial Loans

2003 October	University of The West Indies, Cave Hill, Barbados ▪ MBA, General Management	
2001 November	Florida Atlantic University ▪ Certificate of Achievement – Debt Collection & Customer service techniques	
1999 October	University of The West Indies, Cave Hill, Barbados ▪ Diploma in Management	

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Helen J. Looby

Position: Operations & Accounting Officer-

ACB Mortgage & Trust Company Limited

Age: 53 years

Mailing Address: Pares Village ,Antigua

Telephone No.: (268) 764-4312/481-4312

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Operations & Accounting Officer (ACB Mortgage & Trust Company Limited) May 2011 to present

- All Operations and Accounting related duties

Education (degrees or other academic qualifications, schools attended, and dates):

Antigua State College – Diploma 1984

UWI – Executive Diploma in Management Studies 2003

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Geoffrey Simmons Position: Manager –Retail Lending and Recoveries

Age: 52 years

Mailing Address: St. Claire Heights ,St. John's, Antigua

Telephone No.: (268) 481-4271/ 764-0056

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Manager- Retail Lending & Recoveries at Antigua Commercial Bank - March 2011 to present
Duties as follows:-

- Ensures that Consumer Lending, Securities and Maintenance and Recoveries Units targets set with respect to Business development - loans, deposits, fees, other services and non-performing loans and interest - are met, with any negative variance not exceeding 10%.

- Manages department's marketing and sales plan, following Consumer Lending and Credit Card Representatives' progress, cross selling ACB's products and services at every opportunity, building internal and external relationships, identifying and satisfying existing and new customers' needs in order to achieve growth and profitability targets set.

- Aggressively works to improve the quality of the loans portfolio, through timely and efficient credit management, monitoring arrears on a daily/weekly basis, telephoning arid utilizing effective problem solving techniques to control risk.

Education (degrees or other academic qualifications, schools attended, and dates):

September 1976-July 1984 - Princess Margaret Secondary School

September 1984-July 1986 - Antigua State College - Diploma (Business Studies)

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Peter N. Ashe Position: Manager- ACB Mortgage & Trust Company Limited

Age: _53 years_____________

Mailing Address: ________Friars Hill Road St. John's ,Antigua_____

Telephone No.: (268) 481-4311/764-4315

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Manager, ACB Mortgage and Trust Company Limited- June 2006 to present Provide strong support to the Board of Directors by spearheading the planning and establishing of the goals and targets of the Company to ensure the profitable and effective management, control and/or growth of the assets of the Company; Responsible for the operations of the Company.

Education (degrees or other academic qualifications, schools attended, and dates):

Bachelor's in Accounting – State University , Diploma in International Trust Management (ITM), TEP

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND KEY PERSONNEL OF THE COMPANY

Name: Maria Abraham Position: Audit Officer

Age: 47 years

Mailing Address: Villa Area, St. John's ,Antigua

Telephone No.: (268) 481-4251

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Audit Officer – Antigua Commercial Bank – January 2010 to present

- Review policies and procedures for compliance with Anti-Money Laundering
- Assists with the management of the department's workflow
- Assists with the accurate and timely preparation of reports to the Board
- Make sound recommendation to reduce risk, improve controls and operations
- Work closely with External Auditors, and Management providing assistance as required
- Supervises 3 staff auditors
- Assist in recommending and conducting training for staff

Education (degrees or other academic qualifications, schools attended, and dates):

- BA – University of the Virgin Islands – 1994-1998
- MBA in Accounting – Bowling Green State University – 2002-2003
- Certified Internal Auditor – Institute of Internal Auditors - 2008

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: __Sidlow Frank____________ Position: Manager - Information Systems___________

Age: ______42 years

Mailing Address: _______P.O. Box 3650 , Herbert's Estate, S t. John's, Antigua

Telephone No.: _(268)764-4371 /720-7810_________

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Manager - Information Systems	Antigua Commercial Bank	June 2016 to Present
Network Administrator/LAN Analyst	Antigua Commercial Bank	January 2006 to May 2016
- responsible for communications and technology systems and projects; network and systems support		

Education (degrees or other academic qualifications, schools attended, and dates):

BSc Computer Information Systems - Andrews University Berrien Springs, MI (1998 – 2002)

Also a Director of the company [ ] Yes [x] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Jonathan Lindsay   Position: Manager- Customer Relations and Service Quality__________

Age: _46 years_____________

Mailing Address: _____Cedar Hill, P.O. Box 3456, St. John's ,Antigua_____

____

Telephone No.: (268) 481-4205 /764-4205

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Manager – Customer Relations and Service Quality at Antigua Commercial Bank – June 2007 to present

Duties:

- In charge of Customer Relations operations for the ACB Head Office which includes treasury operations, remote agencies, Debit Card, new accounts, wire transfers and night deposit activity.
- Also project manager for several projects, such as the installation of the Alchemy Payment Processing Suite which handles automation of wire transfers and drafts, ECACH project (ongoing), installation of two ATMs at remote locations

Education (degrees or other academic qualifications, schools attended, and dates):

Master of Science (MS) – Management - University of Maryland Eastern Shore 1993 - 1995

Bachelor of Science (BS) - Accounting - University of Maryland Eastern Shore 1989 - 1993

St. Joseph's Academy 1982 - 1988

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Heidi Weste Position: Corporate Accounts Executive

Age: _37 years ____________

Mailing Address: _____P.O. Box W1762, St. John's ,Antigua_____

Telephone No.: 481-4188/ 764-7401

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

April 2013 to present -Corporate Accounts Executive -Antigua Commercial Bank

To provide strong support to the Manager- Private & Corporate Banking by managing and growing a portfolio of Corporate/Commercial accounts profitably and effectively

- Monitors an assigned loan portfolio ensuring that accounts are operating satisfactorily and risks are effectively managed
- Ensures that individual targets set with respect to Business Development- loans, deposits, fees etc., are met or exceeded, with any negative variance not exceeding 10%

November 2011 to April 2013 -Management Trainee-Antigua Commercial Bank

Conducted Teller/Customer Service Training

- Conducted Interviews and assisted with the selection of applicants
- Prepared contracts for new employees
- Prepared Personal and Corporate loan applications
- Assisted with Security Dossier Reviews

March 2009 to November 2011 -Executive Assistant to the General Manager and Assistant General Manager

- Prepared Minutes of monthly Management Meetings and monthly Minutes of the Asset Liability Management Committee Meetings
- Assisted in the follow up and completion of Credit Matters
- Assisted the General Manager/Managers with monthly Board Meeting preparations

Education (degrees or other academic qualifications, schools attended, and dates):

August 2004- May 2007	Bachelor of Arts degree in Psychology University of the Virgin Islands #2 John Brewer's Bay, St. Thomas 00802
August 2007- June 2008	Master of Business Administration Inter-American University of Puerto Rico San Juan, Puerto Rico
September 21, 2010	Professional in Human Resource Certification HR Certification Institute 1800 Duke Street, Alexandria, VA 22314
April 12, 2011	Certified Fraud Examiner Certification Association of Certified Fraud Examiners 716 West Ave Austin, TX 78701-2727, U.S.A
May 13, 2011	Certificate in Credit Analysis and Lending Eastern Caribbean Institute of Banking and Financial Services Basseterre, St. Kitts, West Indies
August 19, 2011	Certified Risk and Compliance Management Professional International Association of Risk and Compliance Professionals

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Sharon Nathaniel Position: Corporate Accounts Executive

Age: 51 years

Mailing Address: Mount Pleasant, St. John's ,Antigua

Telephone No.: (268) 464-4181 /481-4195

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Antigua Commercial Bank - Corporate Accounts Executive - July 2010 to Present

- Monitors delinquent loan portfolio via credit reports and other means to ensure that deteriorating situations are identified and timely action taken to correct them; making sound recommendations for action;
- Ensures that departmental targets set with respect to Business development - loans, fees, other services – are not exceeded;
- Evaluates loan requests, interview applicants, analyses financial data, visits premises, confirm collateral security

Education (degrees or other academic qualifications, schools attended, and dates):

- The University of Leicester - Masters in Business Administration – Finance (2009)
- The University of the West Indies - Diploma in Management (Distinction) (2001)
- The University of the West Indies – Administrative (Professional) Secretaries Certificate (2000)
- Chartered Institute of Bankers Banking Certificate (1999)

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Seth Burton Position: Marketing & Public Relations Executive

Age: _49 years_____________

Mailing Address: _____Liberta Village , P.O. Box 1999 ,Antigua_____

____

Telephone No.: _(268) 464-4290/481-4290________

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Marketing & Public Relations Executive- Antigua Commercial Bank -August, 2015 to present

- responsible for implementing the Group's marketing and public relations strategies

Human Resource Manager, National Park Authority – November 2010 to July 2015

- Directed all human resources functions including training and development, employee recognition, policy, benefits. Planned and monitored all Public Relation functions/Communication Support.

Education (degrees or other academic qualifications, schools attended, and dates):

- Master of Arts –Communications Management, University of Alabama at Birmingham, USA – January - 2004 to December 17, 2005.
- Bachelor of Business Administration, Andrews University ,1986 –August 1990

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Sherene Bird Position: __Human Resources Executive

Age: __50 years____________

Mailing Address: _____Friar 's Hill, P.O. Box 2735, S t. John's ,Antigua_ __

____

Telephone No.: _ (268) 464-4240/481-4240________

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

- **Human Resources Executive- Antigua Commercial Bank - August, 2015 to present**
    - manages the HR Department and is mainly responsible for dealing with HR and premises related issues for the Group
- **Training and Development Manager- Sandals Grande Resort – 2001 to July 2015**
    - develop and deliver training programs; supervise internship Programs and Hospitality Training Programs

Education (degrees or other academic qualifications, schools attended, and dates):

MSc -Research and Development Studies –University of the West Indies Jamaica

BSc-Government –University of the West Indies –St. Augustine

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

__***Not Applicable***____

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Hermine Thomas   Position: Manager – Risk & Compliance

Age: 37 years

Mailing Address: Carlisle Estate, St. George,
Antigua

Telephone No.: 1-268-464-4250

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

1. **Manager-Risk and Compliance at Antigua Commercial bank** (***1 July 2016 to Present***) – Head of Risk and Compliance Department.
   Develop and implement a comprehensive risk management programme, to identify, measure, monitor and make recommendations for the control of all material risks faced by the ACB Group.
2. **Financial Risk Analyst (*2015-2016*)** – East Caribbean Financial Holding Company Ltd.
3. **Banking Officer/Portfolio Manager** (***2014-2015***) – Eastern Caribbean Central Bank (ECCB)
4. **Examiner (*2011-2014*)** – ECCB

Education (degrees or other academic qualifications, schools attended, and dates):

Financial Risk Manager (FRM, Level 1) – Global Associate of Risk Professionals, (2015 to present)
M.Sc Banking and Finance – UWI, 2010
B.Sc Management Studies – UWI, 2008
Certificate in Business Administration – UWI, 2003
CXC Certificate – St. Joseph's Convent, 1993-1998

Also a Director of the company [ ] Yes [X] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Vaughn Joseph Position: Finance & Accounting Officer

Age: 47 years

Mailing Address: P .O. Box 3406, St. John's, Antigua

Telephone No.: 481-4241/764-4241

Finance & Accounting Officer – Antigua Commercial Bank – June 2016 to present
Current responsibilities:

- Provides strong support to the Finance & Accounting Executive in the provision of accurate and comprehensive financial accounts and management reports, profitable and effective cash management, and the overall efficient administration of the Finance, Accounting & Customer Support operation in accordance with the Bank's strategy, policies and relevant ECCB guidelines.

Ansbacher Antigua Limited - Head of Financial Accounting & Deputy Operations Manager – Nov. 2015 to March 2016 (Ansbacher Antigua Ltd. assumed ownership of PKB PrivatBank Ltd in October 2015)

PKB Private bank Ltd: **- Head of Financial Accounting & Deputy Operations Manager –** Sept. 1996 to October, 2015

- Responsible for producing & later supervising the production of the financial statements
- Produced financial reports on a quarterly basis to the Financial Services Regulatory Commission

Education (degrees or other academic qualifications, schools attended, and dates):

B.A. Accounting - University of the Virgin Islands - 1994

Antigua Grammar School - 1981-1986

Also a Director of the company [ ] Yes [☑] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:
Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Collin Roderick Maynard Position: Compliance Specialist

Age: 57 years

Mailing Address: Post Office Box 1809, St. John's, Antigua

Telephone No Home- 1 268 426 1242, Personal Mobile – 1 268 464 1307

- **Employment**
  Mr. Maynard commenced employment with Antigua Commercial Bank in August 1979.

- **Positions held from July 2007 to the present**
  Compliance Assistant (Compliance Department) from July 2007 to December 2015.
  Compliance Specialist - Acting (Compliance Department) from January 2016 to November 2016.
  Compliance Specialist (Risk Management& Compliance Department) from December 2016 to present .

  The above positions relate to Anti-Money Laundering (AML) and the Countering Financing of Terrorism (CFT), AML/CFT.

- **Brief description of current responsibilities**

  The main objective of the position is to support the Compliance function by designating, developing, and maintaining an effective Compliance Programme, monitoring regularly to ensure that the requisite Anti-Money Laundering policies and procedures are formulated, implemented, and adhered to by staff at all levels and to assist in ensuring that the Bank's overall policies are followed in accordance with the ECCB guidelines and ACB's objectives.

Education (degrees or other academic qualifications, schools attended, and dates):

Association of Certified Fraud Examiners (ACFE). The scheduled examination date is the fourth quarter of 2017.

- Attended a two-day conference held in Antigua and titled Antigua & Barbuda Compliance Officers Forum, from November 23 and 24, 2016 facilitated by the Office of National Drug & Money Laundering Control Policy (ONDCP).
- Attained the Anti-Money Laundering certification – Certified Anti-Money Laundering & Financial Crimes Prevention (CAMLFC) from the Anti-Money Laundering & Financial Crimes Institute in September 2016. The examination was conducted in Antigua.
- Attended the Florida International Bankers Association (FIBA) AML conference in February 2013 in Florida, USA.
- Attended the 3rd Annual (ACAMS) AML/Fraud Prevention Conference – August 15 to 16, 2011 facilitated by M&K Consulting, held at Sandals Resort, St. John's Antigua.
- Attained the Anti-Money Laundering certification – Certified Anti-Money Launder Specialist (CAMS) in February 2011 from the Association of Certified Anti-Money Laundering Specialist (ACAMS). The examination was conducted in Puerto Rico.

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Alan Byron Scholl Position: Project Manager

Age: 50 years

Mailing Address: P.O. Box 2397, Sunset Lane ,Mc Kinnon's ,John's, Antigua

Telephone No.: off 481-4378 /mob 464-1350/ h 561-4026

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

Antigua Commercial Bank- Project Manager –March 1, 2017 to present

LIAT (1974 Ltd-January 6, 2014 to February 24, 2017- Network Administrator

LIME/CW Jan 2009 to October 31, 2013- Regional Project Manager

Responsible for ensuring the Bank's projects are managed within time and budget and that process adhere to acceptable project management methodologies such as PRINCE2 or PMI.

Education (degrees or other academic qualifications, schools attended, and dates):

Bachelor of Science Degree-Computer Engineering –Florida Institute of Technology graduated June 1990 PRINCE2 Foundation –November 2013

Also a Director of the company [ ] Yes [☑] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Not Applicable

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: **LOIS TEAGUE**

Position: **ASSISTANT MANAGER – CUSTOMER RELATIONS & SERVICE QUALITY**

Age: **47 YEARS**

Mailing Address: **CROSBIES, ST. JOHN'S, ANTIGUA**

Telephone No.: **(268) 461-4197/ 464-4197**

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

- **ASSISTANT MANAGER- CUSTOMER RELATIONS & SERVICE QUALITY- December, 2016 to present**
    1. **TO MANAGE ALL ASPECTS OF RETAIL BANKING AT THE VILLAGE WALK BRANCH;**
    2. **TO BE THE "BANKER" OF THE BUSINESS PROCESS RE-ENGINEERING TEAM- RESPONSIBLE FOR REVIEWING ALL CURRENT PROCESSES TO IMPROVE OVERALL EFFICIENCY.**

- **CUSTOMER SERVICE SUPERVISOR – ANTIGUA COMMERCIAL BANK- 2007 TO 2016 – Teller Supervisor**

Education (degrees or other academic qualifications, schools attended, and dates):

POST GRADUATE DIPLOMA IN BANKING & FINANCIAL SERVICES FROM THE UNIVERSITY OF LEICESTER. ENGLAND.

Also a Director of the company [ ] Yes [**X**] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:
NOT APPLICABLE
Use additional sheets if necessary.

Consolidated Financial Statements of

ANTIGUA COMMERCIAL BANK LTD.

September 30, 2017

(Expressed in Eastern Caribbean dollars)

ANTIGUA COMMERCIAL BANK LTD.

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KPMG
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156 Redcliffe Street
P.O Box W388
St. John's
Antigua
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Antigua Commercial Bank Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Antigua Commercial Bank Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2017, the consolidated statements of income, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Shareholders of Antigua Commercial Bank Ltd.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Shareholders of Antigua Commercial Bank Ltd.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements *(cont'd)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Chartered Accountants
November 30, 2017
Antigua and Barbuda

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Financial Position

As at September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Assets				
Cash and balances with the Central Bank	8	$	238,303,738	193,344,086
Due from other banks	9		49,740,690	125,832,168
Treasury bills	10		96,728,323	82,384,881
Statutory deposit	11		5,845,549	5,764,514
Loans and advances	12		649,685,295	629,994,653
Other assets	13		22,128,051	17,624,897
Investment securities	14		65,887,957	54,900,038
Property and equipment	15		31,259,658	30,679,799
Pension asset	16		8,251,792	7,922,682
Total Assets		$	1,167,831,053	1,148,447,718
Liabilities and Equity				
Liabilities				
Income tax payable	20	$	3,934,414	5,525,059
Deposits due to customers	17		938,846,249	937,036,500
Other liabilities and accrued expenses	18		17,585,201	15,230,919
Deferred tax liability	20		4,907,819	4,222,690
Total Liabilities			965,273,683	962,015,168
Equity				
Stated capital	22		36,000,000	36,000,000
Statutory reserve	23		20,768,281	18,013,557
Other reserves	24		39,577,518	36,843,494
Retained earnings			106,211,571	95,575,499
Total Equity			202,557,370	186,432,550
Total Liabilities and Equity		$	1,167,831,053	1,148,447,718

Approved for issue by the Board of Directors on November 30, 2017 and signed on its behalf by:

______________ **Chairman**

______________ **Director**

Maris George **Director**

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Income

For the year ended September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Interest income				
Income from loans and advances		$	45,936,514	46,711,577
Income from deposits with other banks and investments			8,765,636	9,165,311
			54,702,150	55,876,888
Interest expense				
Savings accounts			9,735,433	9,336,890
Time deposits and current accounts			6,763,488	8,829,960
Investment expenses			36,520	22,007
			16,535,441	18,188,857
Net interest income			38,166,709	37,688,031
Other operating income	25		11,927,790	10,205,444
Total income			50,094,499	47,893,475
Operating expenses				
General and administrative expenses	27		22,726,094	20,804,128
Gain on disposal of investments	14		-	(2,484,000)
Depreciation	15		2,183,116	1,915,528
Directors' fees and expenses	21		906,933	939,612
Recovery of loan impairment	12		(1,462,484)	(1,087,280)
Provision for impairment of investments	14		789,822	252,419
			25,143,481	20,340,407
Profit before tax			24,951,018	27,553,068
Taxation				
Current tax expense			3,955,873	5,561,537
Deferred tax expense/(credit)			732,677	(272,140)
	20		4,688,550	5,289,397
Profit for the year		$	20,262,468	22,263,671
Earnings per share	26	$	2.03	2.23

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Profit for the year		$	20,262,468	22,263,671
Other comprehensive income: *Items net of tax that are or may be reclassified to profit or loss in the future:*				
Transfer of revaluation reserve on available-for-sale investments to profit or loss on disposal of security, net of tax of $621,000	24		-	(1,863,000)
Decrease in fair value of investment securities, net of tax of $3,333 (2016: $7,085)	24		(5,000)	(14,216)
			(5,000)	(1,877,216)
Items net of tax that will never be reclassified subsequently to profit or loss:				
Actuarial loss for the year, net of tax of $44,215 (2016: $508,045)	16		(132,648)	(1,524,134)
Other comprehensive loss for the year			(137,648)	(3,401,350)
Total comprehensive income for the year		$	20,124,820	18,862,321

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Cash Flows

For the year ended September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes		2017	2016
Cash flows from operating activities				
Profit for the year		$	20,262,468	22,263,671
Items not affecting cash:				
Recovery of loan impairment	12		(1,462,484)	(1,087,280)
Provision for impairment of investment securities	14		789,822	252,419
Depreciation	15		2,183,116	1,915,528
Loss on disposal of property and equipment			-	41,162
Gain on disposal of investments	14		-	(2,484,000)
Pension income	16		(139,244)	(263,709)
Interest income			(54,702,150)	(55,876,888)
Interest expense			16,535,441	18,188,857
Tax expense			4,688,550	5,289,397
Cash flows used in operating activities before changes in operating assets and liabilities			(11,844,481)	(11,760,843)
Change in statutory deposit			(81,035)	(312,945)
Change in other receivables and other assets			(5,652,990)	(10,386,218)
Change in loans and advances			(17,617,293)	(22,563,075)
Change in deposits due to customers			1,942,399	6,272,722
Change in other liabilities and accrued expenses			2,354,282	3,171,136
Cash flows used in operating activities before interest, taxes and pension contributions			(30,899,118)	(35,579,223)
Interest received			54,028,854	55,571,519
Interest paid			(16,668,091)	(18,617,970)
Taxes paid			(5,546,518)	(3,165,191)
Pension contributions paid			(366,729)	(368,307)
Net cash flows provided by/(used in) operating activities			548,398	(2,159,172)
Cash flows from investing activities				
Redemption of investment securities			35,159,009	77,633
Purchase of investment securities			(29,160,972)	(29,019,406)
Purchase of property and equipment	15		(2,762,975)	(3,060,587)
Disposal of equity securities	14		-	2,794,500
Net cash flows provided by/(used in) investing activities			3,235,062	(29,207,860)
Cash flows from financing activities				
Dividends paid	19		(4,000,000)	(4,000,000)
Net cash flows used in financing activities			(4,000,000)	(4,000,000)
Net decrease in cash and cash equivalents			(216,540)	(35,367,032)
Cash and cash equivalents, beginning of year			263,987,071	299,354,103
Cash and cash equivalents, end of year	28	$	263,770,531	263,987,071

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Changes in Equity

For the year ended September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes	Stated capital	Statutory reserve	Revaluation reserve: available for sale investments	Capital reserve	Revalation reserve: property	Pension reserve	Loan loss reserve	Retained earnings	Total
Balance, September 30, 2016		$ 36,000,000	18,013,557	2,112,502	7,461,949	5,317,922	7,922,682	14,028,439	95,575,499	186,432,550
Profit for the year		-	-	-	-	-	-	-	20,262,468	20,262,468
Other comprehensive loss		-	-	(5,000)	-	-	-	-	(132,648)	(137,648)
Total comprehensive income		-	-	(5,000)	-	-	-	-	20,129,820	20,124,820
Transfer to reserve fund	23	-	2,754,724	-	-	-	-	-	(2,754,724)	-
Increase in reserve for loan loss	24	-	-	-	-	-	-	2,409,914	(2,409,914)	-
Increase in pension reserve	24	-	-	-	-	-	329,110	-	(329,110)	-
Transactions with owners										
Dividends paid	19	-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance, September 30, 2017		$ 36,000,000	20,768,281	2,107,502	7,461,949	5,317,922	8,251,792	16,438,353	106,211,571	202,557,370

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LTD.

Consolidated Statement of Changes in Equity *(cont'd)*

For the year ended September 30, 2017
with comparative figures for 2016

(Expressed in Eastern Caribbean Dollars)

	Notes	Stated capital	Statutory reserve	Revaluation reserve: available for sale investments	Capital reserve	Revalation reserve: property	Pension reserve	Loan loss reserve	Retained earnings	Total
Balance, September 30, 2015		$ 36,000,000	14,727,544	3,989,718	7,461,949	5,317,922	9,322,844	15,706,774	79,043,478	171,570,229
Profit for the year		-	-	-	-	-	-	-	22,263,671	22,263,671
Other comprehensive loss		-	-	(1,877,216)	-	-	-	-	(1,524,134)	(3,401,350)
Total comprehensive income		-	-	(1,877,216)	-	-	-	-	20,739,537	18,862,321
Transfer to reserve fund	23	-	3,286,013	-	-	-	-	-	(3,286,013)	-
Decrease in reserve for loan loss	24	-	-	-	-	-	-	(1,678,335)	1,678,335	-
Decrease in pension reserve	24	-	-	-	-	-	(1,400,162)	-	1,400,162	-
Transactions with owners										
Dividends paid	19	-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Balance, September 30, 2016		$ 36,000,000	18,013,557	2,112,502	7,461,949	5,317,922	7,922,682	14,028,439	95,575,499	186,432,550

The notes on pages 10 to 76 are an integral part of these consolidated financial statements.

1. Nature of operations

The principal activity of Antigua Commercial Bank Ltd. and its subsidiaries (the "Group"), is the provision of commercial banking services. The Bank is licensed to carry on banking business in Antigua and Barbuda and is regulated by the Eastern Caribbean Central Bank in accordance with the Banking Act No. 10 of 2015 and the Eastern Caribbean Central Bank Act No. 10 of 1983.

2. General information and statement of compliance with IFRS

Antigua Commercial Bank Ltd. the Group's ultimate parent company is a limited liability company incorporated on October 19, 1955 in Antigua and Barbuda and continued under the provisions of the Antigua Companies Act 1995. The Group's registered office is located at St. Mary's and Thames Streets, St. John's, Antigua.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated financial statements were approved for issuance on November 30, 2017.

These consolidated financial statements are prepared on the historical cost basis except for available-for-sale quoted securities and land and buildings which are stated at fair value, and pension asset, which is stated at the fair value of plan assets less the present value of the defined benefit obligation.

3. Changes in accounting policies

3.1 Adoption of new or revised standards, amendments to standards and interpretations

The Group has adopted the following amendments to standards and new interpretations effective from October 1, 2016. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's financial statements.

- IAS 1, *Presentation of Financial Statements,* has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

3. Changes in accounting policies *(cont'd)*

3.1 Adoption of new or revised standards, amendments to standards and interpretations *(cont'd)*

- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations. Below is the main amendment applicable to the Group:

  IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset - e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

3.2 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after October 1, 2016. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Effective January 1, 2017

- Amendments to IAS 7*, Disclosure Initiative* - The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

  The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

  To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities that form part of financing activities in the statement of cash flows.

- Amendments to IAS 12*, Recognition of Deferred Tax Assets for Unrealised Losses* - The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

  The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

  The Group is assessing the potential impact on its financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

3. Changes in accounting policies *(cont'd)*

3.2 Standards issued but not yet adopted *(cont'd)*

Effective January 1, 2018

- IFRS 15, *Revenue from Contracts with Customers*, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers,* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

  The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

- IFRS 9*, Financial Instruments,* replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

  The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

  Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in a significant increase in the overall level of impairment allowances

3. Changes in accounting policies *(cont'd)*

3.2 Standards issued but not yet adopted *(cont'd)*

Effective January 1, 2019

- IFRS 16*, Leases,* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with a value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers,* is also adopted.

  The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

4. Summary of significant accounting policies

4.1 Overall considerations

The Consolidated Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-mandatory deposits with the ECCB and other banks, treasury bills, and other short-term highly liquid instruments with original maturities of three months of less.

4.3 Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4. Summary of significant accounting policies *(cont'd)*

4.3 Financial instruments *(cont'd)*

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- held-to-maturity (HTM) investments; and
- available-for-sale (AFS) financial assets.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within "interest income" and "interest expense", except for impairment of loans and advances which is presented separately in the statement of income.

(a) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, loans and advances, and some investment securities fall into this category of financial instruments.

(b) *Held-to-maturity investments*
HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. HTM investments are measured subsequently at amortised cost using the effective interest method. The Group currently does not have investments designated into this category.

(c) *Available-for-sale financial assets*
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities and debentures, and equity investments in various entities that are measured at cost less any impairment charges, where their fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss is reclassified from the equity reserve to profit or loss. Interest is calculated using the effective interest method and dividends are recognised in profit or loss under "other operating income".

AFS financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

4. Summary of significant accounting policies *(cont'd)*

4.3 Financial instruments *(cont'd)*

Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   – adverse changes in the payment status of borrowers in the group; or
   – national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount is then reduced to the recoverable amount as at the reporting date. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

4. Summary of significant accounting policies *(cont'd)*

4.3 Financial instruments *(cont'd)*

Impairment of financial assets *(cont'd)*

(a) Assets carried at amortised cost (cont'd)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude).

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in "loan impairment charges" whilst impairment charges relating to investment securities (loans and receivables categories) are classified in "provision for impairment of investment securities" in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(b) Assets classified as available-for-sale

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available- for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss.

4. Summary of significant accounting policies *(cont'd)*

4.3 Financial instruments *(cont'd)*

Impairment of financial assets *(cont'd)*

(b) Assets classified as available-for-sale (cont'd)

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through operating profit within the statement of income. Any subsequent changes in fair value are recognised in other comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through operating profit within the statement of income.

(c) Renegotiated Loans

Loans that are either subject to collective impairment assessment or are individually significant and whose terms have been renegotiated are no longer considered to be past due, but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include customers' deposits and other liabilities and accrued expenses. Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges are included within "interest expense" in the statement of income.

Classes of financial instruments

The Group classifies its financial instruments into classes that reflect the nature of the instrument and take into account the characteristics of those financial instruments. The classifications made can be seen in the table below:

4. Summary of significant accounting policies *(cont'd)*

4.3 Financial instruments *(cont'd)*

Classes of financial instruments *(cont'd)*

<table>
<tr><td rowspan="23">Financial assets</td><td rowspan="19">Loans and receivables</td><td rowspan="3" colspan="2">Due from banks and other financial institutions</td><td>Deposits with the Central Bank</td></tr>
<tr><td>Correspondent bank accounts</td></tr>
<tr><td>Fixed deposits</td></tr>
<tr><td rowspan="12">Loans and advances to customers</td><td rowspan="6">Loans and advances to individuals</td><td>Demand loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Non-performing loans and advances</td></tr>
<tr><td>Rebate Loans</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td>Credit Card advances</td></tr>
<tr><td rowspan="4">Loans and advances to corporate entities</td><td>Demand Loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Non-performing loans and advances</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td rowspan="2">Loans and advances to government and statutory bodies</td><td>Demand Loans</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td rowspan="3">Investment securities</td><td>Treasury bills</td><td>Local and regional treasury bills</td></tr>
<tr><td rowspan="2">Debt instruments</td><td>Quoted</td></tr>
<tr><td>Unquoted</td></tr>
<tr><td colspan="3">Other assets</td></tr>
<tr><td rowspan="4">Available-for-sale financial assets</td><td rowspan="4">Investment securities</td><td rowspan="2">Debt instruments</td><td>Quoted</td></tr>
<tr><td>Unquoted</td></tr>
<tr><td rowspan="2">Equity securities</td><td>Quoted</td></tr>
<tr><td>Unquoted</td></tr>
<tr><td rowspan="2">Financial liabilities</td><td rowspan="2">Other financial liabilities</td><td colspan="3">Deposits due to customers</td></tr>
<tr><td colspan="3">Other liabilities and accrued expenses</td></tr>
</table>

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

4.4 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A provision for Group levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Such situations are disclosed as contingent liabilities unless the outflow of resource is remote.

4.5 Property and equipment and depreciation

Property and equipment are stated at historical cost or revalued amount, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line method at rates estimated to write down the cost or valuation of such assets to their residual values over their estimated useful lives, as follows:

Buildings	40 years
ATM buildings and building improvements	10 years
Car park	10 years
Furniture and fixtures	$6\ ^{2/3}$ years
Equipment	10 years
Motor vehicles	5 years
Computer hardware	5 years
Computer software	3 years

4. Summary of significant accounting policies *(cont'd)*

4.5 Property and equipment and depreciation *(cont'd)*

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss when the expenditure is incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Property and equipment are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised within "other operating income" in profit or loss.

Revaluations of property and equipment are carried out every 3 to 5 years based on independent valuations.

4.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value- in-use. To determine the value-in-use, management estimates expected future cash flows from each cash- generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment losses are recognised in profit or loss.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.7 Dividends on ordinary shares and dividend income

Dividends on ordinary shares are recognised in equity in the period in which they are approved by shareholders. Dividends for the year which are approved after the reporting date are disclosed as a subsequent event (note 19).

Dividend income is recognised in "other operating income" in profit or loss when the entity's right to receive payment is established.

4. Summary of significant accounting policies *(cont'd)*

4.8 Interest income and expense and revenue recognition

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.9 Fee and commission income and revenue recognition

Fees and commissions are generally recognised on the accrual basis when the service has been provided. Loan origination fees are deferred (together with related direct costs) and recognised as an adjustment to the effective yield on the loan.

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the acquisition of shares or other securities, are recognised on completion of the underlying transaction.

4.10 Foreign currency translation

Functional and presentation currency
The Consolidated Financial Statements are presented in Eastern Caribbean Dollars, which is also the functional currency of the Group.

Foreign currency transactions and balances
Foreign currency transactions are translated into Eastern Caribbean Dollars using the closing rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4. Summary of significant accounting policies *(cont'd)*

4.11 Post-employment benefits

The Group provides post-employment benefits through a defined benefit plan. Under this plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on assumed rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in salaries and related costs in profit or loss. Actuarial gains and losses resulting from re-measurements of the net defined benefit liability are included in other comprehensive income.

4.12 Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All of the Group's leases are treated as operating leases and the Group is a lessee. All payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.13 Repurchase agreements

Securities sold subject to repurchase agreements are included in loans and receivables. These securities are not secured by collateral. The counterparty liability is included in 'due under repurchase agreements' and is recorded at amortised cost. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

4. Summary of significant accounting policies *(cont'd)*

4.14 Current and deferred income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the Consolidated Financial Statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Antigua and Barbuda.

Deferred tax
Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

4.15 Other liabilities

Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.16 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

4. Summary of significant accounting policies *(cont'd)*

4.17 Equity and reserves

Stated capital represents the issue price multiplied by the number of shares that have been issued. Any transaction costs associated with the issuing of shares are shown in equity as a deduction, net of any related income tax benefits.

Other components of equity include the following:

- Regulatory reserve for loan loss – additional provision as required by the Eastern Caribbean Central Bank and interest on loans not recognised for regulatory purposes
- Pension reserve – comprises a reserve equivalent to the calculated pension plan asset
- Revaluation reserve: property – comprises unrealised gains and losses from the revaluation of land and buildings
- Revaluation reserve for AFS financial assets – comprises unrealised gains and losses relating to these types of financial instruments
- Retained earnings – includes all current and prior period retained profits or losses

See note 24 for details on each component of other reserves.

5. Financial Instrument risk

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to- date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's Asset and Liability Management Committee (ALCO) and Investment Committee under policies approved by the Board of Directors. The ALCO and Investment Committee identify, evaluate and hedge financial risks in close co-operation with the Group's operating departments. The Board provides guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, Internal Audit is responsible for the independent review of risk management and the control environment. The risks arising from financial instruments to which the Group is exposed are credit risk, liquidity risk, market risk (which are discussed below) and other operational risk.

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancements provided, such as financial guarantees and letters of credit. The Group is also exposed to other credit risks arising from investments in debt securities.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control including risk on debt securities, cash, loans and advances, credit cards and loan commitments are monitored by the ALCO and Investment Committees, which report to the Board of Directors regularly. Cash deposits with other banks and short- term investments are placed with reputable regional and international financial institutions and Governments.

5.1.1 Credit risk management

(a) Loans and advances

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of the counterparty. These have been developed based on the Eastern Caribbean Central Bank guidelines. Customers of the Group are segmented into five rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are reviewed and upgraded as necessary.

Group's rating	Description of the grade
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

(b) Debt securities and other bills

The Group's portfolio of debt securities and other bills consists of St. Kitts and Nevis Government, St. Lucia Government and Antigua and Barbuda Government ninety-one day treasury bills, and other debt obligations by regional banking and non-banking financial institutions, all of which are unrated. The Group assesses the risk of default on these obligations by regularly monitoring the performance of the Governments through published government data, information received directly from government departments and information published by international agencies such as the International Monetary Fund (IMF) and the World Bank. The risk of default on regional corporate debt is assessed by continuous monitoring of the performance of these companies through published financial information, and other data gleaned from various sources.

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.1 Credit risk management *(cont'd)*

(c) *Credit card receivables*
The risk related to the Bank's credit card portfolio is significantly covered by the interest charged to customers at a rate of 19.5% per annum. Historically, the risk of loss has been on average less than 1% per annum over the past seven years. The portfolio is closely monitored by a third party and the Group on a daily basis to minimize the risk of default.

5.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular to individual counterparties and groups, and to industries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review by the Board of Directors.

The exposure to any one borrower, including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposure. Actual exposures against limits are monitored on an ongoing basis.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees. Lending limits are reviewed in light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

The following specific control and mitigation measures are also utilised:

(a) *Collateral*
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties.
- Charges over business assets such as equipment, inventory and accounts receivable.
- Charges over financial instruments such as cash and short-term deposits.
- Government and personal guarantees.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities may be secured or unsecured. In addition, the Group seeks to proactively minimize credit loss by taking pledges of collateral from the counterparty as part of its general risk mitigation strategy.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.2 Risk limit control and mitigation policies *(cont'd)*

(b) *Financial guarantees (for credit related commitments and loan books)*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.1.3 Impairment and provisioning policies

The internal rating systems described in Note 5.1.1 focus more on credit quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the Consolidated Financial Statements is usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The loan impairment provision shown in the statement of financial position at year end is derived from each of the five rating grades. However, the majority of the impairment provision comes from the substandard, doubtful and loss grades. The table below shows the percentage of the Group's on and off-balance sheet items relating to loans and advances and the associated impairment provision for each of the Group's internal rating categories:

	2017		2016	
Group's rating	**Credit risk Exposure**	**Impairment allowance**	**Credit risk exposure**	**Impairment allowance**
	(%)	**(%)**	**(%)**	**(%)**
Pass	26	7	20	5
Special mention	56	16	60	16
Sub-standard	17	47	18	47
Doubtful	1	21	2	23
Loss	0	9	0	9
	100	100	100	100

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.3 Impairment and provisioning policies *(cont'd)*

The mortgage subsidiary company had, on average 86% of its loan portfolio at a pass rating for the financial year ended September 30, 2017 (2016: 85%).

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (eg. equity ratio, net income percentage of sales)
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration in the value of collateral

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case by case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

		Maximum Exposure	
		2017	**2016**
Credit risk exposures relating to on-balance sheet assets			
Due from other banks	$	49,740,690	125,832,168
Treasury bills		96,728,323	82,384,881
Statutory deposits		5,845,549	5,764,514
Loans and advances			
Loans and advances to individuals:			
Overdrafts		8,882,930	5,521,063
Term loans		36,502,939	34,556,541
Mortgages		204,700,469	206,418,703
Loans and advances to corporate entities		399,598,957	383,498,346
Investment securities			
Loans and receivables- Debt securities		51,473,592	39,687,518
Other assets		21,030,962	16,607,678
		874,504,411	900,271,412
Credit risk exposures relating to off-balance sheet assets			
Loan commitments and other credit related obligations	$	38,053,415	18,198,064
At September 30	$	912,557,826	918,469,476

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

The above table represents a worse-case scenario of credit risk exposure to the Group at September 30, 2017 and 2016, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the separate statement of financial position.

As shown above, 74% of the total maximum exposure is derived from loans and advances to customers (2016: 70%); 6% represents investments in debt securities (2016: 5%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loans and advances portfolios and debt securities based on the following:

- Business loans, which represents the biggest group in the portfolio, are backed by collateral; and
- 72% of loans and advances portfolio are considered to be neither past due nor impaired (2016: 71%).

5.1.5 Loans and advances

Loans and advances area summarised as follows:

	2017	2016
	Loans and advances to customers	**Loans and advances to customers**
Neither past due nor impaired	$ 466,926,755	449,846,478
Past due but not impaired	132,300,497	123,100,644
Individually impaired	53,700,436	63,637,703
Gross	652,927,688	636,584,825
Interest receivable	16,291,798	15,680,934
Deferred interest income	(3,314,766)	(3,501,861)
Deferred fees	(2,070,185)	(2,288,840)
Less: allowance for impairment	(14,149,240)	(16,480,405)
Net	649,685,295	629,994,653
Allowance for impairment:		
Individually impaired	10,887,765	13,180,362
Portfolio allowance	3,261,475	3,300,043
	$ 14,149,240	16,480,405

The total impairment provision for loans and advances is $14,149,240 (2016: $16,480,405) of which $10,887,765 (2016: $13,180,362) represents the individually impaired loans and the remaining amount of $3,261,475 (2016: $3,300,043) represents the portfolio allowance. Further information about the impairment allowance for loans and advances to customers is provided in note 12.

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.5 Loans and advances *(cont'd)*

(a) *Loans and advances neither past due nor impaired*

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

		Loans and advances to customers					
		Individual (retail customers)			Corporate entities		
		Overdrafts	Term Loans	Mortgages	Large Corporate Customers	SMEs	Total
September 30, 2017							
Grades							
Standard monitoring	$	52,534,819	29,747,671	147,445,382	202,578,932	19,779,854	452,086,658
Special monitoring		13,450,715	561,816	-	349,749	477,817	14,840,097
	$	65,985,534	30,309,487	147,445,382	202,928,681	20,257,671	466,926,755
September 30, 2016							
Grades							
Standard monitoring	$	35,160,417	29,015,969	153,165,247	174,173,446	8,533,415	400,048,494
Special monitoring		18,711,164	681,796	-	29,548,921	856,103	49,797,984
	$	53,871,581	29,697,765	153,165,247	203,722,367	9,389,518	449,846,478

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.5 Loans and advances *(cont'd)*

(b) *Loans and advances past due but not impaired*

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances by class to customers that were past due but not impaired were as follows:

		Individual (retail customers)			Corporate entities		
		Overdrafts	Term Loans	Mortgages	Large Corporate Customers	SMEs	Total
September 30, 2017							
Past due up to 30 days	$	-	1,609,164	26,285,475	2,469,888	1,735,536	32,100,063
Past due 31 – 60 days		-	253,601	8,763,065	6,130,451	441,453	15,588,570
Past due 61 – 90 days		-	495,902	9,277,260	12,822,509	3,463,030	26,058,701
Past due 90 days and over		2,220,776	1,229,656	11,903,618	33,355,228	9,843,885	58,553,163
Total	$	2,220,776	3,588,323	56,229,418	54,778,076	15,483,904	132,300,497
September 30, 2016							
Past due up to 30 days	$	-	2,109,026	20,531,750	2,816,709	2,254,945	27,712,430
Past due 31 – 60 days		-	616,926	3,945,990	10,096,629	1,303,135	15,962,680
Past due 61 – 90 days		-	549,093	14,606,684	17,609,114	3,333,856	36,098,747
Past due 90 days and over		-	2,075,306	11,889,266	21,335,487	8,026,728	43,326,787
Total	$	-	5,350,351	50,973,690	51,857,939	14,918,664	123,100,644

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.5 Loans and advances *(cont'd)*

(c) *Loans and advances individually impaired*
The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held amounts to $53,700,436 (2016: $63,637,703).

The breakdown of the gross amount of individually impaired loans and advances by class is as follows:

		Individual (retail customers)			Corporate entities			
		Overdrafts	Credit Cards	Term Loans	Mortgages	Large Corporate Customers	SMEs	Total
September 30, 2017								
Gross amount	$	1,933,352	1,584,087	1,208,387	728,803	35,623,195	12,622,612	53,700,436
Amount provided	$	752,855	1,223,039	618,839	135,067	5,010,572	3,147,393	10,887,765
September 30, 2016								
Gross amount	$	46,382	1,579,705	1,654,325	537,927	50,148,217	9,671,147	63,637,703
Amount provided	$	45,795	1,223,039	616,153	101,833	9,650,315	1,543,227	13,180,362

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.5 Loans and advances *(cont'd)*

(d) *Loans and advances individually impaired*
Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

		2017	2016
Renegotiated loans and advances to individuals	$	726,512	-
Renegotiated loans to corporations		-	2,030,681
	$	726,512	2,030,681

5.1.6 Debt securities, treasury bill and other eligible bills

There is no formal rating of the credit quality of bonds, treasury bills and equity investments. A number of qualitative and quantitative factors are considered in assessing the risk associated with each investment. However, there is no hierarchy of ranking. There are no external ratings of securities at the year-end. The tables below presents an analysis of debt securities, treasury bills and other eligible bills at September 30, 2017 and 2016:

		Treasury Bills	Available for sale	Loans and receivables	Total
At September 30, 2017					
Unrated	$	96,728,323	14,414,365	51,473,592	162,616,280
At September 30, 2016					
Unrated	$	82,384,881	15,212,520	39,687,518	137,284,919

See note 14 for provision for impairment of investment securities.

5.1.7 Concentration of risk of financial assets with credit risk exposure

(a) *Geographical concentration of assets and off-balance sheet items*
The Group's exposure to credit risk is concentrated as detailed below. Antigua and Barbuda is the home country of the Group where the predominant activity is commercial banking services.

As a major indigenous bank in Antigua and Barbuda, the Bank accounts for a significant share of credit exposure to many sectors of the economy. However, credit risk is spread over a diversity of personal and commercial customers.

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risk of financial assets with credit risk exposure *(cont'd)*

(a) *Geographical concentration of assets and off-balance sheet item (cont'd)*
The following table analyses the Group's main credit exposures at their carrying amounts, without taking into account any collateral held or other credit support as categorised by geographical region. For all classes of assets, the Group has allocated exposure to regions based on the country of domicile of the counterparties.

		Antigua and Barbuda	Other Caribbean	Non-Caribbean	Total
2017:					
Credit risk exposures relating to on-balance sheet assets:					
Due from other banks	$	11,134,959	30,559,343	8,046,388	49,740,690
Statutory deposits		5,845,549	-	-	5,845,549
Treasury bills		23,275,866	73,452,457	-	96,728,323
Loans and Receivables					
Debt Securities		51,204,199	-	269,393	51,473,592
Loans and advances		645,776,457	2,661,644	1,247,194	649,685,295
Other assets		21,030,962	-	-	21,030,962
		758,267,992	106,673,444	9,562,975	874,504,411
Credit risk exposures relating to off-balance sheet assets:					
Loan commitments and other credit related facilities		38,053,415	-	-	38,053,415
September 30, 2017	$	796,321,407	106,673,444	9,562,975	912,557,826

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risk of financial assets with credit risk exposure *(cont'd)*

(a) Geographical concentration of assets and off-balance sheet item (cont'd)

		Antigua and Barbuda	Other Caribbean	Non-Caribbean	Total
2016:					
Credit risk exposures relating to on balance sheet assets:					
Due from other banks	$	5,337,186	88,396,925	32,098,057	125,832,168
Statutory deposits		5,764,514	-	-	5,764,514
Treasury bills		14,421,089	67,963,792	-	82,384,881
Loans and Receivables					
Debt securities		39,418,125	-	269,393	39,687,518
Loans and advances		625,826,840	2,952,936	1,214,877	629,994,653
Other assets		16,607,678	-	-	16,607,678
		707,375,432	159,313,653	33,582,327	900,271,412
Credit risk exposures relating to off balance sheet assets:					
Loan commitments and other credit related facilities		18,198,064	-	-	18,198,064
September 30, 2016	$	725,573,496	159,313,653	33,582,327	918,469,476

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risk of financial assets with credit risk exposure *(cont'd)*

(b) *Industry risk concentration of assets and off-balance sheet items*
The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

	Financial Institutions $'000	Tourism $'000	Real Estate $'000	Wholesale and Retail Trade $'000	Public Sector $'000	Other Industries $'000	Individuals $'000	Total $'000
Due from other banks $	49,741	-	-	-	-	-	-	49,741
Treasury bills	-	-	-	-	96,728	-	-	96,728
Statutory deposits	-	-	-	-	5,846	-	-	5,846
Loans and advances to customers:								
Loans to individuals:								
- Overdrafts	-	-	-	-	-	-	8,883	8,883
- Term loans	-	-	-	-	-	-	36,503	36,503
- Mortgages	-	-	-	-	9,446	39,125	156,129	204,700
Loans to corporate entities:								
- Large corporate customers	143	46,214	37,681	114,164	117,924	83,473	-	399,599
Investment securities:								
- Debt securities	-	-	-	-	-	51,474	-	51,474
Other assets	-	-	-	-	-	21,031	-	21,031
As of September 30, 2017	49,884	46,214	37,681	114,164	229,944	195,103	201,515	874,505

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risk of financial assets with credit risk exposure *(cont'd)*

(c) Industry risk concentration of assets and off-balance sheet items
The following table breaks down the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties.

		Financial Institutions $'000	Tourism $'000	Real Estate $'000	Wholesale and Retail Trade $'000	Public Sector $'000	Other Industries $'000	Individuals $'000	Total $'000
Due from other banks	$	125,832	-	-	-	-	-	-	125,832
Statutory deposits		-	-	-	-	5,765	-	-	5,765
Treasury bills		-	-	-	-	82,385	-	-	82,385
Loans and advances to customers:									
Loans to individuals:									
- Overdrafts		-	-	-	-	-	-	5,521	5,521
- Term loans		-	-	-	-	-	-	34,557	34,557
- Mortgages		-	-	-	-	10,363	41,428	154,628	206,419
Loans to corporate entities:									
- Large corporate customers		356	41,810	42,275	119,128	110,281	69,648	-	383,498
Investment securities:									
- Debt securities		-	-	-	-	-	39,687	-	39,687
Other assets		-	-	-	-	-	16,608	-	16,608
As of September 30, 2016		126,188	41,810	42,275	119,128	208,794	167,371	194,706	900,272

5. **Financial Instrument risk** *(cont'd)*

5.1 **Credit risk** *(cont'd)*

5.1.7 **Concentration of risk of financial assets with credit risk exposure** *(cont'd)*

(c) *Industry risk concentration of assets and off-balance sheet items, (cont'd)*

	Financial Institutions $'000	Tourism $'000	Real Estate $'000	Wholesale and Retail Trade $'000	Public Sector $'000	Other Industries $'000	Individuals $'000	Total $'000
Loan commitments and other credit related obligations	$ -	475		19,276	7,413	3,621	7,268	38,053
As of September 30, 2017	$ -	475		19,276	7,413	3,621	7,268	38,053
Loan commitments and other credit related obligations	$ -	-	-	-	3,742	3,282	11,174	18,198
As of September 30, 2016	$ -	-	-	-	3,742	3,282	11,174	18,198

5. Financial Instrument risk *(cont'd)*

5.2 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Non trading portfolio market risks primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolio market risks also include foreign exchange risks and risks associated with the change in equity prices arising from the Group's available-for-sale investment securities.

5.2.1 Price risk

The Group's investment portfolio includes securities that are quoted on the Eastern Caribbean Securities Exchange. The Group is exposed to equities price risk because of investments held and classified on the statement of financial position as available-for-sale. To manage this price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group does not hold securities that are quoted on the world's major securities markets.

5.2.2 Interest rate risk

The Group advances loans and receives deposits as a part of its normal course of business from both related and third parties. The interest rates on loans generally reflect interest based on market rates. Investment securities and customer deposits generally attract fixed interest rates. The table below analyses the effective interest rates of each class of financial asset and financial liability:

	2017	2016
Loans and advances:		
Demand loans	8 - 13%	8 - 13%
Discount loans	11 - 22%	11 - 22%
Mortgage loans	8 - 12%	8 - 12%
Advances and overdrafts	8 - 12%	8 - 12%
Other	19.50%	19.50%
Investment securities:		
Government treasury bills & bonds	3.5 - 7%	3.8% - 6.30%
Other securities	1.75 - 9%	9%

5. Financial Instrument risk *(cont'd)*

5.2 Market risk *(cont'd)*

5.2.2 Interest rate risk *(cont'd)*

	2017	2016
Deposits due to customers		
Demand deposits	0.0%	0.00%
Savings deposits	2.00%	2.0-3.5%
Time deposits	1.0-2.25%	2.0-2.5%
Other thrift, pension	2.0- 3.75%	2.0-5.5%

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts categorised by the earlier of contractual repricing or maturity dates.

5. Financial Instrument risk *(cont'd)*

5.2 Market risk *(cont'd)*

5.2.2 Interest rate risk *(cont'd)*

		0 – 3 months	3 – 6 months	6 months - 1 year	1 – 3 years	3 - 5 years	Over 5 years	Non-interest bearing	Total
As of September 30, 2017									
Assets									
Cash and balances with the Central Bank	$	-	-	-	-	-	-	238,303,738	238,303,738
Statutory Deposits		-	-	-	-	-	-	5,845,549	5,845,549
Due from other banks		34,515,432	-	15,225,258	-	-	-	-	49,740,690
Treasury bills		73,571,282	-	23,157,041	-	-	-	-	96,728,323
Investment securities:									
- Debt securities		2,403,071	-	-	-	-	49,070,521	-	51,473,592
- Equity securities		-	-	-	-	-	-	14,414,365	14,414,365
Loans and advances		118,651,903	4,595,571	23,759,637	32,722,431	74,418,741	394,074,748	1,462,264	649,685,295
Other assets		-	-	-	-	-	-	21,030,962	21,030,962
Total financial assets	**$**	229,141,688	4,595,571	62,141,936	32,722,431	74,418,741	443,145,269	281,056,878	1,127,222,514
Liabilities									
Deposits due to customers		682,272,491	48,001,096	61,647,944	76,937,832	-	67,998,449	1,988,437	938,846,249
Other liabilities and accrued expense		420,548	-	-	-	1,264,355	-	15,900,298	17,585,201
Total financial liabilities	$	682,693,039	48,001,096	61,647,944	76,937,832	1,264,355	67,998,449	17,888,735	956,431,450
As of September 30, 2017	$	(453,551,351)	(43,405,525)	493,992	(44,215,401)	73,154,386	375,146,820	263,168,143	170,791,064

5. **Financial Instrument risk** *(cont'd)*

5.2 **Market risk** *(cont'd)*

5.2.2 **Interest rate risk** *(cont'd)*

		0 – 3 months	3 – 6 months	6 months - 1 year	1 – 3 years	3 - 5 years	Over 5 years	Non-interest bearing	Total
As of September 30, 2016									
Assets									
Cash and balances with the Central Bank	$	-	-	-	-	-	-	193,344,086	193,344,086
Statutory deposits		-	-	-	-	-	-	5,764,514	5,764,514
Due from other banks		59,582,644	15,157,562	50,644,031	-	-	-	447,931	125,832,168
Treasury bills		63,326,114	-	19,058,767	-	-	-	-	82,384,881
Investment securities:									
- Debt securities		2,348,978	-	-	-	-	37,338,540	-	39,687,518
- Equity securities		-	-	-	-	-	-	15,212,520	15,212,520
Loans and advances		101,731,259	4,943,558	27,399,652	34,363,958	76,392,295	383,976,911	1,187,020	629,994,653
Other assets		-	-	-	-	-	-	16,607,678	16,607,678
Total financial assets	$	226,988,995	20,101,120	97,102,450	34,363,958	76,392,295	421,315,451	232,563,749	1,108,828,018
Liabilities									
Deposits due to customers	$	633,712,576	64,168,088	76,809,995	96,383,727	-	64,338,958	1,623,156	937,036,500
Other liabilities and accrued expenses		357,602	-	-	-	1,131,583	-	13,741,734	15,230,919
Total financial liabilities	$	634,070,178	64,168,088	76,809,995	96,383,727	1,131,583	64,338,958	15,364,890	952,267,419
Total interest repricing gap	$	(407,081,183)	(44,066,968)	20,292,455	(62,019,769)	75,260,712	356,976,493	217,198,859	156,560,599

5. Financial Instrument risk *(cont'd)*

5.2 Market risk *(cont'd)*

5.2.3 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Substantially all of the Group's transactions and assets and liabilities are denominated in Eastern Caribbean dollars or United States dollars. Therefore, the Group's exposure to currency risk is considered minimal.

The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.7 = US$1.00 since 1974. The table below summarises the Group's exposure to foreign currency exchange risk at September 30, 2017. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.2 Market risk *(cont'd)*

5.2.3 Foreign exchange risk *(cont'd)*

		XCD	USD	EUR	GBP	Others	Total
As of September 30, 2017							
Assets							
Cash and balances with the Central Bank	$	237,746,616	428,004	74,259	31,359	23,500	238,303,738
Statutory deposits		5,845,549	-	-	-	-	5,845,549
Deposits from other banks		41,941,848	7,634,372	20,759	76,033	67,678	49,740,690
Treasury bills		96,728,323	-	-	-	-	96,728,323
Investment securities:							
Available-for-sale (equity securities)		14,414,365	-	-	-	-	14,414,365
Loans and receivables – debt securities		51,204,199	269,393	-	-	-	51,473,592
Loans and advances		649,685,295	-	-	-	-	649,685,295
Other assets		21,030,962	-	-	-	-	21,030,962
Total financial assets	$	1,118,597,157	8,331,769	95,018	107,392	91,178	1,127,222,514
Liabilities							
Deposits due to customers	$	857,359,109	81,487,140	-	-	-	938,846,249
Other liabilities and accrued expenses		17,585,201	-	-	-	-	17,585,201
Total financial liabilities	$	874,944,310	81,487,140	-	-	-	956,431,450
Net on-balance sheet position	$	243,652,847	(73,155,371)	95,018	107,392	91,178	170,791,064

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.2 Market risk *(cont'd)*

5.2.3 Foreign exchange risk *(cont'd)*

		XCD	USD	EUR	GBP	Others	Total
As of September 30, 2016							
Assets							
Cash and balances with the Central Bank	$	193,009,464	289,151	12,170	16,514	16,787	193,344,086
Statutory deposits		5,764,514	-	-	-	-	5,764,514
Deposits from other banks		93,716,458	31,668,130	21,917	186,914	238,749	125,832,168
Treasury bills		82,384,881	-	-	-	-	82,384,881
Investment securities:							
Available-for-sale (equity securities)		15,212,520	-	-	-	-	15,212,520
Loans and receivables – debt securities		39,418,125	269,393	-	-	-	39,687,518
Loans and advances		629,992,715	1,938	-	-	-	629,994,653
Other assets		16,607,678	-	-	-	-	16,607,678
Total financial assets	$	1,076,106,355	32,228,612	34,087	203,428	255,536	1,108,828,018
Liabilities							
Deposits due to customers	$	835,340,367	101,696,133	-	-	-	937,036,500
Other liabilities and accrued expenses		15,230,919	-	-	-	-	15,230,919
Total financial liabilities	$	850,571,286	101,696,133	-	-	-	952,267,419
Net on-balance sheet position	$	225,535,069	(69,467,521)	34,087	203,428	255,536	156,560,599

5. Financial Instrument risk *(cont'd)*

5.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations associated with its financial liabilities when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits. Management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity risk management process
The Group's liquidity risk management processes are carried out by the Group's senior management and monitored by the finance team and include the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in regional markets to enable this to happen;

- Maintaining the liquidity ratios of the statement of financial position against internal and regulatory requirements; and

- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

5. Financial Instrument risk *(cont'd)*

5.3 Liquidity risk *(cont'd)*

Funding approach
Sources of liquidity are regularly reviewed by management and the Board of Directors in order to maintain a wide diversification by currency, geography, provider, product and term.

Assets held for management of liquidity risk

The Group's assets held for managing liquidity risk comprise:

- Cash and balances with other banks;
- Unimpaired loans and advances;
- Certificates of deposit;
- Treasury and other eligible bills; and
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks.

In the normal course of business, a proportion of customers' loans contractually repayable in one year will be extended. In addition, debt securities and treasury and other eligible bills can be pledged to secure liabilities. The Group would also be able to meet unexpected net cash requirements by selling securities. The Group can also access alternative funds for short-term borrowing needs via the Inter-bank market, lines of credit with international banks and repurchase agreements.

5. Financial Instrument risk *(cont'd)*

5.3 Liquidity risk *(cont'd)*

Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by and payable to the Group with respect to non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages liquidity risk based on a different basis (see Liquidity risk management process), not resulting in a significantly different analysis.

		0 – 3 months	3 – 6 months	6 – 12 months	1 – 5 years	Over 5 years	Total
As at September 30, 2017							
Liabilities							
Deposits due to customers	$	683,528,143	48,364,505	62,293,785	77,716,935	67,998,449	939,901,817
Other liabilities and accrued expenses		15,751,460	-	569,384	1,264,357	-	17,585,201
Total liabilities (contractual maturity dates)	$	699,279,603	48,364,505	62,863,169	78,981,292	67,998,449	957,487,018
Assets held for managing liquidity risk		267,629,824	16,613,651	77,494,835	615,474,167	150,648,593	1,127,861,070
As at September 30, 2016							
Liabilities							
Deposits due to customers	$	634,890,805	65,253,893	78,015,778	97,338,914	64,338,958	939,838,348
Other liabilities and accrued expenses		13,625,836	-	473,500	1,131,583	-	15,230,919
Total liabilities (contractual maturity dates)	$	648,516,641	65,253,893	78,489,278	98,470,497	64,338,958	955,069,267
Assets held for managing liquidity risk (contractual maturity dates)	$	278,506,836	18,783,880	69,812,220	476,862,256	152,634,796	996,599,988

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.4 Fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The table below summarises the carrying amounts and fair values of the Group's financial assets and liabilities:

		Carrying value		Fair value	
		2017	**2016**	**2017**	**2016**
Financial Assets					
Statutory deposits	$	5,845,549	5,764,514	5,845,549	5,764,514
Treasury bills		96,728,323	82,384,881	96,728,323	82,384,881
Due from other banks		49,740,690	125,832,168	49,740,690	125,832,168
Loans and advances		649,685,295	629,994,653	665,440,681	624,091,450
Investment securities		65,887,957	54,900,038	65,887,957	54,900,038
Other assets		21,030,962	16,607,678	21,030,962	16,607,678
	$	888,918,776	915,483,932	904,674,162	909,580,729
Financial Liabilities					
Deposits due to customers	$	938,846,249	937,036,500	937,453,063	937,512,701
Other liabilities and accrued expenses		17,585,201	15,230,919	17,585,201	15,230,919
	$	956,431,450	952,267,419	955,038,264	952,743,620

The following methods and assumptions have been used to estimate the fair value of each class of financial instrument for which it is practical to estimate a value:

- *Short-term financial assets and liabilities*
  The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of cash resources and short term investments, fixed deposits, interest receivable, and other assets. Short-term financial liabilities are comprised of demand deposits, interest payable and certain other liabilities.

- *Loans and advances to customers*
  Loans and advances are net of allowance for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. Except for the staff loans, the interest rates on all other loans reflect the market rates, hence the carrying values generally approximate the fair values.

5. Financial Instrument risk *(cont'd)*

5.4 Fair value *(cont'd)*

- *Deposits from banks and due to customers*
  The estimated fair value of deposits with no stated maturity, which include non-interest-bearing deposits, is the amount repayable on demand.

  The estimated fair value of fixed-interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The interest rates on these financial liabilities reflect the market interest rates, hence the carrying values generally approximate the fair values.

- *Investment securities*
  The fair value for loans and receivables and held-to-maturity assets are based on market prices or broker/dealer price quotations. Where this information is not available, fair value is based on cost less any impairment recognised.

  $60 million (2016: $49 million) of investment securities for which fair values cannot be reliably determined were stated at cost less impairment. All other available-for-sale assets are already measured and carried at fair value, less impairment, if any.

5.4.1 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed debt instruments listed on exchanges.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

5. Financial Instrument risk *(cont'd)*

5.4 Fair value *(cont'd)*

5.4.1 Fair value hierarchy *(cont'd)*

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	Level 2	Total
As at September 30, 2017		
Financial assets		
Investment securities		
Available-for-sale investments – quoted	$ 8,636,336	8,636,336
Total assets	$ 8,636,336	8,636,336

	Level 2	Total
As at September 30, 2016		
Financial assets		
Investment securities		
Available-for-sale investments – quoted	$ 9,459,491	9,459,491
Total assets	$ 9,459,491	9,459,491

If the market price on the available-for-sale investment were to change by +/- 10%, the impact on other comprehensive income would be an increase of $863,633 or a decrease of $863,633.

5. Financial Instrument risk *(cont'd)*

5.4 Fair value *(cont'd)*

5.4.2 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

September 30, 2017 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Cash and balance with the Central Bank	-	238,304	-	238,304	238,304
Due from other banks	-	49,741	-	49,741	49,741
Treasury bills	-	96,728	-	96,728	96,728
Loans and advances	-	665,441	-	665,441	649,685
Held-to-maturity investment securities	-	54,510	-	54,510	54,510
Liabilities					
Deposits due to customers	-	937,334	-	937,334	938,846

September 30, 2016 **$'000**	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Assets					
Cash and balance with the Central Bank	-	193,344	-	193,344	193,344
Due from other banks	-	125,832	-	125,832	125,832
Treasury bills	-	82,385	-	82,385	82,385
Loans and advances	-	608,071	-	608,071	629,995
Held-to-maturity investment securities	-	42,799	-	42,799	42,799
Liabilities					
Deposits due to customers	-	937,513	-	937,513	937,037

(Expressed in Eastern Caribbean Dollars)

5. Financial Instrument risk *(cont'd)*

5.5 Financial assets and liabilities by category

The table below analyses the Group's financial assets and liabilities by category.

As of September 30, 2017		Loans and Receivables	Available-for-sale	Total
Assets				
Due from banks and other financial institutions	$	314,502,396	-	314,502,396
Treasury bills		95,412,546	-	95,412,546
Loans and advances		638,778,448	-	638,778,448
Investment securities		50,510,406	14,414,365	64,924,771
Other financial assets		21,030,962	-	21,030,962
Total financial assets	$	1,120,234,758	14,414,365	1,134,649,123

		Financial Liabilities at amortised cost	Total
Liabilities			
Deposits due to customers	$	935,685,361	935,685,361
Other liabilities and accrued expenses		4,855,441	4,855,441
Total financial liabilities	$	940,540,802	940,540,802

As of September 30, 2016		Loans and Receivables	Available-for-sale	Total
Assets				
Due from banks and other financial institutions	$	324,200,898	-	324,200,898
Treasury bills		81,475,280	-	81,475,280
Loans and advances		620,104,420	-	620,104,420
Investment securities		38,799,177	15,212,520	54,011,697
Other financial assets		16,607,678	-	16,607,678
Total financial assets	$	1,081,187,453	15,212,520	1,096,399,973

		Financial Liabilities at amortised cost	Total
Liabilities			
Deposits due to customers	$	933,742,962	933,742,962
Other liabilities and accrued expenses		1,664,138	1,664,138
Total financial liabilities	$	935,407,100	935,407,100

6. Capital management policies and procedures

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by its regulator - the Eastern Caribbean Central Bank;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored quarterly by the Group's management, employing techniques based on the guidelines developed by the Basel Committee and as implemented by the Group's management for supervisory purposes. The required information is filed with the Eastern Caribbean Central Bank (ECCB) quarterly.

The regulatory capital requirements are strictly observed when managing economic capital. The Group's regulatory capital is managed by senior management and comprises two tiers:

- Tier 1 capital: share capital (net of any book values of treasury shares), general bank reserves, statutory reserve, non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill (if applicable) is deducted in arriving at Tier 1 capital; and

- Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale.

Investments in associates (of which there are none) are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended September 30, 2017 and 2016. During those two years, the Group complied with all of the externally imposed capital requirements to which they are subject.

		2017	2016
Tier 1 capital			
Stated capital (net of treasury shares)	$	36,000,000	36,000,000
Statutory reserve		20,768,281	18,013,557
General banking and other reserves		7,461,949	7,461,949
Retained earnings		106,211,571	95,575,499
Total qualifying Tier 1 capital	$	170,441,801	157,051,005
Tier 2 capital			
Revaluation reserve: available-for-sale investments	$	2,107,502	2,112,502
Reserves for loan loss		16,438,353	14,028,439
Total qualifying Tier 2 capital	$	18,545,855	16,140,941
Total regulatory capital	$	188,987,656	173,191,946

6. Capital management policies and procedures *(cont'd)*

		2017	2016
Risk-weighted assets:			
On-balance sheet	$	626,746,000	611,075,000
Off-balance sheet		38,053,415	18,198,064
Total risk-weighted assets	$	664,799,415	629,273,064
Basel ratio		28.4%	27.5%
Mandatory minimum		8%	8%

Capital adequacy and the use of regulatory capital for the mortgage company are managed based on the following.

The Financial Institutions (Non-Banking) Act requires a reserve fund into which no less than ten per cent of the net profit of the institution after deduction of taxes shall be transferred each year until the amount standing to the credit of the reserve fund is equal at least to the paid up capital of that institution. There are no further capital and reserve requirements by the regulators and no external monitoring of the capital base is conducted. The subsidiary was compliant with these requirements as of September 30, 2017 and September 30, 2016.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7. Significant management judgement in applying accounting policies and estimation uncertainty

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgements, which necessarily have to be made in the course of preparation of the financial statements.

Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materality.

Estimation uncertainty

(a) *Impairment losses on loans and advances*

The Group reviews its loan portfolios to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

To the extent that the net present value of estimated cash flows differs by +/-10%, the provision would be estimated $3,520,828 lower or $6,037,953 higher.

7. Significant management judgement in applying accounting policies and estimation uncertainty *(cont'd)*

Estimation uncertainty *(cont'd)*

(b) *Impairment on investment securities*

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, for unquoted available-for-sale equity investments, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. Where observable impairment factors are identified, this may give rise to an uncertainty regarding the recoverability of the carrying value in the subsequent period and/or the eventual recoverability of the amounts invested in full. The Group recognized provision for impairment of available-for-sale equity investments during the year of $789,822 (2016: $252,419).

(c) *Estimate of pension benefits*

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 16.

8. Cash and balances with the Central Bank

	Note		2017	2016
Cash on hand		$	8,518,272	6,427,950
Balances with the ECCB other than mandatory reserve deposits			185,084,162	143,378,160
Included in cash and cash equivalents	28		193,602,434	149,806,110
Mandatory reserve deposits with the ECCB			44,701,304	43,537,976
Total cash and balances with the Central Bank		$	238,303,738	193,344,086

Commercial banks operating in member states of the Organization of the Eastern Caribbean States are required to maintain a reserve with the ECCB equivalent to 6% of their total deposit liabilities (excluding inter-bank deposits and foreign currencies). This reserve deposit is not available for use in the Group's day-to-day operations, and is non-interest bearing.

(Expressed in Eastern Caribbean Dollars)

9. Due from other banks

	Note		2017	2016
Term deposits and operating accounts with other banks with original maturities of 3 months or less		$	16,343,328	58,404,942
Items in the course of collection from other banks			4,364,316	3,967,950
Included in cash and cash equivalents	28		20,707,644	62,372,892
Term deposits and operating accounts with other banks with original maturities greater than 3 months			28,725,258	62,719,406
Interest receivable			307,788	739,870
Total due from other banks		$	49,740,690	125,832,168

10. Treasury bills

	Note	Nominal Value 2017	Cost 2017	Nominal Value 2016	Cost 2016
Treasury bills at amortised cost-OECS Government with original maturities of 3 months or less and interest rates ranging from 3.5% to 7%		$ 49,700,000	49,191,060	52,200,000	51,538,676
Included in cash and cash equivalents	28	49,700,000	49,191,060	52,200,000	51,538,676
Treasury bills at amortised cost-OECS Government with original maturities of 3 months or less and interest rates ranging from 5% to 6.34%		46,834,000	46,221,486	30,000,000	29,936,604
Interest receivable		-	1,315,777	-	909,601
Total treasury bills		$ 96,534,000	96,728,323	82,200,000	82,384,881

11. Statutory deposit

		2017	2016
Statutory reserve deposit with the Government of Antigua and Barbuda	$	5,845,549	5,764,514

A subsidiary company has placed a statutory deposit with the Government of Antigua and Barbuda equivalent to 2½% of its deposit liabilities. The statutory reserve deposit is a statutory requirement as per section 17(a) of the Financial Institutions (Non-Banking) Act, 1985. This reserve is non-interest bearing and is not available for the Group's day-to-day operations.

12. Loans and advances

		2017	2016
Mortgage loans	$	309,777,149	287,656,034
Business loans		266,385,801	267,720,616
Personal loans		48,700,636	43,579,466
Bridging Loans		18,787,862	28,590,910
Staff loans		6,255,036	5,768,893
Credit card advances		1,584,087	1,579,705
Central Housing and planning Authority (CHAPA) loans		1,010,758	1,054,832
Directors' loans		426,359	634,369
		652,927,688	636,584,825
Less: Allowance for loan impairment		(14,149,240)	(16,480,405)
		638,778,448	620,104,420
Add:			
Interest receivable		16,291,799	15,680,934
Deferred interest income		(3,314,766)	(3,501,861)
Deferred fees		(2,070,186)	(2,288,840)
Total loans and advances	$	649,685,295	629,994,653

Allowance for loan impairment

The movement in allowance for loan impairment is as follows:

		2017	2016
Balance, beginning of year	$	16,480,405	17,567,685
Write-off of impaired loan balances		(868,681)	-
Recovery of loan impairment		(1,462,484)	(1,087,280)
Balance, end of year	$	14,149,240	16,480,405

According to the ECCB loan provisioning guidelines, the calculated allowance for loan impairment amounts to $17,030,449 (2016: $17,719,668) and the difference between this figure and the loan loss provision under IAS 39 has been set aside as a specific reserve through equity. The gross carrying value of impaired loans at the year-end was $53,700,436 (2016: $63,637,703). Interest receivable on loans that would not be recognised under ECCB guidelines amounted to $13,557,144 (2016: $12,789,176), and is also included in the specific regulatory reserve (note 24).

		2017	2016
Current	$	148,469,376	135,893,682
Non-current		501,215,919	494,100,971
	$	649,685,295	629,994,653

13. Other assets

		2017	2016
Depositor Protection Trust	$	12,756,511	14,366,254
Credit card receivables		8,148,912	2,155,970
Prepayments		1,097,089	1,016,308
Miscellaneous receivables		86,010	48,051
Suspense accounts		39,529	38,314
Total other assets	$	22,128,051	17,624,897
Current	$	22,128,051	17,624,897

The amounts classified as Depositor Protection Trust represent amounts formerly held on deposit with ABI Bank Ltd. which were previously classified as Due from Banks. The amounts are now held in a trust and will be repaid in line with an agreed payment schedule, scheduled to be completed by 2025 earning interest at a rate of 2% per annum.

14. Investment securities

		2017	2016
Available-for-sale - unquoted			
Equity securities	$	6,768,030	6,743,030
Available-for-sale - quoted			
Equity securities		9,426,158	9,459,491
Loans and receivables			
Government securities	$	1,500,000	1,500,000
Corporate securities		53,010,405	41,299,176
Total loans and receivables		54,510,405	42,799,176
	$	70,704,593	59,001,697
Allowance for impairment – available for sale unquoted		(990,000)	(990,000)
Allowance for impairment – available for sale quoted		(789,822)	-
Allowance for impairment – loans and receivables		(4,000,000)	(4,000,000)
Total allowance for impairment	$	(5,779,822)	(4,990,000)
	$	64,924,771	54,011,697
Interest receivable		963,186	888,341
Total investment securities	$	65,887,957	54,900,038

14. Investment securities *(cont'd)*

The movement in investment securities may be summarised as follows:

		2017	2016
Available-for-sale			
Beginning of year	$	15,212,520	18,266,573
Disposals		-	(2,794,500)
Unrealised losses from changes in fair value		(688,873)	(125,191)
Impairment loss		(109,282)	(134,362)
End of year	$	14,414,365	15,212,520

All available for sale securities are non-current.

		2017	2016
Loans and receivables			
Beginning of year	$	39,687,518	40,789,987
Additions		13,037,336	-
Disposals (sale and redemption)		(1,251,262)	(1,102,469)
	$	51,473,592	39,687,518

All loans and receivables, except for the cash and cash equivalents, are non-current.

Loans and receivables include $269,393 (2016: $269,393) classified under cash and cash equivalents (note 28).

During the previous year, quoted equity securities with an original cost of $310,500 were sold for $2,794,500. A gain on disposal of $2,484,000 was recorded.

The total impairment on investments for the year was $789,822 (2016: $252,419).

(Expressed in Eastern Caribbean Dollars)

15. Property and equipment

	Land	Buildings & building improvements	Furniture and fixtures	Equipment	Motor vehicles	Computer hardware	Computer software	Leasehold improvements	Work in progress	Total
At September 30, 2016										
Cost or valuation	$ 8,880,000	14,166,342	5,555,274	10,383,119	677,444	13,027,051	8,146,079	170,187	2,706,310	63,711,806
Accumulated depreciation	-	(918,473)	(5,174,675)	(7,862,600)	(400,190)	(10,620,807)	(7,952,383)	(102,879)	-	(33,032,007)
Net book amount	8,880,000	13,247,869	380,599	2,520,519	277,254	2,406,244	193,696	67,308	2,706,310	30,679,799
Year ended September 30, 2017										
Opening net book amount	$ 8,880,000	13,247,869	380,599	2,520,519	277,254	2,406,244	193,696	67,308	2,706,310	30,679,799
Additions	-	128,048	1,440	267,912	51,590	301,212	-	-	2,012,773	2,762,975
Disposals/adjustments	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation - disposal/adjustments	-	-	-	-	-	-	-	-	-	-
Transfers	-	1,217,055	262,839	-	-	122,531	-	-	(1,602,425)	-
Depreciation charge	-	(500,886)	(207,392)	(431,480)	(116,761)	(762,506)	(149,899)	(14,192)	-	(2,183,116)
Closing net book amount	$ 8,880,000	14,092,086	437,486	2,356,951	212,083	2,067,481	43,797	53,116	3,116,658	31,259,658
At September 30, 2017										
Cost or valuation	$ 8,880,000	15,511,445	5,819,553	10,651,031	729,034	13,450,794	8,146,079	170,187	3,116,658	66,474,781
Accumulated depreciation	-	(1,419,359)	(5,382,067)	(8,294,080)	(516,951)	(11,383,313)	(8,102,282)	(117,071)	-	(35,215,123)
Net book amount	$ 8,880,000	14,092,086	437,486	2,356,951	212,083	2,067,481	43,797	53,116	3,116,658	31,259,658

(Expressed in Eastern Caribbean Dollars)

15. Property and equipment *(cont'd)*

	Land	Buildings & building improvements	Furniture and fixtures	Equipment	Motor vehicles	Computer hardware	Computer software	Leasehold improvements	Work in progress	Total
At September 30, 2016										
Cost or valuation	$ 8,880,000	14,078,093	5,395,418	9,170,959	677,444	10,763,037	8,076,288	174,460	3,476,682	60,692,381
Accumulated depreciation	-	(463,573)	(4,943,078)	(7,459,347)	(263,412)	(10,108,620)	(7,791,658)	(86,791)	-	(31,116,479)
Net book amount	8,880,000	13,614,520	452,340	1,711,612	414,032	654,417	284,630	87,669	3,476,682	29,575,902
Year ended September 30, 2017										
Opening net book amount	$ 8,880,000	13,614,520	452,340	1,711,612	414,032	654,417	284,630	87,669	3,476,682	29,575,902
Additions	-	-	60,174	45,814	-	201,625	69,791	-	2,683,183	3,060,587
Disposals/adjustments	-	-	-	-	-	-	-	(53,207)	(16,232)	(69,439)
Accumulated depreciation - disposal/adjustments	-	-	-	-	-	-	-	28,277	-	28,277
Transfers	-	88,249	99,682	1,166,346-	-	2,062,389	-	20,657	(3,437,323)	-
Depreciation charge	-	(454,900)	(231,597)	(403,253)	(136,778)	(512,187)	(160,725)	(16,088)	-	(1,915,528)
Closing net book amount	$ 8,880,000	13,247,869	380,599	2,520,519	277,254	2,406,244	193,696	67,308	2,706,310	30,679,799
At September 30, 2017										
Cost or valuation	$ 8,880,000	14,166,342	5,555,274	10,383,119	677,444	13,027,051	8,146,079	170,187	2,706,310	63,711,806
Accumulated depreciation	-	(918,473)	(5,174,675)	(7,862,600)	(400,190)	(10,620,807)	(7,952,383)	(102,879)	-	(33,032,007)
Net book amount	$ 8,880,000	13,247,869	380,599	2,520,519	277,254	2,406,244	193,696	67,308	2,706,310	30,679,799

15. Property and equipment *(cont'd)*

As of September 30, 2014, all of the Group's land and buildings and improvements were revalued based on the appraisal performed by an independent firm of professional appraisers. The revaluation resulted in an impairment loss amounting to $5,234,360. The remaining revaluation surplus net of applicable deferred income taxes, is within 'other reserves' in shareholders' equity (note 24).

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of September 30, 2017.

		Land	**Buildings**	**Total**
Cost	$	3,562,078	31,608,727	35,170,805
Accumulated depreciation		-	(14,366,573)	(14,366,573)
Net book value	$	3,562,078	17,242,154	20,804,232

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of September 30, 2016.

		Land	**Buildings**	**Total**
Cost	$	3,562,078	31,608,727	35,170,805
Accumulated depreciation		-	(13,705,667)	(13,705,667)
Net book value	$	3,562,078	17,903,060	21,465,138

The following is the analysis of property and equipment revaluation (surplus)/impairment loss as of September 30, 2014.

		Land	**Buildings**	**Total**
Net book value	$	3,562,078	19,284,360	22,846,438
Market value per independent valuation		(8,880,000)	(14,050,000)	(22,930,000)
Revaluation (surplus)/impairment loss	$	(5,317,922)	5,234,360	(83,562)

16. Pension plan

Eligible employees are enrolled in a defined benefit pension scheme which commenced October 1, 1991. The assets of the plan are held in a seven member trustee administered fund. The Board of Trustees comprises four trustees appointed by the Board of Directors and three appointed by the employees. The funds of the scheme are invested solely under the control of the trustees and may be used only for the purposes of the scheme.

The Plan is valued every three years by an independent qualified actuary. The latest available valuation was performed at September 30, 2017 using the projected unit credit method. At September 30, 2017, the actuarial valuation showed that the Plan is overfunded with net assets available for benefits representing 101% of accrued projected plan benefits, and indicated a required contribution rate by the Group, for the next three years, of less than 5% of pensionable salaries.

In respect of the defined benefit plan operated by the Group, the amounts recognised in the statement of financial position are as follows:

		2017	2016
Pension plan asset			
Present value of funded obligations	$	16,433,180	15,667,965
Fair value of plan assets		(24,684,972)	(23,590,647)
Net asset – end of year	$	(8,251,792)	(7,922,682)

The movement in the fair value of plan assets over the year are as follows:

		2017	2016
Fair value of plan assets – beginning of year	$	23,590,647	22,973,880
Contributions – employer and employees		738,266	741,398
Benefits paid		(558,716)	(487,694)
Plan administration expenses		(55,103)	(59,577)
Actuarial loss		(687,752)	(1,194,411)
Interest on plan assets		1,657,630	1,617,051
Fair value of plan assets – end of year	$	24,684,972	23,590,647

The movement in the present value of funded obligations over the year are as follows:

		2017	2016
Present value of funded obligations – beginning of year	$	15,667,965	13,651,036
Current service cost		708,054	680,704
Interest cost		1,126,766	986,152
Benefits paid		(558,716)	(487,694)
Actuarial (gain)/loss		(510,889)	837,767
Present value of funded obligations – end of year	$	16,433,180	15,667,965

16. Pension plan *(cont'd)*

The movements in the net asset recognized in the statement of financial position are as follows:

		2017	2016
Net asset – beginning of year	$	(7,922,682)	(9,322,844)
Net pension income included in the statement of income		(139,244)	(263,709)
Actuarial losses included in other comprehensive income		176,863	2,032,178
Contributions paid - employer		(366,729)	(368,307)
Net asset – end of year	$	(8,251,792)	(7,922,682)

The amounts recognized in the statement of income are as follows:

		2017	2016
Current service cost	$	336,516	307,612
Net interest income on the net defined benefit asset		(530,863)	(630,898)
Plan administration expenses		55,103	59,577
Net gain recognized in the statement of income	$	(139,244)	(263,709)

The amounts recognized in other comprehensive income are as follows:

		2017	2016
Actuarial (gain)/loss for the year – obligation	$	(510,889)	837,767
Actuarial loss for the year – plan assets		687,752	1,194,411
Actuarial loss recognized in other comprehensive income	$	176,863	2,032,178

The major categories of plan assets as a percentage of total plan assets are as follows:

	2017	2016
Cash and cash equivalents	53%	44%
Debt securities	9%	15%
Equity securities	20%	23%
Property	18%	18%

The pension plan assets include ordinary shares issued by the Bank with a value of $75,852 (2016: $75,852). Plan assets include deposits held with the Bank with a fair value of $3,960,073 (2016: $6,300,488).

(Expressed in Eastern Caribbean Dollars)

16. Pension plan *(cont'd)*

Amounts for the current period and previous four periods are as follows:

		2017	2016	2015	2014	2013
Defined benefit obligation	$	16,433,180	15,667,965	13,651,036	13,544,517	13,380,298
Plan assets		(24,684,972)	(23,590,647)	(22,973,880)	(22,244,699)	(20,830,425)
Surplus	$	(8,251,792)	(7,922,682)	(9,322,844)	(8,700,182)	(7,450,127)

Principal actuarial assumptions used for accounting purposes were as follows:

	2017	2016
Discount rate	7.0%	7.0%
Future promotional salary increases	3.5%	4.0%
Future pension increases	-	-
Future changes in Social Security ceiling	-	-

Contributions to the pension scheme for the year ended September 30, 2017 amounted to $366,729, being Antigua Commercial Bank Ltd: $320,438; ACB Mortgage & Trust Limited: $46,291 (2016: $368,307, being Antigua Commercial Bank Ltd.: $322,429; ACB Mortgage & Trust Limited: $45,878). The Bank's contributions are adjusted according to the actuary's recommendations. Contributions expected to be paid to the plan for the subsequent period are budgeted at $426,708, being ACB Mortgage and Trust Company Limited: $48,100; ACB Mortgage & Trust Limited: $378,608.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

2017
Impact on defined benefit obligation

Change in assumption		Increase in assumption	Decrease in assumption
Discount rate	1%	$ (2,046,235)	2,590,270
Salary growth rate	1%	928,150	(822,003)
Life expectancy	1 year	280,701	-

2016
Impact on defined benefit obligation

Change in assumption		Increase in assumption	Decrease in assumption
Discount rate	1%	$ (2,042,183)	2,575,207
Salary growth rate	1%	952,961	(843,276)
Life expectancy	1 year	278,027	-

The duration of the benefit obligation is 14.1 years (2016: 14.6 years).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(Expressed in Eastern Caribbean Dollars)

16. Pension plan *(cont'd)*

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

17. Deposits due to customers

		2017	2016
Savings accounts	$	448,098,513	418,222,212
Time deposits		253,392,495	279,545,657
Current accounts		198,858,528	200,171,776
Other deposits		35,335,825	35,803,317
		935,685,361	933,742,962
Interest payable		3,160,888	3,293,538
Total deposits due to customers	$	938,846,249	937,036,500
Current	$	793,909,969	776,313,815
Non-current		144,936,280	160,722,685
	$	938,846,249	937,036,500

18. Other liabilities and accrued expenses

		2017	2016
Trade payables and accrued expenses	$	11,181,993	11,971,372
Manager's cheques		4,855,441	1,664,138
Escrow accounts		1,264,357	1,131,584
Other sundry payables		283,410	463,825
Total other liabilities and accrued expenses	$	17,585,201	15,230,919
Current	$	16,320,846	14,099,335
Non-current		1,264,355	1,131,584
	$	17,585,201	15,230,919

19. Dividends

During the year, a dividend in respect of the 2016 financial year end of $4,000,000 was recorded and paid (2016: $4,000,000 in respect of the 2015 financial year).

The dividend proposed in respect of the 2017 financial year end is $0.40 for each unit of paid up share capital, or EC$4,000,000 (2016: $0.40 or EC$4,000,000). The consolidated financial statements for the year ended September 30, 2017 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ending September 30, 2018.

20. Taxation

Income tax payable

		2017	2016
Income tax payable, beginning of year	$	5,525,059	3,128,713
Current tax expense		3,955,040	5,552,581
Withholding tax		833	8,956
Payments made during the year		(5,546,518)	(3,165,191)
Income tax payable, end of year	$	3,934,414	5,525,059

Income tax expense

		2017	2016
Profit before tax	$	24,951,018	27,553,068
Income tax expense at statutory rates	$	6,248,138	6,940,047
Effect of interest income not subject to tax		(1,168,400)	(1,154,092)
Effect of dividend income not subject to tax		(599,932)	(569,765)
Effect of other permanent differences		204,036	68,499
Others		4,708	4,708
Actual income tax expense	$	4,688,550	5,289,397

The statutory tax rate for Antigua Commercial Bank is 25% (2016: 25%) and for ACB Mortgage and Trust is 20% (2016: 20%).

20. Taxation *(cont'd)*

Deferred tax liability (asset), net

		2017	2016
Balance, beginning of year	$	4,222,690	5,616,790
Charge/(Credit) for the year		732,677	(272,140)
Movement on revaluation of available for sale securities		(3,333)	7,085
Movement on disposal of available-for-sale securities		-	(621,000)
Actuarial loss		(44,215)	(508,045)
Balance, end of year	$	4,907,819	4,222,690

The components of the deferred tax liability (net of deferred tax assets) are as follows:

		2017	2016
Statutory loan loss reserve	$	3,917,696	3,387,419
Deferred tax on revaluation of available-for-sale securities		700,835	704,168
Pension asset		2,062,948	1,980,671
Deferred commission		(452,098)	(534,819)
Decelerated capital allowances		(1,321,562)	(1,314,749)
Balance, end of year	$	4,907,819	4,222,690

The income tax payable does not represent amounts agreed with the tax authority. The amount is reflective of the Group's position concerning its tax balance with the Inland Revenue Department (IRD) on the basis of its records. However, as the Group's tax return for the year of assessment 2018 has not been finalised with the IRD, there is uncertainty as to the eventual liability. Additionally, the following still remains in dispute. A credit balance of $2,573,846 was available as per Inland Revenue Department correspondence dated September 14, 2006. However, the balance as per the Bank's separate audited financial statements as of September 30, 2004 was $3,708,771 resulting in a difference of $1,134,925, which to date has not been agreed with the Inland Revenue Department.

21. Related party balances and transactions

Related party definition

A related party is a person or entity that is related to the Group.

a) A person or a close member of that person's family is related to the Group if that person:

   i) has control or joint control over the Group;

   ii) has significant influence over the Group; or

   iii) is a member of the key management personnel of the Group, or of a parent of the Group.

b) An entity is related to the Group if any of the following conditions applies:

   i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   vi) The entity is controlled, or jointly controlled by a person identified in (a).

   vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group or its parent.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits and other transactions. With the exception of the amounts due to subsidiary, these transactions were carried out on commercial terms and at market rates.

(Expressed in Eastern Caribbean Dollars)

21. Related party balances and transactions *(cont'd)*

The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

		2017	2016
Loans to directors and key members of management			
Loans outstanding at beginning of year	$	3,956,883	2,737,100
Loans issued during the year		286,304	2,233,691
Loan repayments during the year		(339,833)	(1,013,908)
Loans outstanding at end of year	$	3,903,354	3,956,883

No provisions have been recognised in respect of loans given to related parties (2016: nil).

Interest income earned on directors' and key members of management's loans and advances during the year is $318,095 (2016: $1,053,044). The interest rates on these loans range from 7% to 11.5% (2016: 7% to 11.5%) and they are granted on an arm's length basis.

		2017	2016
Deposits by directors and key members of management			
Deposits at beginning of year	$	4,754,820	5,900,518
Deposits received during the year		4,871,625	8,353,951
Deposits repaid/reclassified during the year		(3,870,852)	(9,499,649)
Change in status		546,327	-
Deposits at end of year	$	6,301,920	4,754,820

Interest expense paid on directors' and key members of management's deposits during the year is $103,632 (2016: $161,777). Interest rates on directors' deposits range from 2% to 4% (2016: 2% to 4%) and they are accepted on an arm's length basis.

Remuneration of key management personnel
During the year, salaries and related benefits were paid to key members of management allocated as follows:

		2017	2016
Salaries and wages	$	834,120	824,734
Other staff costs		174,668	214,420
Pension costs		23,706	22,769
	$	1,032,494	1,061,923

The Group also incurred directors' fees and expenses amounting to $906,933 (2016: $939,612).

22. Stated capital

		2017	2016
Authorised share capital:			
150,000,000 shares at nil par value	$	150,000,000	150,000,000
Issued and fully paid:			
10,000,000 shares at nil par value	$	36,000,000	36,000,000

23. Statutory reserve

		2017	2016
Balance at beginning of year	$	18,013,557	14,727,544
Transfer from profit after taxation		2,754,724	3,286,013
Balance at end of year	$	20,768,281	18,013,557

Section 45 of the Antigua and Barbuda Banking Act No. 10 of 2015 provides that not less than 20% of each year's net earnings shall be set aside to a reserve fund whenever the fund is less than the paid-up capital of the Group.

24. Other reserves

		2017	2016
Capital reserve	$	7,461,949	7,461,949
Regulatory reserve for loan loss and interest recognised		16,438,353	14,028,439
Revaluation reserve – available-for-sale securities		2,107,502	2,112,502
Revaluation reserve – property		5,317,922	5,317,922
Pension reserve		8,251,792	7,922,682
Total other reserves	$	39,577,518	36,843,494

(a) *Capital reserve*
Included in this balance is an amount of $6,171,428 recorded in prior years for share premium recognised.

(b) *Regulatory reserve for loan loss and interest recognised.*

		2017	2016
Balance at beginning of year	$	14,028,439	15,706,774
Increase/(Decrease) in reserve for regulatory purposes		2,409,914	(1,678,335)
Balance at end of year	$	16,438,353	14,028,439

This reserve represents the additional loan loss provision required by the Eastern Caribbean Central Bank's prudential guidelines as compared to the provision measured in accordance with International Financial Reporting Standards, together with a reserve for interest on loans not recognised for regulatory purposes.

24. Other reserves *(cont'd)*

(c) *Revaluation reserve for available-for-sale securities*

		2017	2016
Balance at beginning of year	$	2,112,502	3,989,718
Transfer on disposal of securities, net of tax of $621,000		-	(1,863,000)
Decrease in market value of investment securities, net of tax of $3,333 (2016: $7,085)		(5,000)	(14,216)
Balance at end of year	$	2,107,502	2,112,502

Certain available-for-sale securities are stated at market value with the unrealised gains (losses) reflected in equity until realised.

(d) *Revaluation reserve - Property*

		2017	2016
Balance at beginning and end of year	$	5,317,922	5,317,922

A revaluation of land and buildings was conducted in 2014 (note 15).

(e) *Pension reserve*

		2017	2016
Balance at beginning of year	$	7,922,682	9,322,844
Increase/(Decrease) in pension reserve		329,110	(1,400,162)
Balance at end of year	$	8,251,792	7,922,682

The Board of Directors has decided to appropriate annually out of net profits the amounts necessary to maintain a pension reserve equivalent to the pension asset.

25. Other operating income

		2017	2016
Fees and commissions	$	7,131,533	5,186,573
Foreign exchange		3,843,827	4,279,461
Dividend income		402,924	282,259
Rental income		101,100	101,100
Recovery of loans written off		184,581	88,340
Miscellaneous income		263,825	267,711
Total other operating income	$	11,927,790	10,205,444

(Expressed in Eastern Caribbean Dollars)

26. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

		2017	2016
Net profit attributable to shareholders	$	20,262,468	22,263,671
Weighted average number of ordinary shares in issue		10,000,000	10,000,000
Basic and diluted earnings per share	$	2.03	2.23

27. General and administrative expenses

	Notes		2017	2016
Salaries and related costs	29	$	12,684,650	11,228,798
Software operating expenses			930,573	990,332
Utilities			799,258	891,329
Telephone and data charges			784,372	368,418
Advertising and promotion			714,315	812,553
Subscriptions and fees			572,479	760,415
Security services			519,402	519,599
Rent			502,470	505,324
Insurance expense			494,086	502,767
Printing and stationery expenses			497,130	517,821
Cleaning expenses			417,988	417,191
Repairs and maintenance			420,712	341,195
Non-credit losses			401,962	35,412
Audit fees and expenses			397,750	396,456
Legal and other professional fees			378,839	443,192
Licenses and taxes			357,126	308,662
Night depository security			324,296	337,908
Four C's operating expenses			222,978	191,706
Agency expenses			216,724	227,659
Shareholders' meeting expenses			171,786	205,085
Cash purchases expenses			135,800	116,300
ECCB cash expenses			131,864	102,273
ECACH Charges			129,369	126,286
Scholarship fund			108,845	65,154
Wire services expense			101,539	111,147
Commission expenses			101,185	51,700
Vehicle expenses			65,054	61,788
Hospitality Suite			25,000	25,000
Travel and entertainment			23,979	43,094
Miscellaneous expenses			94,563	99,564
Total general and administrative expenses		$	22,726,094	20,804,128

(Expressed in Eastern Caribbean Dollars)

28. Cash and cash equivalents

	Notes		2017	2016
Due from other banks	9	$	20,707,644	62,372,892
Cash balances with the Central Bank	8		193,602,434	149,806,110
Treasury bills	10		49,191,060	51,538,676
Investments	14		269,393	269,393
Total cash and cash equivalents		$	263,770,531	263,987,071

29. Salaries and related costs

		2017	2016
Salaries, wages and allowances	$	10,484,089	9,660,689
Statutory deduction costs		848,588	732,526
Other benefits		667,515	479,105
Training and education		309,765	183,834
Staff incentive scheme		279,990	218,224
Group health and life		233,947	218,129
Pension credit		(139,244)	(263,709)
Total salaries and related costs	$	12,684,650	11,228,798

30. Contingencies and commitments

Pending litigation

Various actions and legal proceedings may arise against the Group during the normal course of business. The Group is currently involved in certain employee-related legal matters for which the outcome cannot be presently determined. The amount of the liability, if any, will be contingent on the eventual outcome of court proceedings and will be recognised at that time.

Credit related commitments

The contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are listed below:

		2017	2016
Undrawn commitments to extend advances	$	38,053,415	18,198,064

(Expressed in Eastern Caribbean Dollars)

30. Contingencies and commitments *(cont'd)*

Off-balance sheet items

The maturity profile of off-balance sheet items is as follows:

		Up to 1 year	Total
As of September 30, 2017			
Loan commitments (undrawn)	$	38,053,415	38,053,415

		Up to 1 year	Total
As of September 30, 2016			
Loan commitments (undrawn)	$	18,198,064	18,198,064