

**Schedule 1**  
**FORM ECSRC – K**  
**ANNUAL REPORT**  
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended  
30th Sep 2022

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Issuer Registration number  
ACB201555AB

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

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Antigua and Barbuda  
(Territory of incorporation)

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Thames & St. Mary's Streets, St. John's, Antigua  
(Address of principal office)

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**REPORTING ISSUER'S:**

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

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Fax number (including area code): (268) 481-4229

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Email address: [acb@acbonline.com](mailto:acb@acbonline.com)

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(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

X - Yes

No

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

<b>CLASS</b>	<b>NUMBER</b>
Ordinary Shares	10000000

## 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 companys 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.

Name of Chief Executive Officer  
Joanna Charles



Signature

January 18, 2024

Date

Name of Director  
Sandra Derrick

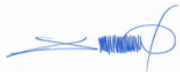


Signature

January 18, 2024

Date

Name of Chief Financial Officer  
Joyanne Byers



Signature

January 18, 2024

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 issuers business need only include developments since the beginning of the financial year for which this report is filed.

Fiscal 2022 was a year which reflected the impact of the global environment of rising interest rates which negatively affected the externally managed portfolio, which suffered an unrealized loss of \$15.6 million.

On the other hand the aforementioned rising interest rates resulted in a 29.3% or \$3 million increase in Interest income from Deposits with other Banks and Investments.

## 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.

Title	Productivity Capacity	Future Prospects
(i) ACB Caribbean Headquarters -Thames & St. Mary's Streets, St. John's, Antigua (ii) ACB Caribbean Financial Center- High & Temple Streets, St. John's, Antigua (iii) Staff Parking Lot with Storage Building thereon - St. Mary's Street ,	Not applicable	Not applicable

## 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.

There were no substantive legal proceedings initiated by or against the Bank and/ or terminated during the reporting period.

Litigation proceedings remained focus on standard recovery efforts under the non- performing loans portfolio.

#### 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.

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(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.

Name	Position	Description

(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.

Votes For	Votes Against	Abstentions	Nominees	Description
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

Registrant	Other Participant	Description
Not Applicable	Not Applicable	Not applicable

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

<b>Matter brought Forward</b>	<b>Decision Taken</b>	<b>Description</b>
Not applicable	Not applicable	Not applicable

#### **5. Market for Reporting issuers 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

<b>Equity Security</b>	<b>Details</b>
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#### **6. Financial Statements and Selected Financial Data.**

Attach Audited Financial Statements, which comprise the following:

**For the most recent financial year**

- (i) Auditors 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.

<b>Discussion</b>	
	<p>The risks facing ACB Caribbean are those related to its core business as a commercial banking institution. The primary risk, credit risk, continued to be impacted by the dampened economic activity due to high levels of inflation caused by the war in Ukraine, which came on the heels of the COVID-19 pandemic. This resulted, among others, in higher energy prices and supply chain disruptions. The slowdown in demand for credit continued, affected by the uncertainties of time and the supply chain issues, that affected the cost of construction and goods and services, including consumer goods. While some customers who were on furlough resumed employment in the wake of the COVID 19 pandemic, many resources were channeled towards updating arrears positions with other service providers.</p> <p>The operational risks identified in Information Technology/Security continued to receive the Bank's concentrated attention. Improvements to the infrastructure to safeguard against security breaches and cybercrime, security awareness training continued, updating to the latest technology in respect of the debit card product continued to provide a higher level of security against the risk of fraud.</p> <p>The Bank sustained its efforts to manage the other operational and reputational risks associated with the integration of several banking operation systems into a single system. In the area of Branch wait time, which was the subject of favourable and unfavourable critique on social media after the acquisition, there has been moderate improvement as more clients utilize the alternate channels available. Efforts continued to</p>



ensure that brand reputation was positively impacted at each customer interaction. One of its emphasis was the adoption of industry best practices and cultural norms which aligned with the Group's customer service standards and other strategic objectives.

The Bank's liquidity indicators were well within the regulatory benchmarks, however, there were limited opportunities for quality lending and investments. On the investment side, high exposure to regional government securities, and the elevated volatility in the investment environment caused by rising oil prices, inflation and supply chain disruptions, continued to be of concern in the assessment of risk. The Russia and Ukraine conflict and the numerous hikes in the interest rate by the US Federal Reserve impacted the Group's investment portfolio, and particularly bonds which are sensitive to interest rate changes. Bond prices and interest rates have an inverse relationship.

The Bank continues to actively monitor and manage its various risk exposures to ensure that they remain within its risk appetite.

<b>Cash Flow</b>	Not applicable
<b>Key Customer Dependence</b>	Not applicable
<b>Management Inexperience</b>	Not applicable
<b>Trading Market Absence</b>	Not applicable
<b>Decreased</b>	Not applicable
<b>Untested Products</b>	Not applicable
<b>Liquidity Problems</b>	Not applicable
<b>Key Supplier Dependence</b>	Not applicable
<b>Business Nature</b>	Not applicable

**Increased**

Not applicable

## 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.

<b>Security Involved</b>	<b>General Effect upon Holder's Rights</b>
NOT APPLICABLE	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)

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

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Name and address of underwriter(s)

<b>Name</b>	<b>Address</b>
NOT APPLICABLE	NOT APPLICABLE

Amount of expenses incurred in connection with the offer

-1

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Net proceeds of the issue and a schedule of its use

<b>Amount</b>	<b>Scheduled Use</b>
-1	Not applicable

Payments to associated persons and the purpose for such payments

<b>Name</b>	<b>Amount</b>	<b>Purpose</b>
NOT APPLICABLE	-1	Not applicable

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

<b>Restriction</b>
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 arrearages on the date of filing this report.

Not applicable
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(b) If any material arrearages 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 arrearages or delinquency.

<b>Title of Class</b>	<b>Amount</b>	<b>Nature of Arrearages</b>
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## **10. Managements Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuers 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*

Gross Interest Income expanded by 7%, largely driven by the 47% growth in the Investment Securities portfolio. Competitive pressures have driven down loan rates across the Region, resulting in only a marginal increase in the related interest income of 1.3%.

The \$136.5 million growth of the Deposits due to Customers generated an increase of 18% in Interest Expenses. The Savings Deposits portfolio, which bears interest at a mandatory minimum 2% per annum, increased by only 4% and accounts for approximately 52% of the Deposits Due to Customers. Current or Demand Deposit Accounts which are non-interest bearing increased by 9% and accounts for just about 33% of the portfolio.

General and Administrative Expenses reflected an increase of 6% by approximately \$2.4 million year-on-year. The most significant contributor was the increase in Salaries & Related Costs of \$4.4 million, driven by increased pension related costs. Additionally, Four C's Operating Expenses increased by of \$2.9 million as the structure of the Credit Card portfolio changed during fiscal 2022 and this is now an -on-balance sheet item. Service Charge Correspondent Banks increased by \$1.4M due to increased activity as a direct result of the acquisition. On the other hand, Acquisition Costs decreased by \$6.5 million as the Transition Services Arrangement with RBC tapered to an end by June 2022. There was also a reduction in Non-credit losses as the challenges experienced with supporting documentation for balances were reduced in fiscal 2022.

## **Liquidity and Capital Resources**

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

- i) The reporting issuers 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 issuers 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

Deposits due to Customers grew by \$136.5 million. This excess liquidity contributed to an increase of 70% in Cash & Balances with the Central Bank, which are non-interest bearing. Efforts are being placed on diversifying the Investment Portfolio into safe vehicles.

In the current economic climate, a concerted effort was expended to ensure that delinquency ratios did not soar and this has resulted in year on year improvements.

## **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 offbalance 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.

The Off-Balance Sheet arrangements are largely undrawn loan commitments and the unused portion of overdraft and credit card facilities. These however are to be drawn over a period of 3 months or more and are not expected to severely impact liquidity.



## 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*

The Investment Securities portfolio increased by 47% when compared to the prior year as more funds were placed with our external asset manager during the fiscal. There were also increases in Securities measured at Amortized cost of approximately \$20 million and an increase in the Fair Value of existing equity investments. There are continued efforts to grow the investment portfolio and to capitalise on rising interest rates in fiscal 2023.

In fiscal 2021, there was a recovery of loan impairment of \$10.8 million when compared to a recovery of \$2.2 million in fiscal 2022. The former being as a result of the difference in provision policies and estimates between Royal Bank of Canada and ACB Caribbean.

**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.

Not Applicable

**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.

None

**14. List of Exhibits**

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

Audited Financial Statements (Consolidated) for the year ended September 30, 2022- Antigua Commercial Bank Ltd. trading as ACB Caribbean

