Schedule 1

FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the financial year ended ______September 30, 2015______________________

Issuer Registration number _______ACB201055AB________________________________

__________ANTIGUA COMMERCIAL BANK ___________________________
(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) 481-4229 ______________________

Email address: _____acb@acbonline.com _____________________

(Provide information stipulated in paragraphs 1 to 15 hereunder)

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

Yes__x___ 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

Name of General Manager

Barbara Hume

Signature

February 10 2016

Date

Name of Chairman of the Board of Directors:

Michael F. Roberts

Signature

February 10 2016

Date

Name of Finance & Accounts Executive

Joyanne Byers

Signature

8 February 2016

Date

INFORMATION TO BE INCLUDED IN THE REPORT

1. **Business.**

   N/A

2. **Properties.**

   No properties were acquired or disposed of during the period under review.

3. **Legal Proceedings.**
   The following are the substantial outstanding legal matters:-

   I. **Claim No. 2009/003 - ANTIGUA AGGREGATES LTD. and THE ATTORNEY GENERAL OF ANTIGUA AND BARBUDA AND ANTIGUA COMMERCIAL BANK (ANTIGUA COMMERCIAL BANK v. GALEFORCE WINDOWS)- debt due to Bank over $6million- The** Bank continues to pursue recovery of all outstanding sums due. Per Court Order, Mediation proceedings now currently being pursued;

   II. **Claim No. 2009/0664- ANTIGUA COMMERCIAL BANK v. PATRICK BENJAMIN, GERARD BENJAMIN and the Estate of JOSEPH BENJAMIN**- Debt recovery- Consent Order obtained in the sum of $2,543,171.99 together with interests and legal costs in April, 2010. Enforcement proceedings are being pursued including the sale of shares held with the Company. To date, a net amount of **$110,210.75** after the sale of a portion of the shares has been applied to the debt. The balance of 29,200 shares have since been advertised for sale and bids are being reviewed to finalize the purchase of same;

   III. **Claim No. 2009/0243- MONTPELLIER FARMS LTD. and ANTIGUA COMMERCIAL BANK** – 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. The Judgment was appealed and on October 27, 2015, the Appeal was dismissed with costs of EC$13,333.33 in favour of the Bank. Enforcement proceedings are being pursued against the guarantor;

   IV. **SUNDRY WORKERS v. ACB**- An Industrial Relations matter arising from the concluded Collective Agreement, 2005/2008 in late 2009-The issue relates to the interpretation to be applied to new Salary Scales agreed to between the parties- potential value of claim against the Bank- estimated value of claim $2.7M in adjusted retroactive payment. On June 12, 2015, the Bank obtained judgment in its favour and the Court dismissed the Union's claim. The Union has since appealed the judgment;

V. **Claim No. 293/2013- BRUCE GOODWIN v. ACB**- Injunction granted to prevent sale of securing property- Mr. Goodwin seeks substantive relief under the "in duplum" rule to prevent the Bank recovering further on its debt and has claimed damages in excess of $1M for breach of fiduciary duty. On May 1, 2015, Judgment was issued in favour of the Bank wherein the claim by Mr. Goodwin was dismissed. On June 12, 2015 a Notice of Appeal was filed by Mr. Goodwin. Until a Stay of Execution of the Judgment is granted, the Bank will be pursuing the realization of the securing property;

VI. **Claim No. 152/2013- ACB V. IVOR PHILIP AND PHILIP AND PHILIP DEVELOPMENT COMPANY LTD.**- Judgment in Default obtained on March 26, 2013 in favour of the Bank in the sum of $1,697,701.90).- Enforcement proceedings resulted in an order for instalment payments with the consequences of default being contempt of Court. Enforcement continues to be pursued;

VII. **ANTIGUA COMMERCIAL BANK v. OVERSEAS PROPERTY BOND MANAGEMENT LTD. (OPBM)** - debt collection- over $7M on Timeshare type property- matter currently being managed by External Attorney to secure the realization of the security held

PART XIII

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

On April 23, 2015 at the Company's 59th Annual General Meeting, Shareholders passed the following special resolutions:-

(i) **ELECTION OF DIRECTORS**
C. Davidson Charles and **Gordon Derrick** retired and were ineligible for re-election to the ACB Board having served for more than 10 years consecutively in accordance with s.3 of the Companies (Amendment) Act, 2009.

Lorraine Headley was re-elected to the Board of Directors together with newly elected members **Sharon A. Matthew - Edwards**, **Daryll S. Matthew** and **Sandra Derrick**.

(ii) **DIRECTORS' REMUNERATION**
Directors' Remuneration remained unchanged.

(iii) **AUDITED FINANCIAL STATEMENTS 2014**

The Financial Statements for the year ended September, 30, 2014 and the report of the External Auditors, were approved, as presented.

(iv) **DIVIDEND 2014**

A cash dividend of $0.20 for each unit share to be paid for the financial year ended September, 30, 2014 as at record date March 30, 2015 was approved.

(v) **AUDIT 2015**

To appoint KPMG Eastern Caribbean as the Company's External Auditors for the year ending September, 30, 2015, authorizing the Board to fix the remuneration of the said Auditors.

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

NOT APPLICABLE

6. Financial Statements and Selected Financial Data.

SEE ATTACHMENTS

7. Disclosure About Risk Factors.

"... a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions ... and only include factors that are unique to the company ... *(and should)* Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing." For eg- the probability that the economic changes may impact future revenues-

There are no unique risk factors to ACB which would impact our results from operations nor has there been any increase or decrease in risk factors between the previous and current filings..

8. Changes in Securities and Use of Proceeds.

NOT APPLICABLE

9. **Defaults Upon Senior Securities.**

NOT APPLICABLE

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

(i) **Liquidity**

Throughout the fiscal, the Bank along with its Regional Counterparts continued to experience a strong liquidity position. Consequently, due to the lack of loan demand and our inability to place funds with other suitable banks in the region, our ECCB Current account was maintained at very high levels and well in excess of our reserve requirement. The Bank was therefore able to meet all its commitments at all times.

(ii) **Capital Resources**

During 2015, capital expenditures amounted to $3.6M. The most significant portion of this related to several projects, which are yet to be completed. The major purchases were the Information Technology infrastructure & Equipment upgrade of $1.8M and renovations to the Bank's property $1M. These were all funded from operating cash flow.

(iii) **Results of Operation**

This financial year proved to be one of our most lucrative years even amidst the challenging global environment for the banking industry. The $17.6 million After-tax profit for fiscal 2015 represented an almost 200% increase over fiscal 2014 at $5.98M. There was of $3.5 million or 6.3% growth in Interest Income for the fiscal ended, despite Loans and advances decreasing by 0.7% or $4.2 million. Effective May 1, 2015, the minimum interest rate on savings accounts as established by the Eastern Caribbean Central Bank was reduced from 3% to 2% per annum. Moreover, a decision was made to reduce overall costs of funds while still maintaining a competitive edge. This, in spite of Deposit Liabilities increasing by $97 million or 11.5%, resulted in a reduction of $2.8 million or 11.6% in Interest Expense over the two year period. There was a 24.3% of $7.8 million decrease in Operating Expenses in the 2014/2015 fiscal, in comparison to the previous fiscal as a result of the Provision for Property Impairment in the previous year.

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

NOT APPLICABLE

12. **Directors and Executive Officers of the Reporting Issuer.**

A. Members of the Board

Members of the Board of the Antigua Commercial Bank

(i) **Mr. Michael F. Roberts –Chairman**

Mr. Roberts was elected to the Board in December 2006 and was appointed to the Mortgage & Trust Board in October 2008. On May 13, 2015, he was appointed the Chairman of the ACB Board of Directors. He is also the Bank's representative on the 4C's Board. Mr. Roberts is a businessman by profession with qualifications in the Information Technology field. He is also a licensed auctioneer. He is a former Systems Analyst/ Programmer within the Ministry of Finance and Economy of the Government of Antigua and Barbuda and Operations Manager at Caribbean Business Services & Supplies. Mr. Roberts is a member of the Institute of Chartered Secretaries & Administrators (ICSA) and having completed the Directors Education and Accreditation Programme (DEAP), he holds the designation Acc. Dir.

(ii) **Mr. Peter Blanchard – Vice Chairman**

Mr. Blanchard, an insurance specialist, served on the Board of the ACB Mortgage & Trust Company from its inception in 1987 until 2005. Mr. Blanchard was subsequently elevated to serve on the Board of the Antigua Commercial Bank on May 5th, 2005. In January 2007, Mr. Blanchard was appointed to Mortgage & Trust Board and was elected Chairman of the Board in October 2008. He is the principal shareholder and Managing Director of General Insurance Company Ltd. a locally registered insurance company authorized to conduct business in Antigua & Barbuda. He is also the Chairman of Design Properties Ltd, a property development and management company. Mr. Blanchard represents the Bank and the other indigenous banks operating the Organization of Eastern Caribbean States (OECS) Group on the Board of Directors of the Eastern Caribbean Financial Holding Company Ltd., a company which is based in St. Kitts West Indies.

(iii) **Mr. Philip Harris – Vice Chairman**

Mr. Harris was elected to the Board in December 2006. He is currently an Insurance Advisor at Sagicor Life Inc. an Insurance Company. He is a member of the Antigua & Barbuda Association of Insurance and Financial Advisors and holds a BA and an MSC. in Planning & Development.

(iv) **Mr. Craig J. Walter – Vice Chairman**

Mr. Walter was appointed to the Board in September 2008. He is currently the Accountant/Finance Director at the Eastern Caribbean Civil Aviation Authority (ECCAA) in Antigua. He is also a Certified Public Accountant and is member of the American Institute of Certified Public Accountants and the Institute of Chartered Accountants of the Eastern Caribbean. Mr. Walter holds a Bachelors of Science Degree in Accounting from the State University of New York at Geneseo.

(v) **Ms. Mavis George – Director**

Ms. George was elected to the Board in September 2009. She is currently the General Manager of Antigua Fisheries Limited and has been employed with the institution for approximately 20 years. Ms. George holds a Masters Degree in Business Administration from the University of the West Indies; an Executive Diploma in Management, a Diploma in Accounting and a Certificate in Management from Japan International Corporation Agency (JCIA).

(vi) **Ms. Lorraine Headley –Director**

Ms. Headley was elected to the Antigua Commercial Bank Board of Directors in April 2011. She developed her expertise in the Caribbean tourism industry in the early 1990s as Tourism Economist at the Organisation of Eastern Caribbean States (OECS). Ms. Headley gained experience in the private sector managing a large Canadian International Development Agency (CIDA) funded tourism development programme on behalf of the Antigua Hotel Association. Ms. Headley held the position of Director General of Tourism for Antigua and Barbuda for two years and subsequently established her own consulting practice working with small hotels. She is a Director of a beachfront boutique hotel on the South West coast of Antigua. Ms. Headley obtained her first degree in Mathematics and Economics from Cambridge University and a Masters in Business Administration from the University of the West Indies.

(vii) **<u>Mr. Reginald Peterson –Director</u>**

Mr. Peterson, an educator by training became a member of the ACB Board in 1990. He retired by law in 2005 and was re-elected to the Board in December, 2012. He was also a member of the ACB Mortgage & Trust Board for a number of years. He has been cattle farmer and the owner/operator of a grocery store for a number of years. He is also a former General Secretary of the Antigua & Barbuda Union of Teachers. Mr. Peterson was previously engaged as an Assistant Director of Education with responsibility for Vocational and Technical Education in the Ministry of Education.

(viii) **<u>Mr. Daryll S. Matthew– Director</u>**

Mr. Matthew is currently the General Manager of J. Pinder Finance & Development Company Ltd. He holds a Master's Degree in Geographic Information Management, specializing in Land Administration from the University of Twente' - Enschede, Netherlands and a Master's Degree in Business Administration (MBA) from Aston University, United Kingdom. Mr. Matthew is also a Licensed Land Surveyor. He is the current President of the Antigua & Barbuda Basketball Association, a member of the Rotary Club of Antigua and a former Executive Member of the Antigua & Barbuda National Olympic Committee

(ix) **<u>Ms. Sandra Derrick- Director</u>**

Ms. Sandra Derrick, is a financial consultant with over ten (10) years' experience in finance, investments and project management. She graduated with a Bachelor of Science in Industrial Engineering from Stanford University and a Masters of Business Administration in Finance and Decision Sciences from Kellogg School of Business at Northwestern University. She is also a Certified Financial Analyst and a member of the CFA Institute. Her work experiences, which have included international assignments, have spanned both private and public enterprises. She started in the technology field customizing databases before expanding into project and financial management. After managing the foreign currency reserves at the Eastern Caribbean Central Bank, she worked in the Ministry of Finance analyzing and solving financial complications.

(x) **<u>Mrs. Sharon A. Matthew- Edwards -Director</u>**

Mrs. Sharon A. Matthew-Edwards is a Chartered Accountant, 1994, with the Canadian Institute of Chartered Accountants, and the Council Secretary of the Institute of Chartered Accountants of the Eastern Caribbean, Antigua and Barbuda Branch (membership since 2002). Mrs. Matthew- Edwards obtained a Bachelor of Commerce degree (cum laude), with a double major in Accounting and Finance (1992) before becoming qualified as a Chartered Accountant. Her professional experience includes her employment with PricewaterhouseCoopers (1992 to 2010). She later opened her own accounting firm, Concord Business Associates in 2010. She has been actively involved in the Antigua and Barbuda Girl Guides Association as a Leader (1992-2012), the Antigua and Barbuda

Waste Recycling Corporation (Board Secretary, from 2004), and served as a Board Member, now Treasurer, of the New Winthorpes Wesleyan Holiness Church (from 2005).

B. Members of Management

(i) **<u>Mr. Gladston S. Joseph</u>** - Mr. Joseph, the General Manager, has over 25 years' experience in the banking industry and has worked throughout the Caribbean. Prior to his appointment in July 2003 he was employed at CIBC Caribbean Ltd where he held the position of Manager. Mr. Joseph retired from the Bank on September 30, 2015.

(ii) **<u>Mrs. Barbara Hume</u>**- Mrs. Hume, the Incoming General Manager, is an accomplished career banker with over 20 years' progressive leadership responsibility in retail, corporate, and investment banking, serving client segments ranging from consumers in the Jamaican market to Fortune 500 companies in the United States. She has worked as a Financial Analyst, Retail Branch Manager, Corporate and Investment Banking Associate, Middle Market Unit Head, and Senior Assistant General Manager, among others. Her most recent role was Head of Underwriting and Collections for National Commercial Bank in Jamaica. The holder of a Bsc. in Accounting from the University of the West Indies (Mona) and an MBA in Finance from Columbia University (New York), she speaks English, French, and Spanish. Mrs[BDAH1]. Hume assumed the office of the General Manager on October 1, 2015.

(iii) **<u>Mrs. Rhodette F.C. Paige</u>** – Mrs. Paige joined the institution in October 2008 as Legal Counsel/Corporate Secretary. She also worked as a Legal Officer and later as an Associate Attorney- at -Law at Phillips, Phillips & Archibald. She holds a Bachelors Degree in law with First Class Honors from the University of the West Indies, Cave Hill, Campus, Barbados and a Legal Education Certificate of Merit from Norman Manley Law School, Jamaica. She is also an Accredited Director of ICSA. Mrs. Paige joined the Bank in October, 2008.

(iv) **<u>Ms. M. Arlene Edwards</u>** – Ms. Edwards serves as the Manager of the Private & Corporate Banking Division. She has over 20 years experience in the banking industry. She currently holds an MBA.

(v) **<u>Mr. Austen Gittens</u>** – Mr. Gittens is currently the Chief Internal Auditor and heads the Audit Department. He holds an MBA in Finance, a BSc in Finance & Economics and a Minor/Associates Degree in Computer Science. Mr. Gittens joined the Bank in August 2006.

(vi) **Ms. Joyanne Byers**– Ms. Byers joined the Bank in June 2007 as the Audit Officer. She is currently the Finance & Accounting Executive and holds a BSc in Accounting and a CPA.

(vii) **Mr. Jonathan Lindsay** – Mr. Lindsay is the Manager, Customer Relations & Service Quality since joining the Bank in June 2007. He holds an MSc in Management and a BSc in Accounting.

(viii) **Mr. Geoffrey Simmons** – Mr. Simmons is the manager of the Retail Lending and Recoveries Department and holds a Certificate in Banking from the Canadian Institute of Bankers. Mr. Simmons became a member of staff in August 1986.

(ix) **Mr. Sidlow Frank** – Mr. Frank currently holds a BSc. and is the Network Administrator within the IT Department. Mr. Frank has been with the Bank since January 2006.

(x) **Mr. Peter N. Ashe** – Mr. Ashe is the Manager of the ACB Mortgage and Trust Company Ltd. (a wholly owned subsidiary of the Bank). Mr. Ashe has held various positions within the Bank since joining in February 1991.

(xi) **Mrs. Jacqueline Hewlett** – Mrs. Hewlett heads the Compliance Department as Compliance Specialist. She was previously attached to the Community First Credit Union as the Head of Supervisory/Internal Auditing. Mrs. Hewlett holds a B.A., an M.B.A. and a Diploma in Management, and is an ACAMS certified Anti-Money Laundering Specialist. Mrs. Hewlett joined the staff in January 2008. Mrs. Hewlett subsequently resigned her position effective January 20, 2016.

(xii) **Mr. Michael Robertson** – Mr. Robertson joined the Bank in April 2009 as the Manager of Information System within the IT Department. He has an extensive background in Information Technology and Banking having worked in the financial services sector for over a decade.

(xiii) **Ms. Maria Scotland**- Ms. Scotland joined the organization on January 11, 2010 as the Audit Officer attached to the Audit Department. She holds an M.B.A. in Accounting from Bowling Green State University. Ms. Scotland has years of experience having worked with Ernest & Young as a Senior Consultant. She is a certified Internal Auditor and a member of the Institute of Internal Auditors.

(xiv) **Ms. Sharon Nathaniel** – Ms. Nathaniel is the Corporate Account Executive within the Private and Corporate Banking Division. She holds a Banking Certificate from the Chartered Institute of Bankers, a Diploma in Management (Distinction) and an M.B.A. (Finance). She has 25 years progressive banking experience joined the staff in September 1985. Miss Nathaniel is a Rotary Foundation Group Study Exchange Alumni.

(xv) **Mrs. Helen J. Looby** – Mrs. Looby is the Operations and Accounts Officer within the ACB Mortgage & Trust Co. Ltd. She holds an Executive Diploma in Management. Mrs. Looby has 26 years of Banking Experience and has worked at the Mortgage and Trust since it commenced operations on October 1st, 1987. She holds certificates in Treasury, Human Resource and Operations Management and has attended various seminars to include AML by FIBA and Mortgage Underwriting with ECHMB.

(xvi) **Mrs. Heidi Weste-** Mrs. Weste is a Corporate Account Executive at Antigua Commercial Bank and has in excess of eight years' experience in the Financial Services Sector. Mrs. Weste holds a Bachelor of Arts Degree in Psychology and a Master's Degree in Business Administration with a concentration in Human Resources. She holds professional certifications in the area of Human Resources (PHR), Fraud (CFE) and Risk and Compliance (CRCMP).

(xvii) **Mrs. Sherene Bird-** Mrs. Bird has been the Human Resources Executive of the Bank since August 5, 2015. She is a Senior Professional in Human Resources (SPHR) and holds a BSc in Government, Public Administration Option from the University of the West Indies, St. Augustine, Trinidad and a MSc in Development Studies from the UWI, Mona, Jamaica. Her most recent position was the Training & Development Manager at Sandals Grande Antigua Resort & Spa.

(xviii) **Mr. Seth Burton –** Mr. Burton has been the Marketing & PR Executive of the Bank, since August 5, 2015. He holds a Bachelor's degree in Business Administration and a Master's degree in Communication Management from the University of Alabama, Birmingham, Alabama. In addition to functions as a Public Relations Consultant, he is the owner of a Management and Communication Consulting Firm.

(xix) **Ms. Kamilah Anderson-** Ms. Anderson is the Bank's Risk Analyst, having joined the Organization on November 10, 2014. She holds a Bachelor Degree in Economics and Accounting from the University of the West Indies and a Master's Degree in Economics from the University of Warwick in the United Kingdom.

13. Security Ownership of Certain Beneficial Owners and Management.

Directors	No. of Shares
Chairman Michael F. Roberts	2,000
Dir. Peter Blanchard	107,250
Dir. Philip Harris	11,448
Dir. Craig J. Walter	2,000
Dir. Mavis George	2,376
Dir. Lorraine Headley	3,200
Dir. Reginald Peterson	18,948
Sharon A. Matthew-Edwards	2000
Daryll S. Matthew	11,338
Sandra Derrick	14,432

Management	No. of Shares
Jacqueline Hewlett	1400
M. Arlene Edwards	630
Peter N. Ashe	8416
Sharon Nathaniel	100
Joyanne Byers	1,200
Austen Gittens	5,000
Jonathan Lindsay	64
Geoffrey Simmons	930
Maria Scotland	100
Heidi Weste	100

14. Other Information.

NOT APPLICABLE

15. List of Exhibits

Audited Consolidated Financial Statements for the year ended September 30, 2015.

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Financial Statements

September 30, 2015

ANTIGUA COMMERCIAL BANK LIMITED

Table of Contents

KPMG

KPMG Eastern Caribbean
Cnr. Factory Road & Carnival Gardens
P.O. Box 3109
St. John's
Antigua

Telephone 268 462 8868
268 462 8869
268 462 8992
Fax 268 462 8808
e-Mail kpmg@kpmg.ag

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
ANTIGUA COMMERCIAL BANK LIMITED

We have audited the accompanying consolidated financial statements of Antigua Commercial Bank Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at September 30, 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we cons ider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended September 30, 2014 were audited by another auditor who expressed an unmodified opinion on those consolidated statements on February 18, 2015.

KPMG

Chartered Accountants
December 16, 2015

Antigua and Barbuda

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Statement of Financial Position

As of September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		2015	2014
Assets				
Cash and balances with the Central Bank	8	$	164,384,498	87,121,525
Due from other banks	9		168,637,158	134,031,210
Treasury bills	10		75,458,701	71,598,412
Statutory deposit	11		5,451,569	5,451,569
Loans and advances	12		605,999,610	610,282,089
Other assets	13		5,681,564	4,394,170
Investment securities	14		59,056,560	59,688,741
Property and equipment	15		29,575,902	27,765,278
Pension asset	16		9,322,844	8,700,182
Total assets		$	1,123,568,406	1,009,033,176
Liabilities				
Income tax payable	20	$	3,128,713	1,953,755
Deposits due to customers	17		931,192,891	833,703,643
Other liabilities and accrued expenses	18		12,059,783	12,295,318
Deferred tax liability	20		5,616,790	5,191,902
Total liabilities			951,998,177	853,144,618
Equity				
Stated capital	22		36,000,000	36,000,000
Statutory reserve	23		14,727,544	11,813,411
Other reserves	24		41,799,207	40,394,652
Retained earnings			79,043,478	67,680,495
Total equity			171,570,229	155,888,558
Total liabilities and equity		$	1,123,568,406	1,009,033,176

Approved for issue by the Board of Directors on December 16, 2015.

Chairman

Director

Director

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Statement of Income

For the year ended September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		2015	2014
Interest income				
Income from loans and advances		$	47,380,511	43,210,350
Income from deposits with other banks and investments			10,874,673	11,563,509
			58,255,184	54,773,859
Interest expense				
Savings accounts			11,042,616	12,184,797
Time deposits and current accounts			10,606,404	12,318,430
Investment expenses			16,967	–
			21,665,987	24,503,227
Net interest income			36,589,197	30,270,632
Other operating income	25		9,014,598	9,389,208
Total income			45,603,795	39,659,840
Operating expenses				
General and administrative expenses	26		21,204,418	21,128,557
Depreciation	15		1,744,682	1,968,413
Directors' fees and expenses			902,237	901,089
Provision for loan impairment	12		544,804	2,755,745
Property revaluation adjustment	15		–	5,234,360
Provision for impairment of investments	14		–	237,349
			24,396,141	32,225,513
Profit before tax			21,207,654	7,434,327
Taxation				
Current tax expense			3,162,333	1,969,069
Deferred tax expense (credit)			403,791	(510,237)
Prior year tax under accrual			58,620	–
	20		3,624,744	1,458,832
Profit for the year		$	17,582,910	5,975,495
Earnings per share	27		1.76	0.60

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		2015	2014
Profit for the year		$	17,582,910	5,975,495
Other comprehensive income:				
Items net of tax that are or may be reclassified to profit or loss in the future:				
Reversal of revaluation surplus due to decline in fair value of property	24		–	(4,855,341)
Increase (decline) in fair value of investment securities	24		95,140	(1,340,162)
Increase in fair value of land through revaluation	24		–	590,000
			95,140	(5,605,503)
Items net of tax that will never be reclassified subsequently to profit or loss:				
Actuarial gain for the year, net of taxes of $1,207 (2014: $178,252)	16		3,621	534,755
Other comprehensive income for the year			98,761	(5,070,748)
Total comprehensive income for the year		$	17,681,671	904,747

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Statement of Cash Flows

For the year ended September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		2015	2014
Cash flows from operating activities				
Profit before tax		$	21,207,654	7,434,327
Provision for loan loss impairment	12		544,804	2,755,745
Provision for impairment of investment securities	14		–	237,349
Property revaluation adjustment	15		–	5,234,360
Depreciation	15		1,744,682	1,968,413
Gain on disposal of property and equipment			–	(6,175)
Pension income			(243,475)	(144,313)
Interest income			(58,255,184)	(54,773,859)
Interest expense			21,665,987	24,503,227
Cash flows used in operating activities before changes in operating assets and liabilities			(13,335,532)	(12,790,926)
Change in other receivables and other assets			(6,836,993)	(4,199,330)
Change in loans and advances			3,083,065	(4,198,651)
Change in deposits due to customers			98,104,850	51,188,838
Change in other liabilities and accrued expenses			(235,535)	2,647,599
Cash flows provided by operating activities before interest, taxes and pension contributions			80,779,855	32,647,530
Interest received			59,054,121	58,313,001
Interest paid			(22,084,703)	(25,278,894)
Tax paid			(2,045,995)	(3,081,188)
Pension contributions paid			(374,359)	(392,735)
Net cash flows from operating activities			115,328,919	62,207,714
Cash flows from investing activities				
Redemption of investment securities			29,850,293	3,797,590
Purchase of investment securities			(12,700,000)	(37,453,160)
Purchase of property and equipment	15		(3,555,306)	(1,819,082)
Proceeds from sale of property and equipment			–	90,000
Net cash flows from (used in) investing activities			13,594,987	(35,384,652)
Cash flows from financing activities				
Redemption of repurchase agreements			–	(1,101,179)
Dividends paid	19		(2,000,000)	(1,500,000)
Net cash flows used in financing activities			(2,000,000)	(2,601,179)
Net increase in cash and cash equivalents			126,923,906	24,221,884
Cash and cash equivalents, beginning of year			172,430,197	148,208,313
Cash and cash equivalents, end of year	28	$	299,354,103	172,430,197

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

ANTIGUA COMMERCIAL BANK LIMITED

Consolidated Statement of Changes in Equity

For the year ended September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		Stated capital	Statutory reserve	Revaluation reserve: available for sale investments	Capital reserve	Revaluation reserve: property	Pension reserve	Loan loss reserve	Retained earnings	Total
Balance, September 30, 2014		$	36,000,000	11,813,411	3,894,578	7,461,949	5,317,922	8,700,182	15,020,021	67,680,495	155,888,558
Profit for the year			–	–	–	–	–	–	–	17,582,910	17,582,910
Other comprehensive income			–	–	95,140	–	–	–	–	3,621	98,761
Total comprehensive income			–	–	95,140	–	–	–	–	17,586,531	17,681,671
Transfer to reserve fund	23		–	2,914,133	–	–	–	–	–	(2,914,133)	–
Increase in reserve for loan loss	24		–	–	–	–	–		686,753	(686,753)	–
Increase in pension reserve	24		–	–	–	–	–	622,662	–	(622,662)	–
Transactions with owners											
Dividends paid	19		–	–	–	–	–	–	–	(2,000,000)	(2,000,000)
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

ANTIGUA COMMERCIAL BANK LIMITED

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

For the year ended September 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes		Stated capital	Statutory reserve	Revaluation reserve: available for sale investments	Capital reserve	Revaluation reserve: property	Pension reserve	Loan loss reserve	Retained earnings	Total
Balance, September 30, 2013 (restated)		$	36,000,000	10,763,142	5,234,740	7,461,949	9,583,263	7,450,127	17,494,128	62,496,462	156,483,811
Profit for the year			–	–	–	–	–	–	–	5,975,495	5,975,495
Other comprehensive income			–	–	(1,340,162)	–	(4,265,341)	–	–	534,755	(5,070,748)
Total comprehensive income			–	–	(1,340,162)	–	(4,265,341)	–	–	6,510,250	904,747
Transfer to reserve fund	23		–	1,050,269	–	–	–	–	–	(1,050,269)	–
Decrease in reserve for loan loss	24		–	–	–	–	–	–	(2,474,107)	2,474,107	–
Increase in pension reserve	24		–	–	–	–	–	1,250,055	–	(1,250,055)	–
Transactions with owners											
Dividends paid	19		–	–	–	–	–	–	–	(1,500,000)	(1,500,000)
Balance, September 30, 2014		$	36,000,000	11,813,411	3,894,578	7,461,949	5,317,922	8,700,182	15,020,021	67,680,495	155,888,558

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

1. Nature of operations

The principal activity of Antigua Commercial Bank Limited and its subsidiaries ("the Group"), is the provision of commercial banking services. The Group 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. 14 of 2005 and the Eastern Caribbean Central Bank Act No. 10 of 1983.

Effective October 1, 2015 the New Banking Act of 2015 officially became effective. This replaces the 2005 legislation.

2. General information and statement of compliance with IFRS

Antigua Commercial Bank Limited, 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 Companies Act 1995 of Antigua and Barbuda. The Group's registered office is located at St. Mary's and Thames Streets, St. John's, Antigua.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved for issuance on December 16, 2015.

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 January 1, 2014. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).*
  These amendments clarify that:

  - an entity currently has a legally enforceable right to set-off if that right is:
    - not contingent on a future event; and
    - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and

  - gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
    - eliminate or result in insignificant credit and liquidity risk; and
    - process receivables and payables in a single settlement process or cycle

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*
  The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

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

3.1 Adoption of New or Revised Standards, Amendments to Standards and Interpretations *(cont'd)*

- *IFRIC 21 – Levies*
  This interpretation offers guidance on accounting for a liability to pay a levy that is a liability in the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

3.2 Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2014. The Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Effective January 1, 2018

- IFRS 15, *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

  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 consolidated financial statements resulting from the application of IFRS 15.

- IFRS 9 *Financial Instruments (2014).* IFRS 9 (2014) replaces IAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of IFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). IFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. IFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  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 consolidated 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 an 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)*

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *Annual Improvements to IFRSs 2010-2012 Cycle*
- *Annual Improvements to IFRSs 2011-2013 Cycle*
- IFRS 14 *Regulatory Deferral Accounts*
- *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*
- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*
- *Equity Method in Separate Financial Statements (Amendments to IAS 27)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*
- *Annual Improvements to IFRSs 2012-2014 Cycle – various standards*

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 consist of cash on hand, non-mandatory deposits with the ECCB and other banks, treasury bills, and other short-term highly liquid investments with original maturities of three months or less.

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

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 all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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); and
- available-for-sale (AFS).

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.

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

4.3 Financial instruments *(cont'd)*

Classification and subsequent measurement of financial assets *(cont'd)*

(c) Available-for-sale financial assets (cont'd)

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.

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 reorganisation;
(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.

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 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.

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.

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)

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 (held-to-maturity and 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.

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 are 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 deposits due to customers, borrowings, 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.

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

4.3 Financial instruments *(cont'd)*

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:

<table>
<tr><td rowspan="27">Financial assets</td><td rowspan="23">Loans and receivables</td><td colspan="2" rowspan="3">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="16">Loans and advances to customers</td><td rowspan="8">Loans and advances to individuals</td><td>Demand loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Bridging Loans</td></tr>
<tr><td>CHAPA 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="5">Loans and advances to corporate entities</td><td>Demand Loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Bridging Loans</td></tr>
<tr><td>Non -performing loans and advances</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td rowspan="3">Loans and advances to government and statutory bodies</td><td>Demand Loans</td></tr>
<tr><td>Mortgage loans</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td rowspan="3">Investment securities</td><td>Treasury bills</td><td>Local 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>

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

4.3 Financial instruments *(cont'd)*

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 bank 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 can be 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. Summary of significant accounting policies *(cont'd)*

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

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 and losses on the disposal of property and equipment are determined by reference to their carrying amount 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 interest 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.

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

4.6 Impairment of non-financial assets *(cont'd)*

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 an event after the reporting date (note 19).

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

4.8 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 using the effective interest method over the term of 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. Summary of significant accounting policies *(cont'd)*

4.10 Foreign currency translation

Functional and presentation currency
The 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.

4.11 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 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, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 government 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 Bank'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 presented in the statement of income within the "salaries and related costs" under the 'general and administrative expenses'. Actuarial gains and losses resulting from re-measurements of the net defined benefit liability are included in other comprehensive income.

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

4.12 Leases

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.

4.14 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 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 Bank'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 Bank has a right and intention to set off current tax assets and liabilities from the same taxation authority.

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

4.15 Other liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables 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 at the date of their origin.

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.

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

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 manage 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.

5.1 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

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

5.1 Credit risk *(cont'd)*

5.1.1 Credit risk management *(cont'd)*

(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, Grenada Government and Antigua and Barbuda Government 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.

(c) Credit card receivables

The risk related to the Group'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.

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

5.1 Credit risk *(cont'd)*

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

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.

(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. Financial instrument risk *(cont'd)*

5.1 Credit risk *(cont'd)*

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 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:

	2015		2014	
	Credit risk exposure	**Impairment allowance**	**Credit risk exposure**	**Impairment allowance**
Group's rating	**(%)**	**(%)**	**(%)**	**(%)**
Pass	10	2	33	2
Special mention	69	15	48	6
Sub-standard	17	38	17	36
Doubtful	4	37	−	3
Loss	−	8	2	53
	100	100	100	100

The mortgage subsidiary company has had, on average, 80% of its loan portfolio at a pass rating for the financial year ended September 30, 2015 (2014: 78%).

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

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

5.1 Credit risk *(cont'd)*

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

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	
		2015	**2014**
Credit risk exposures relating to on-balance sheet assets			
Due from other banks	$	168,637,158	134,031,210
Treasury bills		75,458,701	71,598,412
Statutory deposits		5,451,569	5,451,569
Loans and advances			
Loans and advances to individuals:			
Overdrafts		5,195,862	4,991,791
Term loans		31,207,460	35,313,107
Mortgages		188,087,937	184,036,859
Loans and advances to corporate entities		381,508,351	385,940,332
Investment securities			
Loans and receivables – debt securities		40,789,987	41,537,198
Other assets		4,651,553	3,260,140
	$	900,988,578	866,160,618
Credit risk exposures relating to off-balance sheet assets			
Financial guarantees	$	6,389,627	6,474,950
Loan commitments and other credit related obligations		17,380,779	21,514,046
	$	23,770,406	27,988,996
At September 30	$	924,758,984	894,149,614

The above table represents a worse-case scenario of credit risk exposure to the Group at September 30, 2015 and 2014, 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 consolidated statement of financial position.

As shown above, 67% of the total maximum exposure is derived from loans and advances to customers (2014: 70%); and 5% represents investments in debt securities (2014: 5%).

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 *(cont'd)*

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 portfolio and debt securities based on the following:

- Business loans, which represents the biggest group in the portfolio, are backed by collateral; and
- 64% of loans and advances portfolio are considered to be neither past due nor impaired (2014: 61%)

5.1.5 Loans and advances

Loans and advances are summarised as follows:

		2015	2014
		Loans and advances to customers	**Loans and advances to customers**
Neither past due nor impaired	$	390,419,488	378,958,367
Past due but not impaired		166,746,680	159,580,011
Individually impaired		56,333,719	78,366,338
Gross		613,499,887	616,904,716
Interest receivable		15,336,246	15,990,857
Deferred interest income		(3,496,952)	(3,487,541)
Deferred fees		(1,771,886)	(2,105,696)
Less: allowance for impairment		(17,567,685)	(17,020,247)
Net	$	605,999,610	610,282,089
Allowance for impairment:			
Individually impaired	$	12,838,591	12,223,621
Portfolio allowance		4,729,094	4,796,626
	$	17,567,685	17,020,247

The total impairment provision for loans and advances is $17,567,685 (2014: $17,020,247) of which $12,838,591 (2014: $12,223,621) represents the individually impaired loans and the remaining amount of $4,729,094 (2014: $4,796,626) represents the portfolio allowance. Further information about the impairment allowance for loans and advances to customers is provided in note 12.

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 loans and advances to customers
September 30, 2015							
Grades							
Standard monitoring	$	38,356,117	23,950,348	125,051,948	169,209,918	6,788,499	363,356,830
Special monitoring		12,916,135	17,721	–	14,128,802	–	27,062,658
	$	51,272,252	23,968,069	125,051,948	183,338,720	6,788,499	390,419,488
September 30, 2014							
Grades							
Standard monitoring	$	41,301,768	26,740,345	106,681,974	160,900,701	8,618,897	344,243,685
Special monitoring		18,545,134	8,714	–	16,160,834	–	34,714,682
	$	59,846,902	26,749,059	106,681,974	177,061,535	8,618,897	378,958,367

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:

September 30, 2015		**Individual (retail customers)**			**Corporate entities**			
		Overdrafts	**Term loans**	**Mortgages**	**Large corporate customers**	**SMEs**	**Other**	**Total**
Past due up to 30 days	$	–	2,361,032	25,676,363	5,566,522	324,171	–	33,928,088
Past due 31 – 60 days		–	820,735	15,850,176	23,344,549	1,010,120	–	41,025,580
Past due 61 – 90 days		–	314,827	11,724,509	23,284,927	564,058	–	35,888,321
Past due 90 days and over		10,505,472	2,553,139	10,515,827	28,614,920	3,715,333	–	55,904,691
Total	$	10,505,472	6,049,733	63,766,875	80,810,918	5,613,682	–	166,746,680

September 30, 2014		**Individual (retail customers)**			**Corporate entities**			
		Overdrafts	**Term loans**	**Mortgages**	**Large corporate customers**	**SMEs**	**Other**	**Total**
Past due up to 30 days	$	–	2,878,386	36,705,535	8,405,653	–	–	47,989,574
Past due 31 – 60 days		–	1,696,739	7,215,808	4,847,635	741,810	–	14,501,992
Past due 61 – 90 days		2,392,767	716,000	22,518,427	35,102,850	497,732	–	61,227,776
Past due 90 days and over		–	2,577,841	9,617,019	17,662,597	6,003,212	–	35,860,669
Total	$	2,392,767	7,868,966	76,056,789	66,018,735	7,242,754	–	159,580,011

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 is $56,333,719 (2014: $78,366,338).

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**	**Other**	**Total**
September 30, 2015									
Gross amount	$	2,321,314	1,576,968	969,615	1,340,908	44,017,728	6,107,186	–	56,333,719
Amount provided	$	438,898	1,223,039	512,415	250,893	9,100,410	1,312,936	–	12,838,591
September 30, 2014									
Gross amount	$	4,279,655	1,410,680	1,529,187	2,153,293	43,096,726	24,193,973	1,702,824	78,366,338
Amount provided	$	610,804	1,223,039	769,652	130,806	8,110,720	1,253,197	125,403	12,223,621

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

5.1 Credit risk *(cont'd)*

5.1.5 Loans and advances *(cont'd)*

(d) Loans and advances renegotiated

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.

		2015	2014
Renegotiated loans to corporations	$	19,560,355	–
Renegotiated loans and advances to individuals		8,247,720	4,911,878
	$	27,808,075	4,911,878

5.1.6 Debt securities, treasury bills 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, 2015 and 2014:

						Asset pledged as collateral
		Treasury bills	Available-for-sale	Loans and receivables	Total	Investment securities
At September 30, 2015						
Unrated	$	75,458,701	18,266,573	40,789,987	134,515,261	–
At September 30, 2014						
Unrated	$	71,598,412	18,151,543	41,537,198	131,287,153	4,000,000

See note 14 for provision for impairment of investment securities.

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

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risks 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 Group 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.

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
Credit risk exposures relating to on-balance sheet assets:					
Due from other banks	$	8,192,246	92,245,547	68,199,365	168,637,158
Statutory deposits		5,451,569	–	–	5,451,569
Treasury bills		14,607,451	60,851,250	–	75,458,701
Loans and receivables – Debt securities		40,520,594	–	269,393	40,789,987
Loans and advances		601,415,457	2,968,617	1,615,536	605,999,610
Other assets		4,651,553	–	–	4,651,553
		674,838,870	156,065,414	70,084,294	900,988,578
Credit risk exposures relating to off-balance sheet assets:					
Loan commitments and other credit related facilities		23,770,406	–	–	23,770,406
September 30, 2015	$	698,609,276	156,065,414	70,084,294	924,758,984

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

5.1 Credit risk *(cont'd)*

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

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

		Antigua and Barbuda	Other Caribbean	Non-Caribbean	Total
Credit risk exposures relating to on-balance sheet assets:					
Due from other banks	$	113,251,907	7,116,795	13,662,508	134,031,210
Statutory deposits		5,451,569	–	–	5,451,569
Treasury bills		34,445,684	37,152,728	–	71,598,412
Loans and receivables – Debt securities		41,267,805	–	269,393	41,537,198
Loans and advances		604,541,740	3,648,936	2,091,413	610,282,089
Other assets		3,260,140	–	–	3,260,140
		802,218,845	47,918,459	16,023,314	866,160,618
Credit risk exposures relating to off-balance sheet assets:					
Loan commitments and other credit related facilities		27,988,996	–	–	27,988,996
September 30, 2014	$	830,207,841	47,918,459	16,023,314	894,149,614

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

5.1 Credit risk *(cont'd)*

5.1.7 Concentration of risks 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	$	168,637	–	–	–	–	–	–	168,637
Statutory deposits		–	–	–	–	5,452	–	–	5,452
Treasury bills		–	–	–	–	75,459	–	–	75,459
Loans and advances to customers:									
Loans to individuals:									
- Overdrafts		–	–	–	–	–	–	5,196	5,196
- Term loans		–	–	–	–	–	–	31,207	31,207
- Mortgages		–	–	–	–	11,312	33,212	143,564	188,088
Loans to corporate entities:									
- Large corporate customers		2,714	19,071	45,933	117,836	109,795	86,159	–	381,508
Investment securities:									
- Debt securities		–	–	–	–	–	40,790	–	40,790
Other assets		–	–	–	–	–	4,652	–	4,652
As of September 30, 2015	$	171,351	19,071	45,933	117,836	202,018	164,813	179,967	900,989

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

5.1 Credit risk *(cont'd)*

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

(b) 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
Due from other banks	$	134,031	–	–	–	–	–	–	134,031
Statutory deposits		–	–	–	–	5,452	–	–	5,452
Treasury bills		–	–	–	–	71,599	–	–	71,599
Loans and advances to customers:									
Loans to individuals:								–	–
- Overdrafts		–	–	–	–	–	–	4,992	4,992
- Term loans		–	–	–	–	–	–	35,313	35,313
- Mortgages		–	–	–	–	12,378	35,367	136,292	184,037
Loans to corporate entities:									
- Large corporate customers		835	21,671	47,079	119,080	111,837	85,438	–	385,940
Investment securities:									
- Debt securities		–	–	–	–	–	41,537	–	41,537
Other assets		–	–	–	–	–	3,260	–	3,260
As of September 30, 2014	$	134,866	21,671	47,079	119,080	201,266	165,602	176,597	866,161

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

5.1 Credit risk *(cont'd)*

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

(b) 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
Financial guarantees	$	5,117	–	–	–	–	1,273	–	6,390
Loan commitments and other credit related obligations		–	–	–	–	6,742	9,984	655	17,381
As of September 30, 2015	$	5,117	–	–	–	6,742	11,257	655	23,771
Financial guarantees	$	5,117	–	–	–	–	1,358	–	6,475
Loan commitments and other credit related obligations		7,500	–	–	349	6,000	6,782	883	21,514
As of September 30, 2014	$	12,617	–	–	349	6,000	8,140	883	27,989

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 consist of foreign exchange risks and risks associated with the change in equity prices arising from the Group's available-for-sale investment securities.

5.2.1Price 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.

5.2.2Interest 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 Group mitigates its interest rate risk by matching the maturity periods of its assets and liabilities. The following table below analyses the effective interest rates of each class of financial asset and financial liability:

	2015	2014
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	19.5%	19.5%
Investment securities		
Government treasury bills	4.8-6.5%	4.8-6.5%
Other securities	6.5%	6.5%

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

5.2 Market risk *(cont'd)*

5.2.2 Interest rate risk *(cont'd)*

	2015	**2014**
Deposits due to customers		
Demand deposits	0.0%	0.0%
Savings deposits	2.0-3.5%	3.0-3.5%
Time deposits	2.0-3.5%	3.0-3.5%
Other – thrift, pension	2.0-5.5%	3.0-5.5%
Debenture stock	n/a	n/a

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 re-pricing 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 6 years	Non-interest bearing	Total
As of September 30, 2015									
Assets									
Cash and balances with the Central Bank	$	–	–	–	–	–	–	164,384,498	164,384,498
Statutory deposits		–	–	–	–	–	–	5,451,569	5,451,569
Due from other banks		115,428,444	4,000,000	48,713,437	–	–	–	495,277	168,637,158
Treasury bills		58,414,317	–	17,044,384	–	–	–	–	75,458,701
Investment securities:									
– Debt securities		2,348,670	–	–	–	–	38,441,317	–	40,789,987
– Equity securities		–	–	–	–	–	–	18,266,573	18,266,573
Loans and advances		105,033,317	1,361,694	4,522,692	40,151,217	44,320,826	410,609,864	–	605,999,610
Other assets		–	–	–	–	–	–	4,651,553	4,651,553
Total financial assets	$	281,224,748	5,361,694	70,280,513	40,151,217	44,320,826	449,051,181	193,249,470	1,083,639,649
Liabilities									
Deposits due to customers	$	633,083,376	45,954,245	71,904,498	113,931,322	–	66,319,450	–	931,192,891
Other liabilities and accrued expenses		–	–	–	–	1,206,508	–	10,853,275	12,059,783
Total financial liabilities	$	633,083,376	45,954,245	71,904,498	113,931,322	1,206,508	66,319,450	10,853,275	943,252,674
Total interest repricing gap	$	(351,858,628)	(40,592,551)	(1,623,985)	(73,780,105)	43,114,318	382,731,731	182,396,195	140,386,975

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 6 years	Non-interest bearing	Total
As of September 30, 2014									
Assets									
Cash and balances with the Central Bank	$	–	–	–	–	–	–	87,121,525	87,121,525
Statutory deposits		–	–	–	–	–	–	5,451,569	5,451,569
Due from other banks		79,490,587	7,738,870	46,376,083	–	–	–	425,670	134,031,210
Treasury bills		54,547,453	–	17,050,959	–	–	–	–	71,598,412
Investment securities:									
– Debt securities		2,615,700	–	–	–	–	38,921,498	–	41,537,198
– Equity securities		–	–	–	–	–	–	18,151,543	18,151,543
Loans and advances		109,146,605	11,045,010	6,385,178	24,007,379	60,669,077	399,028,840	–	610,282,089
Other assets		–	–	–	–	–	–	3,260,140	3,260,140
Total financial assets	$	245,800,345	18,783,880	69,812,220	24,007,379	60,669,077	437,950,338	114,410,447	971,433,686
Liabilities									
Deposits due to customers	$	523,959,004	55,126,174	73,650,733	115,239,538	–	63,690,905	2,037,289	833,703,643
Other liabilities and accrued expenses		–	–	–	–	1,229,715	–	11,065,603	12,295,318
Total financial liabilities	$	523,959,004	55,126,174	73,650,733	115,239,538	1,229,715	63,690,905	13,102,892	845,998,961
Total interest repricing gap	$	(278,158,659)	(36,342,294)	(3,838,513)	(91,232,159)	59,439,362	374,259,433	101,307,555	125,434,725

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 has no significant exposure to currency risk. 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 of September 30, 2015. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency. Because all significant assets and liabilities are denominated either in United States dollars or in Eastern Caribbean dollars, to which the US dollar is pegged, there would have been no impact or equity, if at September 30, 2015 the EC dollar had weakened against other currencies.

		XCD	USD	EUR	GBP	Others	Total
As of September 30, 2015							
Assets							
Cash and balances with the Central Bank	$	164,026,779	316,513	8,958	14,533	17,715	164,384,498
Statutory deposits		5,451,569	–	–	–	–	5,451,569
Deposits from other banks		100,420,139	68,036,579	12,340	85,821	82,279	168,637,158
Treasury bills		75,458,701	–	–	–	–	75,458,701
Investment securities:							
Available-for-sale – equity securities		18,266,573	–	–	–	–	18,266,573
Loans and receivables – debt securities		40,520,594	269,393	–	–	–	40,789,987
Loans and advances		605,997,672	1,938	–	–	–	605,999,610
Other assets		4,651,553	–	–	–	–	4,651,553
Total financial assets	$	1,014,793,580	68,624,423	21,298	100,354	99,994	1,083,639,649
Liabilities							
Deposits due to customers	$	829,496,758	101,696,133	–	–	–	931,192,891
Other liabilities and accrued expenses		12,059,783	–	–	–	–	12,059,783
Total financial liabilities	$	841,556,541	101,696,133	–	–	–	943,252,674
Net on-balance sheet position	$	173,237,039	(33,071,710)	21,298	100,354	99,994	140,386,975

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, 2014							
Assets							
Cash and balances with the Central Bank	$	86,470,616	566,411	14,431	53,221	16,846	87,121,525
Statutory deposits		5,451,569	–	–	–	–	5,451,569
Deposits from other banks		120,143,164	13,535,187	81,931	121,369	149,559	134,031,210
Treasury bills		71,598,412	–	–	–	–	71,598,412
Investment securities:							
Available-for –sale – equity securities		18,151,543	–	–	–	–	18,151,543
Loans and receivables – debt securities		41,067,040	470,158	–	–	–	41,537,198
Loans and advances		610,281,707	382	–	–	–	610,282,089
Other assets		3,260,140	–	–	–	–	3,260,140
Total financial assets	$	956,424,191	14,572,138	96,362	174,590	166,405	971,433,686
Liabilities							
Deposits due to customers	$	780,492,818	53,210,825	–	–	–	833,703,643
Other liabilities and accrued expenses		12,295,318	–	–	–	–	12,295,318
Total financial liabilities	$	792,788,136	53,210,825	–	–	–	845,998,961
Net on-balance sheet position	$	163,636,055	(38,638,687)	96,362	174,590	166,405	125,434,725

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 including:

- 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;
- 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 of September 30, 2015							
Liabilities							
Deposits due to customers	$	629,598,527	48,534,748	73,820,124	115,945,705	67,525,658	935,424,762
Other liabilities and accrued expenses		10,379,776	–	473,499	1,206,508	–	12,059,783
Total liabilities (contractual maturity dates)	$	639,978,303	48,534,748	74,293,623	117,152,213	67,525,658	947,484,545
Assets held for managing liquidity risk (contractual maturity dates)	$	305,388,429	5,361,694	70,280,513	566,966,448	152,016,847	1,100,013,931
As of September 30, 2014							
Liabilities							
Deposits due to customers	$	589,661,815	56,113,240	76,118,555	124,964,788	–	846,858,398
Other liabilities and accrued expenses		10,517,169	–	548,434	1,229,715	–	12,295,318
Total liabilities (contractual maturity dates)	$	600,178,984	56,113,240	76,666,989	126,194,503	–	859,153,716
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

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

5.4.1 Fair value

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled between knowledgeable, willing parties, who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

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

		Carrying value		Fair value	
		2015	**2014**	**2015**	**2014**
Financial assets					
Statutory deposits	$	5,451,569	5,451,569	5,451,569	5,451,569
Treasury bills		75,458,701	71,598,412	75,458,701	71,598,412
Due from other banks		168,637,158	134,031,210	168,637,158	134,031,210
Loans and advances		605,999,610	610,282,089	599,099,063	589,387,579
Investment securities		59,056,560	59,688,741	59,056,560	59,688,741
Other assets		4,651,553	3,260,140	4,651,553	3,260,140
	$	919,255,151	884,312,161	912,354,604	863,417,651
Financial liabilities					
Deposits due to customers	$	931,192,891	833,703,643	930,746,369	834,663,526
Other liabilities and accrued expenses		12,059,783	12,295,318	12,059,783	12,295,318
	$	943,252,674	845,998,961	942,806,152	846,958,844

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 are considered to approximate the fair values.

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

5.4.1 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 the financial liabilities reflect the market interest rates, hence the carrying values are considered to 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 estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

  $58.1 million (2014: $58.7 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.

5.4.2 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)*

5.4.2 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	Level 3	Total
As of September 30, 2015				
Financial assets				
Investment securities				
- Available-for-sale investments – unquoted	$	–	5,753,030	5,753,030
- Available-for-sale investments – quoted		12,513,543	–	12,513,543
Total assets	$	12,513,543	5,753,030	18,266,573
As of September 30, 2014				
Financial assets				
Investment securities				
- Available-for-sale investments – unquoted	$	–	5,753,030	5,753,030
- Available-for-sale investments – quoted		12,398,513	–	12,398,513
Total assets	$	12,398,513	5,753,030	18,151,543

The following table presents changes in level 3 instruments for the year ended September 30, 2015.

		Level 3
As of September 30, 2015		
Financial assets		
Investment securities		
- Available-for-sale investments – unquoted		
Opening balance	$	5,753,030
Additions		–
	$	5,753,030

If the market price on the available-for-sale bond investment were to change by +/- 10%, the impact on other comprehensive income would be an increase of $1,251,354 or a decrease of $1,251,354.

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

5.4.2 Fair value hierarchy *(cont'd)*

The following table presents changes in level 3 instruments for the year ended September 30, 2014.

		Level 3
As of September 30, 2014		
Financial assets		
Investment securities		
- Available-for-sale investments - unquoted		
Opening balance	$	5,711,103
Additions		41,927
	$	5,753,030

5.5 Financial assets and liabilities by category

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

		Loans and receivables	Available-for-sale	Total
As of September 30, 2015				
Assets				
Due from banks and other financial institutions	$	337,811,280	-	337,811,280
Treasury bills		74,439,974	-	74,439,974
Loans and advances		595,932,202	-	595,932,202
Investment securities		39,878,349	18,266,573	58,144,922
Other financial assets		4,651,553	-	4,651,553
Total financial assets	$	1,052,713,358	18,266,573	1,070,979,931

		Financial liabilities at amortised cost	Total
Liabilities			
Deposits due to customers	$	927,470,240	927,470,240
Other liabilities and accrued expenses		1,936,252	1,936,252
Total financial liabilities	$	929,406,492	929,406,492

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

5.5 Financial assets and liabilities by category *(cont'd)*

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

		Loans and receivables	Available-for-sale	Total
As of September 30, 2014				
Assets				
Due from banks and other financial institutions	$	225,762,282	–	225,762,282
Treasury bills		70,487,471	–	70,487,471
Investment securities		599,884,469	–	599,884,469
Loans and advances		40,556,640	18,151,543	58,708,183
Other financial assets		3,260,140	–	3,260,140
Total financial assets	$	939,951,002	18,151,543	958,102,545

		Financial liabilities at amortised cost	Total
Liabilities			
Deposits due to customers	$	829,365,390	829,365,390
Other liabilities and accrued expenses		2,287,775	2,287,775
Total financial liabilities	$	831,653,165	831,653,165

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 for the commercial bank.

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

The regulatory capital requirements are strictly observed when managing economic capital. The Subsidiary'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 reserve, 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, 2015 and 2014. During those two years, the Group complied with all of the externally imposed capital requirements to which they are subject.

		2015	2014
Tier 1 capital			
Stated capital (net of treasury shares)	$	36,000,000	36,000,000
Statutory reserve		14,727,544	11,813,411
General banking and other reserves		7,461,949	7,461,949
Retained earnings		79,043,478	67,680,495
Total qualifying Tier 1 capital		137,232,971	122,955,855
Tier 2 capital			
Revaluation reserve: available-for-sale investments		3,989,718	3,894,578
Reserves for loan loss		15,706,774	15,020,021
Total qualifying Tier 2 capital		19,696,492	18,914,599
Total regulatory capital	$	156,929,463	141,870,454
Risk-weighted assets:			
On-balance sheet	$	592,002,000	584,180,000
Off-balance sheet		24,305,000	41,513,000
Total risk-weighted assets	$	616,307,000	625,693,000
Basel ratio		25.5%	22.7%

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

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

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, 2015 and September 30, 2014.

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

(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 $2,221,660 lower or $6,400,125 higher.

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

Estimation uncertainty *(cont'd)*

(b) Impairment of 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 a 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 allowance for impairment of available-for-sale equity investments as at September 30, 2015 amounting to $990,000 (2014: $990,000).

(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

	Notes		2015	2014
Cash on hand		$	8,018,691	8,675,548
Balances with the ECCB other than mandatory reserve deposits			112,287,436	39,917,205
Included in cash and cash equivalents	28		120,306,127	48,592,753
Mandatory reserve deposits			44,078,371	38,528,772
Total cash and balances with the Central Bank		$	164,384,498	87,121,525

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.

9. Due from other banks

	Notes		2015	2014
Term deposits and operating accounts with other banks with original maturities of 3 months or less		$	122,803,302	71,987,523
Items in the course of collection from other banks			4,471,911	6,940,894
Included in cash and cash equivalents	28		127,275,213	78,928,417
Term deposits and operating accounts with other banks with original maturities greater than 3 months			40,700,000	54,260,771
Interest receivable			661,945	842,022
Total due from other banks		$	168,637,158	134,031,210

10. Treasury bills

	Notes		Nominal Value 2015	Cost 2015	Nominal Value 2014	Cost 2014
Treasury bills at amortised cost – OECS Governments with original maturities of 3 months or less and interest rates ranging from 3.5% to 7%		$	52,200,000	51,503,370	44,988,379	44,639,634
Included in cash and cash equivalents	28	$	52,200,000	51,503,370	44,988,379	44,639,634
Treasury bills at amortised cost – OECS Governments with original maturities of 3 months or less and interest rates ranging from 5.0% to 6.34%			23,000,000	22,936,604	26,000,000	25,847,837
Interest receivable			–	1,018,727	–	1,110,941
Total treasury bills		$	75,200,000	75,458,701	70,988,379	71,598,412

Government of Antigua and Barbuda bonds totalling nil (2014: $3,936,604) have been hypothecated to obtain general credit facilities from the ECCB.

11. Statutory deposit

		2015	2014
Statutory reserve deposit with the Government of Antigua and Barbuda	$	5,451,569	5,451,569

11. Statutory deposit *(cont'd)*

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

		2015	2014
Mortgage loans	$	280,439,634	270,755,484
Business loans		262,185,526	273,777,427
Personal loans		39,840,198	43,968,441
Bridging loans		20,913,090	18,767,310
Staff loans		6,431,895	5,646,208
Credit card advances		1,576,968	1,406,925
Central Housing and Planning Authority (CHAPA) loans		1,094,402	1,202,325
Directors' loans		1,018,174	1,380,596
		613,499,887	616,904,716
Less: Allowance for loan impairment		(17,567,685)	(17,020,247)
		595,932,202	599,884,469
Add: Interest receivable		15,336,246	15,990,857
Deferred interest income		(3,496,952)	(3,487,541)
Deferred loan origination fees		(1,771,886)	(2,105,696)
Total loans and advances	$	605,999,610	610,282,089

Allowance for loan impairment

		2015	2014
The movement in allowance for loan impairment:			
Balance, beginning of year	$	17,020,247	21,680,158
Write-off of impaired loan balances		(6,186)	(7,415,656)
Other adjustment		8,820	–
Provision for loan impairment		544,804	2,755,745
Balance, end of year	$	17,567,685	17,020,247

According to the ECCB loan provisioning guidelines, the calculated allowance for loan impairment amounts to $20,998,490 (2014: $20,700,860) 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 $56,333,719 (2014: $78,366,338). Interest receivable on loans that would not be recognised under ECCB guidelines amounted to $12,275,969 (2014: $11,339,408), and is also included in the specific regulatory reserve (note 24).

12. Loans and advances *(cont'd)*

		2015	2014
Current	$	110,917,704	126,576,793
Non-current		495,081,906	483,705,296
	$	605,999,610	610,282,089

13. Other assets

		2015	2014
Credit card receivables	$	4,390,867	1,530,088
Prepayments		1,024,366	1,134,030
Letter of credit receivables		135,000	1,484,735
Miscellaneous receivables		92,693	93,404
Suspense accounts		38,638	59,393
Bills receivable		-	92,520
Total other assets	$	5,681,564	4,394,170
Current	$	5,681,564	4,394,170

14. Investment securities

		2015	2014
Available-for-sale unquoted			
Equity securities (EC$)	$	6,743,030	6,743,030
Available-for-sale quoted			
Equity securities (EC$)	$	12,513,543	12,398,513
Loans and receivables			
Government securities	$	1,500,000	1,698,658
Corporate securities		42,378,349	42,857,982
Total loans and receivables	$	43,878,349	44,556,640
	$	63,134,922	63,698,183
Allowance for impairment – available-for-sale unquoted		(990,000)	(990,000)
Allowance for impairment – loans and receivables		(4,000,000)	(4,000,000)
Total allowance for impairment	$	(4,990,000)	(4,990,000)
	$	58,144,922	58,708,183
Interest receivable		911,638	980,558
Total investment securities	$	59,056,560	59,688,741

14. Investment securities *(cont'd)*

The movement in investment securities may be summarised as follows:

		2015	2014
Available-for-sale			
Beginning of year	$	18,151,543	20,156,877
Additions		–	41,927
Unrealised gain/(loss) from changes in fair value		115,030	(2,047,261)
End of year	$	18,266,573	18,151,543

All available-for-sale securities are non-current.

		2015	2014
Loans and receivables			
Beginning of year	$	41,537,198	42,840,076
Disposals (sale and redemption)		(747,211)	(1,065,529)
Provision for impairment		–	(237,349)
	$	40,789,987	41,537,198

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

Loans and receivables include $269,393 (2014: $269,393) classified under cash and cash equivalents (note 28).

There are no losses from disposal of investment securities.

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, 2014											
Cost or valuation	$	8,880,000	14,049,998	5,320,575	8,222,964	623,944	10,456,753	7,696,783	174,460	1,876,363	57,301,840
Accumulated depreciation		–	–	(4,724,675)	(7,111,854)	(330,625)	(9,614,505)	(7,685,558)	(69,345)	–	(29,536,562)
Net book amount	$	8,880,000	14,049,998	595,900	1,111,110	293,319	842,248	11,225	105,115	1,876,363	27,765,278
Year ended September 30, 2015											
Opening net book amount	$	8,880,000	14,049,998	595,900	1,111,110	293,319	842,248	11,225	105,115	1,876,363	27,765,278
Additions		–	22,595	74,843	160,950	–	172,881	17,253	–	3,106,784	3,555,306
Disposals/adjustments		–	–	–	–	(164,765)	–	–	–	–	(164,765)
Accumulated depreciation – disposals/adjustments		–	–	–	–	164,765	–	–	–	–	164,765
Depreciation charge		–	(463,573)	(218,403)	(347,493)	(97,552)	(494,115)	(106,100)	(17,446)	–	(1,744,682)
Transfers		–	5,500	–	787,045	218,265	133,403	362,252	–	(1,506,465)	–
Closing 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
At September 30, 2015											
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

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

		Land	Buildings & building improvements	Furniture and fixture	Equipment	Motor vehicle	Computer hardware	Computer software	Leasehold improvements	Work in progress	Total
At September 30, 2013											
Cost or valuation	$	11,705,880	26,987,857	5,287,901	7,950,843	628,517	10,371,150	7,689,706	174,460	908,943	71,705,257
Accumulated depreciation		–	(5,426,601)	(4,508,433)	(6,816,284)	(280,551)	(8,988,082)	(7,655,452)	(51,899)	–	(33,727,302)
Net book amount	$	11,705,880	21,561,256	779,468	1,134,559	347,966	1,383,068	34,254	122,561	908,943	37,977,955
Year ended September 30, 2014											
Opening net book amount	$	11,705,880	21,561,256	779,468	1,134,559	347,966	1,383,068	34,254	122,561	908,943	37,977,955
Additions		–	12,434	31,619	107,837	121,167	23,415	–	–	1,522,623	1,819,095
Disposals/adjustments		–	(2,069,926)	–	–	(125,740)	–	–	–	–	(2,195,666)
Accumulated depreciation – disposals/adjustments		–	6,117,251	(12)	–	41,914	–	–	–	–	6,159,153
Depreciation charge		–	(690,650)	(216,230)	(295,570)	(91,988)	(626,423)	(30,106)	(17,446)	–	(1,968,413)
Revaluation gain/loss		(2,825,880)	(7,153,642)	–	–	–	–	–	–	–	(9,979,522)
Adjustment to cost		–	(4,047,324)	–	–	–	–	–	–	–	(4,047,324)
Transfers		–	320,599	1,055	164,284	–	62,188	7,077	–	(555,203)	–
Closing net book amount	$	8,880,000	14,049,998	595,900	1,111,110	293,319	842,248	11,225	105,115	1,876,363	27,765,278
At September 30, 2014											
Cost or valuation	$	8,880,000	14,049,998	5,320,575	8,222,964	623,944	10,456,753	7,696,783	174,460	1,876,363	57,301,840
Accumulated depreciation		–	–	(4,724,675)	(7,111,854)	(330,625)	(9,614,505)	(7,685,558)	(69,345)	–	(29,536,562)
Net book amount	$	8,880,000	14,049,998	595,900	1,111,110	293,319	842,248	11,225	105,115	1,876,363	27,765,278

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, 2015.

		Land	Buildings	Total
Cost	$	3,562,078	31,608,727	35,170,805
Accumulated depreciation		–	(13,015,017)	(13,015,017)
Net book values	$	3,562,078	18,593,710	22,155,788

The following is the historical cost carrying amount of land and buildings carried at revalued amounts as of September 30, 2014.

		Land	Buildings	Total
Cost	$	3,562,078	31,608,727	35,170,805
Accumulated depreciation		–	(12,324,367)	(12,324,367)
Net book values	$	3,562,078	19,284,360	22,846,438

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

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

16. Pension plan

Eligible group 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.

16. Pension plan *(cont'd)*

The Plan is valued every three years by an independent qualified actuary. The latest available valuation was performed at September 30, 2014 using the projected unit credit method. At September 30, 2014, the actuarial valuation showed that the Plan is overfunded with net assets available for benefits representing 141% 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 recognized in the statement of financial position are as follows:

Pension plan assets

		2015	2014
Present value of funded obligations	$	13,651,036	13,544,517
Fair value of plan assets		(22,973,880)	(22,244,699)
Net asset – end of year	$	(9,322,844)	(8,700,182)

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

		2015	2014
Fair value of plan assets - beginning of year	$	22,244,699	20,830,425
Contributions – employer and employee		754,094	791,950
Benefits paid		(464,210)	(1,199,735)
Plan administration expenses		(49,203)	(74,869)
Actuarial (loss)/gain		(1,078,775)	453,071
Interest on plan assets		1,567,275	1,443,857
Fair value of plan assets - end of year	$	22,973,880	22,244,699

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

		2015	2014
Present value of funded obligations - beginning of year	$	13,544,517	13,380,298
Current service cost		684,859	681,551
Interest cost		969,473	942,339
Benefits paid		(464,210)	(1,199,735)
Actuarial gain		(1,083,603)	(259,936)
Present value of funded obligations - end of year	$	13,651,036	13,544,517

16. Pension plan *(cont'd)*

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

		2015	2014
Net asset - beginning of year	$	(8,700,182)	(7,450,127)
Net pension income included in the statement of income		(243,475)	(144,313)
Actuarial gains included in other comprehensive income		(4,828)	(713,007)
Contributions paid		(374,359)	(392,735)
Net asset - end of year	$	(9,322,844)	(8,700,182)

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

		2015	2014
Current service cost	$	305,124	282,336
Net interest on the net defined benefit liability/asset		(597,802)	(501,518)
Plan administration expenses		49,203	74,869
Net gain recognized in the statement of income	$	(243,475)	(144,313)

The amounts recognized in other comprehensive income are as follows:

		2015	2014
Actuarial gain for the year – obligation	$	(1,083,603)	(259,936)
Actuarial loss/(gain) for the year – plan assets		1,078,775	(453,071)
Actuarial gain recognized in other comprehensive income	$	(4,828)	(713,007)

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

	2015	2014
Cash and cash equivalents	37%	32%
Debt securities	22%	23%
Equity securities	22%	25%
Property	19%	20%

The pension plan assets include ordinary shares issued by Antigua Commercial Bank with a value of $75,852 (2014: $75,852). Plan assets include deposits held with the Bank with a fair value of $4,785,041 (2014: $3,054,468).

16. Pension plan *(cont'd)*

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

		2015	2014	2013	2012	2011
Defined benefit obligation	$	13,651,036	13,544,517	13,380,298	12,204,792	10,469,606
Plan assets		(22,973,880)	(22,244,699)	(20,830,425)	(19,618,725)	(18,364,798)
Surplus	$	(9,322,844)	(8,700,182)	(7,450,127)	(7,413,933)	(7,895,192)

Principal actuarial assumptions used for accounting purposes were as follows:

	2015 %	2014 %
Discount rate		
Future promotional salary increases	4.0	4.0
Future pension increases	–	–
Future changes in Social Security ceiling	–	–

Contributions to the pension scheme for the year ended September 30, 2015 amounted to $395,639, being Antigua Commercial Bank Limited: $351,134; ACB Mortgage & Trust Limited: $44,505 (2014: - $392,735, being Antigua Commercial Bank Limited: $349,312; ACB Mortgage & Trust Limited: $43,423). 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 $402,432, being Antigua Commercial Bank Limited: $358,932; ACB Mortgage & Trust Limited: $43,500.

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

2015

	Impact on defined benefit obligation			
	Change in assumption		Increase in assumption	Decrease in assumption
Discount rate	1%	$	(1,866,406)	2,365,167
Salary growth rate	1%		941,790	(833,165)
Life expectancy	1 year		246,294	–

2014

	Impact on defined benefit obligation			
	Change in assumption		Increase in assumption	Decrease in assumption
Discount rate	1%	$	(1,840,390)	2,324,814
Salary growth rate	1%		907,114	(805,204)
Life expectancy	1 year		239,072	–

The duration of the benefit obligation is 15.3 years (2014: 15.4 years).

16. Pension plan *(cont'd)*

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.

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

		2015	2014
Savings accounts	$	391,755,034	354,353,846
Time deposits		249,953,885	265,602,001
Current accounts		218,587,775	141,210,198
Other deposits		67,173,546	68,199,345
		927,470,240	829,365,390
Interest payable		3,722,651	4,338,253
Total deposits due to customers	$	931,192,891	833,703,643
Current	$	750,942,419	718,464,105
Non-current		180,250,472	115,239,538
	$	931,192,891	833,703,643

18. Other liabilities and accrued expenses

		2015	2014
Trade payables and accrued expenses	$	8,612,917	8,542,762
Manager's cheques		1,936,252	2,287,775
Escrow accounts		1,206,508	1,229,715
Other sundry payables		304,106	235,066
Total other liabilities and accrued expenses	$	12,059,783	12,295,318
Current	$	10,853,275	11,065,603
Non-current		1,206,508	1,229,715
	$	12,059,783	12,295,318

19. Dividends

During the year, a dividend in respect of the 2014 financial year end of $2,000,000 was recorded and paid (2014: $1,500,000 in respect of the 2013 financial year).

The dividend proposed in respect of the 2015 financial year end is $0.40 for each unit of share or $4,000,000 (2014: $0.20 or EC$2,000,000). The financial statements for the year ended September 30, 2015 do not reflect this proposed dividend which, if ratified, will be accounted for in equity as an appropriation of retained earnings in the year ended September 30, 2016.

20. Taxation

		2015	2014
Income tax payable			
Income tax payable, beginning of year	$	1,953,755	3,065,874
Withholding tax		8,356	–
Current tax expense		3,153,977	1,969,069
Payments made during the year		(2,045,995)	(3,081,188)
Prior year tax under accrual		58,620	–
Income tax payable, end of year	$	3,128,713	1,953,755
Income tax expense			
Profit before tax	$	21,207,654	7,434,327
Income tax expense at statutory rates		6,012,105	2,700,802
Effect of other permanent differences		82,091	58,986
Effect of dividend income not subject to tax		(1,202,731)	(1,179,077)
Property revaluation adjustment		–	1,118,476
Effect of interest income not subject to tax		(1,266,721)	(1,255,669)
Prior years' tax under accrual		–	15,314
Actual income tax expense	$	3,624,744	1,458,832

The effective tax rate for Antigua Commercial Bank is 25% (2014: 25%) and for ACB Mortgage and Trust is 20% (2014: 20%).

		2015	2014
Deferred tax liability, net			
Balance, beginning of year	$	5,191,902	6,473,455
Charge (credit) for the year		403,791	(510,237)
Movement on revaluation of available-for-sale securities		19,890	(469,748)
Movement on revaluation of buildings		–	(479,820)
Actuarial gain		1,207	178,252
Balance, end of year	$	5,616,790	5,191,902

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

		2015	2014
Statutory loan loss reserve	$	3,813,613	3,659,119
Deferred tax on revaluation of available-for-sale securities		1,318,083	1,298,193
Pension asset		2,330,711	2,175,046
Deferred commission		(408,828)	(486,920)
Decelerated capital allowances		(1,436,789)	(1,453,536)
Balance, end of year	$	5,616,790	5,191,902

20. Taxation *(cont'd)*

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 Bank's tax returns for years of assessment 2014 to the present have 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 entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

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

i) has control or joint control over the reporting entity;

ii) has significant influence over the reporting entity; or

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

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

i) The entity and the reporting entity 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) entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity

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).

21. Related Party Balances and Transactions *(cont'd)*

Related party definition *(cont'd)*

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and

b) another entity that is a related party because the same government has control or joint control of or significant influence over, both the reporting entity and the other entity.

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. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

		2015	2014
Loans to directors and key members of management			
Loans outstanding at beginning of year	$	3,631,477	3,636,429
Loans issued during the year		545,000	1,000,000
Loan repayments during the year		(1,439,377)	(1,004,952)
Loans outstanding at end of year	$	2,737,100	3,631,477

No provisions have been recognised in respect of loans given to related parties (2014: nil).

Interest income earned on directors' and key members of management's loans and advances during the year is $277,538 (2014: $308,905). The average interest rate on these loans ranges from 7% to 11.5% (2014: 7% to 11.5%) and they are granted on an arms length basis.

		2015	2014
Deposits by directors and key members of management			
Deposits at beginning of year	$	5,639,150	5,539,200
Deposits received during the year		13,178,983	8,909,477
Deposits repaid during the year		(12,917,615)	(8,809,527)
Deposits at end of year	$	5,900,518	5,639,150

Interest expense paid on directors' and key members of management's deposits during the year is $236,445 (2014: $192,206). Interest rates on directors' deposits range from 2% to 5.5% (2014: 3% to 5.5%) and they are accepted on an arms length basis.

21. Related Party Balances and Transactions *(cont'd)*

Remuneration of key members of management

During the year, salaries and related benefits were paid to key members of management allocated as follows:

		2015	2014
Salaries and wages	$	1,098,605	1,019,268
Other staff costs		299,780	244,086
Pension costs		32,164	33,263
	$	1,430,549	1,296,617

The Group also incurred directors' fees and expenses amounting to $902,237 (2014: $901,089).

22. Stated capital

		2015	2014
Authorised share capital			
150,000,000 shares at nil par value	$	150,000,000	150,000,000
Issued and fully paid:			
10,000,000 ordinary shares of no par value	$	36,000,000	36,000,000

23. Statutory reserve

		2015	2014
Balance at the beginning of the year	$	11,813,411	10,763,142
Transfer from profit after taxation		2,914,133	1,050,269
Balance at the end of the year	$	14,727,544	11,813,411

Section 14 (1) of the Antigua and Barbuda Banking Act of 2005 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

		2015	2014
Regulatory reserve for loan loss and interest recognised	$	15,706,774	15,020,021
Revaluation reserve – property		5,317,922	5,317,922
Pension reserve		9,322,844	8,700,182
Capital reserve		7,461,949	7,461,949
Revaluation reserve – available-for-sale securities		3,989,718	3,894,578
Total other reserves	$	41,799,207	40,394,652

		2015	2014
Regulatory reserve for loan loss and interest recognised			
Balance at the beginning of the year	$	15,020,021	17,494,128
Increase/(decrease) in reserves for regulatory purposes		686,753	(2,474,107)
Balance at the end of the year	$	15,706,774	15,020,021

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.

Revaluation reserve for available-for-sale securities		2015	2014
Balance at the beginning of the year	$	3,894,578	5,234,740
Increase/(decrease) in market value of investment securities, net of tax of $19,890 (2014: $469,748)		95,140	(1,340,162)
Balance at the end of the year	$	3,989,718	3,894,578

Certain available-for-sale securities are stated at market value with the unrealised gains (losses) reflected in equity until realised.

Revaluation reserve – property		2015	2014
Balance at the beginning of the year	$	5,317,922	9,583,263
Reversal of revaluation surplus due to decline in market value of property, net of tax of nil (2014: $479,820)		–	(4,265,341)
Balance at the end of the year	$	5,317,922	5,317,922

This represents the decrease in property and equipment's carrying amount as a result of revaluation of land (2015: nil, 2014: $5,317,922) and buildings (2015: nil, 2014: nil).

24. Other reserves *(cont'd)*

		2015	2014
Pension reserve			
Balance at the beginning of the year	$	8,700,182	7,450,127
Increase in pension reserve		622,662	1,250,055
Balance at the end of the year	$	9,322,844	8,700,182

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.

Capital reserve

Included in this balance is an amount of $6,171,428 recorded in the prior years for share premium recognised.

25. Other operating income

		2015	2014
Fees and commissions	$	4,629,043	4,460,974
Foreign exchange		3,670,044	4,092,000
Miscellaneous income		341,383	313,060
Dividend income		263,123	170,573
Rental income		101,100	101,100
Recovery of loans written off		9,905	251,501
Total other operating income	$	9,014,598	9,389,208

26. General and administrative expenses

	Note		2015	2014
Salaries and related costs	29	$	12,312,178	12,736,568
Software operating expenses			1,106,098	952,804
Utilities			1,065,304	1,090,467
Printing and stationery expenses			590,186	557,127
Audit fees and expenses			575,413	420,681
Insurance expense			552,134	639,602
Rent			526,462	524,381
Security services			526,248	488,971
Subscriptions and fees			411,531	332,682
Cleaning			390,280	379,348
Repairs and maintenance			376,568	358,357
Telephone, postage, telegram expenses			356,008	302,794
Advertising and promotion			353,507	324,834
Licenses and taxes			330,112	360,087
Night depository			321,092	317,037
Legal and professional fees			279,215	296,499
Agency expenses			202,977	187,537
Four C's operating expenses			149,952	111,988
Shareholders' meeting expenses			89,243	99,326
Wire services expense			87,007	87,162
Vehicle expenses			84,204	74,754
Non-credit losses			74,120	57,530
ECCB expenses			67,949	74,996
Cash purchases expenses			52,120	142,710
Scholarship fund			50,004	51,555
ECACH Charges			43,692	–
Commission expenses			34,000	37,941
Hospitality Suite			25,000	18,750
Amalgamation expenses			20,000	–
Travel and entertainment			13,702	12,637
Miscellaneous expenses			138,112	89,432
Total general and administrative expenses		$	21,204,418	21,128,557

27. 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.

		2015	2014
Net profit attributable to shareholders	$	17,582,910	5,975,495
Weighted average number of ordinary shares in issue		10,000,000	10,000,000
Basic and diluted earnings per share		1.76	0.60

28. Cash and cash equivalents

	Notes		2015	2014
Due from other banks	9	$	127,275,213	78,928,417
Cash and balances with the Central Bank	8		120,306,127	48,592,753
Treasury bills	10		51,503,370	44,639,634
Investments	14		269,393	269,393
Total cash and cash equivalents		$	299,354,103	172,430,197

29. Salaries and related costs

		2015	2014
Salaries, wages and allowances	$	10,231,501	10,940,192
Other staff costs		938,490	769,529
Staff incentive scheme		715,405	485,004
Statutory deductions		670,257	686,156
Pension credit		(243,475)	(144,313)
Total salaries and related costs	$	12,312,178	12,736,568

30. Commitments and contingencies

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:

	2015	2014
Undrawn commitments to extend advances	$ 17,380,779	21,514,046

Off-balance sheet items

The Group had letters of credit outstanding at the year end in the following amounts:

	2015	2014
Letters of credit	$ 6,389,627	6,474,950

The maturity profile of off-balance sheet items is as follows:

	Up to 1 year	Total
As of September 30, 2015		
Loan commitments (undrawn)	$ 17,380,779	17,380,779
Letters of credit	$ 6,389,627	6,389,627
As of September 30, 2014		
Loan commitments (undrawn)	$ 21,514,046	21,514,046
Letters of credit	$ 6,474,950	6,474,950