



Antigua Commercial Bank

CIRCULAR TO SHAREHOLDERS

63rd ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Venue: Sandals Grande Resort & Spa
Dickenson Bay, St. John's, Antigua**
Date: Friday December 21, 2018
Time: 2pm

YOUR VOTE IS IMPORTANT

You are encouraged to take some time to read this Circular which contains important information about the business to be conducted at the Annual General Meeting.

The ACB Group (hereinafter referred to as “the Company”) is pleased to invite its Shareholders on record as at December 5, 2018 to the Company’s Sixty- Third (63rd) Annual General Meeting.

This Circular accompanies the Notice of Annual General Meeting mailed to Shareholders on record and uploaded to the Company’s website, www.acbonline.com under the Investor Relations section.

CONVENING THE ANNUAL GENERAL MEETING

ARTICLE 12.11- COMPANY’S BYLAWS

Quorum: Subject to the Act, a quorum for the transaction of business at any Meeting of the Shareholders shall be twenty (20) persons present in person, each being either a Shareholder entitled to vote thereat, or a duly appointed proxy holder or representative of a Shareholder so entitled. If a quorum is present at the opening of any Meeting of the Shareholders, the Shareholders present or represented may proceed with the business of the Meeting notwithstanding a quorum is not present throughout the Meeting. If a quorum is not present within one (1) hour of the time fixed for a Meeting of Shareholders, the persons present and entitled to vote may adjourn the Meeting to a fixed time and place but may not transact any other business.

Shareholders, please be guided that the Annual General Meeting is a business Meeting. Only Shareholders on record as at December 5, 2018 are entitled to attend the Meeting. Guests (family or friends) of Shareholders will not be allowed into the Meeting area.

Further, at the Registration Desk (s) at the Annual General Meeting, Company Representatives reserve the right to request the presentation of a Government issued picture identification to verify the identity of a Shareholder at the time of registration.

VOTING PROCEDURE

ARTICLES GOVERNING VOTING AT SHAREHOLDERS' MEETINGS COMPANY'S BYLAWS

ARTICLE 12.7

Voting at Shareholders' Meetings: Every question submitted to any Meeting of Shareholders, unless a poll is demanded, shall be decided in the first instance by a show of hands, and in the case of an equality of votes the Chairman of the Meeting shall have a casting vote in addition to any votes to which he may be otherwise entitled.

ARTICLE 12.7.1

At any Meeting of Shareholders, every Shareholder, proxy holder or individual authorized to represent a Shareholder who is present in person and entitled to vote shall have one vote on a show of hands.

ARTICLE 12.7.2

Upon a ballot at which he is entitled to vote, every Shareholder, proxy holder or individual authorized to represent a Shareholder shall, subject to any rights or restrictions for the time being attached to any class or classes of shares shall have one vote for every share held in the Company.

ARTICLE 12.7.3

Every ballot shall include at a minimum, the name of the Shareholder (s) as it appears on the Register of Shareholders for the Company as at the record date and the Shareholder's Reference Number (s). On a ballot for the Election of Directors, the names of the Nominees for the position of Director shall also be included.

ARTICLE 12.7.4

At any Meeting of Shareholders, unless a ballot is demanded, a declaration by the Chairman of the Meeting that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number of votes recorded in favour of or against such resolution.

ARTICLE 12.7.5

At any Meeting of Shareholders, a poll may be demanded, either before or on the declaration of the result of a show of hands by at least ten (10) Shareholders present in person or by proxy and entitled to vote at the Meeting. The demand for a poll may be withdrawn.

ARTICLE 12.7.6

Except as provided in the Act, the Regulations, the Articles or the Bylaws, if a poll is duly demanded, it should be taken in such a manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

APPOINTMENT OF PROXY

A Form of Proxy is being circulated herewith. A Shareholder who is entitled to vote at the Meeting may appoint a person to represent him at the Meeting by inserting the name of such person in the space indicated on the form and return the completed form to Legal Counsel/Corporate Secretary, Legal / Secretariat Department, Antigua Commercial Bank, Thames & St. Mary's Streets, St. John's, Antigua.

The proxy must be received at the designated Office no later than the time specified on the form of proxy (**December 17, 2018**). Any Shareholder having appointed a proxy has the right to revoke it by depositing an instrument in writing signed by him or by his authorized attorney.

Please note that the attendance of a Shareholder on the day of the Annual General Meeting automatically revokes a previously deposited appointment of a proxy.

BUSINESS OF THE MEETING

CONSIDER THE AUDITED FINANCIAL STATEMENTS 2018

The Consolidated Financial Statements of the Company for the year ended September 30, 2018 and the Independent Auditors' Report thereon have been uploaded to the Company's website, www.acbonline.com under the Investor Relations section, as at **December 7, 2018**. The Chairman's and Directors' Reports; and Management's Discussion and Analysis are included in the Company's 2018 Annual Report and will be uploaded to the Company's website by **December 14, 2018**.

CONFIRM THE MINUTES OF THE 62nd ANNUAL GENERAL MEETING

The Minutes of the Sixty- Second (62nd) Annual General Meeting of the Company held on December 28, 2017 are circulated herewith.

ELECT DIRECTORS

The Board of Directors is comprised of ten (10) members and in accordance with Clauses 4.4 (a) and 4.5 of the Company's Bylaws, the following Directors retire from Office, namely:-

- **Craig J. Walter** (elected on September 25, 2008)
- **Lorraine Raeburn** (elected on April 19, 2012)
- **Reginald Peterson** (elected on December 20, 2012).

Directors Lorraine Raeburn and Reginald Peterson remain eligible and offer themselves for re-election.

In accordance with the Companies (Amendment) Act, 2009, referred to above, Director Craig J. Walter, is ineligible for re-election to the Board, having served consecutively for more than ten (10) years. At Annual General Meeting 2018, the Director will also automatically vacate his seat as an ACB Director on the Board of Directors of ACB Mortgage & Trust Company Limited.

Further, in accordance with Clause 4.5.2 (h) of the Company's Bylaws, Director Valerie Jeffery has since retired from the Board of Directors via age.

Accordingly, the number of Directors to be elected at this year's Annual General Meeting is **four (4)**.

BACKGROUND INFORMATION- RETIRING DIRECTORS

CHAIRMAN LORRAINE RAEBURN



Chairman Lorraine Raeburn was first elected to the ACB Board of Directors on April 19, 2012 and was appointed Chairman on October 19, 2016. She has also served on the Board of Directors for the Company's wholly owned subsidiary, ACB Mortgage & Trust Company Limited since March 23, 2016.

As at the date of her retirement, she is the Chairman of the Governance & Executive and Investment Committees and a member of other Board Sub- Committees to include the Human Resources & Compensation Committee and Board Retreat Planning Committee. She is also the Bank's representative on the Board of Directors of the Caribbean Credit Card Corporation (4Cs).

Chairman Raeburn developed her expertise in the Caribbean Tourism Industry in the early 1990's as Tourism Economist at the Organisation of Eastern Caribbean States (OECS). She 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. Chairman Raeburn 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.

Chairman Raeburn obtained her first degree in Mathematics and Economics from Cambridge University and a Masters in Business Administration from the University of the West Indies. She is also a member of the Institute of Chartered Secretaries & Administrators (ICSA) and having completed the Directors Education and Accreditation Programme (DEAP), she holds the designation Acc. Dir.

VICE- CHAIRMAN CRAIG J. WALTER



Vice- Chairman Craig J. Walter was first elected to the ACB Board of Directors on September 25, 2008. He was appointed Vice- Chairman on May 13, 2015. He has also served on the Board of Directors for the Company's wholly owned subsidiary, ACB Mortgage & Trust Company Limited since May 13, 2015. He is also one (1) of the Bank's representative on the Board of Directors of the Eastern Caribbean Amalgamated Bank (ECAB).

As at the date of his retirement, Vice- Chairman Walter is the Chairman of the Board Retreat Planning Committee and is a member of various Sub- Committees to include the Governance & Executive Committee, Audit & Risk Management Committee (former Chairman), the Credit Committee, the Marketing & Public Relations Committee and the Investment Committee.

Vice- Chairman Walter is currently the Director- Finance and Administration 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.

Vice- Chairman Walter holds a Bachelors of Science Degree in Accounting from the State University of New York at Geneseo. He is also 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.

VICE- CHAIRMAN REGINALD PETERSON



Vice- Chairman Reginald Peterson was re-elected to the ACB Board of Directors on December 20, 2012. He previously served on the ACB Board during the period March, 1990 to September 2008. He was appointed Vice-Chairman on May 13, 2015. He has also served on the Board of Directors for the Company's wholly owned subsidiary, ACB Mortgage & Trust Company Limited since October 19, 2016.

As at the date of his retirement, Vice- Chairman Peterson is the Chairman of the Credit Committee and the Scholarship Screening Committee (ACB Louis H. Lockhart Scholarship and ACB Mortgage & Trust Company Limited Secondary School Scholarship). He also serves on other Board Sub-Committees, including, the Governance & Executive Committee, the Audit & Risk Management Committee, the Technology Committee. He also sits on the ACB Pension Scheme's Board of Trustees.

Vice- Chairman Peterson is a retired teacher by profession, a small business operator and a farmer. He served for a period as the Assistant Director of Education with responsibility for vocational and technical education in the Ministry of Education. He holds a Bachelors of Education Degree. Vice- Chairman Peterson is also a Director/1st Vice President of the Lions Club of Antigua. He is also 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.

QUALIFICATION & NOMINATION TO THE OFFICE OF DIRECTOR

Shareholders who wish to be elected to the Office of Director or Shareholders who are interested in nominating individuals for the Office of Director are reminded of and should be guided by Clauses 4.3 and 4.4 (c) of the Company's Bylaws which state as follows:-

Clause 4.3:

Every Director shall be the holder in his own right of at least 1000 shares in the Company.

Clause 4.4 (c):

No one other than a retiring Director, who offers himself for re-election, shall be eligible to be a Director, unless notice in writing that he is a candidate for such office have been given to the Company by two (2) other Shareholders of the Company at least seven (7) days before the day of holding the meeting at which the election is to take place.

Interested Shareholders are encouraged to submit their Applications **no later than December 11, 2018** to allow for the requisite due diligence to be conducted.

In response to our advance Director Recruitment Ads, first published on October 5, 2018, we are pleased to advise that the Company has received the following new Nominations to the Office of Director in compliance with the above provisions:-

- **MR. C. KEVIN SILSTON**
- **MS. C. KAMILAH ROBERTS.**

MR. C. KEVIN SILSTON



Mr. Silston is an economist by profession with more than 20 years of experience working in the areas of economics and finance.

He is currently the Chief Executive Officer of the Medical Benefits Scheme, a Public Corporation primarily responsible for financing healthcare in Antigua and Barbuda.

Prior to this appointment, he worked for 5 years as an Advisor to the Executive Directors for Canada, Ireland and the Caribbean at the International Monetary Fund and at the World Bank, in Washington D.C., USA. He also has previous experience working as a Senior Economist in the Research Department of the Eastern Caribbean Central Bank (ECCB), and as Deputy Financial Secretary at the Ministry of Finance in Antigua.

Mr. Silston holds a Bachelor of Science Degree in Economics and Accounting (1997), and a Master of Science Degree in Economics (2002) from the University of the West Indies (Mona).

He is also a Member of the Rotary Club of Antigua.

MS. C. KAMILAH ROBERTS



Ms. Roberts is a Senior Partner at Roberts & Co., Attorneys-at-Law, where she has been employed since 2005. She actively participates in the management of the law firm and heads the firm's Litigation Department and the Banking, Finance and Securities Department.

She has approximately thirteen (13) years of legal experience over a wide range of practice areas including banking law, commercial law, civil litigation, employment law and real estate law. In particular, she has extensive experience in banking law and has advised and acted on behalf of various financial institutions throughout the years.

Ms. Roberts attained her LLB (Hons) Degree from the University of Leicester, UK, in 2003 and completed the Bar Vocational Course at BBP Law School, UK in 2004. She also holds a Legal Education Certificate from the Norman Manley Law School in Jamaica (2005) and a LLM from Kings College, London (Intellectual Property), UK, (2012).

She is an active member of the Antigua and Barbuda Bar Association and is currently an executive member of the Bar Council. She is the Chair of the Association's Public Outreach Committee and a member of the Disciplinary Committee.

We take this opportunity to thank the Nominees for their expressed interest to serve on the Company's Board of Directors.

The subject nominations, together with the results of the Company's Due Diligence, have been submitted to the Eastern Caribbean Central Bank, the Company's Regulators, for its necessary attention.

Kindly be advised that the nominees must be deemed Fit & Proper for the Office of Director, prior to offering themselves to be elected to the Board at the Annual General Meeting.

DECLARE A DIVIDEND

The Board recommends the payment of dividend of **\$0.40** for each unit share to Shareholders on record as at **December 5, 2018**.

The Capital Management and Dividend Policy details the following objectives when managing the Company's capital:-

- ❖ Preserving the "Shareholders' Equity" on Balance Sheet
- ❖ To comply with the capital requirements set by its Regulators
- ❖ To safeguard the Company's ability to continue as a going concern notwithstanding potential shocks from low, medium, or high probability events, so that it may continue to provide reasonable risk-adjusted returns to Shareholders, and benefits to other Stakeholders; and
- ❖ To maintain a strong capital base to support the growth of its business.

The Policy further recognizes that it is imperative that the Company builds up its capital reserves in the form of retained earnings, given impending regulations such as International Financial Reporting Standards (IFRS) 9 and Basel 2 which will require higher levels of capital.

Noting the above, the Board remains guided that the declaration and payment of dividends may take place only after the following criteria have been met:

- ❖ Appropriation of at least 20% of net income to the Statutory Reserve account annually, until the account is equal to 100% of the Company's paid up capital in accordance with subsection 45(1) of the Banking Act of Antigua and Barbuda (2015).
- ❖ The regulatory capital, which is currently EC\$20 million according to subsection 44(1) (a) of the Banking Act is not impaired.
- ❖ The capital adequacy ratio (total regulatory capital to risk weighted assets) exceeds eight percent in accordance with Subsection 46(1) of the Banking Act.
- ❖ Thereafter allocate Net Income after tax each as follows:
 1. Statutory Reserves – 20% - minimum
 2. Retained Earnings – 55% - minimum
 3. Dividend Pay-out – 25% - maximum.
- ❖ The Company's key liquidity ratios are all within the Company's internal benchmarks, and likewise the ECCB regulatory and statutory benchmarks.

After due consideration of the above, the Board has resolved to propose a dividend payout of **\$4M** which accounts for approximately **20%** of the declared profits for the financial year ended September 30, 2018.

It is the Board's position that the dividend payout recommendation represents a fair and reasonable return for Shareholders in compliance with relevant policy and regulatory guidelines, while noting industry developments which the Company anticipates will require more stringent capital requirements.

Shareholders are reminded that further to the previous written notice issued on June 6, 2014, the Company has ceased to issue dividend cheques to its local Shareholders.

In the circumstances, local Shareholders are reminded to establish their standing order instructions to allow for the direct deposit of future dividend payments to an Account of your choice. Take note that dividends will be withheld until these instructions are received. For further information, kindly telephone the Legal/ Secretariat Department on (268) 481-4331/4/5 or email acb@acbonline.com.

FIX DIRECTORS' FEES

The Board recommends that Directors' fees remain unchanged, that is to say, \$5,500 being paid monthly to the Chairman and each Director receiving \$4,500 per month.

APPOINT EXTERNAL AUDITORS

The External Auditors, KPMG, retiring and being eligible, offer themselves to be re- appointed as the Company's External Auditors for the financial year ending September 30, 2019. The Directors have resolved to recommend to the Shareholders the subject re- appointment.

LOOKING AHEAD- IFRS 9

Via an information leaflet distributed in March, 2017, Shareholders were advised of the new financial instruments standard, IFR9, which is expected to result in a significant accounting change for financial institutions. For ease of reference, please see enclosed leaflet.

Shareholders are reminded of the pervasive impact the subject standard is expected to have on the Company's financial statements going forward, noting the anticipated increase in the overall level of impairment allowances across the Company's financial assets (including loans and receivables, investments and other assets).

Your Board remains committed to working with Management to ensure that relevant personnel are sufficiently trained and prepared for the application of this new standard and that Shareholders are kept informed of this development which is expected to impact credit losses, classification and measurement and disclosures.

BY ORDER OF THE BOARD

A handwritten signature in blue ink, appearing to read "Rhodette Paige", is written over the typed name.

**RHODETTE PAIGE
LEGAL COUNSEL/CORPORATE SECRETARY**

December 7, 2018