2019 Year in Review

INSPIRING HOPE: SATISFYING YOUR NEEDS

10TH ANNUAL REPORT 2019

National Co-operative Credit Union Ltd.

Credit Union Prayer

Prayer of St. Francis of Assisi

Lord make me an instrument of Your peace.
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light
and where there is sadness, joy.

Oh Divine Master,
Grant that I may not so much seek
to be consoled as to console;
to be understood as to understand;
to be loved as to love.
For it is in giving that we receive;
It is in pardoning that we are pardoned
and it is in dying
that we are born to eternal life.
Amen

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Mission Statement

"To be the Leading Financial Institution Providing Services that Enhance the Quality of Life of All Consistent with Co-operative Principles"

Our Co-operative Identity

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

OUR CO-OPERATIVE PRINCIPLES

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives
- Concern for the Community

OUR CO-OPERATIVE VALUES

- Self-Help
- Self-Responsibility
- Democracy
- Equality
- Equity
- Solidarity

OUR VALUES

- Integrity
- Professionalism
- Loyalty
- Innovation
- Human Resource Development
- Good Governance
- Responsiveness to Members' Needs and Environment
- Confidentiality

Standing Orders

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01 a) A member shall stand when addressing the Chair.
b) Speeches are to be clear and relevant to the subject before the meeting.

02 A member shall only address the meeting when called upon by the Chairperson to do so, after which he shall immediately take his/her seat.

03 No member shall address the meeting except through the Chairperson.

04 A member shall not speak twice on the same subject except:
a) The mover of a motion who has the right to reply.
b) He/she rises to object or to explain (with the permission of the Chair).

05 The mover of a "Procedural Motion" (Adjournment, Lay on the Table, Motion to Postpone) shall have no right of reply.

06 No speeches are to be made after the "Question" has been put and carried or negated.

07 A member rising on a "Point of Order" is to state the point clearly and concisely. (A "Pont of Order" must have relevance to the "Standing Orders").

08 a) A member shall not "call another member to order" but may draw the attention to the Chair to a "Breach of Order."
b) In no event can a member call the Chair to order.

09 A "Question" shall not be put to the vote if a member desires to speak on it or move an amendment to it, except that a "Procedural Motion: The Previous Question", "Proceed to the Next Business" or the Closure: 'that the Question be now put" may be moved at any time.

10 Only one amendment should be made before the meeting at one and the same time.

11 When a motion is withdrawn, any amendment to it fails.

12 The Chairperson shall have the right to a "Casting Vote."

13 If there is equality of voting on an amendment, and if the Chairperson does not exercise his casting vote, the amendment is lost.

14 Provision is to be made for protection by the Chairperson from vilification (personal abuse).

15 No member shall impute improper motives against another member.

Notice & Agenda

ANNUAL REPORT 2019

NOTICE IS HEREBY GIVEN THAT THE 10TH ANNUAL GENERAL MEETING OF THE NATIONAL CO-OPERATIVE CREDIT UNION [NCCU] LIMITED WILL BE HELD ON SUNDAY, NOVEMBER 8, 2020 AT 3:00 P.M. AT THE WINDSOR PARK SPORTS STADIUM FORECOURT, BATH ROAD, ROSEAU, TO CONSIDER THE FOLLOWING:

1. Credit Union Prayer
2. Welcome Remarks
3. Ascertainment of Quorum
4. Apologies for Absence
5. Adoption of Agenda
6. Reading and Confirmation of Minutes of the 9th Annual General Meeting
7. Matters Arising from the Minutes
8. Reports:
   (a) Board of Directors
   (b) Treasurer and Auditor
   (c) Supervisory and Compliance Committee
   (d) Credit Committee
9. Elections – Nominations Committee Report
10. Unfinished Business
11. New Business:
    (a) Appropriation of Surplus
    (b) Appointment of Auditor
12. Any Other Business:
    (a) Remarks and Suggestions
    (b) Lucky Bird Prizes
13. Adjournment

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CANDIA CARRETTE-GEORGE
SECRETARY
For and on behalf of the Board of Directors

Board of Directors

PRESIDENT
Mrs. Josephine Dublin

VICE-PRESIDENT
Ms. Sonia Williams

SECRETARY
Mrs. Candia
Carrette-George

TREASURER
Mr. Dexter Ducreay

Mr. Glen Ducreay

Dr. Damien Dublin

Mr. Cecil Shillingford

Dr. Kyra Paul-L'Homme

Mr. Patrickson Albert

Mr. Gerald Fregiste

Mr. Euan James

Mr. Aaron Dalrymple

Board of Directors' Report

National Co-operative Credit Union Limited Board of Director's Report for the year ended December 31, 2019

PRESIDENT
Mrs. Josephine Dublin

OVERVIEW

It is our pleasure to submit the Society's Annual Report for 2019. The financial year 2019 was both a challenging and exciting year for the NCCU Ltd.; it was a year marked by impressive financial results, increased competition in the market for loans and volatility in the rates of interest on investment instruments.

Your Board continued in its effort to meet the increased expectation of members by providing members with a state of the art online platform (CU Online) to access their accounts and transfer within their accounts and other account holders at the NCCU Ltd.

The Society's income growth trajectory is evident of the continuous commitment of management, staff and officers to propel the Society forward.

Our commitment to the ideals of cooperation among cooperatives continued during the year when mutually beneficial relationships were established with the Indiana Co-operative Credit Union Ltd., Nevis Co-operative Credit Union Ltd and the Liberty Co-operative Credit Union Ltd. of Anguilla.

On November 1, this year, we celebrate the Tenth (10th) Anniversary of operations as a mega Credit Union having been established on November 1, 2010.

1. GROWTH IN MEMBERS AND SOCIETY'S CAPITAL/SAVINGS

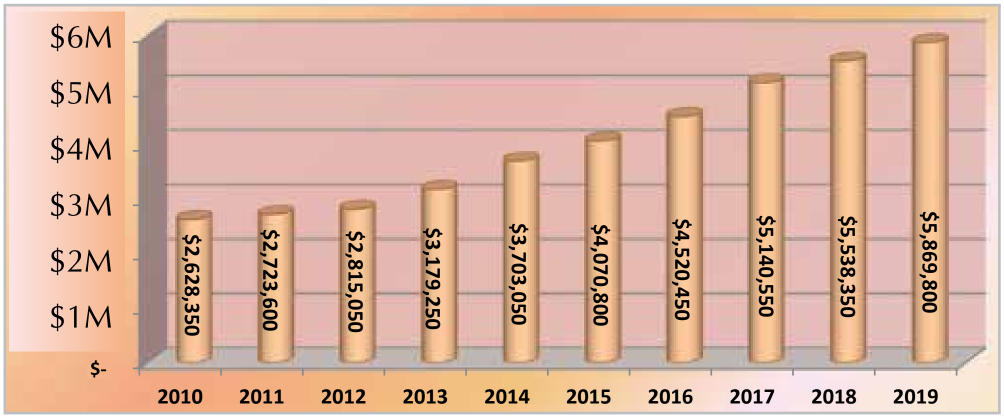
The membership grew during the year in review to 48,958 from 47,689 in the previous year of 2018, an increase of 1,269 or 2.66%

Table 1: Trends in Membership & Share Growth: 2010 - 2019

Year	Value of Shares	Members	Rate of Growth in Shares	Rate of Growth in Membership
2019	$5,869,800	48,958	5.98%	2.66%
2018	$5,538,350	47,689	7.74%	3.01%
2017	$5,140,550	46,295	13.72%	5.50%
2016	$4,520,450	43,442	11.05%	7.73%
2015	$4,070,800	40,324	9.93%	3.44%
2014	$3,703,050	38,983	16.48%	3.75%
2013	$3,179,290	37,573	12.94%	3.62%
2012	$2,815,020	36,261	3.36%	3.11%
2011	$2,723,600	35,167	3.62%	3.03%
2010	$2,628,350	34,134	-	-

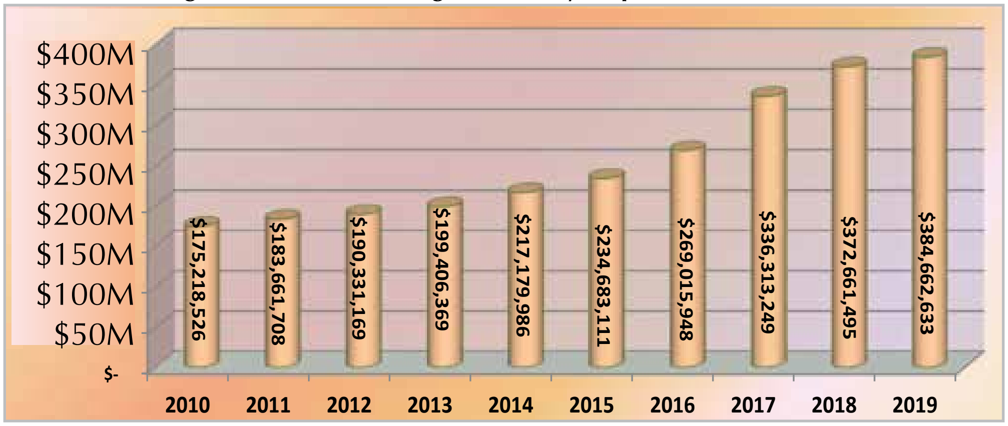
Growth in Membership increased by $331,450.00 in 2019

Fig. 1: Growth in Member Share Capital: 2010 - 2019



The rate of Member Share Capital grew but at a slower rate than previous year.

Fig. 2: Growth in Savings/ Ordinary Deposits: 2010 - 2019



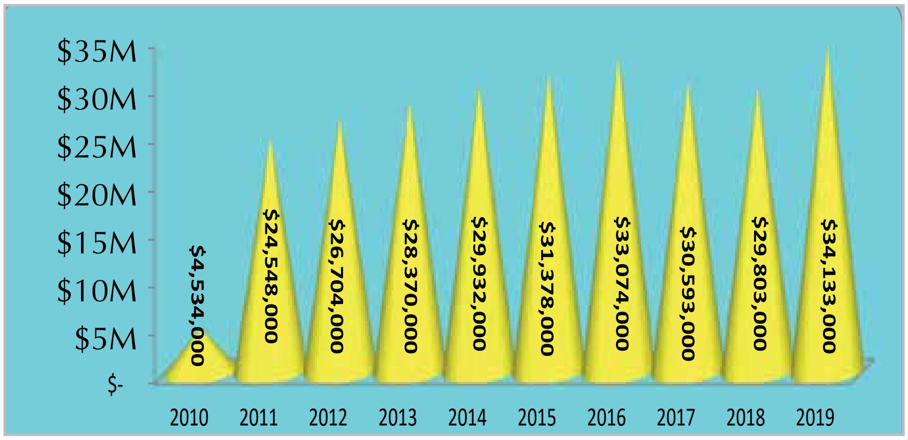
Members' Savings/ Deposits increased by $12,001,138.00 in 2019

Financial Performance

The overall financial performance of the Credit Union remained strong during the year in review. Total Assets grew by $15,161,246 or 2.42%. Growth in originated loans (gross) was $19,427,147 or 4.91% of members' savings and ordinary deposits which grew by $12,001,138 or 3.22% over the previous year.

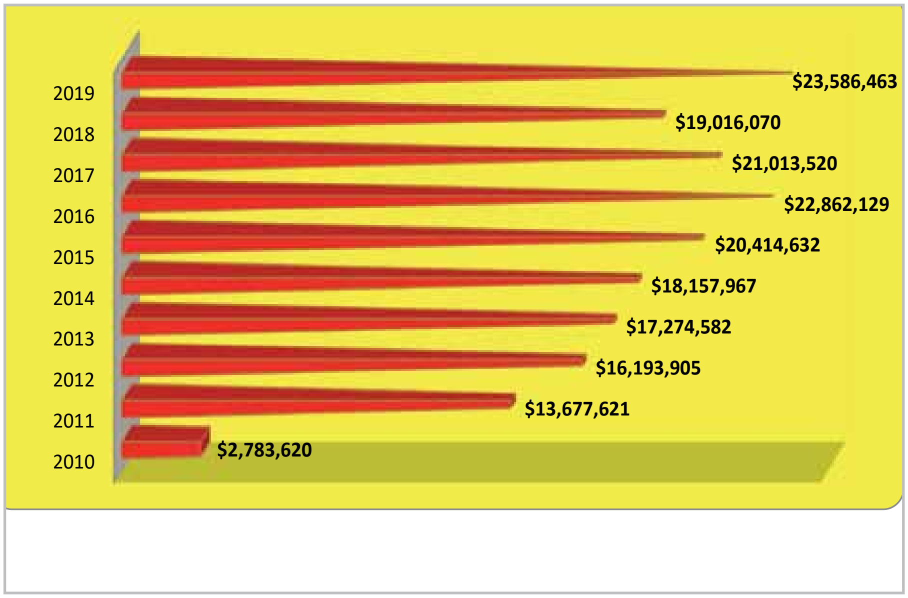
Interest Income increased by $4,330,215 or 14.53% and Operating Income increased by $4,570,393 or 24.03% compared to the previous year.

Fig 3. Interest Income: 2010 - 2019



Interest Income increased by $4,330,215 in 2019

Fig 4. Operating Income: 2010 - 2019:

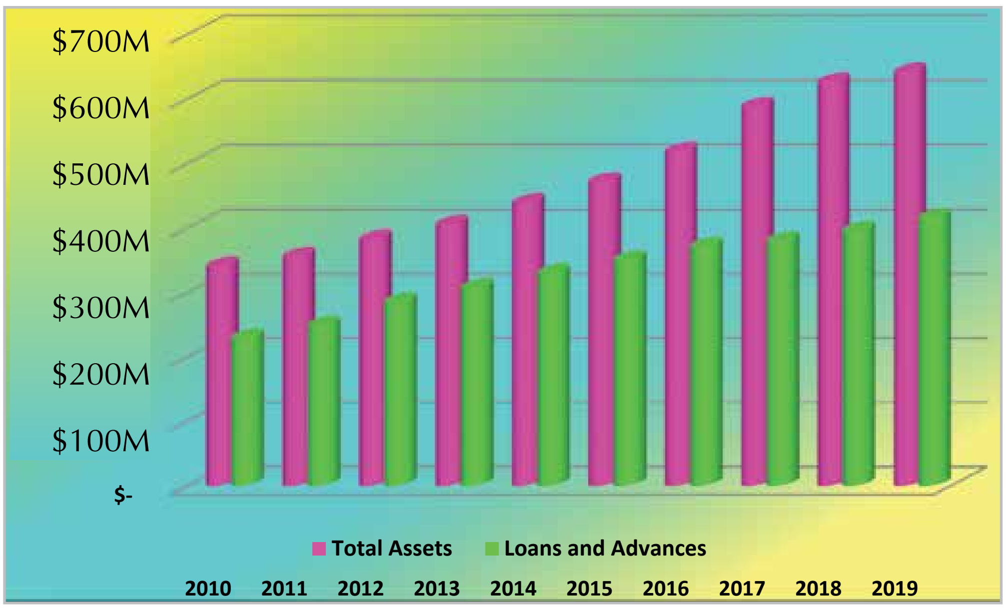


Operating Income increased by $4,570,393 in 2019 largely due to significant growth in income and minimizing of interest expenses.

Table 2. Total Assets & Loans and Advances: 2010 - 2019

Year	Total Assets	Loans and Advances
2019	$640,932,228	$415,064,505
2018	$625,770,982	$395,637,358
2017	$588,069,125	$379,763,559
2016	$518,315,849	$370,901,814
2015	$471,206,380	$349,829,748
2014	$438,800,102	$329,847,792
2013	$405,220,051	$306,637,032
2012	$382,432,621	$285,223,345
2011	$355,217,404	$248,319,699
2010	$340,515,482	$228,830,113

Fig 5. Total Assets & Loans and Advances: 2010-2019



In 2019 the Society's Total Assets increased by $15,161,246, and the Loans Portfolio increased by $19,427,147.00

Income And Appropriation

For the year in review, the Society earned income on loans of $30,132,860 compared to $26,709,744 in the previous year, an increase of $3,423,116 or 12.82%. Interest and Investment Income totalled $34,133,225 for the year in review compared to $29,803,010, an increase of $4,330,215 or 14.53% over the previous years.

Total Operating Expenses increased to $15,080,581 compared to $13,595,445 in 2018. The increase was largely due to an increase in personnel expenses.

The reported Net Surplus after Appropriation of $4,376,559 was an increase of $1,227,619 or 38.99% over the previous year.

Table 3. Income Trends: 2010 - 2019

Year	Operating Income	Surplus	Dividends Paid
2019	$23,586,463	$4,376,559	-
2018	$19,016,070	$3,148,940	$358,342
2017	$21,013,520	$2,850,998	$474,231
2016	$22,862,129	$4,263,517	-
2015	$20,414,632	$4,778,147	$271,438
2014	$18,157,967	$2,131,067	$238,309
2013	$17,274,582	$2,127,672	$204,560
2012	$16,193,905	$2,815,020	$165,061
2011	$13,677,621	$1,957,831	$121,249
2010*	$2,783,620	$654,442	-

** Two (2) months: Nov. 1 to Dec. 31, 2010*

Figure 6. Income Trends: 2010-2019

Liquidity Management

During the year in review, the NCCU Ltd. carefully managed its liquidity to ensure that members' requirements were met at all times. Management ensured that liquid assets were available to meet demands for withdrawals, loans and general operations.

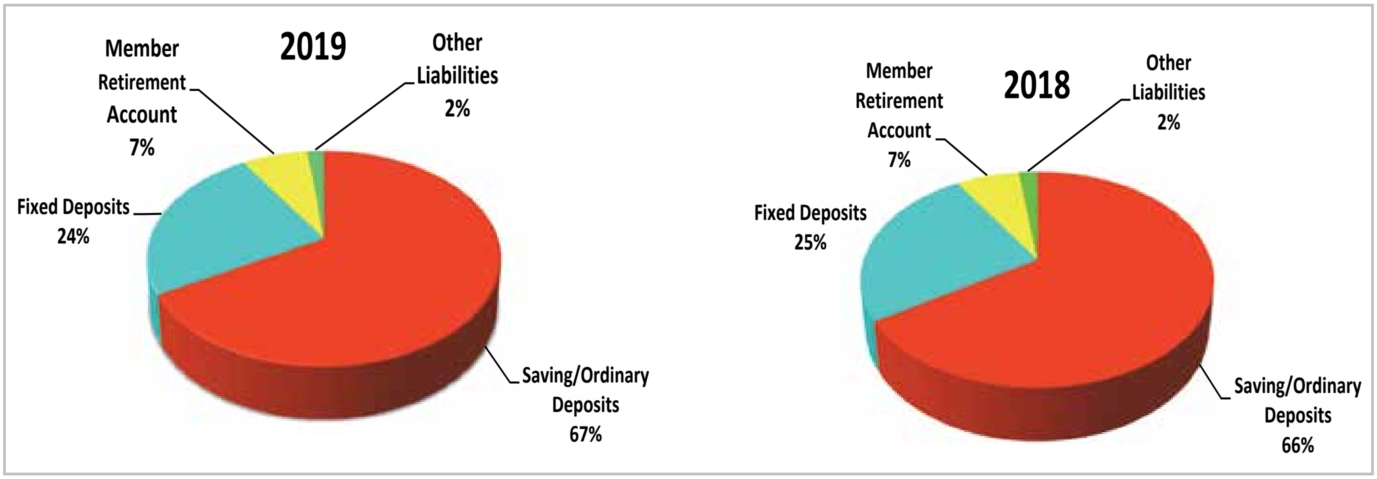
Table 4. Change in Liabilities: Dec. 2019 & Dec. 2018

Categories	2019/$	2018/$	Increase/ Decrease $	%
Savings/ Ordinary Deposits	384,662,633	372,661,495	12,001,138	3.22
Fixed Deposits	139,554,112	141,107,984	(1,553,872)	(1.10)
Member Retirement Account	41,589,597	39,254,630	2,334,967	5.95
Other Liabilities	10,285,460	11,342,011	(1,056,551)	(9.32)
TOTAL	**576,091,802**	**564,366,120**		

Table 5. Liabilities Mix: Dec. 2019 & Dec. 2018

Categories	$ 2019	% of Total Liabilities	$ 2018	% of Total Liabilities
Savings/ Ordinary Deposits	384,662,633	66.77	372,661,495	66.03
Fixed Deposits	139,554,112	24.22	141,107,984	25.00
Member Retirement Account	41,589,597	7.22	39,254,630	6.96
Other Liabilities	10,285,460	1.79	11,342,011	2.01
TOTAL	**$576,091,802**		**$564,366,120**	

Fig. 7 Liabilities Mix: Dec. 2019 & Dec. 2018



Loans Portfolio

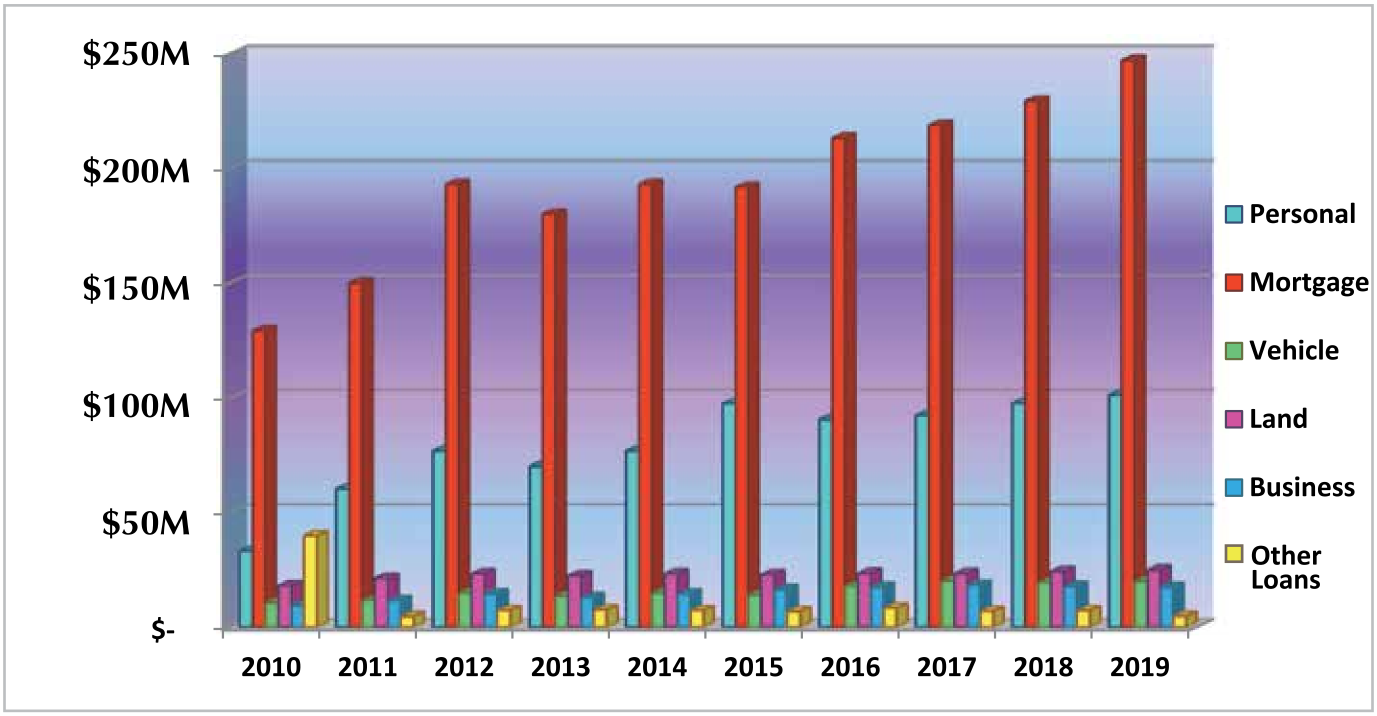
Despite the challenges and an increasing competitive operating environment for loans, the Society is able to report positive growth in most sectors.

The composition of the Loans Portfolio with comparative years is shown below.

Table 6:Ten Years 2010-2019: Composition of the Loans Portfolio

Year	Personal	Mortgage	Vehicle	Land	Business	Other Loans
2019	$101,109,921	$247,010,750	$19,844,800	$24,904,268	$17,382,608	$4,812,158
2018	$97,553,233	$229,256,327	$19,443,483	$24,354,697	$17,783,873	$7,245,745
2017	$92,253,453	$218,703,792	$20,153,475	$23,414,793	$18,268,446	$6,969,600
2016	$90,511,297	$213,111,931	$17,891,385	$23,546,008	$17,444,451	$8,396,742
2015	$97,367,285	$191,707,710	$14,145,363	$22,972,669	$16,440,108	$6,898,613
2014	$78,852,688	$192,976,387	$14,876,126	$23,321,453	$14,543,092	$7,278,046
2013	$70,029,292	$179,983,871	$13,580,700	$22,477,545	$13,007,082	$7,558,542
2012	$76,852,688	$192,976,387	$14,876,126	$23,321,453	$14,543,092	$7,278,046
2011	$60,279,838	$149,895,122	$11,682,321	$21,363,510	$11,670,692	$4,673,665
2010	$33,102,937	$129,151,396	$10,561,437	$18,041,235	$9,548,641	$39,827,999

Fig 8: Ten Years 2010-2019: Analysis of Composition of Loans Portfolio



6. PHYSICAL PLANT

The refurbished La Plaine Branch office reopened in July 2019 after major repairs were completed to restore the building which suffered major damage as a result of Hurricane Maria in 2017. Members are to be complimented for their patience during the temporary closure of the Branch as a result of the renovation works.

7. COMMUNITY INVOLVEMENT/SCHOLARSHIPS

The NCCU Ltd. continued to play its role as a social responsible cooperative through education, sports, health and community involvement. Donations were granted to individuals and groups totalling $139,848.

During the year in review, the Society awarded sixteen (16) scholarships and expended $67,621 on behalf of students who were successful at the Grade Six (6) National Assessment Examinations.

8. TRAINING AND DEVELOPMENT

Guided by the Co-operative Principle to promote education and training, the Society invested in the programmes aimed at ensuring the professional growth and development of staff and volunteers. Trainings attended included:

- Caribbean Development Education Programme (CaribDE)
- Managing Safety and Health in the Work Place
- Ethics in the Work Place
- Cooperative Secretaries Professional Training
- Delivering Excellence in Member Services
- Disaster Preparedness and Mitigation

9. WORLD COUNCIL OF CREDIT UNIONS/ CARIBBEAN CONFEDERATION OF CREDIT UNIONS (WCCU/CCCU) CONVENTION

The 2019 World Council of Credit Unions Conference, jointly sponsored by the World Council of Credit Unions and the Caribbean Confederation of Credit Unions was held in the Bahamas from July 28 to 31, 2019.

The premier global event for Credit Unions was attended by a delegation made up of the Board of Directors, Supervisory and Compliance Committee, Credit Committee and Staff.

The Convention offered educational sessions and networking opportunities. The presentations included the following:

- AML/CFT – Current Trends
- Market Segmentation the Key to Customer Satisfaction – A Caribbean Perspective.
- Credit Unions in the 21st Century
- Disruption and Disintermediation: Credit Union
- Emerging Markets

10. CORPORATE GOVERNANCE STRUCTURE

Board of Directors

As a membership-owned financial institution, the National Co-operative Credit Union Ltd. is governed by a Board of Directors elected by the members.

The Board has a fiduciary responsibility to the Credit Union, protecting members' interest and financial assets. It shapes the Credit Union's strategic direction and ensures that appropriate processes and controls are in place.

The Board also communicates with members by reporting its activities through the Annual Report.

As at December 31, 2019, the Directors comprised of the President, Vice President, Treasurer, Secretary and nine (9) other members.

On appointment, each Director receives information about the Credit Union including By-Laws, Loans Policy, Co-operative Societies Act and Regulations. The following members were elected to serve as Directors at the 9th Annual General Meeting held at the Public Service Union Headquarters on August 29, 2019:

- Mrs. Josephine Dublin
- Mrs. Candia Carrette-George
- Mr. Aaron Dalrymple
- Mr. Cecil Shillingford
- Mr. Gerald Fregiste
- Mr. Euan James

The Board meetings were held as shown in the following table with attendance of individual Board members.

Table 7 - MEETINGS ATTENDANCE RECORD: Jan. 2019 – Dec. 2019

DIRECTORS	MONTHLY B.O.D. MEETINGS			SPECIAL B.O.D. MEETINGS			JOINT COMMITTEE MEETINGS		
	Total Called	*Attended*	*Excused*	*Total Called*	*Attended*	*Excused*	*Total Called*	*Attended*	*Excused*
Mrs. Josephine Dublin, President	13	12	1	1	1	0	3	2	1
Ms. Sonia Williams, Vice President	13	12	1	1	1	0	3	3	0
Mrs. Candia Carrette - George, Secretary	13	11	2	1	1	0	3	2	1
Mr. Dexter Ducreay, Treasurer	13	7	6	1	0	1	3	1	2
Mr. Glen Ducreay	13	9	4	1	0	1	3	2	1
Dr. Kyra Paul-L'Homme	13	13	0	1	0	1	3	2	1
Mr. Patrickson Albert	13	13	0	1	1	0	3	3	0
Mr. Gerald Fregiste	13	12	1	1	1	0	3	3	0
Dr. Damien Dublin	13	13	0	1	1	0	3	3	0
Mr. Aaron Dalrymple	13	11	2	1	1	0	3	3	0
Mr. Cecil Shillingford	13	7	6	1	0	1	3	2	1
Mr. Euan James	4	4	0	0	0	0	1	0	1
Ms. Charmaine Brumant	13	4	9	1	0	1	3	0	3

11. FUTURE OUTLOOK

With the unprecedented pace of change in the operating environment, the opportunities and challenges presented by the COVID 19 pandemic, we must remain sustainable and in tune with the competitive landscape, the digital way of doing business and the ever changing expectations of our members.

To remain relevant, we will make significant investments in improved technology to provide members with safer, easier and more efficient ways to access services. The issuing of debit cards with chips and contactless features is expected to become a reality within the next six (6) months.

12. CONCLUSION AND ACKNOWLEDGMENT

A special word of thanks is extended to the dedicated Board of Directors, the members of the Supervisory and Compliance Committee, Credit Committee, Management and Staff for the sterling support, time and effort to steer the Society to yet another successful year 2019.

Our gratitude is extended to all our social partners and organizations who continue to provide support to the Society including the Dominica Co-operative Societies League, Caribbean Confederation of Credit Unions and Regulators - Financial Services Unit. We embrace the African proverb "If you want to go quick, go alone. If you want to go far, go together."

To you the members, we again thank you for your continued patronage, thus ensuring the continued success of your Credit Union. Your Society is only successful when you are. Our aim is for greater successes in the future.

In pursuance of our avowed objective of efficient and transparent governance, your Board has resolved to work even harder in the ensuing year to make a greater impact on the lives of all our members we are called to serve.

JDublin

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JOSEPHINE DUBLIN (MRS.)
PRESIDENT
For and on behalf of the Board of Directors

Financial Highlights
For the Years Ended December 31, 2010-2019

Statement of Financial Position	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010 *
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS										
Cash and Bank Balances	62,776	98,154	96,658	37,879	19,854	12,549	9,041	9,776	11,148	7,854
Investment Securities	145,043	112,913	87,127							
Investment Held to Maturity & Available for Sale	0.00		67,419	65,091	58,460	58,489	57,411	52,615	59,854	68,344
Originated Loans (Net)	387,309	365,783	360,490	351,991	334,052	315,032	293,633	273,162	248,320	228,830
Property, Plant and Equipment	37,701	37,947	36,733	35,913	33,597	28,879	23,830	22,373	11,731	6,505
Other Assets/Shares	8,103	10,974	7,061	8,467	6,909	6,129	6,032	6,499	7,020	28,982
Statutory Reserves	0.00			19,191	18,335	17,723	18,638	18,007	17,144	
	640,932	**625,771**	**$655,488**	**$518,532**	**$471,207**	**$438,801**	**408,585**	**382,432**	**355,217**	**340,515**
LIABILITIES										
Savings/Ordinary Deposits	384,663	372,661	336,313	269,016	234,683	217,180	199,406	190,331	183,662	175,219
Term Deposits	139,554	141,108	138,026	139,880	135,785	132,400	125,161	112,309	102,385	99,549
Member Retirement Account	41,590	39,255	37,495	34,675	32,651	29,532	27,753	27,101	25,566	22,558
Other	10,285	11,342	9,065	11,533	9,607	7,358	6,858	6,273	7,208	7,013
	576,092	**564,366**	**520,899**	**455,104**	**412,726**	**386,470**	**359,178**	**336,014**	**318,821**	**304,339**
EQUITY										
Share Capital	5,870	5,538	5,141	4,520	4,071	3,703	3,179	2,815	2,724	2,628
Statutory Reserve	20,658	19,536	18,707	33,300	16,523	15,292	14,738	14,186	13,783	13,492
Other Reserves	15,539	15,662	15,873		15,091	15,082	11,290	11,100	6,781	7,941
Retained Surplus	22,773	20,669	27,449	25,607	22,795	18,252	16,435	14,552	13,107	12,114
	64,840	**61,405**	**67,170**	**63,427**	**58,480**	**52,329**	**45,642**	**42,653**	**36,395**	**36,175**

* November 1 - December 31, 2010

Statement of Income and Appropriations
For the Years Ended December 31, 2010-2019

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Interest Income	34,133	29,803	30,593	33,074	31,378	29,932	28,370	26,704	24,548	4,534
Interest Expense	(11,965)	(11,820)	(11,056)	(11,421)	(12,162)	(12,773)	(12,109)	(11,555)	(10,870)	1,750
Net Interest Income & Investment Income	22,168	17,983	19,537	21,653	19,216	17,160	16,261	15,159	13,678	2,784
Other Income	1,418	1,033	1,476	1,210	1,198	998	1,013	1,045	1,077	135
Operating Income	23,586	19,016	21,013	22,863	20,414	18,158	17,274	16,194	14,755	2,919
Other Operating Costs	15,081	13,595	12,860	12,542	11,404	11,157	10,611	(10,600)	(10,049)	(1,837)
Net Operating Income	8,505	5,421	8,153	10,321	9,010	7,001	6,663	5,594	4,706	1,082
Other Expenses	2,966	1,428	4,559	4,940	2,962	4,304	3,970	(3,636)	(3,326)	427
Surplus before Appropriations	**5,540**	**3,993**	**3,594**	**5,380**	**6,048**	**2,697**	**2,693**	**1,958**	**1,380**	**655**

* November 1 - December 31, 2010

Financial Statistics in Percentage
For the Years Ended December 31, 2010-2019

	2019 %	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %
Asset Growth	2.42	6.41	13.46	10.40	7.39	7.93	6.91	6.60	4.32	1.21
Loans and Advances Growth (Net)	5.88	1.47	2.41	5.37	6.04	7.29	7.51	10.00	8.52	0.73
Savings and Deposit Growth	3.22	10.81	25.02	14.63	8.06	8.81	4.77	3.63	4.82	2.10
Fixed Deposits Growth	(1.10)	2.23	1.33	3.02	2.49	5.78	11.44	9.69	2.82	0.81
Member Retirement Account Growth	5.95	4.69	8.13	6.20	9.55	6.41	2.40	6.01	13.33	7.74

* November 1 - December 31, 2010

NCCU Historic Events/Activities
From 2010 to 2020

2010	**1st November**	• Amalgamation of Roseau, La Salette, St. David's, St. Paul and Vieille Case Credit Unions to form the National Co-op. Credit Union Ltd. • Mr. Dexter Ducreay appointed interim Chairman, Board of Directors. • Mr. Aylmer A. Irish appointed as Chief Executive Officer » Mr. Mc Dowill Paul – Branch Manager, Roseau » Ms. Valda Sweeney – Branch Manager, St. Paul » Mr. Curth Charles – Branch Manager, La Salette » Mrs. Theresa Royer – Branch Manager, Vieille Case » Ms. Julianna Cuffy – Administrative Officer, St. David's
	25th November	• Inauguration Ceremony of the National Co-operative Credit Union Ltd. held outside the Head Office/Roseau Branch on 31-37 Independence Street.
2011	**1st February**	• Full Sponsorship of 2011 carnival queen contestant Ms. Jacintha Fagan.
	4th March	• Miss Jacintha Fagan, fully sponsored by the NCCU Ltd., won the title of Miss Dominica Carnival Queen Pageant 2011.
	31st May	• First Annual General Meeting (AGM) held at the St. Gerard's Hall. • Mr. Dexter Ducreay elected as President, Board of Directors.
	12th December	• Full service Automatic Teller Machine (ATM) installed at A C Shillingford & Co. – ACS-711 on High Street.
2012	**20th May**	• Second Annual General Meeting (AGM) held at the Vieille Case Primary School, La Paille, Vieille Case. • Mr. Dexter Ducreay reelected as President, Board of Directors.
	14th August	• NCCU Ltd. Cadence Lypso Inc. was incorporated.
	20th October	• First NCCU Ltd. Cadence Lypso Show held at the Newtown Savannah. Winners: Champ of the Bands – The First Serenade Band Artiste – The Webb
2013	**8th May**	• Third Annual General Meeting (AGM) held at the St. Luke's Primary School, Pointe Michel. • Mr. Michael Augustine elected as President, Board of Directors
2014	**15th June**	• Fourth Annual General Meeting (AGM) held at the Morne Jaune Primary School. • Mr. Michael Augustine re-elected as President, Board of Directors
2015	**24th January**	• Mas Domnik 2015 Opening Parade float advertising NCCU International Debit Card.
	2nd March	• Head Office/Roseau Branch building expansion and renovation works completed.
	19th May	• Fifth Annual General Meeting (AGM) held at the Teza Playing Field, Mahaut. • Mr. Dexter Ducreay re-elected as President, Board of Directors
	13th December	• Resolution successfully passed to join the Assets and Liabilities of the Castle Bruce and South East Co-operative Credit Unions to the NCCU Ltd. at a Special General Meeting held at the Vieille Case, Primary School, Vieille Case.

2016	**11th January**	• Transfer of Assets and Liabilities of the Castle Bruce Co-operative Credit Union to NCCU.
	26th June	• Sixth Annual General Meeting (AGM) held at the Castle Bruce Secondary School, Castle Bruce. • Mrs. Josephine Dublin elected as President, Board of Directors.
	12th August	• Full Sponsorship of 2017 Carnival Queen contestant Ms. Jade Romain, an employee of the NCCU Ltd.
2017	**25th February**	• Miss Jade Romain, fully sponsored by the NCCU Ltd., won the title of Miss Dominica Carnival Queen Pageant 2017 and
	7th August	• Miss Caribbean Culture held in St. Kitts.
	11th June	• Seventh Annual General Meeting (AGM) held at the St. Alphonsus Parish Hall, Pottersville, Roseau. • Mrs. Josephine Dublin re-elected as President, Board of Directors
	12th June	• Transfer of Assets and Liabilities of the South Eastern Co-operative Credit Union to the NCCU Ltd.
2018	**28th June**	• Eighth Annual General Meeting (AGM) held at the St. Alphonsus Parish Hall, Pottersville, • Mrs. Josephine Dublin re-elected as President, Board of Directors
2019	**23rd July**	• Purchase of portion of land at Pointe Michel for construction of La Salette Branch Office.
	21st August	• CU Online Services formally launched.
	26th August	• Ninth Annual General Meeting (AGM) held at the Public Service Union Hall, Roseau. • Mrs. Josephine Dublin re-elected as President, Board of Directors
2020	**1st November**	• NCCU 10th Anniversary
	8th November	• 10th Annual General Meeting

Mr. Aylmer A. Irish
Chief Executive Officer

Chief Financial Officer & Branch Managers

Mr. Curth Charles
Chief Financial Officer

Ms. Coleen Bernabe
Branch Manager - St. Paul

Ms. Valda Sweeney
Branch Manager - La Salette

Mrs. Maria Etienne-Pascal
Branch Manager - Roseau

Mrs. Joan Thomas
Branch Manager - Vieille Case

Mrs. Jacqueline Roberts
Coordinator - South East Branches

NCCU Staff

La Salette Branch

St. David's Branch

Mrs. Hermina John - Paix Bouche Sub Office

Vieille Case Main Branch

Loans Department, Roseau Branch

Penville Sub Office

La Plaine Branch

St. Paul Branch

Head Office

Member Services Department, Roseau Branch

Castle Bruce Branch

Treasurer's Report

TREASURER
Mr. Dexter Ducreay

OVERVIEW

It is my pleasure to present to you, the Treasurer's Report on the fiscal performance of the National Co-operative Credit Union Limited for the financial year ended December 31, 2019.

The Society remains resolute, with unrelenting performances amidst a challenging economic environment. Irrespective of the existing economic environment, management utilized prudent management techniques to achieve growth in the Society as recorded in your Society's operation.

Table 1.1: A Breakdown of the Financial Highlights:

YEAR ENDED DECEMBER 31	2019 $	2018 $	INCREASE/DECREASE 2019-2018 $	GROWTH 2019-2018 %
Operating Results				
Interest Income	34,133,225	29,803,010	**4,330,215**	**14.5%**
Gross Income	35,551,474	30,835,607	**4,715,867**	**15.3%**
Total Expenses	30,011,527	26,842,993	**3,168,534**	**11.8%**
Net Surplus	4,376,559	3,148,940	**1,227,619**	**39.0%**
Financial Position				
Loans to members	415,064,505	395,637,358	**19,427,147**	**4.9%**
Investments	145,042,936	112,912,974	**32,129,962**	**28.5%**
Total Assets	640,932,228	625,770,982	**15,161,246**	**2.4%**
Savings and Deposits	384,662,633	372,661,495	**12,001,138**	**3.2%**
Term Deposits	139,554,112	141,107,984	**(1,553,872)**	**(1.1%)**
Member Retirement Account	41,589,597	39,254,630	**2,334,967**	**5.9%**
Total Liabilities	576,091,802	564,366,120	**11,725,682**	**2.1%**
Member Capital	5,869,800	5,538,350	**331,450**	**6.0%**
Members Equity	64,840,426	61,404,862	**3,435,564**	**5.6%**

RESULTS OF OPERATION

Gross Income

The Society continued the growing trends in gross revenue over the period 2011 to 2019, with 2019 recording the highest amount generated since amalgamation (See Graph 1.1).

Gross Income was recorded at $35.5 million for the year 2019, moving from $30.8 million in 2018. This constituted a net value increase of $4.7 million (15.3%) as compared to the previous year.

The increase in gross income, as compared to the previous year was mainly a result of members recovering from the negative effects of Hurricane Maria, meeting their monthly instalments and their increasing demand for loan products.

Graph 1.1: Revenue Trends 2011-2019 (millions)

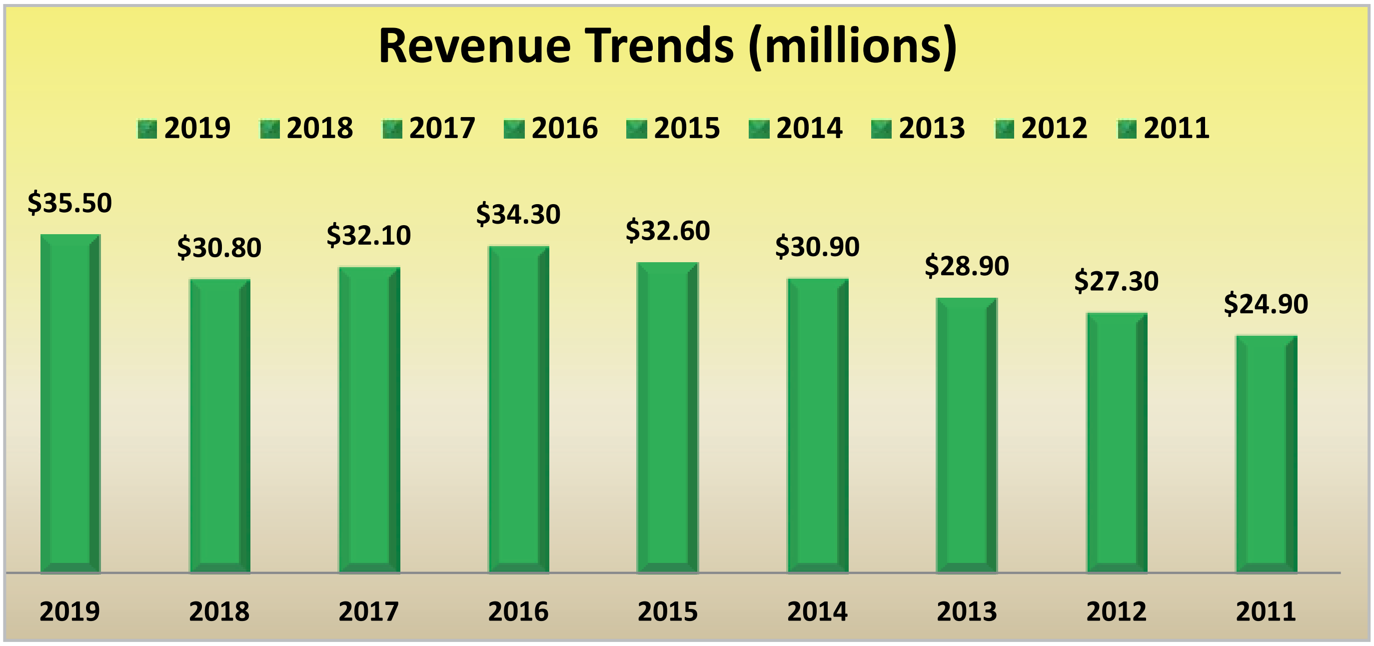
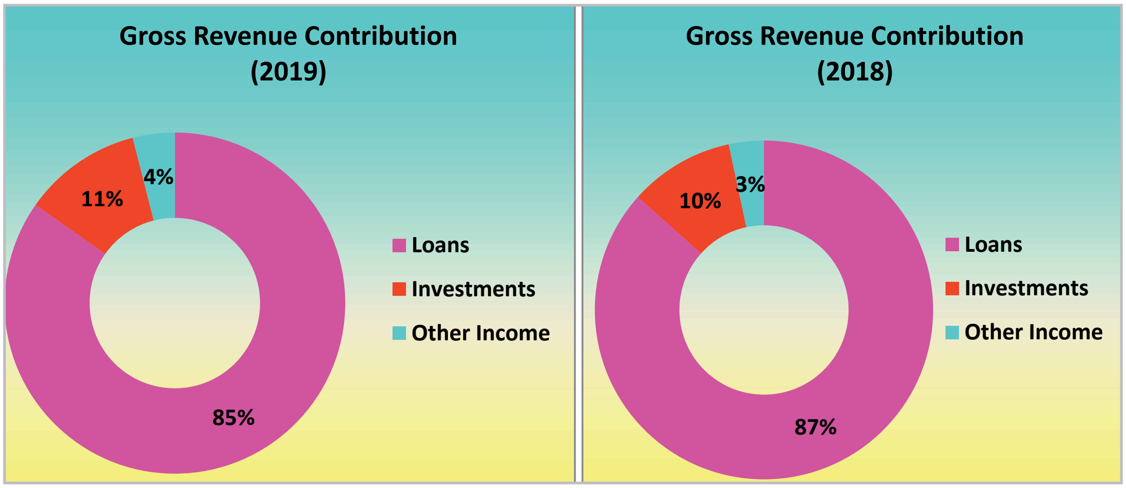


Table 1.2: Breakdown of Gross Income:

Gross Income	Actual YTD 2019	Actual YTD 2018	Change $	Change %
Loans	$30,132,860	$26,709,744	3,423,116	13%
Investments	$4,000,366	$3,093,266	907,100	29.3%
Other Income	$1,418,249	$1,032,597	385,652	37.3%
Total	**$35,551,474**	**$30,835,607**	**4,715,867**	**15.2%**

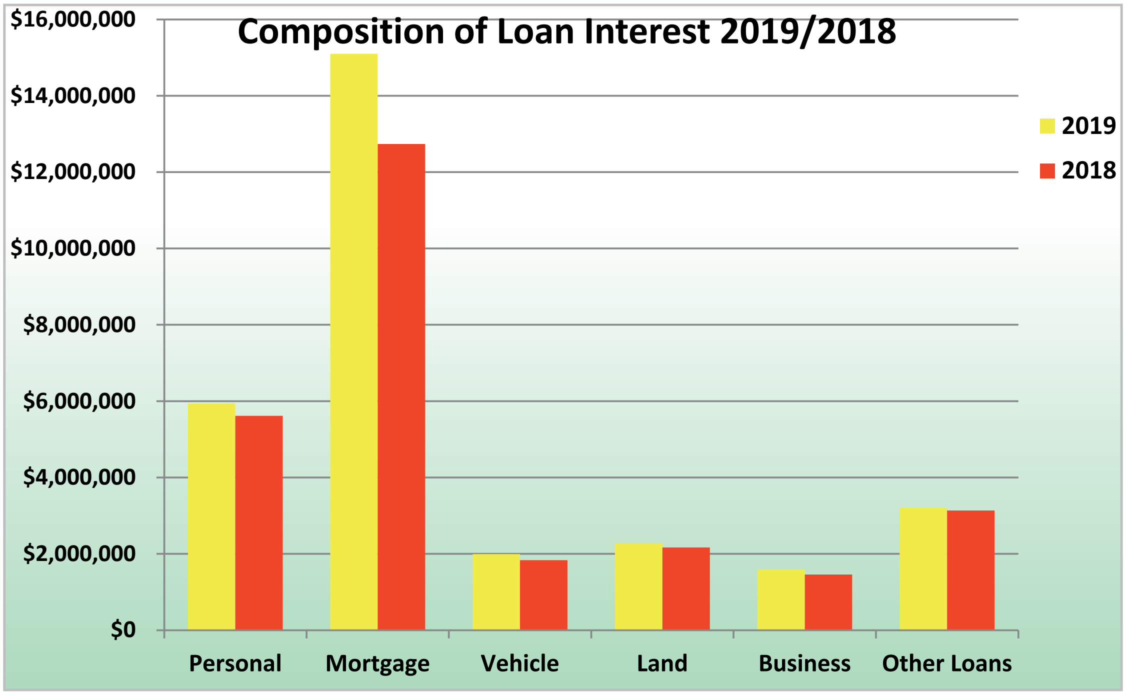
Graph 1.2: Breakdown of Gross Income:



Interest Income

The interest earned from loans was recorded at $30.1 million, an increase of $3.4 million, or 13.0% when compared with $26.7 million reported for 2018.

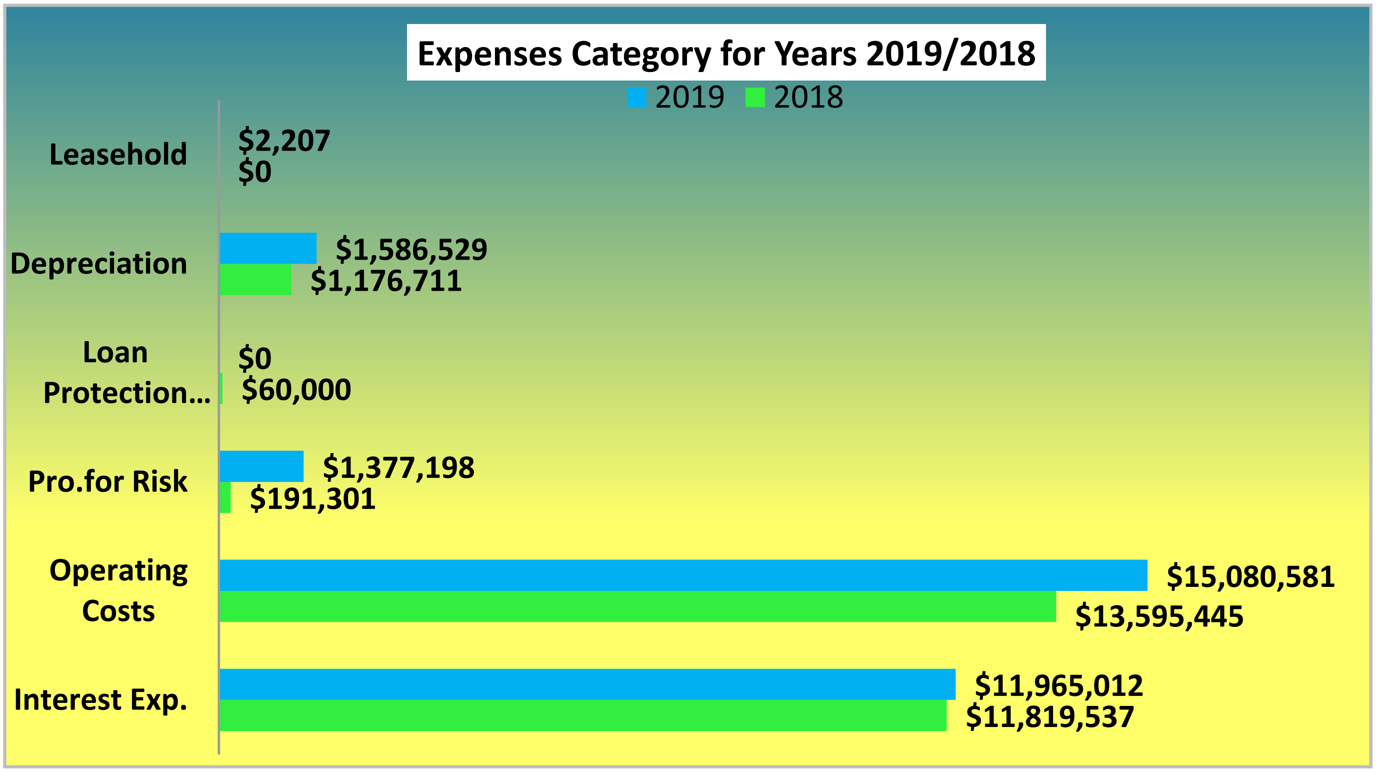
Graph 1.3: Composition of Loan Interest Income by Sector for Year 2019/2018:



Expenses

Total expenditure for the year 2019 totaled $30.0 million as compared to $26.8 million in the previous year 2018. This constitutes a net value increase of $3.2million, or (11.9%).

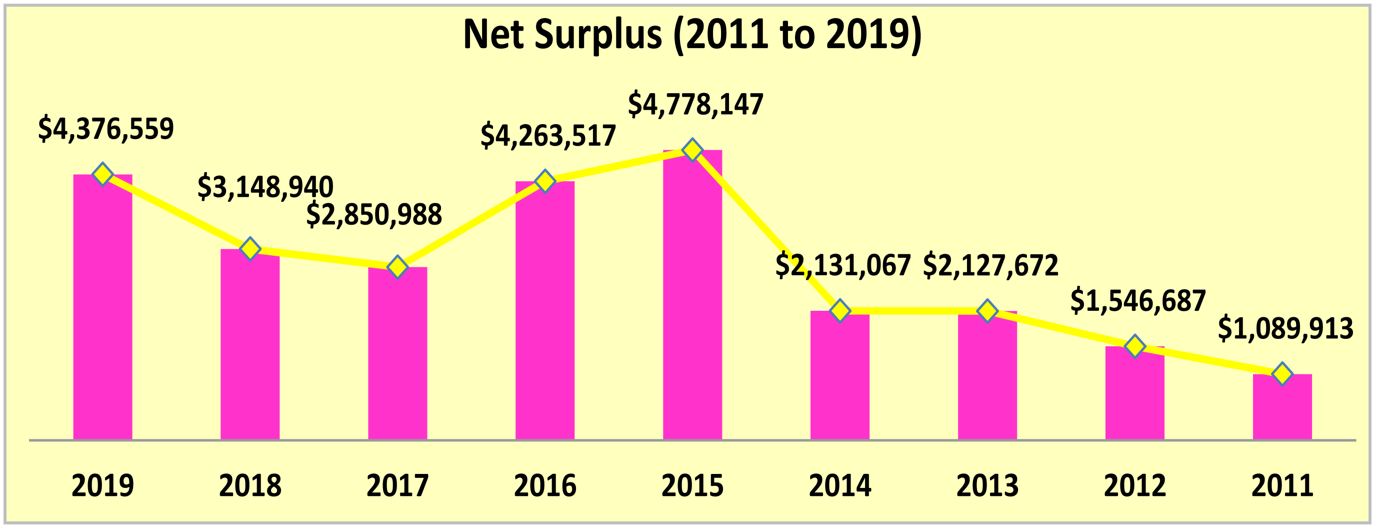
Graph 1.4: A breakdown of the Society's Expenses during 2019/2018



Net Surplus

Net Surplus increased by $1.2 million or 38.9%. This was achieved by utilizing an aggressive lending policy, an increased investment appetite and effectively managing our operating and financing costs.

Graph 1.5: Net Surplus for the years 2011 to 2019:



FINANCIAL POSITION

Assets

The Society reports Assets of $640.9 million, a growth of $15.1 million, or 2.4% as compared with last year's figures of $625.7 million. The growth is mainly attributed to a $32.1 million or 28.5% increase in Investment Securities such as Commercial Paper, Fixed Deposits, Treasury Bills and Government Bonds.

Loan to members which is the principal activity of our Credit Union grew by $19.4 million or 4.9% over last year's total. This reinforced the confidence of our membership in the long term viability of their financial institution.

Liabilities

During the period under review, Total Liabilities grew to $576.0 million showing $11.7 million or 2.1% increase over the previous year.

The main contributing factors were Members Savings and Deposits which stood at $384.6 million with a growth of $12.0 million or 3.2% compared to the previous year. This is the Society's main source of funds.

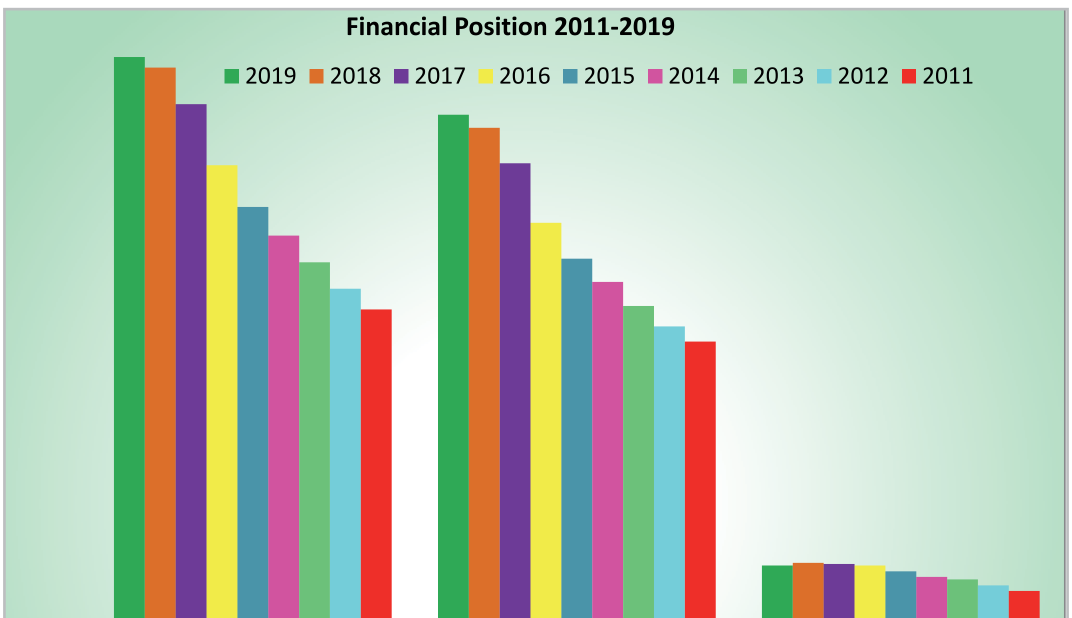
Equity

Members' Equity for the year 2019 was $64.8 million, an increase of $3.5 million or 5.6% when compared with $61.4 million reported for the previous year.

The increase was primarily as a result of:

- Retained Surplus increasing by $2.1 million or 10.2%, over the previous year from $20.6 million to $22.7 million.
- Statutory Reserve increasing by $1.1 million or 5.7%, over the previous year from $19.5 million to $20.6 million.
- Increase of Member Capital by $331,450 or 6.0% from $5.5 million in 2018 to $5.8 million in 2019. Member Capital is the product that strengthens the institution's long-term viability.

Graph 1.6



	Total Assets (Millions)	Liabilities (Millions)	Equity (Millions)
2019	$641.2	$575.9	$65.2
2018	$629.2	$561.0	$68.1
2017	$587.8	$520.9	$66.9
2016	$518.6	$453.4	$65.2
2015	$471.3	$412.7	$58.6
2014	$438.9	$386.5	$52.3
2013	$408.6	$359.2	$49.4
2012	$378.7	$336.0	$42.7
2011	$355.2	$318.8	$36.4

DELINQUENCY

The International Financial Reporting Standards (IFRS 9) continued its impact on the financial reporting of the institution. The computation of the Expected Credit Losses (ECL) for the institution increased by $1,377,198.

The delinquency rate continues to be a challenge for the institution. Therefore, I am pleading with members to service their loans as per the contract. In the event that you experience a change in your situation, please contact the Society at the earliest opportunity.

CONCLUSION

The financial performance for 2019 is a clear demonstration that notwithstanding the challenges encountered in the financial service industry, we were able to grow and develop the institution through loyal membership, dedicated staff and committed volunteers.

I wish to express my profound gratitude to you the Members, Board of Directors, Staff and other stakeholders that have contributed to the continued success of the Society.

We look forward to your continued partnership in 2020.

DEXTER DUCREAY (MR.)
TREASURER
For and behalf of the Board of Directors

Maxwell House, 30 Independence Street, Roseau, Dominica T. 767.440.3448 . navigant@cwdom.dm

AUDITOR'S REPORT

TO: THE MEMBERS OF NATIONAL CO-OPERATIVE CREDIT UNION LIMITED

Opinion

We have audited the financial statements of **National Co-operative Credit Union Limited** (the Society), which comprise the balance sheet as at December 31, 2019, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society are prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) and comply with the Co-operative Societies Act No. 2 of 2011 and the Co-operative Societies Regulations S.R.O 26 of 2001 of the laws of the Commonwealth of Dominica.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of the Directors for the Financial Statements

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

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

The Board of the Directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Navigant Consulting Services

Roseau, DOMINICA

June 30, 2020

Balance Sheet

As at December 31, 2019

	Notes	2019 $	2018 $
ASSETS			
Cash and bank balances	**5**	62,775,936	98,153,626
Investments	**6**	145,042,936	112,912,974
Loans and advances to members	**7**	387,309,274	365,783,097
Other Assets	**8**	8,091,659	10,971,196
Property plant and equipment	**10**	37,700,611	37,947,004
Leasehold Improvements	**9**	11,811	3,085
TOTAL ASSETS		**640,932,228**	**625,770,982**
LIABILITIES			
Members' savings/ordinary deposits	**11**	384,662,633	372,661,495
Term Deposit	**12**	139,554,112	141,107,984
Accounts payable and provisions	**13**	6,517,876	6,898,876
Member Retirement Account	**15**	41,589,597	39,254,630
European Union grant	**16**	21,415	21,415
Accrued Interest Payable	**17**	3,746,169	4,421,720
TOTAL LIABILITY		**576,091,802**	**564,366,120**
MEMEBERS' EQUITY			
Share capital	**18**	5,869,800	5,538,350
Statutory Reserve (guarantee fund)	**19**	20,658,185	19,535,560
Education fund	**20**	359,618	377,360
Loan protection fund	**21**	769,348	881,085
Capital reserve		476,886	476,886
Capital contribution	**22**	4,797,344	4,797,524
Revaluation surplus	**23**	8,634,580	8,634,580
Fair value reserve		335,913	335,913
Development fund	**24**	165,853	159,043
Retained surplus		22,772,899	20,668,561
TOTAL MEMBERS' EQUITY:		**64,840,426**	**61,404,862**
TOTAL LIABILITIES AND MEMBERS EQUITY		**640,932,228**	**625,770,982**

The accompanying notes form an integral part of these financial statements.

Approved by the Board on 30th June, 2020 and signed on behalf of the Board of Directors by:

PRESIDENT **TREASURER**

Statement of Changes in Equity

For the Year Ended December 31, 2019

	Notes	Member Share Capital	Statutory Reserve	Education Fund	Development Fund	Revaluation Surplus	Capital Reserve	Capital Contribution	Loan Protection Fund	Fair Value Reserve	Retained Surplus	Total
Balance as at 31/12/17		**5,140,550**	**18,707,178**	**400,960**	**154,410**	**8,634,580**	**476,886**	**4,799,214**	**1,070,621**	**335,913**	**27,449,399**	**67,169,711**
IFRS 9											(9,250,375)	(9,951,650)
Appropriation			803,499		40,175							843,674
Net surplus											3,173,823	3,173,823
Payments				(23,600)	(35,542)			(1,690)	(249,536)			(310,368)
Receipts		397,800							60,000			457,800
Adjustment /prior year etc.											(205,172)	(205,172)
Entrance fees			24,883								(24,833)	-
Dividend											(474,231)	(474,231)
Balance as at 31/12/18		**5,538,350**	**19,535,560**	**377,360**	**159,043**	**8,634,580**	**476,886**	**4,797,524**	**881,085**	**335,913**	**20,668,561**	**61,404,862**
IFRS 9												
Appropriation			1,107,990		55,399							1,163,389
Net surplus											4,376,559	4,376,559
Payments				(17,742)	(48,589)			(180)	(111,737)			(178,248)
Receipts		331,450										331,450
Adjustment /prior year etc.	**14**										(1,913,880)	(1,913,880)
Entrance fees			14,635									14,635
Dividend											(358,342)	(358,342)
Balance as at 31/12/19		**5,869,800**	**20,658,185**	**359,618**	**165,853**	**8,634,580**	**476,886**	**4,797,344**	**769,348**	**335,913**	**22,772,899**	**64,840,426**

Statement of Income and Appropriation

For the Year Ended December 31, 2019

	NOTES	2019	2018
		$	$
Interest income	**25**	34,133,225	29,803,010
Interest expense	**25**	(11,965,012)	(11,819,537)
Net interest income		**22,168,213**	**17,983,473**
Other income	**26**	1,418,249	1,032,597
Operating income		**23,586,463**	**19,016,070**
Operating cost	**27**	(15,080,581)	(13,595,445)
Provision for loan impairment	**7 (b)**	(1,377,198)	(191,301)
Loan protection fund		-	(60,000)
Depreciation	**10**	(1,586,529)	(1,176,710)
Leasehold/amortisation	**9**	(2,207)	-
Surplus before appropriation		**5,539,949**	**3,992,614**
Appropriations			
Transfer to statutory reserve		(1,107,990)	(803,499)
Transfer to development fund		(55,399)	(40,175)
Net surplus for the year		**4,376,559**	**3,148,940**

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019 $	2018 $
Cash flows from operating activities		
Surplus before appropriation	5,539,949	4,017,497
Adjustments for:		
Depreciation	1,586,529	1,176,710
Amount restated as per IFRS 9	-	(9,250,375)
Loan Protection Fund	-	60,000
Leasehold Amortization	2,207	-
Write back interest	-	(205,172)
Cash flows before changes in operating assets and liabilities	7,128,684	(4,201,340)
(Increase)/Decrease in statutory reserve deposit	1,163,427	(415,298)
(Increase) in originated loans	(21,526,177)	(5,293,526)
(Increase) / Decrease in other assets	2,879,537	(3,912,784)
Increase in members' savings/demand deposits	12,001,138	36,348,246
Increase / (Decrease) in term deposits	(1,553,872)	3,081,968
Increase in Members' retirement account	2,334,967	1,759,626
Increase / (Decrease) in accounts payable and provisions	(381,000)	2,917,556
Increase (Decrease) in accrued interest payable	(675,551)	(640,690)
Net Cash used in operating activities	**1,371,153**	**29,643,758**
Cash flow from investing activities		
Purchase of fixed assets	(1,340,132)	(2,390,441)
Purchase of investment securities	(33,293,390)	(25,371,085)
Leasehold improvements	(10,932)	-
Net cash from investing activities	**(34,644,454)**	**(27,761,526)**
Cash flow from financing activities		
Share capital	331,450	397,800
Dividend paid	(358,342)	(474,231)
Payment from funds	(163,437)	(308,677)
Adjustment /prior year etc.	(1,913,880)	-
Capital contribution	(180)	(1,690)
Net cash from financing activities	**(2,104,389)**	**(386,798)**
Net (decrease)/ increase in cash	(35,377,690)	1,495,434
Cash at beginning of year	98,153,626	96,658,192
Cash at end of year	**62,775,936**	**98,153,626**

Notes to Financial Statements
For the Year Ended December 31, 2019

1. General Information

The National Co-operative Credit Union Limited (NCCU) was registered under the Co-operatives Societies Act No. 15 of 1996 of the Laws of the Commonwealth of Dominica.

The Society's Head Office is located at 31-37 Independence Street, Roseau. Other branches are located at Pointe Mitchel, Mahaut, Riviere Cyrique, Castle Bruce, La Plaine and Vieille Case, with sub-Branches at Penville, Paix Bouche and Thibaud.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with IFRS

The financial statements of the Society have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of property, plant and equipment- measured at fair value

2. Summary of significant accounting policies cont'd

a) Basis of preparation cont'd

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Society. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Society revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2. Summary of significant accounting policies cont’d

c) Financial assets and liabilities cont’d

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset.

At initial recognition, the Society measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Financial assets

(i) Classification and subsequent measurement

The Society classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Society's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Society classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest Income' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Society manages the assets in order to generate cash flows. That is, whether the Society's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Society in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Society's business model for the mortgage loan book is to hold to collect contractual cash flows.

Another example is the liquidity portfolio of assets, which is held by the Society as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Society assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Society considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Society subsequently measures all equity investments at fair value through profit or loss, except where the Society's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Society's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Society's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Other Income' line in the statement of profit or loss.

(ii) Impairment

The Society assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Society recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 4 (a) provides more detail of how the expected credit loss allowance is measured.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iii) Modification of loans

The Society sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Society assesses whether or not the new terms are substantially different to the original terms. The Society does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that
- substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Society derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Society also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Society recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 4 (a).

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Society transfers substantially all the risks and rewards of ownership, or (ii) the Society neither transfers nor retains substantially all the risks and rewards of ownership and the Society has not retained control.

The Society enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Society:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Society under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Society retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Society retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Society recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments Note 2 (d).

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Society and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

d) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of members to secure loans, overdrafts and other banking facilities.

2. Summary of significant accounting policies cont'd

d) Financial guarantee contracts and loan commitments cont'd

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Society are measured as the amount of the loss allowance. The Society has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Society cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

e) Functional and presentation currency

(i) Functional and Presentation Currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ('the functional currency'). The financial statements are presented in Eastern Caribbean Dollars, which is the Society's functional and presentation currency

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

2. Summary of significant accounting policies cont'd

e) Functional and presentation currency cont'd

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

f) Property, plant and equipment

Land and building are stated at valuations carried out in 2011 and 2012 with subsequent additions at cost, less subsequent depreciation for building. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation and amortization are calculated on the straight-line method to write down the cost of such assets to their residual value over their estimated useful lives as follows:

Building	25-50 years
Furniture fixtures and equipment	5-7 years
Computer Systems	3-5 years
Motor Vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Society policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2. Summary of significant accounting policies cont'd

g) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h) Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty (30) days of recognition.

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Notes to Financial Statements
For the Year Ended December 31, 2019

2. Summary of significant accounting policies cont'd

j) Dividends

Dividends on shares are recognized in equity in the period in which they are declared.

Section 5 of the Regulations to the Co-operative Societies Act authorizes the Society to pay a dividend on its shares at a rate which is not greater than three percent above savings rate set by the Eastern Caribbean Central Bank (ECCB). As at December 31, 2019 the ECCB savings rate was two percent.

Under section 129 of the Co-operative Societies Act No. 2 of 2011, a Society must pay a dividend to its members in proportion to their business with the Society at such rates as may be prescribed by its By-laws. Unrealized gains or gains arising from asset revaluation are not considered in determining income for the distribution of dividends.

Fair value gains on investment securities available–for-sale are not considered in determining income for the distribution of dividends.

k) Revenue recognition

Interest income and expense

Interest income and expense are recognized in the income statement for all interest-bearing instruments on an accrual basis using effective interest rates. Interest income includes income on fixed investments.

When the collectability of loans becomes doubtful, they would be written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest used to discount the future cash flows for the purpose of measuring the recoverable amount.

Dividend and other income

Dividend income and other income are recognized when received.

l) Provisions

Provisions for legal claims and make good obligations are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Summary of significant accounting policies cont'd

l) Provisions cont'd

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The Society also has liabilities for staff retirement that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Society does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

n) Taxation

The Society's income is exempt from taxation under section 25 (m) of the Income Tax Act Chapter 67: 01 of the Laws of the Commonwealth of Dominica.

2. Summary of significant accounting policies cont'd

o) Comparatives

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

p) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest EC dollar unless otherwise stated.

3. Critical accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Society's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 4 (a), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Society in the above areas is set out in note 4 (a).

4. Financial Risk Management

This note explains the Society's exposure to financial risks and how these risks could affect the Society's future financial performance.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, debt investments and contract assets	Aging analysis Credit ratings	Diversification of bank deposits, credit limits, Investment guidelines for debt investments
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Currency risk	Recognised financial assets and liabilities not denominated in Eastern Caribbean Dollars (XCD)	Cash flow forecasting	Strict guidelines for conducting foreign currency transactions
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Society's members, clients or market counterparties fail to fulfill their contractual obligations to the Society. Credit risk arises mainly from interbank, commercial and member loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

Credit risk is the single largest risk for the Society's operations; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors.

Credit risk measurement

Loans and advances (incl. loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Society measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

4. Financial Risk Management cont’d

a) Credit risk cont’d

Credit risk grading

The Society uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Society use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures is fed into this rating model. This allows for considerations which may not be captured as part of the other data inputs into the model. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Society.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to section below for a description of how the Society determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The section on ‘Forward-looking information incorporated in the ECL models’ includes an explanation of how the Society has incorporated this in its ECL models.

Further explanation is also provided of how the Society determines appropriate groupings when ECL is measured on a collective basis.

4. Financial Risk Management cont'd

a) Credit risk cont'd

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Society in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

Qualitative criteria:

For the loan portfolio, if the borrower meets one or more of the following criteria:
- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months

For Treasury portfolios, if the borrower meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level for all financial instruments held by the Society.

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

4. Financial Risk Management cont'd

a) Credit risk cont'd

Definition of default and credit-impaired assets

The Society defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments

Qualitative criteria

The borrower meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Society and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

4. Financial Risk Management cont'd

a) Credit risk cont'd

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Society expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Society includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Society's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

4. Financial Risk Management cont'd

a) Credit risk cont'd

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on an annual basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Society has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Society considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Society's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

4. Financial Risk Management cont'd

a) Credit risk cont'd

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Society has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail - Groupings for collective measurement
- Loan type (e .g. Mortgage, Personal and Education, Vehicles etc.)

The following exposures are assessed individually:

Retail
- Stage 3 loans with current exposure above $100,000
- Properties in repossession proceedings

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

- Impacts on the measurement of ECL due to changes made to models and assumptions;

- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

4. Financial Risk Management cont'd

a) Credit risk cont'd

	2019	2018
	$	$
Opening loss allowance as at 1 January	**29,854,261**	**19,273,987**
Amounts restated through opening retained earnings	-	9,951,650
Opening loss allowance as at 1 January (calculated under IFRS 9)	29,854,261	29,225,637
Bad debts recovered	241,360	588,445
Bad debts Written Off	(3,717,588)	(151,122)
	26,378,033	29,662,960
Increase in the allowance recognised in profit or loss during the period	1,377,198	191,301
Closing loss allowance as at 31 December	**27,755,231**	**29,854,261**

Write-off policy

The Society writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Society's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Society may write-off financial assets that are still subject to enforcement activity. The Society still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

Modification of financial assets

The Society sometimes modifies the terms of loans provided to members due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. 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. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Society monitors the subsequent performance of modified assets. The Society may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

4. Financial Risk Management cont'd

a) Credit risk cont'd

This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The Society continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

b) Market risk

The Society is exposed to market risks on a daily basis. Investments have been diversified to reduce the impact of market risk.

c) Currency risk

The Society's exposure to currency risk is minimal since the Society's assets and liabilities are held in the functional currency, which is the Eastern Caribbean Dollar. Management has issued strict guidelines to staff for processing foreign currency transactions.

d) Liquidity risk

The Society maintains sufficient available cash and committed credit lines and borrowing facilities to meet the demands of its members.

5. Cash and Bank Balances

	2019	**2018**
	$	**$**
Cash on hand	3,829,589	3,762,665
Current account	58,946,347	94,390,961
	62,775,936	98,153,626

6. Investment Securities

	2019	**2018**
	$	**$**
Investment Securities measured at FVTPL	5,469,200	5,469,200
Investment Securities measured at amortised cost	120,007,141	86,713,753
Investment securities measured at FVOCI - equity investments	19,566,596	20,730,023
	145,042,936	112,912,976

7. Originated Loans

The Society classifies its originated loans at amortised cost where both of the following criteria are met:

- the loan is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Originated loans at amortised cost include the following:

	2019 $	2018 $
(a) Loans and advances to Members		
Member Loans	402,654,438	383,388,628
Overdraft	2,821,362	2,466,168
Staff Advances and loans	9,588,705	9,782,562
	415,064,505	395,637,358
Less: Allowance for Expected Credit Losses	27,755,231	29,854,261
	387,309,274	365,783,097

(b) Allowance for Expected Credit Losses

	2019 $	2018 $
Provision at beginning of year	29,854,261	19,273,987
Amounts restated through opening retained earnings	-	9,951,650
Opening loss allowance (IFRS 9)	29,854,261	29,225,637
Bad debts recovered	241,360	588,445
Bad debts Written Off	(3,717,588)	(151,122)
	26,378,033	29,662,960
Expected credit loss	1,377,198	191,301
Closing Allowance for Expected Credit Losses	27,755,231	29,854,261

7. Originated Loans cont'd

(c) Originated Loans - Sectoral Analysis	2019	2018
	$	
Personal	101,109,921	97,553,233
Mortgage	247,010,750	229,256,327
Vehicle	19,844,800	19,443,483
Land	24,904,268	24,354,697
Business	17,382,608	17,783,873
Other Loans (Litigated)	4,812,158	7,245,745
	415,064,505	395,637,358

8. Other Assets

	2019	2018
	$	$
Interest receivable on investments	1,676,478	2,877,039
Inventory of stationery/office Supplies	864,617	536,471
Prepayments	411,157	351,301
Deferred expenses	868,822	258,802
Loans receivable interest	2,129,713	2,096,216
Debtors	2,092,751	4,488,768
Receivable staff education	47,060	45,443
Other Receivables	1,060	317,155
	8,091,659	10,971,196

9. Leasehold Improvements

	2019	2018
	$	$
Balance beginning of the year	3,085	3,085
Additions	10,932	-
Amortised during the year	(2,207)	-
	11,811	3,085

Notes to Financial Statements

For the Year Ended December 31, 2019

10. Property and equipment

	Land	Building	Furniture & Equipment	Computer Systems	Motor Vehicle	ATM	Legal Library	Building in Progress	TOTAL
COST									
Balance - December 31, 2017	3,188,950	15,895,283	6,968,020	9,963,343	552,300	3,346,735	19,525	16,599,896	56,534,052
Additions	-	896,821	1,010,588	303,032	180,000	-	-	-	2,390,441
Additions - building in progress	-	16,599,896	-	-	-	-	-	(16,599,896)	-
Adjustment									
Balance - December 31, 2018	3,188,950	33,392,000	7,978,607	10,266,375	732,300	3,346,735	19,525	-	58,924,491
Additions	593,110	266,814	284,379	195,829	-	-	-	-	1,340,132
Additions - building in progress	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	(221,352)	-	221,352	-	-	-
Balance - December 31, 2019	3,782,060	33,658,814	8,262,986	10,240,852	732,300	3,568,087	19,525	-	60,264,623
ACCUMULATED DEPRECIATION									
Balance - December 31, 2017	-	2,145,196	5,239,085	9,099,002	438,753	2,859,217	19,525	-	19,800,778
Eliminated on disposal/adjustment-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	299,813	474,353	252,030	29,500	121,014	-	-	1,176,710
Balance - December 31, 2018	-	2,445,008	5,713,430	9,351,033	468,254	2,980,232	19,525	-	20,977,482
Eliminated on disposal/adjustment	-	-	-	-	-	-	-	-	-
Depreciation charge	-	583,383	571,134	269,389	65,500	97,124	-	-	1,586,530
Balance - December 31, 2019	-	3,028,391	6,284,564	9,620,422	533,754	3,077,356	19,525	-	22,564,012
Net Book Value									
December 31, 2018	**3,188,950**	**30,946,991**	**2,265,177**	**915,342**	**264,046**	**366,503**	**-**	**-**	**37,947,009**
December 31, 2019	**3,782,060**	**30,630,422**	**1,978,422**	**620,430**	**198,546**	**490,731**	**-**	**-**	**37,700,611**

Notes to Financial Statements

For the Year Ended December 31, 2019

11. Members Savings/Ordinary Deposits

Members' Savings formerly called "members shares" are now recorded as a liability in accordance with International Financial Reporting Standards (IFRS) according to Section 129 of the Co-operative Societies Act No.2 of 2011, the Credit Union may distribute by way of dividend or bonus amongst its members in proportion to their business with the Society at such rate as may be prescribed by its bye-laws. Members' savings and ordinary deposits subject to special terms and conditions are due on demand.

	2019	**2018**
	$	$
Members' savings/ordinary deposits	384,662,633	372,661,495

12. Term Deposits

	2019	**2018**
	$	$
Interest bearing fixed deposit at rates in range 1.75% to 3%	139,554,112	141,107,984

13. Accounts Payable and Provisions

	2019	**2018**
	$	**$**
Accounts payable and Provisions	3,926,634	4,578,804
Audit	54,250	53,275
Clearing Accounts	2,536,992	2,266,797
	6,517,876	6,898,876

14. Prior Period Entry

The adjustment arose from accurately accounting for pension and gratuity liabilities created in 2015 pursuant to an arrangement on behalf of staff as part of their overall compensation package.

15. Member Retirement Account

The Credit Union operates two (2) retirement savings plan for the benefit of its members. Under the MRA and MRA Gold, enjoy a rate of interest higher than the normal deposit interest rate on condition that the savings are not with-drawn before the member has reached the retirement age. Currently members' savings are limited to EC$1,000 per month to a maximum of $12,000 in any calendar year. As at year end, the rate offered to members was 4% per annum.

	2019	**2018**
	$	**$**
	41,589,597	39,254,631

16. European Union Grant

Technical assistance grant for small business development

	2019	**2018**
	$	**$**
Balance - beginning of period	21,415	21,415
Add: receipts	-	-
Less disbursements	-	-
	21,415	21,415

	2019	**2018**
	$	**$**
17. Accrued Interest Payable	3,746,169	4,421,720

18. Share Capital

	2019	**2018**
	$	$
Issued and fully paid 117,396 shares at December 31, 2019 of $50 (par value) per share.		
Balance - beginning of year	5,538,350	5,140,550
Issued during the year	331,450	397,800
	5,869,800	5,538,350

The liability of each member is limited to the paid up shares.

Shares may with the consent of the Board, but not otherwise, be transfers from one member to another. Such transfers shall be in writing in such form as the Registrar may approve and shall be subject to payment by the transferee of such fee for each transfer as the Board of Directors may prescribe. The Board may, in its absolute discretion, purchase shares from a member in case of hardship.

Notes to Financial Statements
For the Year Ended December 31, 2019

19. Statutory Reserve

The Co-operative Societies Act stipulates that a Society shall credit no less than 20% of its net surplus to a reserve fund; and such Reserve Fund, may subject to the approval of the Commissioner, be used in the business of the Society, for the purposes of an exceptional nature, including unforeseen losses, unexpected shortfalls in liquid cash, capital retention, repair and maintenance and the avoidance of external borrowing.

	2019	**2018**
Movements during the year were as follows:	$	$
Balance - beginning of year	19,535,560	18,707,178
Add: Entrance Fee	14,635	24,883
Appropriation from surplus	1,107,990	803,499
	20,658,185	19,535,560

20. Education Fund

This represents funds appropriated from surplus for members' education.

	2019	**2018**
	$	$
Balance - beginning of year	377,360	400,960
Less: disbursements	(17,742)	(23,600)
Appropriation from surplus	-	-
	359,618	377,360

This represents funds appropriated from surplus for member education.

21. Loan protection fund

This fund represents amounts set aside by the Society to cover that portion of members' loan not covered under the CORP-EFF Insurance Company Limited Scheme up to $100,000.

	2019	**2018**
	$	$
Balance - Beginning of period	881,085	1,070,621
Disbursements	(111,737)	(249,536)
Add: receipts	-	60,000
	769,348	881,085

Notes to Financial Statements
For the Year Ended December 31, 2019

22. Capital Contribution

	2019	2018
This represents the following balances:	$	$
Construction cost of the Society's office building.	4,797,524	4,799,214
Payments	(180)	(1,690)
	4,797,344	4,797,524

Five (5) Credit Unions namely Roseau, La Salette, St.David, St.Paul, Vieille Case, Castle Bruce and La Plaine Credit Union amalgamated in accordance with the Co-operative Societies Act to form the National Co-operative Credit Union Limited (NCCU). The assets and liabilities of the five (5) former Credit Unions were vested in the NCCU in accordance with the Co-operative Societies Act as of November 1, 2010. The resulting credit balance on amalgamation is accounted for under Members' Equity as capital contribution.

In 2016 and 2017 respectively, the assets and liabilities of the Caste Bruce and South Eastern Credit Unions were transferred to the NCCU.

23. Revaluation Surplus

This represents the surplus on valuation over cost of the Society's land and building following valuations carried out in December 2012 by Mckenzie Architect and Construction Services Incorporated. The valuations was accepted by the Board of Directors. The Excess of the revalued amount over cost is included under Revaluation Surplus.

24. Development Fund

Section 126 of the Co-operative Societies Act No. 2 of 2011, states that every Society shall establish and maintain a Development Fund. Every Society that realises a surplus from its operations as ascertained by the annual audit shall make such annual contribution, not exceeding ten percent of that surplus, and the Co-operative Society shall use the funds for strengthening the capacity and growth of Co-operative Societies and for human development.

	2019	2018
	$	$
Balance beginning of year	159,043	154,410
Disbursements	(48,589)	(35,542)
Appropriation from surplus	55,399	40,175
	165,853	159,043

Notes to Financial Statements

For the Year Ended December 31, 2019

25. Net Interest and Investment income

Interest Income	**2019**	**2018**
	$	**$**
Income from Loans	30,132,860	26,709,744
Income from Investments	711,460	649,169
Interest on Fixed Deposits	3,288,906	2,444,097
	34,133,225	29,803,010

Interest expense	**2019**	**2018**
	$	**$**
Interest on term deposits	3,458,797	3,804,067
Interest on members Savings	6,935,461	6,527,045
Interest on MRA	1,560,194	1,479,840
Interest on Christmas clubs	10,560	8,585
	11,965,012	11,819,537
Net interest and investment income	**22,168,213**	**17,983,473**

26. Other Income

	2019	**2018**
	$	**$**
Rent	51,003	50,145
Cheque Book fees	129,296	107,085
Sale of rule and pass book	28,210	32,965
Professional services	690,683	569,734
Sundry Services Charge	246,585	214,989
Bad debts recovered/written off	212,784	-
Commissions	43,494	41,952
Other fees	16,195	15,727
	1,418,249	1,032,597

Notes to Financial Statements
For the Year Ended December 31, 2019

27. Operating Cost

	2019	2018
	$	$
Personnel expenses (See note 28)	8,766,928	7,248,572
Governance	161,887	84,580
Corp-EFF Insurance	1,180,578	1,140,246
Annual General Meeting	61,393	57,345
Scholarship	67,621	60,786
Overseas Travel and conferences	289,531	140,811
Computer services and expenses	675,738	603,321
Stationery and office supplies	228,176	204,740
Fraternity expenses	277,226	245,879
Audit Fee	54,250	53,275
Occupancy expenses	1,096,449	918,073
Insurance Building and content	329,777	241,635
General expenses (See note 30)	1,891,027	2,596,182
	15,080,581	**13,595,445**

28. Personnel Expenses

	2019	2018
	$	$
Salaries, staff benefits & allowances	7,853,153	6,416,574
Social Security	426,142	366,183
Uniforms allowances and transportation	487,633	465,815
	8,766,928	**7,248,572**

29. Key Management Compensation

	2019	2018
	$	$
Salaries and Allowance	1,731,432	1,433,428
Gratuity	509,227	285,775
	2,240,659	**1,719,203**

	2019	2018
	$	$
Hurricane claims	19,635	897,104
Security services	159,409	139,962
Postage	8,319	12,199
Advertising, publicity and promotions/dues	228,352	179,839
4cs expenses	243,470	257,454
Donations	139,848	77,241
ATM services and expenses	361,932	333,420
Entertainment	45,589	34,893
Maintenance of fixed assets	220,973	223,217
Valuation and legal fees	-	1,200
Bank charges	304,156	226,108
Other	159,345	213,640
	1,891,027	**2,596,182**

31. Related Party Transactions

Parties are considered to be related if one party had the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

As at the year end, related party transactions/balances were as follows:

	2019	2018
	$	$
Loans		
Directors & Volunteers	1,942,288	4,574,057
Key Management Staff	3,312,352	3,292,068
TOTAL LOANS	5,254,640	7,866,125
Deposits		
Directors & Volunteers	3,995,556	4,113,000
Key Management Staff	2,971,146	3,031,148
TOTAL DEPOSITS	6,966,701	7,144,148

32. Fair value of financial assets and liabilities

All financial assets and liabilities are carried at fair value.

33. Contingencies and Commitments

Loans and advances committed but not yet drawn down at the balances sheet date totaled $7,789,220 in 2019 and $ 4,956,398 in 2018.

Social Responsibility, Education & Community Outreach

Credit Committee's Report

For the Year Ended December 31, 2019

CHAIRPERSON
Mr. George W. Maxwell

It is with a sense of joy and accomplishment that the Credit Committee presents its report for the financial year 2019. The Committee's duties and functions were conducted as per the Co-operative Societies Act No.2 of 2011 and the By-Laws of the National Co-operative Credit Union Ltd.

The Committee comprised of thirteen (13) members who served during the period. They are as follows:

- Mr. George W. Maxwell - *Chairperson (Dec. 2019)*
- Mr. Oscar T. George - *Chairperson (Aug. - Dec. 2019)*
- Ms. Natasha Nation - *Secretary*
- Mr. Philbert Joseph
- Mr. Quincy Angol
- Ms. Sonia K. Felix
- Mr. Cecil A. Joseph
- Ms. Renita Charles
- Mr. David Maximea
- Mrs. Jodie Dublin-Dangleben
- Ms. Keturah Deschamps
- Mr. Mervin D. Anthony
- Ms. Isabella Prentice

Meetings

A total of seventy-three (73) meetings were convened by the Committee during the financial year 2019. These meetings were specifically to review the various loans which were requested by members. Additionally, there were full Credit Committee meetings, Joint Committee meetings and outreach meetings conducted during the period under review. The schedule of attendance at these meetings is listed at Table 1 below.

Table 1: Meetings Attended by Committee Members: Jan. 2019 - Dec. 2019

NAME	Loan Review Meetings Scheduled	Loan Review Meetings Attended	Loan Review Meetings Cancelled	Joint Committee Meetings Scheduled	Joint Committee Meetings Attended	Branch Outreaches Scheduled	Branch Outreaches Attended
Mr. Oscar Tyson-George	41	35	02	03	03	01	00
Mr. George W. Maxwell	12	12	02	01	01	01	00
Ms. Natasha Nation	42	42	07	03	03	01	01
Mr. Philbert Joseph	37	35	08	03	03	01	00
Mr. Quincy Angol	43	42	08	03	03	01	00
Ms. Keturah Deschamps	43	39	10	03	02	01	01
Mrs. Jodie D. Dangleben	39	38	06	03	02	01	00
Ms. Isabella Prentice	38	38	09	03	03	01	00
Mr. David Maximea	38	36	09	03	02	01	00
Ms. Renita Charles	11	10	04	01	01	01	01
Mr. Cecil A. Joseph	10	09	05	01	01	01	00
Mr. Mervin D. Anthony	11	11	01	00	00	01	00
Ms. Sonia K. Felix	05	08	02	01	01	01	00

NB: There were instances where persons sat-in, in the absence of others at loan review meetings, hence the disparity in meetings scheduled and attended.

MS. NATASHA NATION
Secretary

MR. CECIL JOSEPH

MR. MERVIN ANTHONY

MS. ISABELLA PRENTICE

MR. DAVID MAXIMEA

MRS. JODIE D. DANGLEBEN

MS. RENITA CHARLES

MS. CHRISTELLE BARDOUILLE

MS. KETURAH DESCHAMPS

MR. PHILBERT JOSEPH

MR. QUINCY ANGOL

OVERVIEW

The financial year ended December 31, 2019 can be described as another successful period considering the global economic challenges, inclusive of the continued impact of de-risking and the evolution of the financial landscape generally. The competitive nature of the local financial industry where services of a similar nature are offered elsewhere continues to impact the market for loanable funds in a multiplicity of ways.

The continued growth and stability of the NCCU can be attributed to shrewd management commencing with the Board of Directors along with the Committees and Staff.

The members continued to show great confidence in the varied products and services offered by the NCCU as is evident by the increased number of loans disbursed in 2019 when compared to 2018.

LOANS

The amount of loans disbursed in 2019 was stated as $86,324,846 as compared to $79,019,075 for the same corresponding period in 2018, an increase of $7,305,771 or 9.25%.

Table 2: Value of Loans Disbursed 2019 & 2018

LOANS DISBURSED			
2019	2018	VARIANCE	
$	$	$	%
86,324,846	79,019,075	7,305,771	9.25%

During the year under review, seven thousand, four hundred and eighteen (7,418) loans were approved amounting to $87,540,537.10 as compared to five thousand, seven hundred and seventy-one (5,771) valued at $91,085,178.96 in 2018. Although the number of loans approved in 2019 as compared to 2018 increased by 1647, the value of loans decreased by ($3,544,64)1 or -4%.

It is quite evident from the aforementioned that despite the larger number of loans requested by members, the quantum or amounts requested were generally less resulting in the decrease as shown in Tables 3 and 4 below:

Table 3: No. of Loans Approved - 2019 & 2018

NO. OF LOANS APPROVED			
2019	2018	VARIANCE	
$	$	Vol.	%
7,418	5,771	1,647	30%

Table 4: Value of Loans Approved - 2019 & 2018

VALUE OF LOANS APPROVED			
2019	2018	VARIANCE	
$	$	$	%
87,540,537.10	$91,085,178.96	(3,544,641)	(-4%)

The top five (5) most approved loan categories were as listed below:

Table 5: Top 5 Most Approved Loan Categories - 2019 & 2018

	2019		2018			
LOAN CATEGORY	NO. OF LOANS APPROVED	VALUE OF LOANS APPROVED $	NO. OF LOANS APPROVED	VALUE OF LOANS APPROVED $	VARIANCE	
					#%	$%
Building Con. & Purchase	258	32,580,836	233	30,369,768	10%	7.28%
Special Savings/Deposit - 5.99%	2,746	18,700,420	1,996	19,942,624	38%	(6.23%)
Debt Consolidation	693	6,837,788	521	6,545,776	33%	4.46%
Motor Vehicle Private	343	6,500,836	243	6,312,664	41%	2.98%
Now 4 Now	1,611	4,129,701	1,304	4,137,333	23%	(0.18%)
Total	**5,651**	**68,749,581**	**4,297**	**67,308,165**	**31%**	**2.14%**

Fig. 1: Top 5 Most Approved Loans (Vol.) – 2019 & 2018

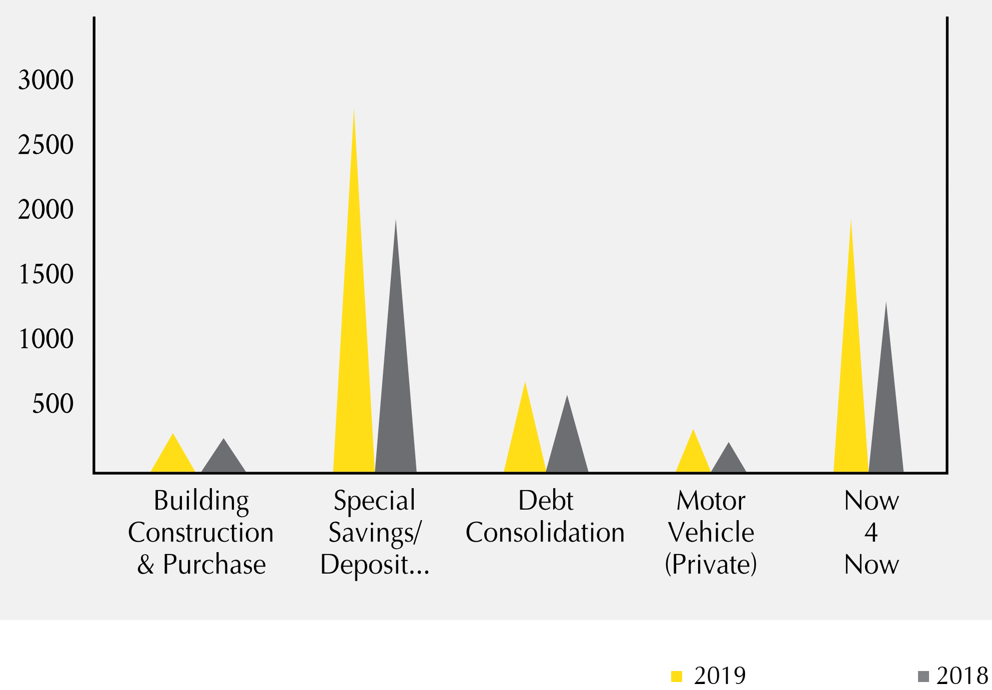
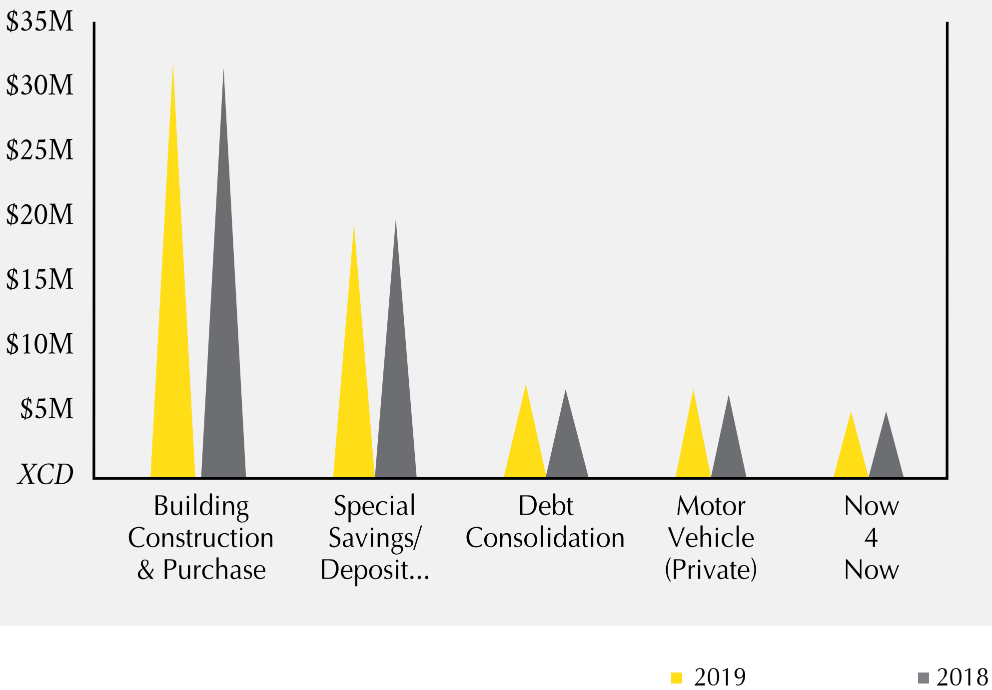


Fig. 2: Top 5 Most Approved Loans ($) - 2019 & 2018



A look at the categories of loans approved during 2019 showed that Building Construction and Purchase, Special Savings/Deposit Loans at 5.99%, Debt Consolidation, Motor Vehicle-Private and Now 4 Now were the most sought after loan categories.

The top five (5) categories of loans requested represents 78% of all loans approved for the financial year under review, whereas the remaining nineteen (19) categories accounted for 22% of the overall total.

Based on the approved Loans by Sector, there were increases in Mortgages 7.28% and Land Purchase 14.48%. Conversely, Business Loans fell by (32.93%).

Table 6: Loans Approved by Sector 2019 & 2018

LOAN CATEGORY	2019	2018	VARIANCE	
	$	$	$	%
Mortgage (Building Construction & Purchase)	32,580,836	30,369,768	2,211,068	7.28%
Vehicle	6,908,298	6,712,670	195,628	2.91%
Land	4,480,787	3,914,099	566,688	14.48%
Business	2,588,364	3,859,285	(1,270,921)	(32.93%)
Agriculture	90,489	56,122	34,367	61.24%
Other Loans	40,891,763	46,173,235	(5,281,472)	(0.57%)
Total	**87,540,537**	**91,085,179**	**(3,544,641)**	**(4%)**

Fig. 3: Loans Category by Sector - 2019 & 2018

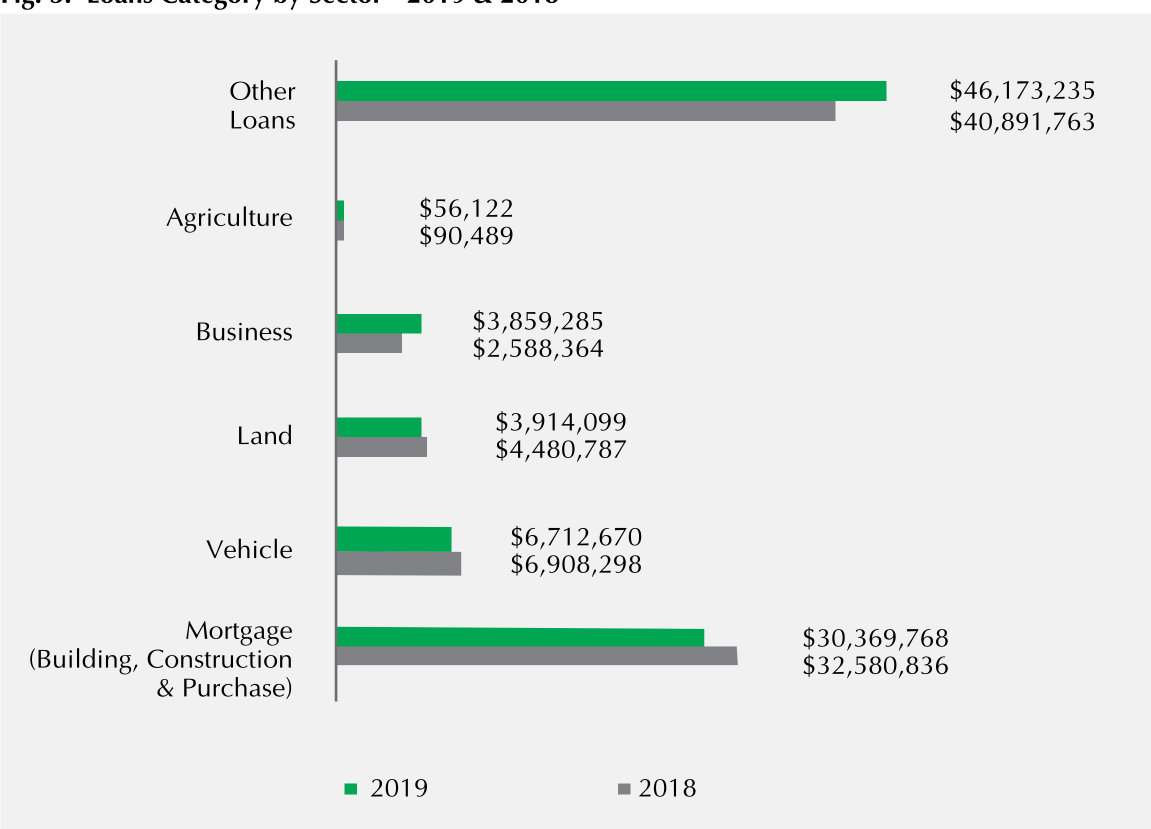


Table 7: Loans Portfolio as at Dec. 31, 2019 & Dec. 31, 2018

LOANS PORTFOLIO			
2019	2018	VARIANCE	
$	$	$	%
415,064,505	395,637,358	19,427,147	4.91

Fig. 4: Loans Portfolio as at Dec. 31, 2019 & Dec. 31, 2018

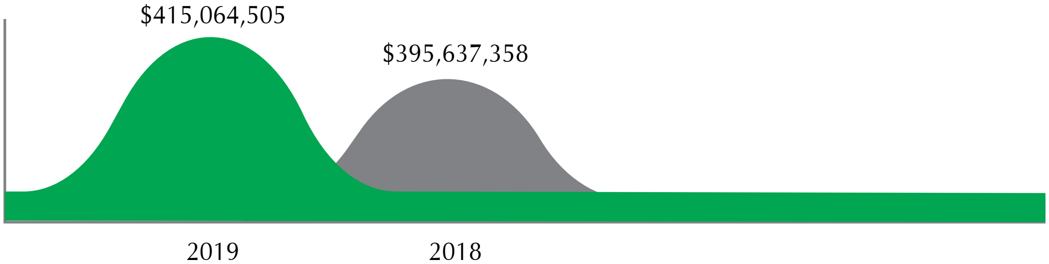


Table 8: Loans Approved by Branches – 2019 & 2018

BRANCH	2019	2018	VARIANCE	
	$	$	$	%
Roseau	54,795,837	55,485,427	(689,593)	(1.24)
St. Paul	14,162,805	20,517,729	(6,354,924)	(30.97)
Vieille Case	7,922,108	6,494,563	1,427,545	21.98
La Salette	5,972,380	5,567,356	405,024	7.27
St. David	2,386,480	140,240	2,246,240	1,601
Castle Bruce	2,120,070	2,879,864	(759,794)	(26.38)
La Plaine	180,857	0.00	180,857	0.00
Total	**87,540,537**	**91,085,179**	**(3,544,645)**	**(3.89)**

Fig. 5: Loans Approved by Branches - 2019 & 2018

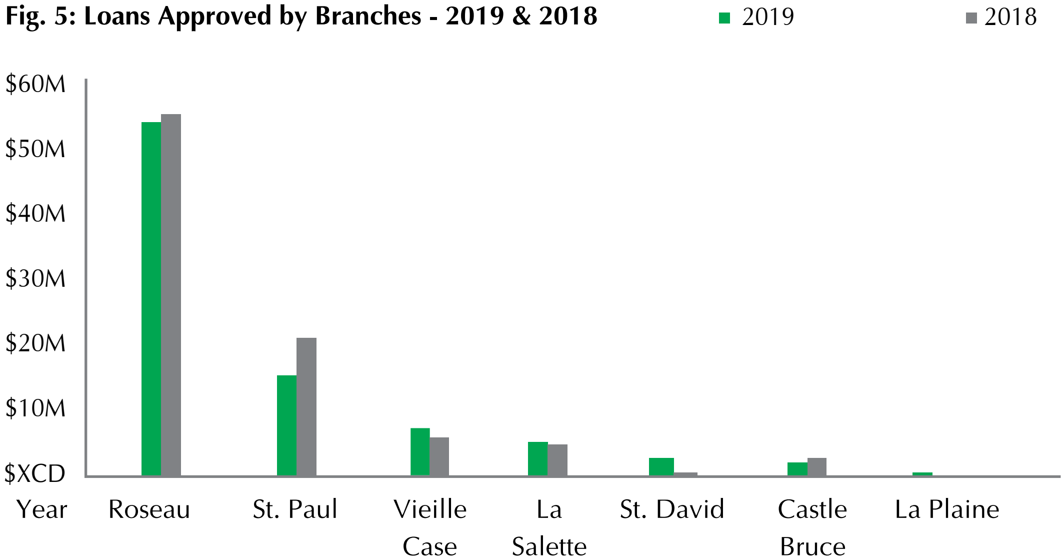


Table 9: Summary of Loans Approved by the Credit Committee & Managers for the year ended Dec. 31, 2019 and Dec. 31, 2018

LOANS BY PURPOSE	VOLUME #					VALUE $			
	2019	2018	VARIANCE	%		2019	2018	VARIANCE	%
BUILDING CONSTRUCTION & PURCHASE	258	233	25	10%		$32,580,836.01	$30,369,768.15	$2,211,057.86	7.28%
LAND	63	50	13	26%		$4,480,787.39	$3,914,099.15	$ 566,688.24	14%
DEBT CONSOLIDATION HR/CC	153	110	43	39%		$1,005,070.79	$697,593.74	$307,477.05	44%
DEBT CONSOLIDATION	693	521	172	33%		$ 6,837,788.29	$6,545,776.68	$292,011.61	4
BUSINESS	116	101	15	15%		$2,588,364.51	$3,859,285.42	($1,270,920.91)	(32.93%)
EQUIPMENT	19	16	3	19%		$372,214.41	$226,586.04	$145,628.37	64.27%
TRAVEL	70	40	30	75%		$625,377.01	$357,742.48	$276,634.53	
AGRICULTURAL LAND	4	1	3	300%		$76,089.48	$97,131.65	($21,042.17)	(21.66%)
MOTOR VEHICLE - AGRICULTURE	1	0	1	0%		$20,552.50	$ -	0.00	0%
MOTOR VEHICLE - PRIVATE	343	243	100	41%		$6,500,836.51	$6,312,664.36	$188,172.15	3%
HOUSE HOLD GOODS	116	39	77	197%		$662,836.51	$473,620.46	$188,946.93	40%
DWELLING HOUSE REPAIR	140	68	72	106%		$2,015,145.18	$1,625,985.32	$389,159.86	24%
EDUCATION	87	56	31	55%		$767,696.12	$678,126.45	$89,569.67	13.21$
AGRICULTURAL EXPENSES	4	5	-1	-20%		$14,400.00	$15,111.43	($711.43)	(5%)
DOMESTIC	777	614	163	27%		$2,865,974.93	$3,033,727.00	($167,752.07)	(6%)
MOTOR VEHICLE EXPENSES	55	33	22	67%		$386,908.70	$400,005.19	($13,096.49)	(3%)
LEGAL EXPENSES	13	7	6	86%		$170,254.20	$119,223.45	$51,030.75	43%
LEARN WHILE U EARN	12	13	-1	-8%		$116,532.39	$101,838.63	($14,693.76)	14%
MEDICAL	38	40	-2	-5%		$273,181.26	$455,892.47	($182,711.21)	(40%)
LINE OF CREDIT	29	33	-4	-12%		$242,501.63	$222,722.76	($19,778.87)	9%
NOW 4 NOW	1611	1304	307	23%		$4,129,701.49	$4,137,333.14	($7,631)	(0.18%)
SPECIAL AGRICULTURE	0	0	0	0%		$0.00	$ -	0.00	0%
SPECIAL EDUCATION	3	22	-19	-86%		$12,000.00	$703,904.00	($691,904)	(98%)
SAVINGS/DEPOSIT LOANS @ 5.99%	2746	1996	750	38%		$18,700,420.23	$19,942,624.56	($1,242,204.33)	(6%)
HURRICANE MARIA RELIEF LOAN	67	226	-159	-70%		$2,095,336.68	$6,794,416.43	($4,699,079.75)	(69%)
	7418	**5771**	**1647**	**29%**		**$87,540,537.10**	**$91,085,178.96**	**($ 3,544,641.86)**	**(4%)**

OVERSIGHT RESPONSIBILITY

The Credit Committee sought to engage the Loans Staff of the seven (7) Branches with regard to the fine tuning and standardizing of the monthly report to the Credit Committee. This exercise is progressing and its completion is expected to improve efficiency and allow for ease of comparison across Branches.

INTERVIEWS

During the Financial Year 2019, the Credit Committee met with one (1) member who sought an audience with the Committee in respect to loan approval. The Committee also embraced the opportunity to provide financial counselling to the said member.

REPRESENTATION

The Committee was represented at the 2019 World Council of Credit Unions Conference, jointly hosted by the World Council of Credit Unions and the Caribbean Confederation of Credit Unions held in the Bahamas from July 28, to 31 by Ms. Keturah Deschamps, Mr. Sylvester Mark and Mrs. Jodie Dublin-Dangleben. The Conference was held under the theme: *Co-operatives: Reshaping Caribbean Sustainable Development*. The members indicated that they all gained invaluable knowledge from the presentations delivered at the Conference and proceeded to share their experiences with the other Committee members who were not present.

Mr. David Maximea and Mr. Oscar George represented the Committee at the OECS Credit Union Summit which was convened in St. Lucia from June 5 to 8, 2019 under the theme *Empowering Credit Unions for the Future*. They expressed their satisfaction with the insights gained at such a forum.

The NCCU also took the opportunity to participate in the Caribbean Credit Union Development Education (CaribDE) Programme during the year under review. Ms. Keturah Deschamps was the Credit Committee's representative at this leadership and communication skills 33rd Program which was held in Trinidad from January 21 to 25, 2019. Ms. Natasha Nation was also a beneficiary of the same Program (36th) which was convened in Barbados from November 17 to 23, 2019.

Additionally, members attended several local training programmes organized by the Dominica Co-operative Societies League Ltd (DCSL). Members were unanimous in their view that the trainings were both timely and necessary considering the new paradigm with respect to de-risking and the delivering of quality customer service. The areas offered are shown below:

- Loans Underwriting
- Corporate Governance
- Ethics in the Work Place
- Delivering Excellence in Member Services
- Induction Training

RECOMMENDATIONS

Members are encouraged to avail themselves of the plethora of member services which are currently offered by the institution. Sustained investment in Member Share Capital for instance, guarantees robustness and stability of the NCCU and so it is imperative that members are cognizant of the importance of such an undertaking.

Additionally, it is felt that prospective Credit Committee members should be exposed to some level of training in basic co-operative principles prior to being nominated and subsequently being elected to the Committee.

CONCLUSION

The NCCU continues to grow in spite of the economic challenges faced by the members residing both here and abroad. The Committee therefore wishes to thank the Chief Executive Officer, Branch Managers, Loans Department and Staff generally for their steadfast and diligent approach to ensuring that the goals of the NCCU are attained.

Additionally, the Committee wishes to thank the Board of Directors and the Supervisory and Compliance Committee for working assiduously during the period under review.

May the Creator continue to guide the NCCU in all its endeavours.

....

GEORGE W. MAXWELL (MR.)

For and on behalf of the Credit Committee

Summary of Loans Approved by the Credit Committee and Manager

For the Years Ended December 31, 2019/2018

LOAN CATEGORIES	LOANS APPROVED IN 2019						LOANS APPROVED IN 2018							
	BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		COMPARATIVE INCREASE/DECREASE OVER 2016	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	AMOUNT	%
BUILDING CONSTRUCTION & PURCHASE	74	$ 1,237,073.09	184	$ 31,343,762.92	258	$ 32,580,836.01	125	$ 7,480,122.22	108	$ 22,889,645.93	**233**	**$ 30,369,768.15**	**$ 2,211,067.86**	**7%**
LAND	40	$ 1,688,059.60	23	$ 2,792,727.79	63	$ 4,480,787.39	33	$ 2,326,651.80	17	$ 1,587,447.35	**50**	**$ 3,914,099.15**	**$ 566,688.24**	**14%**
DEBT CONSOLIDATION HR/CC	105	$ 600,538.16	48	$ 404,532.63	153	$ 1,005,070.79	87	$ 491,028.01	23	$ 206,565.73	**110**	**$ 697,593.74**	**$ 307,477.05**	**44%**
DEBT CONSOLIDATION	561	$ 4,254,550.57	132	$ 2,583,237.72	693	$ 6,837,788.29	442	$ 4,477,561.01	79	$ 2,068,215.67	**521**	**$ 6,545,776.68**	**$ 292,011.61**	**4%**
BUSINESS	99	$ 1,399,684.70	17	$ 1,188,679.81	116	$ 2,588,364.51	87	$ 1,680,599.46	14	$ 2,178,685.96	**101**	**$ 3,859,285.42**	**$ (1,270,920.91)**	**-33%**
EQUIPMENT	17	$ 182,311.29	2	$ 189,903.12	19	$ 372,214.41	16	$ 226,586.04	0	$ -	**16**	**$ 226,586.04**	**$ 145,628.37**	**64%**
TRAVEL	66	$ 565,377.01	4	$ 60,000.00	70	$ 625,377.01	34	$ 301,958.36	6	$ 55,784.12	**40**	**$ 357,742.48**	**$ 267,634.53**	**75%**
AGRICULTURAL LAND	3	$ 26,762.48	1	$ 49,327.00	4	$ 76,089.48	1	$ 97,131.65	0	$ -	**1**	**$ 97,131.65**	**$ (21,042.17)**	**-22%**
MOTOR VEHICLE - AGRICULTURE	1	$ 20,552.50	0	$ -	1	$ 20,552.50	0	$ -	0	$ -	**0**	**$ -**	**$ 20,552.50**	**0%**
MOTOR VEHICLE - PRIVATE	297	$ 4,841,944.24	46	$ 1,658,892.27	343	$ 6,500,836.51	216	$ 4,986,803.85	27	$ 1,325,860.51	**243**	**$ 6,312,664.36**	**$ 188,172.15**	**3%**
HOUSE HOLD GOODS	106	$ 486,047.91	10	$ 176,519.48	116	$ 662,567.39	34	$ 364,352.00	5	$ 109,268.46	**39**	**$ 473,620.46**	**$ 188,946.93**	**40%**
DWELLING HOUSE REPAIR	131	$ 1,721,371.73	9	$ 293,773.45	140	$ 2,015,145.18	63	$ 1,115,345.80	5	$ 510,639.52	**68**	**$ 1,625,985.32**	**$ 389,159.86**	**24%**
EDUCATION	76	$ 501,787.47	11	$ 265,908.65	87	$ 767,696.12	50	$ 353,232.80	6	$ 324,893.65	**56**	**$ 678,126.45**	**$ 89,569.67**	**13%**
AGRICULTURAL EXPENSES	4	$ 14,400.00	0	$ -	4	$ 14,400.00	5	$ 15,111.43	0	$ -	**5**	**$ 15,111.43**	**$ (711.43)**	**-5%**
DOMESTIC	757	$ 2,736,032.28	20	$ 129,942.65	777	$ 2,865,974.93	605	$ 3,015,404.87	9	$ 18,322.13	**614**	**$ 3,033,727.00**	**$ (167,752.07)**	**-6%**
MOTOR VEHICLE EXPENSES	53	$ 347,934.70	2	$ 38,974.00	55	$ 386,908.70	32	$ 377,005.19	1	$ 23,000.00	**33**	**$ 400,005.19**	**$ (13,096.49)**	**-3%**
LEGAL EXPENSES	9	$ 60,212.42	4	$ 110,041.78	13	$ 170,254.20	6	$ 96,006.32	1	$ 23,217.13	**7**	**$ 119,223.45**	**$ 51,030.75**	**43%**
LEARN WHILE U EARN	10	$ 69,108.00	2	$ 47,424.39	12	$ 116,532.39	13	$ 101,838.63	0	$ -	**13**	**$ 101,838.63**	**$ 14,693.76**	**14%**
MEDICAL	30	$ 196,463.26	8	$ 76,718.00	38	$ 273,181.26	36	$ 390,165.84	4	$ 65,726.63	**40**	**$ 455,892.47**	**$ (182,711.21)**	**-40%**
LINE OF CREDIT	28	$ 238,204.43	1	$ 4,297.20	29	$ 242,501.63	31	$ 202,722.76	2	$ 20,000.00	**33**	**$ 222,722.76**	**$ 19,778.87**	**9%**
NOW 4 NOW	1492	$ 4,054,288.75	119	$ 75,412.74	1611	$ 4,129,701.49	1303	$ 4,134,933.14	1	$ 2,400.00	**1304**	**$ 4,137,333.14**	**$ (7,631.65)**	**0%**
SPECIAL AGRICULTURE	0	$ -	0	$ -	0	$ -	0	$ -	0	$ -	**0**	**$ -**	**$ -**	**0%**
SPECIAL EDUCATION	3	$ 12,000.00	0	$ -	3	$ 12,000.00	22	$ 703,904.00	0	$ -	**22**	**$ 703,904.00**	**$ (691,904.00)**	**-98%**
SAVINGS/DEPOSIT LOANS @ 5.99%	2744	$ 18,679,420.23	2	$ 21,000.00	2746	$ 18,700,420.23	1994	$ 19,948,124.56	2	$ 4,500.00	**1996**	**$ 19,942,624.56**	**$ (1,242,204.33)**	**-6%**
HURRICANE MARIA RELIEF LOAN	57	$ 1,675,123.67	10	$ 420,213.01	67	$ 2,095,336.68	191	$ 4,241,446.87	35	$ 2,542,969.56	**226**	**$ 6,794,416.43**	**$ (4,699,079.75)**	**-69%**
TOTAL	**6763**	**$ 45,609,248.49**	**655**	**$ 41,931,288.61**	**7418**	**$ 87,540,537.10**	**5426**	**$ 57,128,036.61**	**345**	**$ 33,957,142.35**	**5771**	**$ 91,085,178.96**	**$ (3,544,641.86)**	**-4%**


Track YOUR money
on YOUR time
on YOUR terms
NCCU
"One Big Family"


NCCU


NCCU
National Co-operative
Credit Union Ltd

Supervisory And Compliance Committee's Report

For the Year Ended December 31, 2019

Ms. Evadney Esprit
Chairperson

Pursuant to Section 65 of the Co-operative Societies Act No. 2 of 2011, the Supervisory and Compliance Committee (S & CC) is pleased to report on its activities for the year ended December 31, 2019. Members serving on the Supervisory and Compliance Committee for the year under review were:

Ms. Evadney Esprit
Chairperson

Ms. Linda Gonzalez-Peltier
Secretary (August – December 2019)

Ms. Claire Seraphin-Wallace
Member (January– August 2019)

Mr. Ian-Michael Anthony
Member

Mrs. Hannah Leblanc-Pierre
Member

Mrs. Julie Shillingford-Durand
Member

Mr. Jerome Bardouille
Member

Mrs. Corinthia Carbon
Member

Mrs. Sophia Albert-Charles
Member

Ms. Priscilla Panthier
Member (August – December 2019)

Mr. Bernard Nation
Member

Ms. Kayan Toussaint
Assistant Secretary

Ms. Bernadette Austrie
Member (August – December 2019)

Mr. McDowill Paul
Member (August– December 2019

Summary of Major Activities

The Supervisory and Compliance Committee remained engaged during the year by conducting tests to ascertain that the Society's business was conducted in accordance with the policies and procedures of the Society and the Co-operative Societies Act No. 2 of 2011. The following were among the main activities pursued during the year:

- Meeting with Department Heads and Committees.
- Perusal of reports on delinquent loans;
- Examination of accounts and loan files of volunteers and staff;
- Inspection of physical plants;
- Review of policies;
- Evaluation meetings with the Board of Directors;
- Review of monthly department reports;
- Attendance at developmental seminars organized by the Dominica Co-operative Societies League (DCSL) and the Caribbean Confederation of Credit Unions (CCCU);
- Conducting of cash counts at all Branches.

MS. LINDA GONZALEZ-PELTIER
Secretary

MS. KAYAN TOUSSAINT
Assistant Secretary

MRS. SOPHIA ALBERT-CHARLES

MR. BERNARD NATION

MRS. JULIE SHILLINGFORD-DURAND

MS. BERNADETTE AUSTRIE

MS. PRISCILLA PANTHIER

MR. IAN-MICHAEL ANTHONY

MRS. CORINTHIA CARBON

MR. JEROME BARDOUILLE

MR. MCDOWILL PAUL

The following table provides a record of the attendance of members at regular and special meetings of the Committee.

Committee Members	Meetings Scheduled During Tenure		Total Meetings Scheduled	Total Special Meetings	Meetings Attended			Absent/ Excused
	Regular	Joint			Regular	Joint	Special	
Sophia Albert-Charles	14	3	17	10	11	3	6	0/7
Ian-Michael Anthony	14	3	17	10	10	3	4	0/10
Bernadette Austrie*	4	1	5	2	3	1	0	0/4
Jerome Bardouille	14	3	17	10	6	0	2	0/19
Corinthia Carbon	14	3	17	10	7	2	3	0/14
Calvin Esprit**	14	2	16	8	6	1	1	1/15
Evadney Esprit	14	3	17	10	11	2	8	0/6
Linda Gonzalez-Peltier	14	3	17	10	14	3	10	0
Hannah Leblanc-Pierre	14	3	17	10	3	3	6	0/15
Bernard Nation	14	3	17	10	10	2	7	0/8
Priscilla Panthier*	4	1	5	2	3	1	2	0/1
McDowill Paul*	4	1	5	2	3	1	2	0/1
Clare Seraphin-Wallace**	14	2	16	8	7	1	1	0/15
Julie Shillingford-Durand	14	3	17	10	12	3	7	1/4
Kayan Toussaint	14	3	17	10	10	2	5	0/10

*** Elected at 2019 AGM**
**** Term Ended as at 2019 AGM**

Human Resource and Training

During the period under review, members of the Supervisory and Compliance Committee benefited from various training sessions and workshops organized by the Dominica Co-operative Societies League Ltd.

Policy and Procedures

The Internal Auditor regularly reported on internal control testing conducted on the operational policies and procedures of the Society with recommendations for improvements. New in 2019 was his Audit presented on Business Loans and Politically Exposed Persons (PEPS). The Supervisory and Compliance Committee continues to be particularly concerned over the level of adherence to the policies and procedures related to:

- Dormant accounts;
- Loan underwriting policies; and
- General cashing procedures.

Continuous training and increased awareness of the level of risk associated with non-adherence to the policies and procedures is crucial in ensuring that the Society continues to operate within the guidelines of the policies and procedures.

Risk Management

Risk presents itself in many forms to any and every business, the NCCUL being no different. During the period under review the S&CC had to ensure that all of the risk areas below were reviewed.

1. Strategic

The Management teams along with the Board of Directors are responsible for the strategic direction of the Society. A strategic work plan approved by the Board of Directors was in effect for the period January 1, 2017 to December 31, 2019. That work plan was the measuring tool to assess whether the objectives set for the Society were met within the stipulated time period. The S&CC can report that exact targets were not met, but within acceptable range due to the effects of Hurricane Maria. These strategic objectives are what kept us relevant with our marketing initiatives and to be competitive and innovative whilst minimizing our liability.

2. Compliance

Compliance continues to be at the forefront as it relates to the governance and regulation of the Society. Strategies had to be developed and policies amended to respond to changes in the regulatory environment. The Co-operative Societies Act No. 2 of 2011; the Co-operative Societies Regulations SRO 26 of 2001; the Anti-Money Laundering Act No. 8 of 2011; Anti-Money Regulations SRO 4 of 2013; Suppression of Financing of Terrorism Act No. 9 of 2011; Banking Act No. 16 of 2005; Financial Services Unit Act No. 18 of 2008 and the recent implementation of Foreign Accounts Tax Compliance Act (FATCA) must all be used to guide and govern the operations of the NCCUL. The Supervisory and Compliance Committee met with the Compliance Officer during the year to discuss his role and the overall compliance of the Society on all of the above regulations. Although there is still work to be done, the Committee was pleased with the regulatory compliance of the NCCUL during the year and we look forward to continue working with the Compliance Officer and his team in achieving all of the regulatory requirements.

3. Financial & Operational

Monthly financial analysis of the management financial reports were done by the Committee during the year with enquires on trends made to the Accountant. A review of the Society's schedule of insured assets was done to ensure insurance coverage was in effect and up to date.

Cash counts were conducted at all the Branches visited during the year with share to loan ratio tests to ensure that the requirement of Member Share Capital was met. In addition, the usual end-of-year cash count was undertaken in collaboration with the External Auditor.

The S&CC was represented on the Asset/Liability Management Committee (ALCO) to assess the investment opportunities for the NCCUL. During 2019 the Society made investments of $30 million in Treasury Bills, Fixed Deposits, Commercial Paper and ECHMB Bonds.

Our CU Online platform was launched in the last quarter of 2018 and has been well received by you our membership. We encourage you to continue to use our online platform as we must find innovative ways to conduct business during the ongoing Covid-19 pandemic.

Discussions were held with Management and Human Resources on operational matters of employee appraisals, training plan, succession planning, member engagement and the delivery of services.

4. Reputational

The reputation of the NCCUL whether from the perspective of internal or external is very critical to its integrity, longevity and success. During 2019, the S&CC spent many months investigating allegations which circulated via an email originating from "guerillamail" and WhatsApp. Files were reviewed and interviews conducted in order to satisfy ourselves as your elected officers and you the membership that our Society is being managed effectively.

Board of Directors' Evaluation Meetings

The Committee held meetings with the Board of Directors to evaluate its' performance pursuant to Section 69 of the Co-operative Societies Act No. 2 of 2011. These meetings afforded the opportunity to highlight issues and where necessary, seek clarifications. In some cases, and based on the discussions held, recommendations were made to the Board of Directors.

Some of the issues discussed included:

- Member engagement with products and services;
- The Society's financial performance and capital structure;
- Off-Site data storage as part of Risk Management;
- Employee appraisals, benefits and pay structures;
- Committee relationships.

Physical Plant

As at December 31, 2019 the Delices and Grand-Fond Branches remained closed, all the other NCCUL Branches and Sub-offices were operational, providing full services to the general membership.

Generally, the buildings are all in good structural standing despite space limitations at some.

A property was purchased at Pointe Michel for re-location of the La Salette Branch.

Looking Ahead

There is need for:

- Increased Member Share Capital;
- Reduction in the level of delinquency;
- Increased interaction with the membership and staff;
- Automation of loan application;
- Review and testing of disaster plan; and
- Continuous training in the areas of:
    - Compliance; and
    - Risk Management.

Conclusion

The Supervisory and Compliance Committee plays a major role in the governance of the Society with compliance and adherence to the internal policies and the regulatory requirements crucial to our longevity.

The ability of the Society to meet its objectives – both qualitative and quantitative – over the past year was dependent on a team of committed and dedicated employees and volunteers, a solid management structure and most importantly the confidence and loyalty of you, the membership.

The Committee would like to sincerely thank the Management and Staff, Directors of the Board, the Credit Committee and the general Membership for the support given during the year.

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EVADNEY ESPRIT (MS.)
CHAIRPERSON

For and on behalf of the Supervisory and Compliance Committee

Nominations Committee's Report

For the Year Ended December 31, 2019

The Nominations Committee was duly appointed by the Board of Directors in accordance with the Society's By-Laws 59(a) to propose members to serve on the Board of Directors, Supervisory and Compliance and Credit Committees and recommend one (1) member to fill each vacancy.

Announcements were placed in the media inviting members to nominate eligible and willing members to serve as volunteers on the various committees. The Committee conducted basic due diligence to determine whether the nominees are fit and proper to serve.

The Committee comprised the following persons:

- Ms. Sonia Williams - Chairperson
- Mr. Gerald Fregiste
- Mr. Bernard Nation
- Mr. George W. Maxwell
- Mr. Aylmer A. Irish

The Committee reviewed the requirement of the applicable legislation and By-Laws:

Co-operative Societies Act No. 2 of 2011, Section 53(4);

Financial Services Act No. 8 of 2008, Section 27; and

The Society's By-Laws No. 1 of 2012.

BOARD OF DIRECTORS

Four (4) persons are nominated to serve. One (1) person will serve up to the 2021 Annual General Meeting for the period not served by Director Charmaine Brumant (deceased).

Mr. Dexter Ducreay

- General Manager – A.C. Shillingford & Co.
- Current Treasurer, NCCU Board of Directors
- Previously served as President and Vice President of NCCU Board of Directors

Dr. Damien Dublin

- Dentist
- Current member, NCCU Board of Directors
- Previously served as Chairperson of the NCCU Credit Committee

Mr. Euan James

- Project Manager – Ministry of Finance, Investments, Housing and Lands
- Current member, NCCU Board of Directors

Mr. Shon Savarin

- Financial Management Officer with the World Bank Funded Emergency, Agricultural Livelihoods and Climate Resilience Project.
- Master's Degree in Corporate Finance

The other members nominated by the general membership who are willing to serve on the Board of Directors are:

- **Mr. Severin Mc Kenzie –** Architect
- **Mr. Joshua Francis –** Attorney-at-Law
- **Mr. Michael Augustine –** Teacher, Dominica Grammar School, Past President of NCCU
- **Mr. Terry Royer –** Police Officer, Government of Dominica
- **Mr. Yoland Jno Jules –** Community Activist
- **Mr. Julien Prevost –** Attorney-at-Law
- **Mr. Loftus Durand –** Electrician

SUPERVISORY AND COMPLIANCE COMMITTEE

Four (4) persons are nominated to serve. One (1) will serve up to 2021, the unexpired period of Mrs. Hannah Leblanc-Pierre who resigned.

Ms. Linda Gonzalez-Peltier

- Current member, NCCU Supervisory and Compliance Committee
- Previously served as Chairperson, NCCU Supervisory and Compliance Committee
- Employed at AID Bank as Application Support Analyst (MIS)

- Bachelor's Degree in Management Studies

Ms. Kayan Toussaint
- Attorney-at-Law
- Current member, NCCU Supervisory and Compliance Committee

Mr. Shannon Bedminister
- Budget Analyst, Ministry of Finance
- Master's Degree in Professional Accountancy
- Member of the Catholic Church Committee
- Member of Morne Prosper Disaster Emergency Group

Ms. Nadine Riviere
- Lecturer at Dominica State College
- Master's Degree in History
- Community Activist

The names of other members submitted by the membership who are willing to serve on the Supervisory and Compliance Committee are:

Ms. Nadette Williams - Teacher, Convent High School/ past Secretary of NCCU Supervisory and Compliance Committee and Credit Committee/BSc in Management Studies.

Ms. Andrea Dupigny - Senior Bank Officer at AID Bank / BSc in Business Management.

CREDIT COMMITTEE

Six (6) persons are nominated to serve. Two (2) will serve until 2021, the unexpired period of Mrs. Chekira Lockhart-Hypolite and Mr. Oscar Tyson George. One (1) will serve the unexpired period to 2022 as a result of the resignation of Ms. Sonia Felix.

Ms. Natasha Nation
- Teacher, Convent High School
- Current Secretary, NCCU Credit Committee

Ms. Isabella Prentice
- Teacher, Convent High School
- Current Member, NCCU Credit Committee

Mr. Mervin Anthony
- Customs Officer, Government of Dominica

Ms. Christelle Bardouille
- Accountant, D Treads Tyres Inc.
- Current Member, NCCU Credit Committee

Mr. Andre Cadette
- Financial Consultant
- Master's Degree in Finance

Ms. Lyn Delsol
- Web Developer at the ICT Unit of the Ministry of Public Works and Digital Economy
- BSc. Degree in Information Technology

The names of other members submitted by the membership who are willing to serve on the Credit Committee are:

Mrs. Kassandra Robert-Joseph
- Deputy Manager, Commonwealth Bank and Trust Ltd.
- BSc. in Accounting and Computer Information Systems

Mr. Dorian Harris
- Corporate Service Officer, Ministry of Finance
- BSc in Accounting and Economics

Signed:

S. Williams
....
Ms. Sonia Williams

....
Mr. Gerald Fregiste

....
Mr. Bernard Nation

....
Mr. George W. Maxwell

....
Mr. Aylmer A. Irish


"One big family"
National Co-operative


I AM A MEMBER, ARE YOU?

Notes

YOU ASKED FOR IT

IT'S HERE!

Sign Up Today

- CHECK YOUR BALANCES
- DO TRANSFERS
- OBTAIN YOUR TRANSACTION HISTORY
- OPEN NEW SUB-ACCOUNTS

AT YOUR CONVENIENCE

ONLINE
Services

National Co-operative Credit Union Ltd.

One Big Family

Roseau Branch/Head Office
P.O. Box 175, 31-37 Independence Street,
Roseau, Commonwealth of Dominica, W.I.
Tel: 255 2172

Vieille Case Branch
7021 Church Street, Vieille Case
Commonwealth of Dominica, W.I.
Tel: 255 2241

St. Paul Branch
Cnr of Main Rd & Campbell Rd.
Mahaut
Commonwealth of Dominica, W.I.
Tel: 255 2215

St. David's Branch
Riviere Cyrique
Commonwealth of Dominica W.I.
Tel: 255 2256

La Salette Branch
Pointe Michel
Commonwealth of Dominica, W.I.
Tel: 255 2228

Castle Bruce Branch
Glu-Glu, Castle Bruce
Commonwealth of Dominica, W.I.
Tel: 255 2264

La Plaine
Main Street, La Plaine
Commonwealth of Dominica, W.I.
Tel: 255 2275

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