

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED

2016 Annual Report



One Big Family

**Strengthening Families:
Paving the Way to Financial Prosperity**

A painting of St. Francis of Assisi, a man with a beard and brown hair, wearing a brown robe with a hood. He is looking upwards and to the right, with his hands raised in a gesture of prayer or blessing. A white dove is flying in the sky above him. The background is a soft, hazy landscape with green hills and a few flowers in the foreground.

Credit Union Prayer

Prayer of St. Francis of Assisi

**Lord, make me an instrument of Thy peace;
Where there is hatred, let me show Love;
Where there is injury, Pardon;
Where there is doubt, Faith;
Where there is despair, Hope;
Where there is darkness, Light;
Where there is sadness, Joy.**

**O 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.**

Table of Contents

page no .

Mission Statement	2
Standing Orders	3
Notice and Agenda	4
Board of Directors	5
Board of Directors' Report	6
Financial Highlights	19
Management	22
Staff	23
Treasurer's Report	24
 <u>FINANCIAL STATEMENTS:</u>	
• Auditor's Report	30
• Statement of Financial Position	32
• Statement of Income and Appropriation	33
• Statement of Changes in Equity	34
• Cash Flow Statement	35
• Notes to the Financial Statements	36
Credit Committee	68
Credit Committee Report	69
Supervisory and Compliance Committee	74
Supervisory and Compliance Committee Report	75
Nominations Committee Report	80

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

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

Our Co-operative Values

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

Our Values

- Δ Integrity
- Δ Professionalism
- Δ Loyalty
- Δ Innovation
- Δ Human Resource Development
- Δ Good Governance

STANDING ORDERS

1. a) A member shall stand when addressing the Chair.
b) Speeches are to be clear and relevant to the subject before the meeting.
2. 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.
3. No member shall address the meeting except through the Chairperson.
4. 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)
5. The mover of a “Procedural Motion” (Adjournment, Lay on the Table, Motion to Postpone) shall have no right of reply.
6. No speeches are to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” is to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”).
8. 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.
9. 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

Notice is hereby given that the
7th Annual General Meeting of the
National Co-operative Credit Union [NCCU] Limited
will be held on Sunday, June 11, 2017 at 3:00 P.M. at the
Goodwill Parish Hall, Goodwill, Commonwealth of Dominica,
to consider the following:

AGENDA

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 6th 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**



CHARMAINE BRUMANT
SECRETARY

For and on behalf of the Board of Directors

Board of Directors



(L-R): Gerald Fregiste (Treasurer), Josephine Dublin (President), Janice Roberts, Candia Carette-George, Wallace Williams, Kyril Paul, Vernice Bellony (Vice President), Charmaine Brumant (Secretary), Cecil Shillingford, Magdalene Bonitiff-Honore, Patrickson Albert



Board of Directors

For the year ended December 31, 2016

OVERVIEW

The Board of Directors, Management and Staff are extremely encouraged by the progress made by your Credit Union during the financial year January 1, to December 31, 2016. In a year marked by high liquidity and increasing demand in the sector to provide credit, the Credit Union continued on its growth path by achieving another milestone in June 2016 when Total Assets exceeded the half a billion dollar mark. As at December 31, 2016 assets increased from \$471,206,380 in the previous year to \$518,315,849. Other key areas of growth was in the membership by 3,118 partly as a result of the Transfer of Assets and Liabilities from the Castle Bruce Co-operative Credit Union and the Loans Portfolio which is the main source of revenue for the Society.

The Loans Portfolio also grew by \$21,062,066 or 6.02% a substantial increase over the growth experienced in the previous year.

...the Credit Union continued on its growth path by achieving another milestone in June 2016 when Total Assets exceeded the half a billion dollar mark.

MEMBERSHIP

The Society's members continued to be the reason for the existence of the Credit Union. As a result, assistance was provided to several members to obtain medical and other assistance both locally and overseas.

The Society's membership grew from 40,324 at the end of 2015 to 43,442 at the end of the year in review, an increase of 3,118 (7.73%).

The Member Share Capital grew to \$4,520,450 as at December 31, 2016 from \$4,070,800 at the end of December 2015. This reflected an increase of \$449,650 (11.05%). These figures are summed in Table 1.

Table 1 - MEMBER SHARE CAPITAL RATE OF GROWTH 2012 - 2016

	2016	2015	2014	2013	2012
Value of Shares	\$4,520,450	\$4,070,800	\$3,703,050	\$3,179,250	\$2,815,050
No. of Members	43,442	40,324	38,983	37,573	36,261
Rate of Growth in Shares	11.05%	9.93%	16.48%	12.94%	3.36%
Rate of Growth in Membership	7.73%	3.44%	3.75%	3.62%	3.11%



FINANCIAL PERFORMANCE

The Society's performance during the year was once again very strong, earning income for share holders despite the reduction in yield in some of its investments.

In 2016, the Society patronage refund was \$1,139,944 with all members who honored their loan commitment to the Society benefitting.

As shown in Table 2, the Total Assets increased to \$518,315,849 as at December 31, 2016 compared to \$471,206,380 at the end of December 2015. This represented an increase of \$47,109,469 (10.00%).

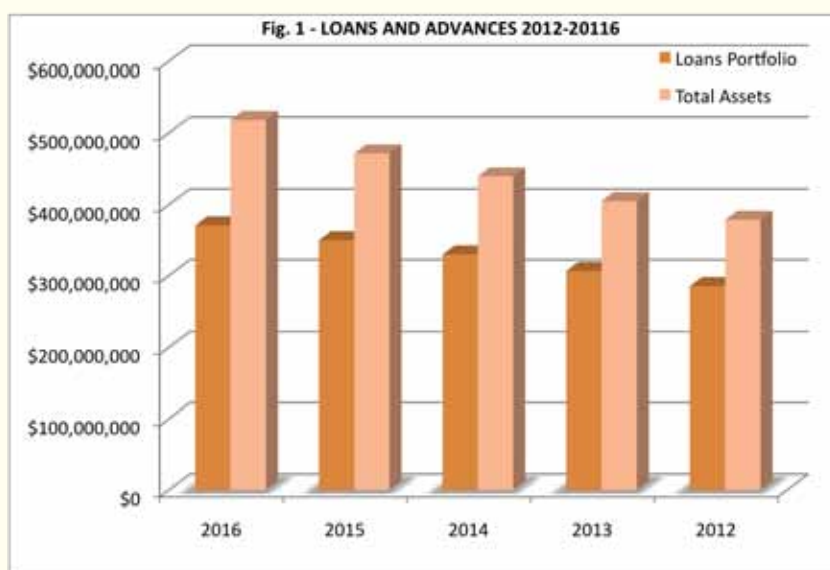
There was exponential growth in the liabilities as members gravitated towards the Society to save and deposit their cash resources. The Savings and Deposits grew by \$40,451,203.

LOANS AND ADVANCES

To more effectively manage the Society's liabilities, the rate on Savings Covered Loans was significantly reduced and a Special Savings/Deposit Loan facility was introduced.

Table 2 - LOANS AND ADVANCES VS TOTAL ASSETS (2012 - 2016)

YEARS	LOANS PORTFOLIO \$	TOTAL ASSETS \$
2016	370,901,814	518,315,849
2015	349,829,748	471,206,380
2014	329,847,792	438,800,102
2013	306,637,032	405,220,051
2012	285,223,345	378,666,650



LIQUIDITY MANAGEMENT

For the year under review, the Savings/Deposits showed increasing signs of growth affecting the amount of interest bearing liabilities held by the Society. The Society's liquidity position continues to be strong. The Savings/Deposits grew by \$40,451,203. A Special Savings/Deposit credit facility was established at a special rate of 5.99%.

Table 3 - CHANGES IN LIABILITIES - Dec. 2016 and Dec. 2015

INDICATORS	Dec. 31, 2016	Dec. 31, 2015	Increase/(Decrease)	
	\$	\$	\$	%
Savings/Ordinary Deposits	269,015,948	234,683,111	34,332,837	14.63
Fixed Deposits	139,879,748	135,785,208	4,094,540	9.02
Member Retirement Account	34,675,082	32,651,256	2,023,826	6.20
Other Liabilities	11,532,770	9,606,903	1,925,867	20.05
TOTAL	\$455,103,548	\$412,726,478	\$42,377,070	

Table 4 - LIABILITIES MIX - Dec. 2016 and Dec. 2015

CATEGORY	DEC. 2016		DEC. 2015	
	\$	%	\$	%
Saving/Ordinary Deposits	269,015,948	59.11	234,683,111	56.86
Fixed Deposits	139,879,748	30.74	135,785,208	32.90
Member Retirement Account	34,657,082	7.62	32,651,256	7.91
Other Liabilities	11,532,770	2.53	9,606,903	2.33
TOTAL	\$455,103,548		\$412,726,478	

MEMBERS' EQUITY

As at December 31, 2016, the Society's Total Equity stood at \$63,212,301, an increase of \$4,732,399 or 8.09%. This increase was propelled mainly by Retained Earnings, Statutory Reserves and Share Capital.

STATEMENT OF INCOME AND APPROPRIATION

For the year under review, the Interest Income

on loans grew to \$29,864,587 compared to \$28,337,804 in the previous year, an increase of \$1,526,783 or 5.39%.

Interest and Investment Income totaled \$33,073,561 for the year in review, exceeding that of the previous year, an increase of \$1,694,872 or 5.40%.

Table 5 - INCOME TRENDS 2012 - 2016

YEARS	GROSS INTEREST INCOME \$	RATE OF GROWTH %
2016	33,073,561	5.40%
2015	31,378,889	4.83%
2014	29,932,166	5.51%
2013	28,370,374	6.24%
2012	26,703,899	8.78%

OPERATING EXPENSES

Operating Cost for the year in review was \$12,542,086 compared to \$11,404,099 in the previous year. The increase was associated with the introduction of the Unified Model Salary Scales, Advertising, Publicity and Promotions, ATM Services and Expenses, Caribbean Credit Card Corporation and Bank Charges.

INTEREST EXPENSES

Interest Expenses were effectively managed in order to reduce the Society's cost. Despite the significant increase in the Savings/Deposits, the Interest Expense was \$11,421,103 compared to \$12,167,764 at December 31, 2015, a reduction of \$746,661 or 6.14%. This

reduction was as a result of your Board's proactive decision to reduce Savings/Deposits rates.

NET SURPLUS

We are pleased to report that your Society recorded a Net Surplus after appropriations of \$4,263,517 for the year ended December 31, 2016 compared to \$4,778,147 for the previous financial year, a decrease of \$514,630 or 10.77%.

Fig. 2 - INCOME TRENDS 2012 - 2016

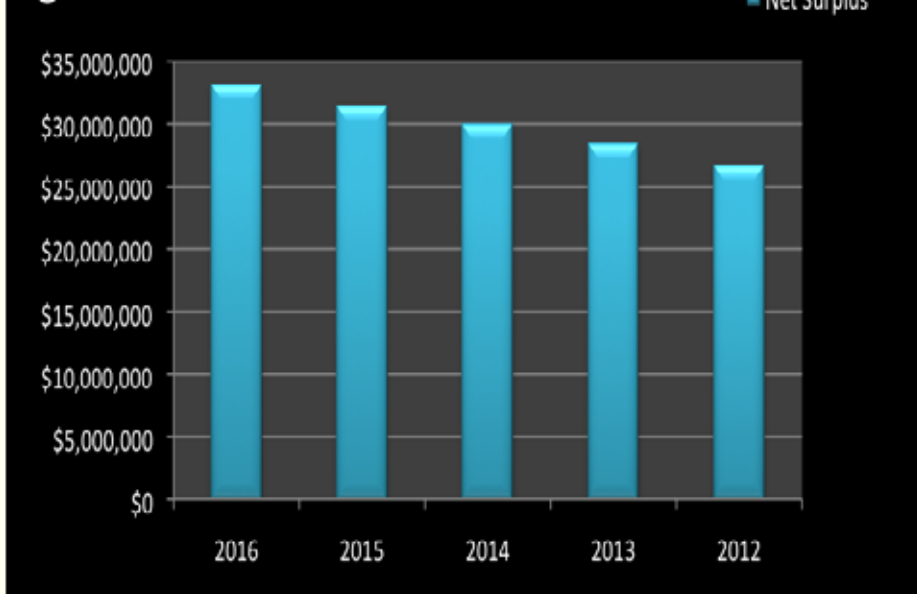
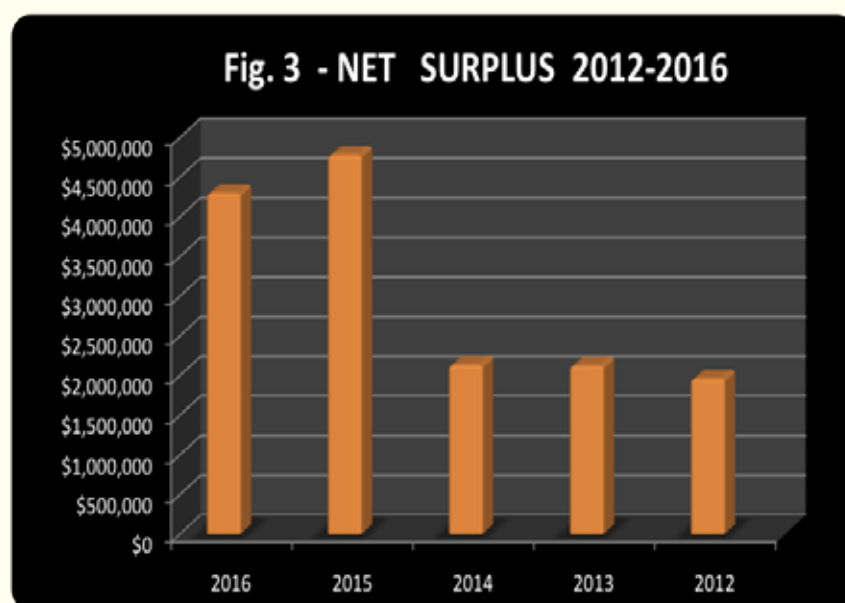


Table 6 - NET SURPLUS

2012-2016

YEARS	NET SURPLUS \$
2016	4,263,517
2015	4,778,147
2014	2,131,067
2013	2,127,672
2012	1,957,831



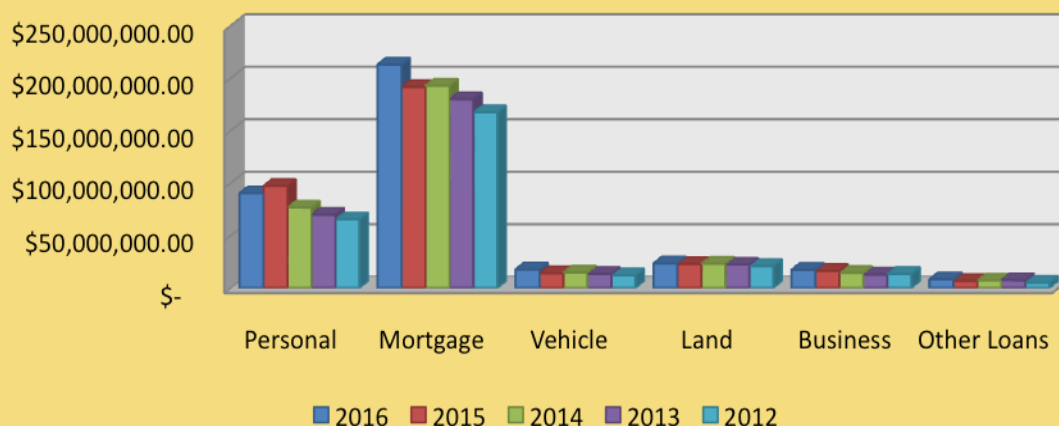
LOANS PORTFOLIO

The Loans Portfolio continued to grow. Unlike the previous year, the Society experienced growth in all sectors, except Personal Loans. The composition of the Loans Portfolio at the end of the year in review is shown in Table 7 and Figure 4 below:

Table 7 - Composition of the Loans Portfolio

LOAN CATEGORY	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Personal	90,511,297	97,367,285	76,852,688	70,029,292	65,540,979
Mortgage	213,111,931	191,707,710	192,976,387	179,983,871	167,627,689
Vehicle	17,891,385	14,145,363	14,876,126	13,580,700	12,213,033
Land	23,546,008	22,972,669	23,321,453	22,477,545	21,111,702
Business	17,444,451	16,440,108	14,543,092	13,007,082	13,590,229
Other Loans	8,396,742	6,898,613	7,278,046	7,558,542	5,139,713

Fig. 4 - FIVE YEARS 2012 - 2016 ANALYSIS OF COMPOSITION OF LOANS PORTFOLIO



PATRONAGE REFUNDS

During the year in review, your Board approved a patronage refund to members who met their loan commitments to the Society.

The amount returned to members on the basis of interest paid on loans in 2015 was \$1,139,944.

PHYSICAL PLANT

The renovation and extension of the Roseau Branch and Head Office was completed with the exception of snags which are being remedied.

With respect to the La Salette Branch office, work has commenced with the engagement of a Quantity Surveyor to prepare the Bills of Quantities.

DECEASED MEMBERS

Our sincerest condolences are extended to all members who lost loved ones during the year in review. May their souls rest in peace.

TRAINING & DEVELOPMENT

The Society exposed the staff and volunteers to various training programmes, both face-to-face and through social media.

Among the many topics covered were:

- ❖ Member Services Excellence
- ❖ Leadership Development
- ❖ Management and Administration of People
- ❖ Anti-Money Laundering
- ❖ Meeting the Requirements of FATCA
- ❖ Certified Mortgage Residential Underwriter Programme



2016 Scholars

- ❖ Transitioning to a Wellness Lifestyle
- ❖ Inspirational Leadership at Work

SCHOLARSHIPS

In the Society's quest to assist the children of members who were successful at the Grade Six National Assessment to attend secondary schools, eleven (11) scholarships were granted, maintaining a total of fifty-six (56) students directly benefiting from scholarships to attend secondary schools and three (3) partial scholarships were awarded to attend the Dominica State College. The total cost of providing scholarships was \$65,264.00.

CARIBBEAN CONFEDERATION OF CREDIT UNIONS (CCCU) ANNUAL CONVENTION & ANNUAL GENERAL MEETING

The Society was represented by thirteen (13) members of the Board of Directors, Committees and Staff at the 58th Annual International

Convention and 45th Annual General Meeting held in Orlando, Florida under the theme "*The Credit Union Difference: Vision in Action.*"

Participants benefitted from the many interesting and participative discussions and presentations on various topics including:

- Empowering Youths: Enhancing Leadership Skills and Mentoring.
- Best Practices for Attracting New Members.
- Understanding Mobile Banking and its Effects on Members.
- Cultivating a Successful Mindset.

OECS CREDIT UNIONS SUMMIT

The 14th Annual OECS Credit Unions Summit was convened in St. Vincent and the Grenadines in September 2016 under the theme "*Strengthening OECS Co-operation, Integration and Innovation.*"

The Summit was attended by twenty (20) members of the Board of Directors, Committees and Staff.

THE BOARD OF DIRECTORS

At the 7th Annual General Meeting held at the Castle Bruce Secondary School, Castle Bruce on Sunday, June 26, 2016, the following Directors were elected to serve for a three (3) year term:

- Mrs. Josephine Dublin
- Mr. Cecil Shillingford
- Mr. Ian Dorival
- Mr. Gerald Fregiste
- Mrs. Candia Carrette-George

Ms. Candia Joseph resigned effective October 25, 2016 and Mrs. Singoalla Blomqvist-

Williams was co-opted on December 28, 2016 to fill that vacancy.

SOCIAL RESPONSIBILITY & COMMUNITY INVOLVEMENT

The Society participated in Carnival activities in 2016 by sponsoring a float and emerged the first prize winner.

Members and their families were invited to the Annual Family Fun Day activities held in August at the Botanic Gardens. The NCCU emerged overall winner for the second consecutive year.

A number of educational activities were undertaken including:

- Small Business Development Seminars:

Table 8 - MEETINGS ATTENDANCE RECORD Jan. 2016 – Dec. 2016

DIRECTORS	MONTHLY B.O.D. MEETINGS			SPECIAL B.O.D. MEETINGS			JOINT COMMITTEE MEETINGS		
	Total Called	Meetings Attended	Excused	Total Called	Meetings Attended	Excused	Total Called	Meetings Attended	Excused
Josephine Dublin - President	06	06	00	00	00	00	02	01	01
Vernice Bellony - Vice President	12	12	00	01	01	00	04	02	02
Charmaine Brumant- Secretary	12	11	01	01	01	00	04	04	00
Ian Dorival -Treasurer	06	06	00	00	00	00	02	02	00
Magdalene Bontiff-Honore	12	10	02	01	00	01	04	01	03
Kyra Paul	12	09	03	01	01	00	04	03	01
Patrickson Albert	12	11	01	01	01	00	04	03	01
Janice Roberts	12	10	02	01	01	00	04	03	01
Wallace Williams	12	10	02	01	01	00	04	04	00
Candia Joseph *	10	09	01	01	01	00	03	03	00
Cecil Shillingford	06	02	04	00	00	00	02	02	00
Candia Carrette-George	06	02	04	00	00	00	02	02	00
Gerald Fregiste	06	06	00	00	00	00	02	02	00

* Resigned effective October 25, 2016.

- Managing a Small Business
- Procurement for Small Businesses
- The Society continued to initiate and implement programmes aimed at educating the young persons of our communities by organizing a Financial Literacy Seminar for 135 secondary school students.

Your Board continued in its efforts to assist members experiencing medical challenges by introducing a Special Medical Loan up to a maximum of \$25,000 at a concessionary interest rate.

The total value of donations granted to members, organizations and individuals was \$106,007.

Alternative energy loans at extremely low concessionary rates was introduced to encourage the use of more environmental energy equipment.

CADENCE LYP SO SHOW

The operations of the Cadence Lypso Show was extensively reviewed to determine and quantify the benefits of this product to the Society. It was evident that the Show has become an important part of the national calendar.



NCCU Float - Mas Domnik 2016 Business Advertising Float Winner



Anton Joseph, 2016 NCCU Cadence Monarch



Ti Orkest 2016 NCCU Cadence Band Champ



Family Fun Day



NCCU President sashes Jade Romain as Miss NCCU



Staff Donation for Haiti after Hurricane Matthew



Donation to the Junior Achievement Dominica Inc



Donation to the Youth on Missions Dance Group of Trafalgar



Donation to the Newtown Bwa Bwa Academy



Donation towards centenarian's celebrations



Donation of a hamper to the Grotto Home (Credit Union Week)

FUTURE OUTLOOK

The introduction of the International Financial Reporting Standard - IFRS 9 in 2018, when the Society is required to determine expected loan losses, will certainly affect the provisioning and impact the expenses and by extension the reported surplus.

As was done during this year when the Assets and Liabilities of the Castle Bruce Credit Union was transferred to NCCU Ltd., during the ensuing year 2017, the South Eastern Co-operative Credit Union will become a Branch of the NCCU Ltd. with the formal Transfer of Assets and Liabilities.

The improvement in the delivery of services to members is a major part of the three (3) years Strategic Plan approved by the Board of Directors. Work has commenced on identifying an appropriate software which will provide members with access to online services.

Recognizing the importance of the staff in the development of the Society, your Board commenced a series of meetings to visit the Branches to meet with all staff. This initiative will continue in the new year.

The Society's performance is expected to continue as relationships with the members are improved by the increase in outreach to members and provision of innovative products and services.

ACKNOWLEDGEMENT

The Board of Directors wishes to record its gratitude and appreciation to Management and Staff for their continued support and facilitation during the year under review.

Appreciation is extended to the Supervisory and Compliance and Credit Committees for their unwavering commitment in providing support to ensure that the work of the Society continued.

Our thanks are also extended to the many organizations and other stakeholders who have facilitated the work of the Society including the Dominica Co-operative Societies League, sister Credit Unions the Financial Services Unit and Corp-EFF.

To you our most valuable members, our institution's exemplary and strong performance is as a result of your continuous loyal patronage and commitment to grow your Society. To you, we say thank you and keep up that spirit.

This institution's continued success is dependent on the participation of all members. Let us, therefore, continue to save wisely and repay loans as per contract to ensure the survival of this our most cherished institution.



JOSEPHINE DUBLIN
PRESIDENT

For and on behalf of The Board of Directors

FINANCIAL HIGHLIGHTS

For the Year Ended Dec. 31, 2012 to Dec. 31, 2016

Statement of Financial Position	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and Bank Balances	37,879	19,854	12,549	9,041	9,776
Investment Held to Maturity & Available for Sale	65,091	58,460	58,489	57,411	52,615
Originated Loans (Net)	351,991	334,052	315,032	293,633	273,162
Property, Plant and Equipment	35,913	33,597	28,879	23,830	22,373
Other Assets/Shares	8,252	6,909	6,129	6,032	6,499
Statutory Reserves	<u>19,191</u>	<u>18,335</u>	<u>17,723</u>	<u>18,638</u>	<u>18,007</u>
	<u>518,316</u>	<u>471,206</u>	<u>438,801</u>	<u>408,585</u>	<u>382,432</u>
LIABILITIES					
Savings/Ordinary Deposits	269,016	234,683	217,180	199,406	192,331
Term Deposits	139,880	135,785	132,400	125,161	112,309
Member Retirement Account	34,675	32,651	29,532	27,753	27,101
Other	<u>11,533</u>	<u>9,607</u>	<u>7,358</u>	<u>6,858</u>	<u>6,273</u>
	<u>455,104</u>	<u>412,726</u>	<u>386,470</u>	<u>359,178</u>	<u>336,014</u>
EQUITY					
Share Capital	4,520	4,071	3,703	3,179	2,815
Statutory Reserve	17,760	16,523	15,292	14,738	14,186
Other Reserves	15,534	15,091	15,082	11,290	11,100
Retained Surplus	<u>25,398</u>	<u>22,795</u>	<u>18,252</u>	<u>16,435</u>	<u>14,552</u>
	<u>63,212</u>	<u>58,480</u>	<u>52,329</u>	<u>45,642</u>	<u>42,653</u>

FINANCIAL HIGHLIGHTS *cont'd*

For the Year Ended Dec. 31, 2012 to Dec. 31, 2016

Statement of Income and Appropriations	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest Income	33,074	31,378	29,932	28,370	26,704
Interest Expense	(11,421)	(12,162)	(12,773)	(12,109)	(11,555)
Net Interest Income & Investment Income	21,653	19,216	17,160	16,261	15,159
Other Income	1,210	1,198	998	1,013	1,045
Operating Income	22,863	20,414	18,158	17,274	16,194
Other Operating Costs	12,542	11,404	11,157	10,611	(10,600)
Net Operating Income	10,321	9,010	7,001	6,663	5,594
Other Expenses	4,940	2,962	4,304	3,970	(3,636)
Surplus before Other Comprehensive Income	5,380	6,048	2,697	2,693	1,958

Financial Statistics in Percentage	2016	2015	2014	2013	2012
	%	%	%	%	%
Asset Growth	10.00	7.39	7.93	6.83	6.60
Loans and Advances Growth (Net)	5.37	6.04	7.29	7.51	10.00
Savings and Deposit Growth	14.63	8.06	8.81	4.77	3.63
Fixed Deposits Growth	3.02	2.49	5.78	11.44	9.69
Member Retirement Account Growth	6.20	9.55	6.41	2.40	6.01



St. Luke Primary students find out about NCCU and saving



DGS student receives a gift at Financial Literacy Seminar



Fair at Dominica State College



Staff and member chat on NCCU services



Parental session for residents of Vieille Case and environs



Financial Literacy Seminar for high school students



VALDA SWEENEY
Branch Manager - La Salette



COLEEN BERNABE
Branch Manager - Roseau



MARIA ETIENNE PASCAL
Branch Manager - St. Paul



AYLMER A. IRISH
- Chief Executive Officer



JULIANA CUFFY
Administrative Officer - St David's



JACQUELINE ROBERTS
Administrative Officer - Castle Bruce



THERESA ROYER
Branch Manager - Vieille Case

Staff



Head Office Staff



Member Services Department Staff - Roseau Branch



Loans Department Staff - Roseau Branch

La Salette Branch



Castle Bruce Branch



St. David's Branch



Vieille Case Branch



St. Paul Branch



Treasurer

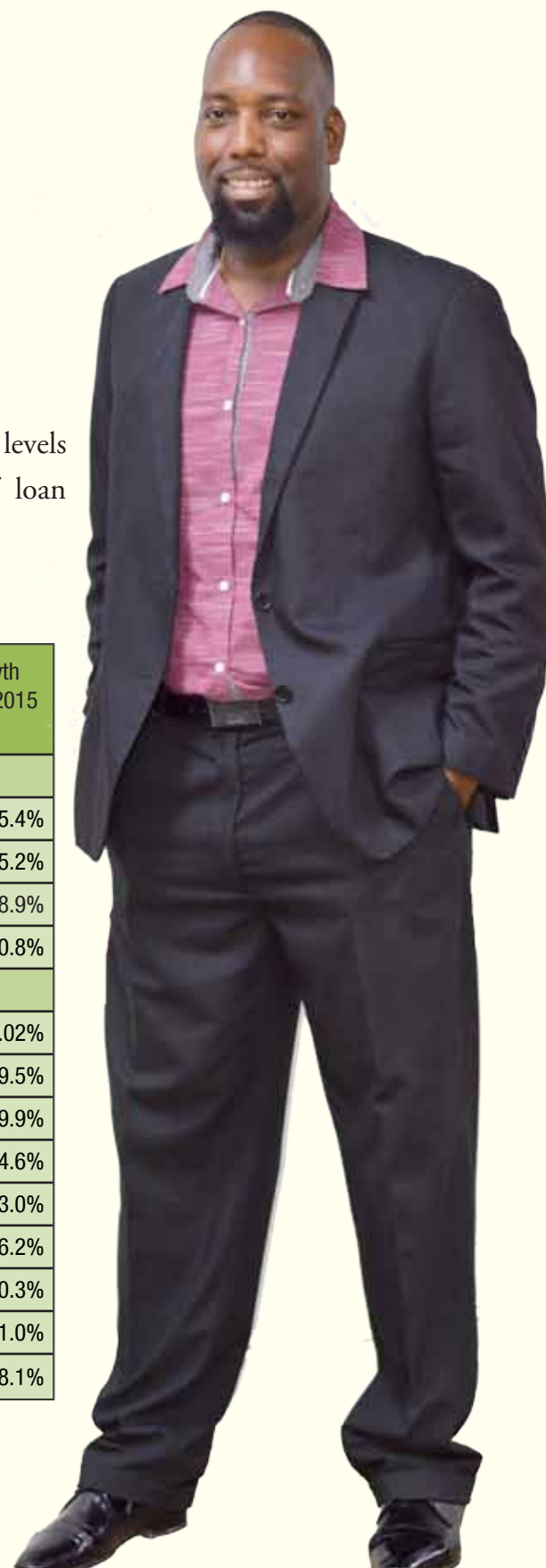
For the year ended December 31, 2016

OVERVIEW

The financial year 2016 was a challenging one because of the high levels of liquidity, increasing requests by members for deferment of loan installments and increasing non-performing loans.

Table 1 - Breakdown of the Financial Highlights

Year ended December 31	2016 \$	2015 \$	Increase/Decrease 2016-2015 \$	Growth 2016-2015 %
Operating Results				
Interest Income	29,864,587	28,337,804	1,526,783	5.4%
Gross Income	34,283,233	32,576,396	1,706,837	5.2%
Total Expenses	28,902,798	26,528,108	2,374,690	8.9%
Net Surplus	4,263,517	4,778,147	514,630	10.8%
Financial Position				
Loans to members	370,901,814	349,839,748	21,062,067	6.02%
Investments	84,431,346	77,109,470	7,321,876	9.5%
Total Assets	518,315,849	471,206,380	47,109,469	9.9%
Savings and Deposits	269,015,948	234,683,111	34,332,837	14.6%
Term Deposits	139,879,748	135,785,209	4,094,539	3.0%
Member Ret. Account	34,675,082	32,651,256	2,023,826	6.2%
Total Liabilities	455,103,548	412,726,478	42,377,070	10.3%
Member Capital	4,520,450	4,070,800	449,650	11.0%
Members Equity	63,212,301	58,478,902	4,733,399	8.1%



FINANCIAL PERFORMANCE

Gross Revenue

The Society recorded an increasing trend in gross revenue over the five years period 2011 to 2016 (See graph 1.1).

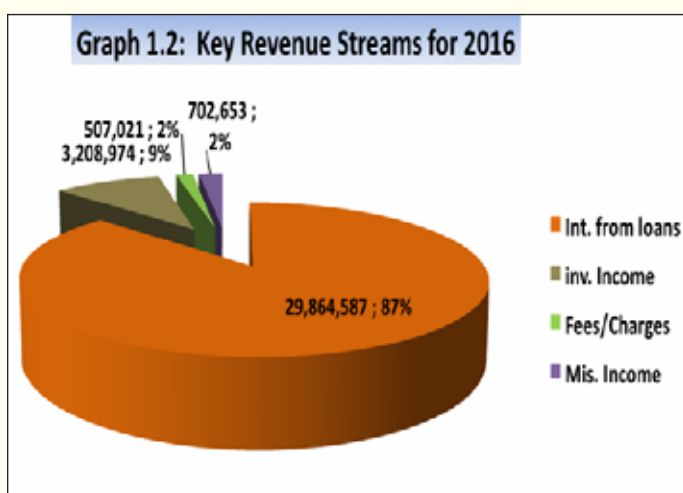
Total Revenue for the year 2016 amounted to thirty-four million, two hundred and eighty-three thousand and two hundred and thirty-three dollars (**\$34,283,233**) moving from thirty-two million, five hundred and seventy-six thousand and three hundred and ninety-six dollars (**\$32,576,396**) in year 2015. This constitutes a net value increase of one million seven hundred and six thousand, eight hundred and thirty-seven dollars (**\$1,706,837**) or 5.24% as compared to year 2015.

The major sources of revenue were from interest from loans of **\$29,864,587** (see Graph 1.2)

and interest from Fixed Deposits of **\$2,832,315** followed by Professional Services of **\$514,012**.

Interest Income

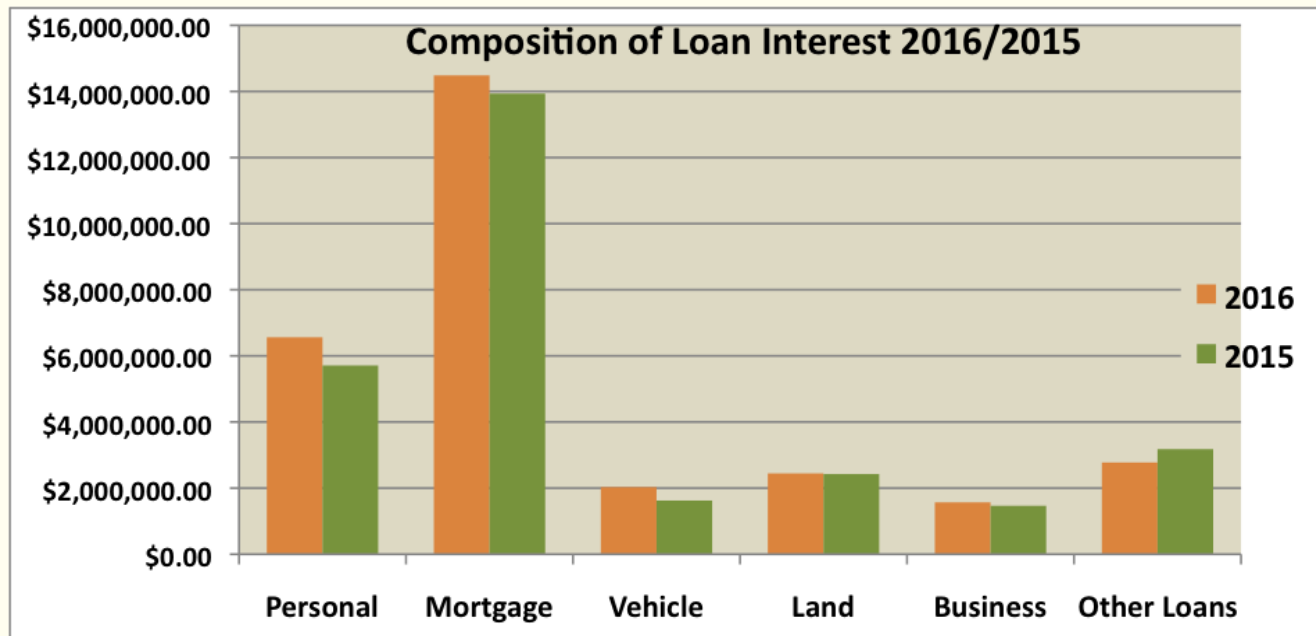
The interest earned from loans was **\$29,864,587** which was one million five hundred and twenty-six thousand, seven hundred and eighty-three dollars (**\$1,526,783**) or 5.4% growth in this category of income compared to the previous year.



Graph 1.1: Revenue Trends 2011-2015



Graph 1.3: Composition of Loan Interest Income by Sector for Year 2016/2015:



Expenses

Total Expenditure for the year 2016 amounted to twenty-eight million, nine hundred and two thousand and seven hundred and ninety-eight dollars (**\$28,902,798**) as compared to the same period last year when we recorded twenty-six million, five hundred and twenty-eight Thousand, one hundred and eight dollars (**\$26,528,108**). This constitutes a net value increase of two million, three hundred and seventy four thousand, six hundred ninety dollars (**\$2,374,690**) or (**8.9%**) when compared to figures for the same period.

The **8.9%** increase was primarily recorded in three expense categories namely:

- ❖ Provision for Loan Impairment with the most significant variation of **\$1,450,000 (87.9%)** due to the

increased uncertainty of members meeting their monthly loans commitments.

- ❖ Operating Cost which increased by **\$1,137,987 (9.9%)** due to payment of the new modified salary scale and retroactive payment to members of staff.
- ❖ Depreciation charges by **\$554,173 (44%)** due to the completion of the extension of the Roseau Branch building.

Net Surplus

The Society continued its exceptional performance for the year 2016.

Notwithstanding a very competitive operating environment, the Net Surplus after appropriation was 4.2 million dollars.

	2016	2015	2014	2013	2012	2011
Net Surplus	\$4,263,517	\$4,778,147	\$2,131,067	\$2,127,672	\$1,546,687	\$1,089,913

FINANCIAL POSITION

Assets

The NCCU reports over half a billion in Assets showing a growth of **10%** (**\$47,109,469**) when compared with last year December 2015 figures of four hundred and seventy-one million, two hundred and six thousand and three hundred and eighty dollars (**\$471,206,380**).

Liability

Liabilities have grown to four hundred and fifty-five million, one hundred and three thousand, five hundred and forty-eight dollars (**\$455,103,548**) showing a **10.3%** (**\$42,377,070**) increase over financial year 2015.

The dollar value increases in Members Savings/Deposits

(**\$34,332,837**), Fixed Deposits (**\$4,094,539**) and the Members Retirement Account (**\$2,023,826**) signifies the continued faith that members have in their Society.

Equity

An increase in Members' Equity of 4.7 million (**8.1%**) was recorded, when compared to the same period last year. (See Graph 2.3 below re Financial Position).

Graph 2.3: Financial Position:



CONCLUSION AND ACKNOWLEDGMENT

Although the growth pattern is expected to continue, it is anticipated that the efforts aimed at redirecting delinquency will be increased. The focus will be on the management of the Society's resources to bring reasonable returns on low risk investments.

The impact of the introduction of the IFRS 9 in 2018 is still being assessed in the interim; however, the provisions for impaired assets was increased.

My sincerest thanks to Management for the efficient day to day management of the Society.

I wish to thank the Board of Directors, Supervisory and Compliance and Credit

Committees for the support and kind assistance during the year.

To you the members, without your patronage, the year would not have been a tremendous success. I therefore, urge you to continue supporting your own financial institution.



GERALD FREGISTE
TREASURER

For and behalf of the Board of Directors



Member Appreciation Day health check



Press Conference for announcing the \$1M Rebate



Member Appreciation



Winners of the Christmas Loans Promotion



Business Seminars



Winner of a NCCU Cadence Lyppo ticket

INDEPENDENT AUDITOR'S REPORT

To the Members
National Co-operative Credit Union Limited
Roseau
COMMONWEALTH OF DOMINICA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Co-operative Credit Union Limited, which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 present fairly, in all material respects, the financial position of the Society as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 ethical requirements that are relevant to our audit of the financial statements in Dominica, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard

Responsibilities of management *and the board of directors* for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 cease operations, or has no realistic alternative but to do so.

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

Moreau & Co

MOREAU & CO


ROSEAU

COMMONWALTH OF DOMINICA

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016


	Notes	2016 EC\$	2015 EC\$
ASSETS			
Cash and bank balances	4	37,878,539	19,854,407
Statutory reserve deposit	5	19,190,855	18,335,469
Shares at Dominica Co-operative Societies League	6	149,210	131,285
Investment securities: held to maturity	8	57,735,010	53,180,016
available-for-sale	9	7,356,271	5,279,673
Originated loans	10	351,990,952	334,051,550
Related company account	7	----	183,027
Other assets	11	8,102,253	6,591,755
Property, Plant and Equipment	13	35,912,562	33,596,627
Leasehold Improvement	12	197	2,571
TOTAL ASSETS		<u>518,315,849</u>	<u>471,206,380</u>
LIABILITIES			
Members' savings/ordinary deposits	14	269,015,948	234,683,111
Term deposits	15	139,879,748	135,785,208
Accounts payable and provisions	18	4,882,397	3,204,770
Member Retirement Account	16	34,675,082	32,651,256
European Union Grant	17	21,415	21,317
Accrued Interest Payable	19	6,628,958	6,380,816
TOTAL LIABILITIES		<u>455,103,548</u>	<u>412,726,478</u>
MEMBERS' EQUITY			
Share capital	33	4,520,450	4,070,800
Statutory reserve (guarantee fund)	20	17,759,706	16,523,298
Education fund	21	335,650	332,637
Loan Protection fund	22	1,033,669	1,033,669
Capital Reserve		461,196	461,196
Capital Contribution	25	4,799,054	4,777,817
Revaluation Surplus	24	8,450,532	8,103,470
Fair Value Reserve		305,253	305,253
Development Fund	23	148,581	76,803
Retained Surplus		25,398,210	22,794,959
TOTAL MEMBERS' EQUITY		<u>63,212,301</u>	<u>58,479,902</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>518,315,849</u>	<u>471,206,380</u>

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



PRESIDENT

SIGN ON BEHALF OF THE BOARD



TREASURER

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF INCOME AND APPROPRIATION
FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTES	2016 EC\$	2015 EC\$
Interest and Investment Income	26	33,073,561	31,378,689
Interest Expense	26	<u>(11,421,103)</u>	<u>(12,161,764)</u>
Net Interest Income		21,652,458	19,216,925
Other Income	27	<u>1,209,671</u>	<u>1,197,707</u>
Operating Income		22,862,129	20,414,632
Operating Costs	28	(12,542,086)	(11,404,099)
Provision for loan impairment		(3,100,000)	(1,650,000)
Loan protection fund		----	(60,000)
Education Fund		(20,323)	----
Development Fund		(12,869)	----
Depreciation		(1,804,043)	(1,249,870)
Leasehold/amortisation		<u>(2,374)</u>	<u>(2,375)</u>
Surplus before the other comprehensive income		5,380,434	6,048,288
Other Comprehensive income			
Entrance fees		16,424	----
Fair value gain on investments		----	14,033
Total comprehensive income before appropriation		<u>5,396,858</u>	<u>6,062,321</u>
Appropriation: Surplus before comprehensive income			
Transfer to statutory reserve		(1,079,372)	(1,209,658)
Transfer to education fund		----	----
Transfer to development fund		(53,969)	(60,483)
Transfer to fair value reserve		<u>----</u>	<u>(14,033)</u>
NET SURPLUS AFTER APPROPRIATION		<u><u>4,263,517</u></u>	<u><u>4,778,147</u></u>

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

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Member Share	Statutory Reserve	Education Fund	Development Fund	Revaluation Surplus	Capital Reserve	Capital Contribution	Loan Protection Fund	Fair Value Reserve	Retained Surplus	Total
	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$
Balance - 31-12-14	3,703,050	15,292,030	354,721	36,017	8,103,470	461,196	4,777,477	1,057,802	291,220	18,251,624	52,328,607
Appropriation	---	1,209,658	---	60,483	---	---	---	---	---	---	1,270,141
Transfers	---	---	---	---	---	---	---	60,000	---	---	60,000
Net Surplus	---	---	---	---	---	---	---	---	---	4,778,147	4,778,147
Payments	---	---	(22,084)	(19,697)	---	---	---	(84,133)	---	---	(125,914)
Fair value gain on investment	---	---	---	---	---	---	---	---	14,033	---	14,033
Receipts	367,750	---	---	---	---	---	340	---	---	---	368,090
Entrance Fee	---	21,610	---	---	---	---	---	---	---	---	21,610
Adjustments	---	---	---	---	---	---	---	---	---	3,497	3,497
Dividend	---	---	---	---	---	---	---	---	---	(238,309)	(238,309)
Balance - 31-12-15	4,070,800	16,523,298	332,637	76,803	8,103,470	461,196	4,777,817	1,033,669	305,253	22,794,959	58,479,902
Balance - 31-12-15	4,070,800	16,523,298	332,637	76,803	8,103,470	461,196	4,777,817	1,033,669	305,253	22,794,959	58,479,902
Appropriation	---	1,079,372	---	53,969	---	---	---	---	---	---	1,133,341
Transfers - Castle Bruce Credit Union	102,250	140,612	23,336	30,678	347,062	---	21,627	---	---	(106,550)	559,015
Payments	---	---	(20,323)	(12,869)	---	---	(700)	---	---	33,192	(700)
Rebate 2015	---	---	---	---	---	---	---	---	---	(1,139,944)	(1,139,944)
Receipts	347,400	---	---	---	---	---	310	---	---	---	347,710
Entrance Fee	---	16,424	---	---	---	---	---	---	---	(16,424)	---
Net surplus	---	---	---	---	---	---	---	---	---	4,263,517	4,263,517
Adjustments	---	---	---	---	---	---	---	---	---	23,925	23,925
Write back - Cadence Lypso receivable	---	---	---	---	---	---	---	---	---	(183,027)	(183,027)
Dividend	---	---	---	---	---	---	---	---	---	(271,438)	(271,438)
Balance - 31-12-16	4,520,450	17,759,706	335,650	148,581	8,450,532	461,196	4,799,054	1,033,669	305,253	25,398,210	63,212,301

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



NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016

Notes	2016 ECS	2015 ECS
Cash flows from operating activities		
Surplus before appropriation	5,396,858	6,048,288
Adjustment for:		
Depreciation	1,804,043	1,249,870
Write back Cadence Lypso Recievable	(183,027)	----
Loan Protection Fund	----	60,000
Leasehold Amortization	2,374	2,375
Write back interest	23,925	3,497
Cash flow before changes in operating assets and liabilities	7,044,173	7,364,030
Increase in statutory reserve deposit	(855,386)	(612,834)
(Increase) / Decrease in originated loans	(17,939,402)	(19,019,894)
(Increase) / Decrease in other assets	(1,510,498)	(768,759)
Increase in members' savings/demand deposits	34,332,837	17,503,125
Increase in term deposits	4,094,540	3,385,362
Increase in Members' retirement account	2,023,826	3,118,736
Increase in subsidiary company account	183,027	(13,562)
Increase in Dominica Societies Co-operative League Shares	(17,925)	----
European Union Grant	98	----
Increase / (Decrease) in accounts payable and provisions	1,677,627	1,480,537
Increase (Decrease) in accrued interest payable	248,142	767,223
Net cash from operating activities	29,281,059	13,203,964
Cash flow from investing activities		
Purchase of fixed assets	(4,119,978)	(5,967,584)
Purchase of investment securities: held to maturity	(4,554,994)	346,192
Purchase of investment securities: available for sale	(2,076,598)	(302,475)
Net cash from investing activities	(10,751,570)	(5,923,867)
Cash flows from financing activities		
Rebate	(1,139,944)	----
Share capital	449,650	367,750
Dividend paid	(271,438)	(238,309)
Transfers	435,138	----
Payments from funds	----	(125,914)
Entrance fee	----	21,610
Capital contribution	21,237	340
Net cash from financing activities	(505,357)	25,477
Net cash flows	18,024,132	7,305,574
Cash and cash equivalent - Beginning of year	19,854,407	12,548,833
Cash and cash equivalent - end of year	37,878,539	19,854,407

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

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

The National Co-operative Credit Union Limited (NCCU) was registered under the Co-operatives Societies Act No. 2 of 2011 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 and Riviere Cyrique and Vielle Case with Sub-Branches at Penville, Paix Bouche, Castle Bruce and Thibaud in the Commonwealth of Dominica.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied as at the year presented unless otherwise stated.

(a) Basis of Preparation

These financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings and of certain available-for-sale financial assets. The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....cont'd

(b) Summary of IFRS pronouncements effective 2015

The following is a summary of IFRS for pronouncements that must be applied, if applicable in 2015 a business entity with a calendar year-end that is preparing financial statements in accordance with IFRS. The pronouncements are effective for years beginning on or after January 1, 2015:

- Defined Benefit Plans: Employee Contribution (Amendments to IAS 19).
- Annual Improvements to IFRS 2010 – 2012 cycle
- Annual Improvements to IFRS 2011 – 2013 cycle
- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interest in Joint Operations (Amendments of IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in separate financial statements (Amendments to IAS 27)
- Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual improvements to IFRS 2012 – 2014 cycle – various standards)

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....cont'd

(c) Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purpose of the Cash Flow Statement, cash and cash equivalents comprise balances with less than three months' (90 days) maturity from the date of acquisition including: non-restricted cash and current account balances at commercial banks, deposits with non-banking financial institutions, and other short-term securities.

(d) Financial Instruments

The Society initially recognizes loans and loan advances, deposits and loans payable on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date, that is, the date the Society becomes a party to the contractual provision of the instrument.

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are initially measured at a cost being their fair value plus transaction costs that are directly attributable to its acquisition or issue.

Financial Assets

A financial asset is any asset that is cash; an equity instrument of another entity; a contractual right to receive cash or another financial asset from another entity, or to exchange financial asset or financial liabilities with another entity under conditions that are potentially favorable to the entity; or a contract that will or may be settled in the entity's own equity instruments.

The Credit Union classifies its financial assets in the following categories:

Originated loans; Held-to-Maturity Investments; and Available-for-Sale Investments. Management determines the classification of its investments at initial recognition and re-evaluates the designation at every reporting date.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES....cont'd

(d) Financial Instruments....Cont'd

Originated loans

All member loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as loans and receivables.

Member loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred.

Member loans are subsequently measured at amortized cost, using the effective interest rate method, less any impairment (losses).

Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans plus accrued interest. Interest is accounted for on the accrual basis for all loans.

If there is objective evidence that an impairment loss on member loans carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the loans carrying amount and the present value of expected cash flows discounted at the loans original effective interest rate, short-term balances are not discounted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective for a group of financial assets with similar credit risk characteristics are estimated based on historical loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in net income.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES....cont'd

(d) Financial Instruments....Cont'd

Bad Debts Written Off

Bad debts are written off from time to time as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provisions for impairment, if a provision for impairment had previously been recognized. If no provision had been recognized, the write offs are recognized as expenses in net income.

Investment Securities

Investment securities are classified as held-to-maturity and available for sale.

Held to Maturity

Held to maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that the Society's management has the positive intention and ability to hold to maturity.

Held to maturity investments are initially recognized at fair value including direct and incremental transaction cost and are measured subsequently at amortized cost, using the effective interest rate method. Interest on held to maturity investments is included in the Statement of Comprehensive Income.

In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognized in the Statement of Comprehensive Income.

Were the Credit Union to sell other than an insignificant amount of held to maturity assets, the entire category would be tainted and reclassified as available for sale.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES....cont'd

(d) Financial Instruments....Cont'd

Available for sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, or; are investments not classified as loans, held to maturity investments, or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value, with gains and losses being recognized in the Statement of Comprehensive Income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized.

Unrealized gain or losses in available for sale investments are recognized directly in the fair value reserve in equity and reported under Other Comprehensive income.

Impairment of Financial Assets

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortized cost is calculated as the difference between the assets carrying amount and the present value of the expected future cash flows discounted at the financial instrument original interest rate. By comparison, the recoverable amounts of an instrument measured at a fair value are the present value of expected cash flows discounted at the current market rate of interest for similar financial asset. Interest earned whilst holding investment securities is reported as interest income.

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments.....cont'd

Impairment of Financial Assets

The Society assesses at the end of each reporting period whether there is any objective evidence that financial asset or group of financial assets measured is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Society uses to determine that there is objective evidence of an impairment loss include:

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

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments....cont'd

Impairment of Financial Assets (cont'd)

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

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

If there is objective evidence that an impairment loss on Loans and receivables or Held-to-Maturity Investments at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments.....cont'd

Financial Liabilities

The Society's financial liabilities include members' savings and deposits, fixed deposits, Member Retirement Account and other liabilities. The Credit Union determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans payable, net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. The EIR amortization, if any, is included in the statement of comprehensive income. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(e) Foreign Exchange Transaction and Transaction

Foreign exchange transactions during the year are converted at rates prevailing on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies as at the year-end are translated into Eastern Caribbean Dollars as at that date.

All amounts stated in these financial statements are expressed in Eastern Caribbean Dollars, which is the functional and presentation currency of the Commonwealth of Dominica. (US\$=EC\$2.67)

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment in Subsidiary

The investment in the subsidiary is accounted for by the cost method whereby the investment is initially recorded at cost and income from the investment is recognized to the extent that it arises from distribution of accumulated profits arising after the date of acquisition.

(g) Impairment of Non-Financial assets

Non- financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Impairment charges are included in net income, except to the extent they reverse gains previously recognized in other comprehensive income.

(h) Property 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.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property and equipment....cont'd

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is 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:

Buildings	25-50 years
Furniture, fixtures and equipment	5-7 years
Computer systems	3-5 years
Motor vehicles	4 years

Land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of Comprehensive Income.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value-in-use.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Dividends

Dividends on shares are recognised in equity in the period in which they are declared. Dividends for the year that are declared after the reporting date are dealt with in a note on subsequent events.

According to Section 129 of the Co-operative Societies Act No. 2 of 2011 authorizes the Society to pay a dividend on its shares in proportion to their business with the Society at such rate as may be prescribed by its bye-laws. Unrealized gains or gains arising from asset revaluation are not considered in determining income for the distribution of dividends.

(j) Interest Income and expense

Interest income on originated loans is recognized in the Statement when received and/ or accrued for not more than three (3) months. Interest income and expense are recognized for all interest bearing financial instruments on an accrual basis, using effective interest rates. Interest income includes income on fixed investment.

If loans become 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 flow for the purpose of measuring the recoverable amount.

(k) Other income

Dividend income is recognized when the entity's right to receive payment is established. Other income, including fees and commissions are generally recognized on an accruals basis when the related service has been provided.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) 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.

(m) Comparative Figures

Where necessary, certain comparative figures have been reclassified to conform to the current year's presentation.

(n) Member Deposits

All member deposits are initially measured at fair value, net of any transaction costs directly attributable to the insurance of the instrument. Member deposits are subsequently measured at amortized cost, using the effective interest rate method.

(o) Accounts payable and other liabilities

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

(p) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(q) Members' Shares

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue Recognition

Revenue from the provision of services of members is recognized when earned, specifically when amounts are fixed or can be determined and the ability to collect is reasonable assured.

3. FINANCIAL RISK MANAGEMENT

Risk is inherent in the Credit Union's activities but is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls.

This process of risk management is critical to the Credit Union's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Credit Union is exposed to credit risk, interest rate risk, liquidity risk, market risk and operational risk.

The Credit Union's aim therefore is to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.

The Board of Directors has overall responsibility for the determination of the Society's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function. The Board of Directors receives monthly reports from the Credit Union's Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Board of Directors has recently appointed an Assets Liabilities Management Committee comprising of the Treasurer, the Chief Executive Officer, The Accountant and a representative from the supervisory and compliance committee to monitor the key financial risks and key financial ratios and targets which the Board has set.

The supervisory and compliance Committee has the responsibility to monitor the overall risk process within the Credit Union

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. FINANCIAL RISK MANAGEMENT (Cont'd)

The Credit Union has recently reviewed and updated most of its operational policies. The Internal Audit Department audits various processes during the year to determine whether set policies, guideline and procedures are being followed. The Board takes appropriate action based on the Internal Audit Department's findings.

(a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a counterparty to a financial instrument fails to make payments of interest and principal when due. The Credit Union is exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations.

Risk Management

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the member's character, ability to pay, and value of collateral available to secure the loan.

The Credit Union's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

(b) Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Credit Union is exposed to this risk through traditional banking activities, such as deposit taking and lending and on its investment in fixed deposits with banks and other financial institutions.

The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that Credit Union will not be able to meet all cash outflow obligations as they come due. The Credit Union mitigates this risk by monitoring cash activities and expected outflows so as to meet all cash outflow obligations as they fall due.

The Society is exposed to liquidity risk to the extent that it has unmatched positions of contractual maturities and interest rates of financial assets and liabilities. The Society manages liquidity risk by carefully monitoring and maintaining financial assets of adequate maturities to service commitments associated with financial liabilities that require outflows of cash or another financial asset at a particular date.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest, currency risk and equity risk.

The Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets. The Eastern Caribbean dollar is pegged to the United States Dollar at EC\$2.67. Most of the financial assets and liabilities of the Society is based in Eastern Caribbean Dollars. However, some of the members who have loans are based overseas. Fluctuation in foreign currencies against Eastern Caribbean Dollar will influence the net amount remitted by members to service their loans.

(e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

**NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Operational Risk

While operational risk is inherent to each other of the Credit Union's Business activities, the exposure is minimized by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures, used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Credit Union, mitigation of operating risk is assigned to senior management supported by a well-defined organizational structure that segregates operational and administrative functions.

In addition periodic reviews are undertaken by the Internal Audit Department. The results of the reviews are discussed with senior management and Board of Directors.

(f) Fair Value of Financial Assets and Liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair value cash resources, accounts receivable and accounts payable are assumed to approximate their carrying value due to their short term value. The fair values of securities are assumed to be equal to the estimated market value. The fair values of unquoted securities are estimated at book value which is not significantly different from their carrying value.

The estimated fair value of members' loans reflect changes in interest rates that have occurred since the loans were originated and is determined by discounting contracted future cash flows, over the remaining term to maturity, at current interest rates. The estimated fair values of members' loans are not significantly different from their carrying values. The estimated fair value of deposits with no stated maturity, which include non-interest bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date are at rates which reflect market conditions and are assumed to have fair values which approximate carrying values.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
4. Cash and Bank Balances		
Cash on hand	2,739,260	2,049,694
Current accounts	35,139,279	17,804,713
	<u>37,878,539</u>	<u>19,854,407</u>
	2016	2015
	EC\$	EC\$
5. Statutory Reserve Deposit		
Fixed Deposits at banks	17,335,889	16,592,929
Demand deposit at Dominica Co-op Societies League Ltd	1,854,966	1,742,540
	<u>19,190,855</u>	<u>18,335,469</u>
	2016	2015
	EC\$	EC\$
6. Shares at Dominica Co-operative Societies League Ltd		
Share at cost	<u>149,210</u>	<u>131,285</u>
	2016	2015
	EC\$	EC\$
7. Related Company Account		
This represents payments on behalf of The Cadence Lypso Inc.	<u>----</u>	<u>183,027</u>
	2016	2015
	EC\$	EC\$
8. Investment Securities: held to maturity		
E.C Home Mortgage Bank Bond	2,000,000	2,000,000
Fixed deposits at League and Credit Unions	2,919,305	2,394,213
Fixed deposits at banks and other institutions	52,815,705	48,785,803
Fixed deposits at Colonial Life Insurance Company (CLICO)	3,549,920	3,549,920
Fixed deposits at British American Insurance Company (BAICO)	4,292,035	4,292,035
	<u>65,576,965</u>	<u>61,021,971</u>
Provision for impairment loss on fixed deposit at CLICO & BAICO	<u>(7,841,955)</u>	<u>(7,841,955)</u>
	<u>57,735,010</u>	<u>53,180,016</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

8. Investment Securities: held to maturity.....cont'd

	2016	2015
	EC\$	EC\$
Provision for Impairment on investments		
Provision -Beginning of year	7,841,955	7,841,955
Provision for the year	----	----
Provision - end of year	<u>7,841,955</u>	<u>7,841,955</u>

Both Colonial Life Insurance and British American Insurance Company are insolvent and are under judicial management. The Society's management has made a 100% provision for these investments against possible losses.

	2016	2015
	EC\$	EC\$
9. Investment Securities: available-for-sale		
Shares at NBD (229,298) shares	104,200	104,200
Shares at DOMLEC (140,328 shares @ \$4.10)	575,346	575,345
Shares at DUTC (less provision \$441, 400)	110	110
ECSE capitalization account (5,000 class C shares @ \$10)	50,000	50,000
E.C. Home Mortgage Bank:(250 shares @ \$100, 20,250 shares @ \$160)	3,265,000	3,265,000
DUTC. Income Fund (less diminution \$ 28,377)	110	100
First Citizen Investment services fixed income investment	1,260,065	1,227,078
Shares at Corp EFF	2,050,000	----
Government of Dominica - Treasury Bills	9,840	9,840
Government of Dominica - Bond	41,600	48,000
	<u>7,356,271</u>	<u>5,279,673</u>
 Fair Value of investment in DOMLEC		
Original cost of investments	270,092	270,092
Fair Value gain	305,254	305,253
	<u>575,346</u>	<u>575,345</u>

The fair value gain on investments is not available for distribution.

	2016	2015
	EC\$	EC\$
10. Originated loans - Loans and advances to members		
Members loans	359,249,146	344,708,422
Overdraft	3,150,755	3,234,799
Staff advances and loans	8,501,913	1,896,527
Total	370,901,814	349,839,748
Less: Provision for loan impairment	(18,910,862)	(15,788,198)
	<u>351,990,952</u>	<u>334,051,550</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
10. Originated loanscont'd		
(b) Sectoral Analysis		
Personal	90,511,297	97,367,285
Mortgage	213,111,931	191,707,710
Vehicle	17,891,385	14,453,363
Land	23,546,008	22,972,669
Business	17,444,451	16,440,108
Other Loans (Litigated Loans)	<u>8,396,742</u>	<u>6,898,613</u>
	<u><u>370,901,814</u></u>	<u><u>349,839,748</u></u>
(c). Provision for loan impairment		
Provision - at beginning of year	15,788,197	14,816,136
Bad debts recovered	144,679	-----
Bad Loan written off for the year	<u>(122,014)</u>	<u>(677,938)</u>
	15,810,862	14,138,198
Additional provision made	<u>3,100,000</u>	<u>1,650,000</u>
Provision at end of year	<u><u>18,910,862</u></u>	<u><u>15,788,198</u></u>
 Performing loans	 323,003,702	 295,703,622
Non-performing loans	<u>47,898,112</u>	<u>54,136,126</u>
Total loans	370,901,814	349,839,748
Less: provision for loan impairment	<u>(18,910,862)</u>	<u>(15,788,198)</u>
	<u><u>351,990,952</u></u>	<u><u>334,051,550</u></u>
 Specific provision - impaired non-performing loans	 6,842,002	 7,246,710
Specific provision - unimpaired non-performing loans	2,052,625	3,752,946
General provision	<u>10,016,235</u>	<u>4,788,542</u>
Total provision	<u><u>18,910,862</u></u>	<u><u>15,788,198</u></u>

The Credit Union has determined the likely impairment loss which have not maintained the loan repayments in accordance with the loan agreement or where there is other evidence of potential impairment.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
11. Other Assets		
Interest receivable on investments	2,690,827	2,151,218
Inventory of stationery/office Supplies	437,587	433,321
Prepayments	426,787	1,312,552
Deferred expenses	663,414	465,887
Loans receivable interest	1,554,300	1,522,383
Debtors	1,950,536	352,410
Receivable staff education	30,691	30,691
Other Receivables	348,111	323,293
	<u>8,102,253</u>	<u>6,591,755</u>
	2016	2015
	EC\$	EC\$
12. Leasehold Improvement		
Balance - Beginning of year	2,571	4,946
Additions	----	----
Amortised during the year	<u>(2,374)</u>	<u>(2,375)</u>
Unamortised balance end of year	<u>197</u>	<u>2,571</u>

NATIONAL CO-OPERATIVE VREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

13. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDING	FURNITURE & EQUIPMENT	COMPUTER SYSTEM	MOTOR VEHICLE	ATM	BUILDING in Progress	LEGAL LIBRARY	TOTAL
	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$
COST									
Balance - December 31, 2014	3,018,564	14,379,893	4,579,230	8,711,410	404,800	2,748,117	10,085,096	19,525	43,946,635
Additions for the year	47,500	484,022	662,048	522,504	----	----	4,299,010	----	6,015,084
BALANCE - December 31, 2015	3,066,064	14,863,915	5,241,278	9,233,914	404,800	2,748,117	14,384,106	19,525	49,961,719
Additions for the year	----	545,221	792,784	31,809	147,500	465,145	2,193,894	----	4,176,353
BALANCE - December 31, 2016	3,066,064	15,409,136	6,034,062	9,265,723	552,300	3,213,262	16,578,000	19,525	54,138,072
ACCUMULATED DEPRECIATION									
Balance - December 31, 2014	----	575,024	3,979,600	7,850,091	318,060	2,325,422	----	19,525	15,067,722
Charge for the year	----	297,195	303,784	388,284	52,227	208,380	----	----	1,249,870
BALANCE - December 31, 2015	----	872,219	4,283,384	8,238,375	370,287	2,533,802	----	19,525	16,317,592
Elimination on disposal	----	25,037	78,838	----	----	----	----	----	103,875
Charge for the year	----	761,025	347,940	464,490	38,966	191,622	----	----	1,804,043
BALANCE - December 31, 2016	----	1,658,281	4,710,162	8,702,865	409,253	2,725,424	----	19,525	18,225,510
NET BOOK VALUE									
December 31, 2016	3,066,064	13,750,855	1,323,900	562,858	143,047	487,838	16,578,000	----	35,912,562
December 31, 2015	3,066,064	13,991,696	957,894	995,539	34,513	214,315	----	14,384,106	33,644,127

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

14. 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.

	2016	2015
	EC\$	EC\$
Members' savings/ordinary deposits	<u>269,015,948</u>	<u>234,683,111</u>

15. Term Deposits

Interest bearing fixed deposits at rates in the range of 2.75% to 4% in 2015 and 1.75% to 3% in 2016.

	2016	2015
	EC\$	EC\$
Interest bearing fixed deposits at rates in the range of 2.75% to 4% in 2015 and 1.75% to 3% in 2016.	<u>139,879,748</u>	<u>135,785,208</u>

16. Member Retirement Account

The Credit Union operates a retirement savings plan for the benefit of its members. Under the plan, members enjoy a rate of interest higher than the normal deposit interest rate on condition that the savings are not withdrawn before the member has reached normal 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 6% per annum.

	2016	2015
	EC\$	EC\$
Member Retirement Account	<u>34,675,082</u>	<u>32,651,256</u>

17. EU GRANT

Technical assistance grant for small business development

	2016	2015
	EC\$	EC\$
Technical assistance grant for small business development	<u>21,415</u>	<u>21,317</u>

18. Accounts payable and provisions

Accounts payable
 Audit fees
 Clearing Accounts
 Other

	2016	2015
	EC\$	EC\$
Accounts payable	1,194,914	791,444
Audit fees	34,000	36,000
Clearing Accounts	1,604,158	981,092
Other	<u>2,049,325</u>	<u>1,396,234</u>
	<u>4,882,397</u>	<u>3,204,770</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
19. Accrued Interest Payable	<u>6,628,958</u>	<u>6,380,816</u>

20. Statutory Reserve

The Co-operative Societies Act No.2 of 2011 Section 125 (4) stipulates that a Society shall credit no less than 20% of its net surplus reserve, and such Reserve Fund, maybe subject to the approval of the Registrar, be used in the business of the Society, for the purpose of an exceptional nature including unforeseen losses, unexpected shortfalls in liquid cash, capital retention, repair and maintenance and the avoidance of external borrowing:

	2016	2015
	EC\$	EC\$
Movements during the year were as follows: -		
Balance - beginning of year	16,523,298	15,292,030
Add: Entrance fees	16,424	21,610
Appropriation from surplus	1,079,372	1,209,658
Adjustments	<u>140,612</u>	<u>----</u>
Balance - end of year	<u>17,759,706</u>	<u>16,523,298</u>

The Society's statutory reserve is represented by a fixed deposit at the Dominica Co-operative Societies League Limited and fixed deposits at banks. (See note 5)

	2016	2015
	EC\$	EC\$
21. Education Fund		
Balance - beginning of year	332,637	354,721
Add: Transfer - Castle Bruce Co-op Credit Union	23,336	----
Less: disbursements	<u>(20,323)</u>	<u>(22,084)</u>
Balance - end of year	<u>335,650</u>	<u>332,637</u>

This represents funds appropriated from surplus for member education.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
22. Loan Protection Fund		
This fund represents amounts set aside by the Society to cover that portion of members' loan not covered under the CUNA mutual Insurance Scheme up to \$123,000.		
Balance - beginning of year	1,033,669	1,057,802
Disbursements	----	(84,133)
Add: receipts	----	60,000
Balance - end of year	<u>1,033,669</u>	<u>1,033,669</u>

	2016	2015
	EC\$	EC\$
23. Development Fund		
Balance - beginning of year	76,803	36,017
Disbursements	(12,869)	(19,697)
Appropriation from surplus	53,969	60,483
Adjustments	30,678	----
Balance - End of year	<u>148,581</u>	<u>76,803</u>

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.

24. 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 were accepted by the Board of Directors. The Excess of the revalued amount over cost is included under Revaluation Surplus.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

25. Capital Contribution

	2016	2015
	EC\$	EC\$
This represents the following balances:		
Construction cost of the Society's office building.	4,777,817	4,777,477
Adjustments	<u>21,237</u>	<u>(340)</u>
Balance - end of year	<u>4,799,054</u>	<u>4,777,137</u>

Five (5) Credit Unions namely Roseau, La Salette, St.David, St.Paul and Vielle Case 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.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
26. Net Interest & Investment Income		
Interest Income		
Income from loans	29,864,587	28,337,804
Income from Investments	376,659	164,534
Interest on fixed deposit	2,832,315	2,876,351
	<u>33,073,561</u>	<u>31,378,689</u>
Interest Expense		
Interest on term deposits	4,722,516	5,158,572
Interest on members' savings/deposits	4,721,159	5,188,488
Interest on borrowed funds	2,946	----
Interest on Member Retirement Account (MRA)	1,968,005	1,808,897
Interest on Christmas savings club	6,477	5,807
	<u>11,421,103</u>	<u>12,161,764</u>
Net Interest & Investment Income	<u>21,652,458</u>	<u>19,216,925</u>
27. Other Income		
	2016	2015
	EC\$	EC\$
Rent	50,723	51,765
Cheque book fees	133,762	145,635
Sale of rule and pass books	31,200	25,883
Professional services	514,012	538,527
Sundry service charge	304,908	270,532
CUNA Rebates	18,667	---
Bad debts recovered/written off	6,277	4,200
Commissions	81,774	67,880
Other Income	68,348	93,285
	<u>1,209,671</u>	<u>1,197,707</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
28. Operating Costs		
Personnel expenses (see note 29)	7,013,829	6,375,218
Governance (Board & committees' expenses and honoraria)	100,220	161,067
CUNA Insurance	972,241	966,625
Annual General Meeting	60,220	72,829
Scholarship	65,264	66,380
Overseas Travel and conference	208,348	303,151
Computer services and expenses	551,751	567,154
Stationery and office supplies	322,646	220,694
Fraternity expenses	272,704	226,790
Audit fee	45,775	36,000
Consultancy fees	----	25,183
Occupancy expenses	834,680	816,191
Sponsorship	32,029	----
Insurance building and content	137,243	167,668
General expenses (See note 31)	<u>1,925,136</u>	<u>1,399,149</u>
	<u>12,542,086</u>	<u>11,404,099</u>

	2016	2015
	EC\$	EC\$
29. Personnel Expenses		
Salaries, staff benefits & allowances	6,238,043	5,617,231
Social Security	341,574	305,692
Pension and insurance	31,127	29,802
Uniforms allowances and transportation	<u>403,085</u>	<u>422,493</u>
	<u>7,013,829</u>	<u>6,375,218</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	EC\$	EC\$
30. Key Management Compensation		
Salaries and allowances	1,433,428	1,433,428
Gratuity	274,948	274,948
	<u>1,708,376</u>	<u>1,708,376</u>

	2016	2015
	EC\$	EC\$
31. General Expenses		
Security services	158,089	148,801
Postage	17,476	16,011
Advertising, publicity and promotions/dues	537,749	303,926
4cs expenses	233,975	168,644
Donations	106,007	91,395
ATM services and expenses	380,852	239,162
Entertainment	31,672	36,010
Maintenance of fixed assets	176,830	206,820
Valuation and legal fees	----	24,585
Bank charges	229,075	97,414
Other	53,411	66,381
	<u>1,925,136</u>	<u>1,399,149</u>

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

32. Related Party Transactions

Parties are considered to be related in 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:

	2016	2015
	EC\$	EC\$
<i>Loan balances at year end</i>		
Directors & Volunteers	3,360,269	3,913,589
Key Management Staff	2,897,865	2,267,822
TOTAL LOANS	<u>6,258,134</u>	<u>6,181,411</u>
<i>Savings balances at year end</i>		
Directors & Volunteers	4,569,429	1,760,070
Key Management Staff	2,450,101	1,828,306
TOTAL DEPOSITS	<u>7,019,530</u>	<u>3,588,376</u>

33. Share Capital

	2016	2015
	EC\$	EC\$
Issued and fully paid shares of \$50 par value per share		
Balance - beginning of year	4,070,800	3,703,050
Issued during the year 8,993 (2015:7,355)	449,650	367,750
	<u>4,520,450</u>	<u>4,070,800</u>

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

Shares may with the consent of the Board, but not otherwise, be transferred 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.

NATIONAL CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

34. Commitments and Contingencies

Loans and advances committed but not yet drawn down at the balances sheet date totalled \$11,616,645 in 2016 and \$4,540,658 in 2015.

The Society has entered into a contract for the extension of its building in Roseau. The contracted sum for the project is EC\$15.2 million. As at December 31, 2016 the cost incurred was \$16.5 million.

35. Other Disclosure

At January 11, 2016, the assets and liabilities of the Castle Bruce Co-operative Credit Union Limited were transferred to the National Co-operative Credit Union Limited.

36. Post Balance sheet Events

At April 17 2016, a special meeting was held for the National Co-operative Credit Union Limited to take over the the South Eastern Co-operative Credit Union Limited.

At a Board Meeting held in December 28, 2016, the Board gave directives, that effective January 3, 2017 the National Co-operative Credit Union Limited (NCCU) will establish total control of the Management of South Eastern Co-operative Credit Union Limited.



Visit to the Sacred Heart Pre-School



Staff Bring Christmas cheer to APU



Pre-Schooler receives a piggy bank



La Salette Branch visits Soufriere Primary School



Vieille Case Branch Creole decorating competition



Paix Bouche summer camp

Credit Committee



*(Back: L-R) Hyacinth Durand-Ducreay, Sylvester Mark, Cherika Lockhart, Ronald Smith, Priscilla Panthier, David Maximea, Nyerere Richards, Keturah Deschamps, George Maxwell
(Front: L-R) Jodie Dublin-Dangleben, Quincy Angol, Kay Fontaine, Lise Dangleben*

Credit Committee



For the year ended December 31, 2016

The Credit Committee of the National Co-operative credit Union (NCCU) Ltd Is pleased to report on activities of the Committee for the period ending 2016, in accordance with the Co-operative Societies Act No. 2 of 2011. The Committee comprised thirteen (13) members. Table 1 highlights meetings attended by the Committee Members.

Table 1: Meetings Attended by Committee Members

NAME	Loan Review Meetings Scheduled	Loan Review Meetings Attended	Loan Review Meetings Cancelled	Joint Committee Meetings Scheduled	Joint Committee Meetings Attended
Mr. George Maxwell	43	44	03	04	04
Ms. Priscilla Panthier	34	43	06	04	03
Ms. Kay Fonatine	33	39	05	04	04
Ms. Chekira Lockhart	35	39	05	04	03
Mr. Nyerere Richards	35	43	12	04	04
Ms. Lise Dangleben	31	42	09	04	04
Mr. Quincy Angol	34	42	07	04	04
Mr. Sylvester Mark	17	18	06	02	02
Mrs. Jodie Dublin-Dangleben	13	18	04	02	01
Ms. Keturah Deschamps	13	18	05	02	02
Mrs. Hyacinth Durand-Ducreay	09	18	05	02	02
Mr. David Maximea	13	18	04	02	02
Mr. Ronald Smith	09	15	02	02	02

OVERVIEW

The period under review was a pretty interesting one which presented several challenges for both the institution and the members as the Committee sought to accede to the multiplicity of request for loans. With an economy which was still reeling from the ravages of Erika, it was important that the NCCU continued to facilitate its members without compromising the viability of the institution. Importantly, in an era of De-risking, the NCCU needs to be more vigilant than ever since the emphasis

Table 2: Composition of Loans Portfolio by Sector for Year Ended Dec. 31, 2016 with Comparative Figures for 2015

LOAN CATEGORY	2016 \$	2015 \$	INCREASE/ (DECREASE) \$	%
Personal	90,511,297	97,367,285	(6,855,988)	-7.04%
Mortgage	213,111,931	191,707,710	21,404,221	11.16%
Vehicle	17,891,385	14,145,363	3,746,022	26.48%
Land	23,546,008	22,972,669	573,339	2.49%
Business	17,444,451	16,440,108	1,004,343	6.10%
Other Loans	8,396,742	6,898,613	1,498,129	21.71%

is now on risk avoidance as opposed to risk management.

The Committee dealt to a very large extent with debt consolidation, additional mortgage funds and loan refinancing among others during 2016. This it is felt necessitates continued education of members with regards to:

- Prudent Financial Management
- Loan Policy Requirement

- Members Responsibilities/Role
- Services Available
- Thrift

ANALYSIS

The table hereunder summarizes the portfolio by sector and quantum with a comparative analysis of the previous year (2015) with the percentage increase or decrease as the case may be.

The total number of loans approved was 9001 compared to 8627 in 2015; an increase of 374 (4.3%).

The total value of loans approved was \$78,001,615.41 compared to \$76,663,895.16 in 2015, an increase of \$1,337,720.25 (2%). (See Summary of Loans Approved By the Credit Committee and Manager).

Further review of the loan categories indicated an increase in approvals in the following:

- Debt Consolidation 22%
- Equipment 67%
- Travel 9%
- Motor Vehicle 14%
- Line of Credit 2%
- Medical 24%
- Dwelling House Repairs 5%
- Agricultural Expense 41%
- Domestic 17%
- Learn While U Earn 46%

Whilst the following categories showed a decrease in growth:

- Debt Consolidation HR/CC 20%
- Agricultural Land 21%
- Legal Expenses 22%

In all the loan categories, Domestic, Now for Now and Debt Consolidation were noticeably the highest in number approval with 3299, 1984 and 1122 respectfully.

OTHER ACTIVITES

The Committee sought to engage the staff of the various branches all in an effort to render the institution more efficient and member centric since this is at the core of the co-operative principles. The findings from these meetings were submitted to the Board of Directors and Supervisory and Compliance Committee for follow up action.

Outreach was held at the following Branches:

- St. Paul
- La Salette
- St. David's

Training sessions participated in were:

- De-risking
- Loan Underwriting

REPRESENTATION

The Committee was represented at the 13th OECS Credit Union Summit in St. Vincent by Mr. Nyerere Richards, Ms. Priscilla Panthier and Ms. Kay Fontaine. Dr. Damien Dublin and Mrs. Maria Etienne-Pascal represented the Committee at the Caribbean Confederation of Credit Unions 58th Annual International

Convention and 44th Annual General Meeting held in Florida, USA.

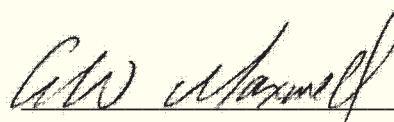
RECOMMENDATION

The Committee wishes to encourage all its members to engage with the NCCU as it relates to the varied services being offered by the Credit Union. Additionally, it is imperative that members continue to participate actively in community outreach programs organized by the Institution so as to be able to make better informed financial decisions.

CONCLUSION

The NCCU is in a sound financial position and will be so in the foreseeable future with the support of the members. Therefore, the Committee wishes to thank its valued members for their support throughout the years. The guidance and insight of the Chief Executive officer, Branch Managers, Loans Department, Management and Staff and all other stakeholders must be highly commended also.

Special thanks to the Board of Directors and the Supervisory and Compliance Committee for their collaboration and invaluable contribution during the reporting period.



GEORGE W. MAXWELL
CHAIRPERSON

For and on behalf of the Credit Committee

Summary of Loans Approved by the Credit Committee and Manager

For the year ended December 31, 2016 and 2015

	LOANS APPROVED IN 2016					
	BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
BUILDING CONSTRUCTION & PURCHASE	104	\$ 1,700,007.64	157	\$ 20,975,782.21	261	\$ 22,675,789.85
LAND	70	\$ 3,051,982.43	8	\$ 1,217,761.55	78	\$ 4,269,743.98
DEBT CONSOLIDATION HR/CC	181	\$ 816,404.47	39	\$ 242,120.38	220	\$ 1,058,524.85
DEBT CONSOLIDATION	988	\$ 7,226,734.31	134	\$ 2,809,317.13	1122	\$ 10,036,051.44
BUSINESS	253	\$ 2,472,978.42	27	\$ 1,669,242.34	280	\$ 4,142,220.76
EQUIPMENT	48	\$ 628,910.54	0	\$ -	48	\$ 628,910.54
TRAVEL	140	\$ 819,573.16	12	\$ 125,099.00	152	\$ 944,672.16
AGRICULTURAL LAND	2	\$ 75,171.97	3	\$ 115,798.11	5	\$ 190,970.08
MOTOR VEHICLE - AGRICULTURE	0	\$ -	0	\$ -	0	\$ -
MOTOR VEHICLE - PRIVATE	374	\$ 6,942,765.19	58	\$ 2,139,673.38	432	\$ 9,082,438.57
HOUSE HOLD GOODS	90	\$ 612,426.30	12	\$ 148,680.50	102	\$ 761,106.80
DWELLING HOUSE REPAIR	249	\$ 2,555,815.01	10	\$ 237,013.36	259	\$ 2,792,828.37
EDUCATION	181	\$ 1,307,085.89	18	\$ 688,066.80	199	\$ 1,995,152.69
AGRICULTURAL EXPENSES	37	\$ 131,834.00	2	\$ 18,150.00	39	\$ 149,984.00
DOMESTIC	3268	\$ 10,547,179.93	31	\$ 189,979.56	3299	\$ 10,737,159.49
MOTOR VEHICLE REPAIRS	132	\$ 600,172.64	9	\$ 95,532.54	141	\$ 695,705.18
LEGAL EXPENSES	40	\$ 225,369.94	3	\$ 65,676.01	43	\$ 291,045.95
LEARN WHILE U EARN	48	\$ 293,014.52	2	\$ 41,527.18	50	\$ 334,541.70
MEDICAL	105	\$ 765,465.39	2	\$ 20,000.00	107	\$ 785,465.39
LINE OF CREDIT	115	\$ 661,971.07	1	\$ 3,000.00	116	\$ 664,971.07
NOW 4 NOW	1982	\$ 5,331,821.39	2	\$ 9,948.77	1984	\$ 5,341,770.16
SPECIAL AGRICULTURE	0	\$ -	0	\$ -	0	\$ -
SPECIAL EDUCATION	3	\$ 4,900.00	0	\$ -	3	\$ 4,900.00
SAVINGS/DEPOSIT LOANS @ 5.99%	60	\$ 401,445.43	1	\$ 16,216.95	61	\$ 417,662.38
TOTAL	8470	\$ 47,173,029.64	531	\$ 30,828,585.77	9001	\$ 78,001,615.41

LOANS APPROVED IN 2015							
BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		COMPARATIVE INCREASE/DECREASE OVER 2015	
NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	AMOUNT	%
106	\$ 1,833,066.15	157	\$ 23,839,220.55	263	\$ 25,672,286.70	\$ (2,996,496.85)	-12%
80	\$ 2,640,375.81	13	\$ 1,923,207.55	93	\$ 4,563,583.36	\$ (293,839.38)	-6%
225	\$ 972,005.39	33	\$ 358,225.89	258	\$ 1,330,231.28	\$ (271,706.43)	-20%
857	\$ 6,200,889.58	111	\$ 1,995,754.12	968	\$ 8,196,643.70	\$ 1,839,407.74	22%
215	\$ 2,123,307.79	23	\$ 2,046,173.91	238	\$ 4,169,481.70	\$ (27,260.94)	-1%
32	\$ 193,674.45	4	\$ 182,009.55	36	\$ 375,684.00	\$ 253,226.54	67%
145	\$ 834,591.89	6	\$ 31,500.00	151	\$ 866,091.89	\$ 78,580.27	9%
0	\$ -	2	\$ 242,926.81	2	\$ 242,926.81	\$ (51,956.73)	-21%
0	\$ -	0	\$ 26,825.30	0	\$ 26,825.30	\$ (26,825.30)	0%
302	\$ 5,907,204.76	55	\$ 2,064,633.61	357	\$ 7,971,838.37	\$ 1,110,600.20	14%
111	\$ 795,942.06	10	\$ 106,572.85	121	\$ 902,514.91	\$ (141,408.11)	-16%
241	\$ 2,421,760.67	15	\$ 234,661.32	256	\$ 2,656,421.99	\$ 136,406.38	5%
199	\$ 1,877,692.03	15	\$ 569,893.20	214	\$ 2,447,585.23	\$ (452,432.54)	-18%
50	\$ 66,561.48	0	\$ 40,085.38	50	\$ 106,646.86	\$ 43,337.14	41%
3096	\$ 9,008,994.31	32	\$ 147,579.51	3128	\$ 9,156,573.82	\$ 1,580,585.67	17%
105	\$ 702,457.23	10	\$ 97,339.18	115	\$ 799,796.41	\$ (104,091.23)	-13%
36	\$ 294,315.20	6	\$ 79,834.01	42	\$ 374,149.21	\$ (83,103.26)	-22%
41	\$ 229,665.01	0	\$ -	41	\$ 229,665.01	\$ 104,876.69	46%
91	\$ 582,015.25	6	\$ 52,660.00	97	\$ 634,675.25	\$ 150,790.14	24%
114	\$ 652,300.44	0	\$ -	114	\$ 652,300.44	\$ 12,670.63	0%
2083	\$ 5,287,972.92	0	\$ -	2083	\$ 5,287,972.92	\$ 53,797.24	0%
0	\$ -	0	\$ -	0	\$ -	\$ -	0%
0	\$ -	0	\$ -	0	\$ -	\$ 4,900.00	
0	\$ -	0	\$ -	0	\$ -	\$ 417,662.38	
8129	\$ 42,624,792.42	498	\$ 34,039,102.74	8627	\$ 76,663,895.16	\$ 1,337,720.25	2%



Supervisory and Compliance Committee



(L-R): Clare Seraphin-Wallace, Calvin Esprit, Beran Cuffy, Corinthia Carbon, Mervyn Dailey, Hannah Leblanc-Pierre, Rupert Lance, Julie Shillingford-Durand, Ian-Michael Anthony, Evadney Esprit, Jerome Bardouille, Sophia Albert-Charles, Bernard Nation

Supervisory and Compliance Committee

For the year ended December 31, 2016



Pursuant to Section 65 of the Co-operative Societies Act No. 2 of 2011, the Supervisory and Compliance Committee is pleased to report on its activities for the year ended December 31, 2016. Members serving on the Supervisory and Compliance Committee for the year under review were:

Mr. Clement Marcellin Jr.	Chairperson	(Jan – June 2016)
Mr. Rupert Lance	Member	(Jan – June 2016)
	Chairperson	(July – December 2016)
Mr. Ian-Michael Anthony	Member	(Jan – June 2016)
	Vice Chairperson	(July – December 2016)
Mr. Mervyn Dailey	Secretary	(Jan – December 2016)
Mrs. Julie Shillingford-Durand	Assistant Secretary	(July – December 2016)
Mr. Augustus C. Etienne	Member	(Jan – June 2016)
Ms. Ingrid Roosburg	Member	(Jan – June 2016)
Ms. Esther Shillingford	Member	(Jan – June 2016)
Ms. Nadette Williams	Member	(Jan – June 2016)
Ms. Evadney Esprit	Member	(Jan – December 2016)
Mr. Jerome Bardouille	Member	(Jan – December 2016)
Mrs. Corinthia Carbon	Member	(Jan – December 2016)
Mrs. Hannah Leblanc Pierre	Member	(Jan – December 2016)
Mrs. Clare Seraphin-Wallace	Member	(Jan – December 2016)
Mrs. Sophia Albert Charles	Member	(July – December 2016)
Mr. Beran Cuffy	Member	(July – December 2016)
Mr. Calvin Esprit	Member	(July – December 2016)
Mr. Bernard Nation	Member	(July – December 2016)

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	Meetings Attended		Excused / Absent
	Regular	Joint		Regular	Joint	
	19	3	22			
Marcellin, Clement Jr	8	1	9	7	1	1/0
Dailey, Mervyn	19	3	22	18	3	1/0
Etienne, Augustus C.	8	1	9	7	1	1/0
Esprit, Evadney	19	3	22	9	2	10/1
Lance, Rupert S.	19	3	22	14	2	6/0
Roosburg, Ingrid	8	1	9	8	1	0/0
Shillingford, Esther	8	1	9	7	0	2/0
Williams, Nadette	8	1	9	7	1	1/0
Anthony, Ian-Michael	19	3	22	17	2	3/0
Bardouille, Jerome	19	3	22	9	1	10/2
Carbon, Corinthia	19	3	22	12	2	8/0
Leblance-Pierre, Hannah	19	3	22	12	3	4/3
Seraphin-Wallace, Clare	19	3	22	13	2	7/0
Albert- Charles, Sophia	11	2	13	11	2	0/0
Cuffy, Beran	11	2	13	7	1	4/1
Esprit, Calvin	11	2	13	9	1	1/0
Nation, Bernard	11	2	13	7	1	4/0
Shillingford-Durand, Julie	11	2	13	11	2	0/0

Summary of Major Activities

A number of activities were undertaken by the Committee 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.

Meetings were held regularly and visits were made to the six branches. The following were among the main activities pursued during the year:

- Evaluation meetings with the Board of Directors

- Meeting with Managers/head of departments
- Meeting with the Credit Committee, Compliance Officer and Internal Auditor
- Perusal of reports on delinquent loans
- Conducting of cash counts at all branches
- Analysis of monthly financials
- Examination of accounts and loan files of volunteers and staff
- Inspection of physical plants
- Submission of recommendations to the Board of Directors on Cadence Lypso Inc.
- Attendance at developmental seminars organized by the Dominica Co-operative Societies League

Internal Structure

Periodic meetings were convened with the Compliance Officer, Internal Auditor, Chief Financial Officer, Accountant, Legal Officer and Information Technology personnel to examine reports, obtain departmental updates and where necessary make recommendations to the Board of Directors.

The Committee also met with the Credit Committee to assess its operations. In addition, evaluation meetings were held with the Board of Directors and from time to time, Committee

members also attended meetings of the Board as observers.

Human Resource and Training

Members of the Committee benefited from various training, workshops/seminars organized by the Dominica Co-operative Societies League Ltd as follows:

- Leadership Development - June 27, 2016
- Caribbean Confederation of Credit Unions - July 1- 6, 2016
- Anti-Money Laundering - July 14, 2016
- OECS Credit Unions Summit
- September 14 -18, 2016
- Loan Underwriting -October 15, 2016

Policy and Procedures

The Supervisory and Compliance Committee continues to be concerned over adherence to the policies and procedures relating to:

- Dormant Accounts
- Loan underwriting policies
- General cashing
- Vault recording procedures

There is need for continuous training and retraining whereby complete awareness and adherence to policies and procedures can realize 100% compliance, which is critical in light of de-risking.

Finance and Management

Cash counts were conducted at all branches throughout the year. In addition, the usual end-of-year cash count was undertaken in collaboration with the External Auditor.

The accounts of volunteers were examined while random checks were made on the accounts and Loan files of politically exposed persons. Management reports, as well as reports of the Compliance Officer and Internal Auditor were reviewed. Issues and recommendations were duly noted.

The non automation of the loan application process continues to be of concern. The Committee is of the view that the automation of this process would significantly increase efficiency.

Board of Directors' Evaluation Meetings

The Committee held meetings with the Board of Directors to evaluate its' performance.

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:

- Transfer of the assets and liabilities of the Castle Bruce Co-operative Credit Union;
- The Roseau Branch Expansion Project;
- Online loan applications;
- Review of achievements on the Strategic Plan for the period ended December 31, 2016;
- Transfer of the Assets and Liabilities of South East Co-operative Credit Union;
- The Society's financial performance; and
- Cadence Lypso Inc.

Physical Plant

The Committee visited the various branches. The plants were examined and recommendations were made. In February 2016, a Sub Committee of the Supervisory and Compliance Committee conducted a plant inspection of the Head Office. The Committee expressed concerns about the delay in the completion of works.

Looking Ahead

There is need for:

- Continued focus on monitoring and evaluating to inform the review of policies and procedures;
- Increase Member Share Capital;
- Reduction in the level of delinquency;
- PEARLS Training;
- Interaction with the membership and staff;
- Continued monitoring of the financials on a monthly basis;
- Continuous training in the areas of:
 - Compliance;
 - Risk Management;
 - Roles and responsibilities of the various Committees

Conclusion

The role of the Supervisory and Compliance Committee is paramount to the proper functioning of the Society. The Committee

continues to be vigilant, ensuring that the laws of the society are adhered to.

To achieve its objective, the Society depends on a team of committed and dedicated volunteers. In addition, the support of other Committees, Management and Staff, as well as the general membership is essential.

The Committee's accomplishments during the past year were possible with the cooperation and support of Management and Staff, members of the Board of Directors, Credit Committee and the general membership. The Committee, therefore, wishes to place on record its sincere appreciation to all who facilitated its work during the past year.



RUPERT LANCE

CHAIRPERSON

Supervisory and Compliance Committee

Nominations Committee

For the year ended December 31, 2016

The Nominations Committee approved by the Board of Directors in accordance with the Society's By-Laws 59(a) convened a meeting at the Society's Board Room Head Office to consider and recommend members to fill vacancies on the Board of Directors, Supervisory and Compliance and Credit Committees.

Members of the Society were invited via the media to nominate members to serve as volunteers.

The Nominations Committee comprised the following members:

- Mr. Gerald Fregiste
- Mr. Patrickson Albert
- Mrs. Clare Seraphin-Wallace
- Ms. Lise Dangleben
- Mr. Aylmer A. Irish

The Committee ensured that all nominees were in good standing and eligible to serve as per Section 53(4) of the Co-operative Societies Act. No. 2 of 2011, Section 27 of the Financial Services Act. No. 8 of 2008 and the Society's By-Laws 59.

The Committee makes the following nominations to serve, with one (1) member of the Board to serve for two (2) years, the unexpired term in the place of Ian Dorival and one (1) member to serve the unexpired term of one (1) year in place of Candia Joseph:

BOARD OF DIRECTORS	TERM
<ul style="list-style-type: none"> Mr. Aaron Dalrymple <ul style="list-style-type: none"> A qualified Accountant who has worked in various capacities in the private and public sector. Mr. Dalrymple retired from the position of Manager - Dominica Co-operative Societies League in December 2016. 	Maximum of three (3) years
<ul style="list-style-type: none"> Mrs. Singoalla Blomqvist-Williams <ul style="list-style-type: none"> An Attorney-at-Law. She was co-opted to the Board of Directors following the resignation of Candia Joseph. 	Maximum of three (3) years
<ul style="list-style-type: none"> Dr. Damien Dublin <ul style="list-style-type: none"> A Dentist by profession. Has served the Co-operative movement in various capacities including - President of the former St. Paul Co-operative Credit Union and member of the Credit Committee of the NCCU Ltd. for two (2) terms. 	Maximum of three (3) years
<ul style="list-style-type: none"> Mr. Dexter Ducreay <ul style="list-style-type: none"> Is the first President to the NCCU Ltd. and has served the former Roseau Co-operative Credit Union in various capacities including President and Treasurer. 	Maximum of three (3) years
<ul style="list-style-type: none"> Mr. Edgar Peltier <ul style="list-style-type: none"> Chief Financial Officer at Flow. Former member of the La Salette Board of Directors. Accountant by Profession. 	Maximum of three (3) years
SUPERVISORY AND COMPLIANCE COMMITTEE	TERM
<ul style="list-style-type: none"> Ms. Linda Gonzalez-Peltier <ul style="list-style-type: none"> An employee of the AID Bank. Has served on the Supervisory and Compliance Committee of the former Roseau Co-operative Credit Union and NCCU Ltd. for several years. 	Three (3) years
<ul style="list-style-type: none"> Mr. Clement Marcellin <ul style="list-style-type: none"> An Environmental Health Officer with several years of service as a member of the NCCU Supervisory and Compliance Committee. 	Three (3) years
<ul style="list-style-type: none"> Ms. Evadney Esprit <ul style="list-style-type: none"> An Accountant by profession. Has served one (1) Three (3) year term as a member of the Supervisory and Compliance Committee. 	Three (3) years
CREDIT COMMITTEE	TERM
<ul style="list-style-type: none"> Ms. Isabella Prentice <ul style="list-style-type: none"> An Assistant Principal of the Convent High School. She served as a volunteer on the Credit Committee of the former Roseau Co-operative Credit Union and the NCCU Ltd. 	Three (3) years
<ul style="list-style-type: none"> Ms. Roanna Joseph <ul style="list-style-type: none"> An employee of the Government of Dominica. Served previously as a volunteer on the Credit Committee of the NCCU Ltd. 	Three (3) years
<ul style="list-style-type: none"> Ms. Beryl Alexander <ul style="list-style-type: none"> Employee of the Government of Dominica currently attached to the Ministry of Economic Planning and Development. 	Three (3) years

The Nominations Committee recommends the above-named nominees to the 7th Annual General Meeting of the National Co-operative Credit Union Ltd.

The following were additional nominations received from members:

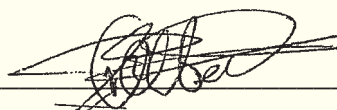
SUPERVISORY AND COMPLIANCE COMMITTEE

- Ms. Calma Louis
- Ms. Diana Gittens
- Ms. Vera Daniel

The Nominations Committee has the pleasure of presenting this report to you the members.



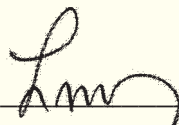
Gerald Fregiste



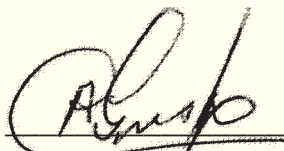
Patrickson Albert



Clare Seraphin-Wallace



Lise Dangleben



Aylmer A. Irish

SPECIAL MEDICAL EXPENSES LOAN

Let **NCCU** Care For You

6.5%
per annum

✔ Apply for up to **\$25,000**

✔ Free Loan Protection Coverage

✔ No Fees



GREEN LOAN

For energy efficient home improvements

✔ Purchase **SOLAR PANELS** & Water Heaters

✔ Install LED Lamps

✔ No Fees

6%
per annum



Apply Today!



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

Tel: +1767 225 2172

Int: 718 618 5877

Fax: +1767 225 2109

www.nccudominica.com