NATIONAL CO-OPERATIVE CREDIT UNION LTD

11th Annual Report

"OUR HEALTH, OUR FINANCES- STRONGER TOGETHER"

National Co-operative Credit Union Ltd.

Table of Contents

ANNUAL REPORT 2020

Mission Statement

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

Our Co-operative Identity

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

OUR CO-OPERATIVE PRINCIPLES

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

OUR CO-OPERATIVE VALUES

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

OUR VALUES

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

Board of Directors

Mrs. Josephine Dublin
President

Mr. Gerald Fregiste
Vice -President

Mrs. Candia Carrette - George
Secretary

Mr. Euan James
Treasurer

Dr. Kyra Paul-L'Homme
Member

Mr. Cecil P. Shillingford
Member

Mr. Aaron Dalrymple
Member

Mr. Patrickson E. Albert
Member

Mr. Glenworth Ducreay
Member

Dr. Damien Dublin
Member

Ms. Sonia Williams
Member

Mr. Shon Savarin
Member

Mr. Yoland Jno Jules
Member

Board of Directors' Report

For The Year Ended December 31, 2020

Mrs. Josephine Dublin
President

OVERVIEW

The financial year under review, tested the resilience of our Society as the COVID-19 pandemic which continue to have unprecedented economic and humanitarian effects, thrust upon us the need to change the way we work.

In the midst of the changing business environment, your Board remained committed in its resolve to ensure the continued successful operation of the Society.

Despite the challenges the Society experienced remarkable growth in the Assets Under Management "AUM" of $20,735,185 resulting in Total Assets of $661,667,413.

Notwithstanding the growth in the Society's core business, originated loans was significantly less than previous years, mainly as a result of reduced demand and allowances for expected credit losses.

GROWTH IN MEMBERS AND SOCIETY'S CAPITAL/SAVINGS

The membership grew during the year in review to 49,827 from 48,958 in the previous year, an increase of 869 or 1.77%

Table 1 - Trend in Membership and Share Growth: 2016-2020

Year	Value of Shares	No. of Members	Rate of Growth in Shares	Rate of Growth in Membership
2020	**$6,186,126**	**49,827**	**5.39%**	**1.77%**
2019	$5,869,800	48,958	5.98%	2.66%
2018	$5,538,350	47,689	7.74%	3.01%
2017	$5,140,550	46,295	13.72%	5.50%
2016	$4,520,450	43,442	11.05%	7.73%

Table 2 - Growth in Savings/Ordinary Deposits: 2016-2020

Year	Balance	Increase
2020	**$398,939,870**	**$14,277,237**
2019	$384,662,633	$12,001,138
2018	$372,661,495	$36,348,246
2017	$336,313,249	$67,297,301
2016	$269,015,948	$34,332,837

FINANCIAL PERFORMANCE

The Society reports a good overall financial performance during the year in review. Total Assets Under Management grew to $661,667,413 from $640,932,228 in the previous year, an increase of $20,735,185 or 3.24%.

Growth in Originated Loans was $5,002,671 or 1.21%. On the other hand, growth in Members Savings and Ordinary Deposits was $14,277,237 or 3.71%. Interest Income increased by $1,085,919 or 3.18% and Operating Income by $622,188 or 2.64% when compared with the previous year.

Fig. 1 – Interest Income: 2016-2020

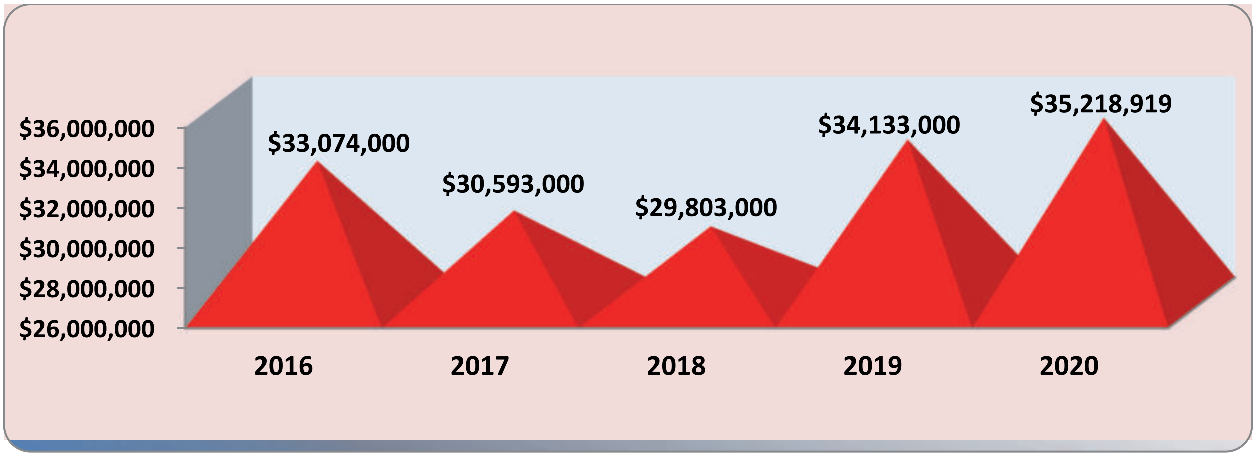


Fig. 2 – Operating Income: 2016-2020

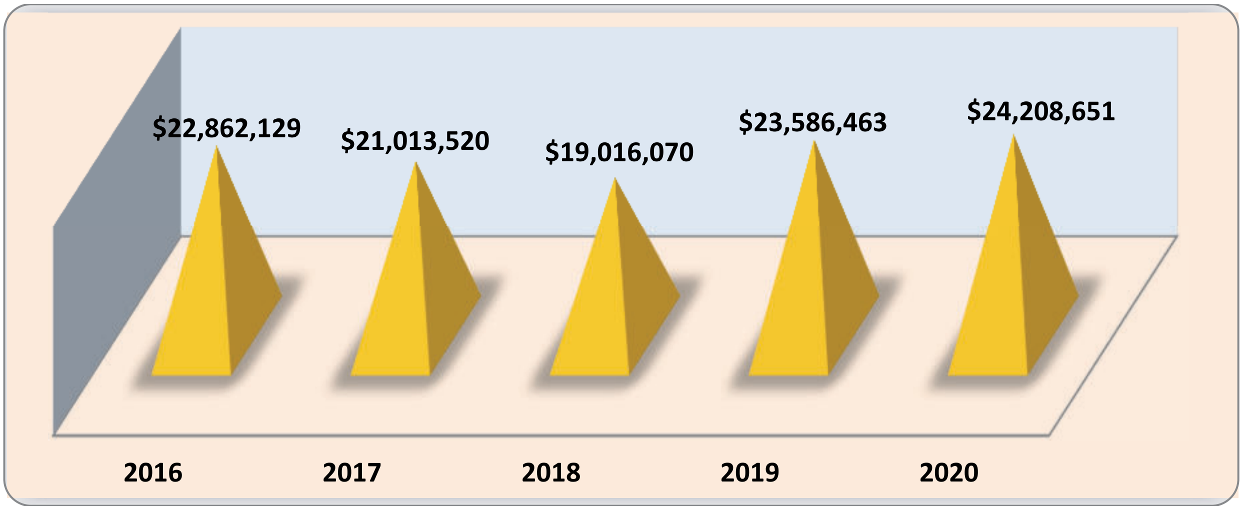
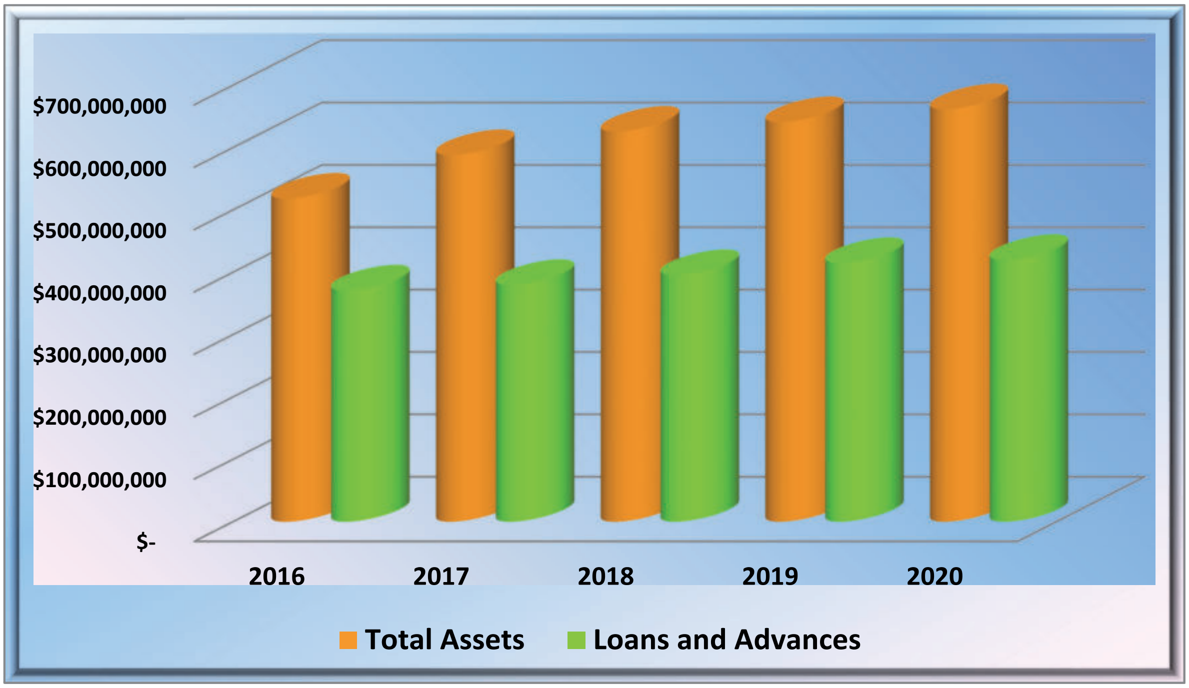


Table 3 – Total Assets and Loans & Advances: 2016-2020

Year	Total Assets	Loans and Advances
2020	**$661,667,413**	**$420,067,176**
2019	$640,932,228	$415,064,505
2018	$625,770,982	$395,637,358
2017	$588,069,125	$379,763,559
2016	$518,315,849	$370,901,814

Table Fig. 3 – Total Assets and Loans & Advances: 2016-2020



In 2020 the Society's Total Assets increased by $20,735,185, and the Loans Portfolio (Gross) increased by $5,002,671.

INCOME AND APPROPRIATION

For the year in review, the Society recorded income on loans of $31,493,075 compared to $30,132,860 in the previous year, an increase of $1,360,215 or 4.15%. Interest and Investment Income totaled $35,219,144 for the year in review, compared to $34,133,225, an increase of $1,085,919 or 3.18% over the previous year.

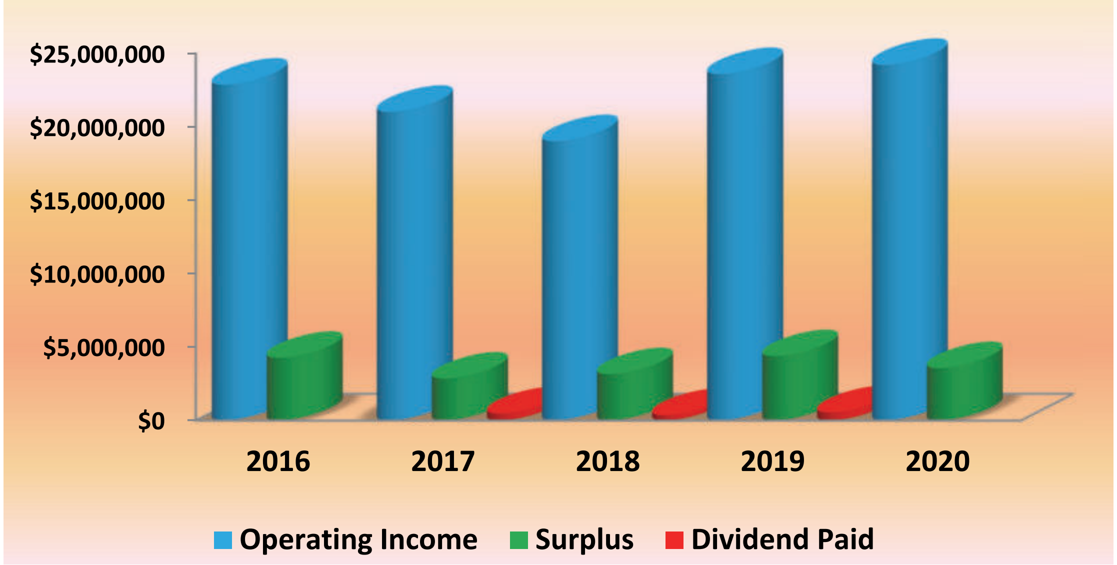
Total Operating Cost of $14,337,488 reflected a major reduction of $743,132 or 4.93% when compared with the previous year.

Your Society recorded a Net Surplus after appropriation of $3,562,840 compared to $4,376,559 in the previous year, a decrease of $813,719 or 18.59%.

Table 4 - Income Trends: 2016-2020

Year	Operating Income	Surplus	Dividend Paid
2020	**$24,208,651**	**$3,562,840**	**--**
2019	$23,586,463	$4,376,559	$547,373
2018	$19,016,070	$3,148,940	$358,342
2017	$21,013,520	$2,850,988	$474,231
2016	$22,862,129	$4,263,517	$271,438

Fig. 4 - Income Trends: 2016-2020



LIQUIDITY MANAGEMENT

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

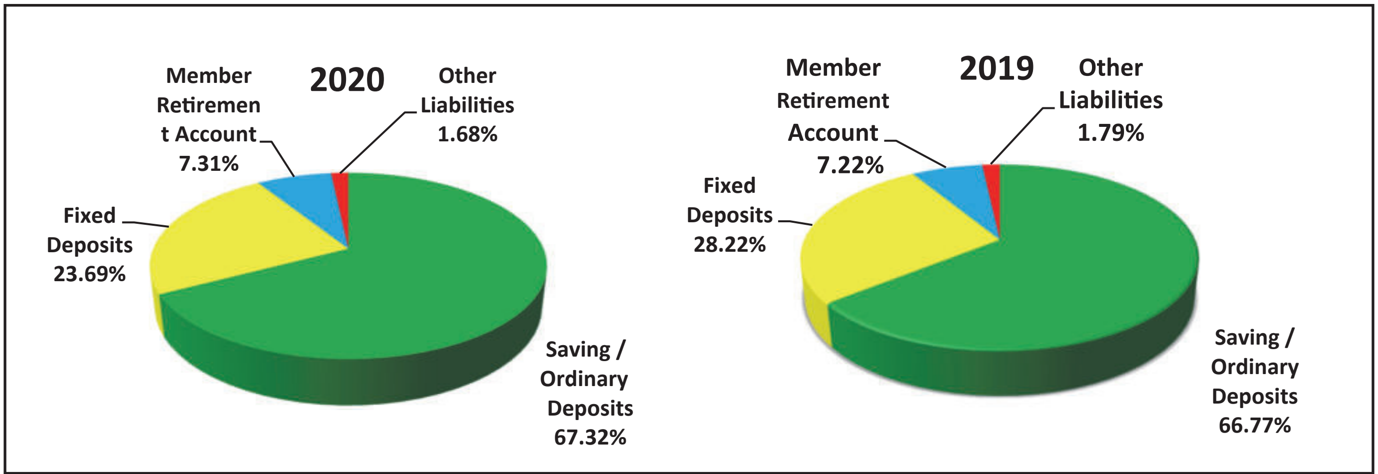
Table 5 - Changes in Liabilities - Dec. 2020 and Dec. 2019

	2020	2019	Increase/(Decrease)	
CATEGORIES	**$**	**$**	**$**	**%**
Savings/Ordinary Deposits	398,939,870	384,662,633	14,277,237	3.71
Fixed Deposits	140,428,320	139,554,112	874,208	0.63
Member Retirement Account	43,337,757	41,589,597	1,748,160	4.20
Other Liabilities	9,986,382	10,285.460	(299,078)	(2.91)
TOTAL	**$592,692,329**	$576,091,802		

Table 6 - Liabilities Mix - Dec. 2020 and Dec. 2019

CATEGORIES	2020 $	2020 %	2019 $	2019 %
Saving/Ordinary Deposits	398,939,870	67.31	384,662,633	66.77
Fixed Deposits	140,428,320	23.69	139,554,112	28.22
Member Retirement Account	43,337,757	7.31	41,589,597	7.22
Other Liabilities	9,986,382	1.68	10,285,460	1.79
TOTAL	**$592,692,329**		$576,091,802	

Fig. 5- Liabilities Mix – 2020 and 2019



LOANS PORTFOLIO

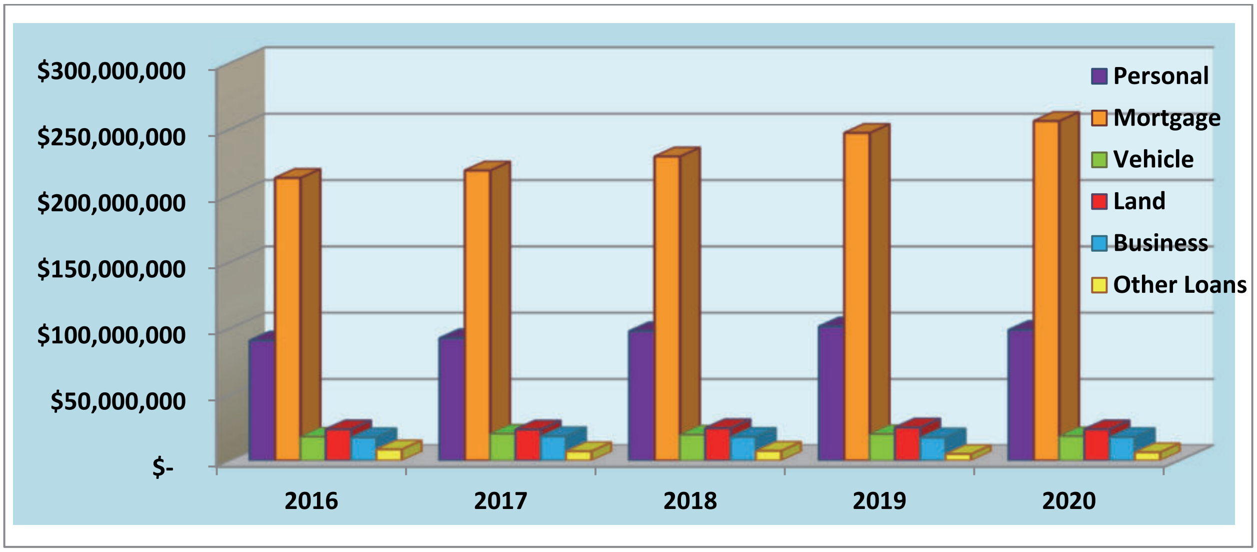
Despite the challenges and an increasing competitive operating environment for loans, the Society is able to report positive growth in most sectors.

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

Table 7 - Composition of the Loans Portfolio: 2016-2020

YEARS	Personal $	Mortgage $	Vehicle $	Land $	Business $	Other Loans $
2020	**98,498,734**	**255,954,975**	**18,266,340**	**23,531,225**	**17,649,975**	**6,165,929**
2019	101,109,921	247,010,750	19,844,800	24,904,268	17,382,608	4,812,158
2018	97,553,233	229,256,327	19,443,483	24,354,697	17,783,873	7,245,745
2017	92,253,453	218,703,792	20,153,475	23,414,793	18,268,446	6,969,600
2016	90,511,297	213,111,931	17,891,385	23,546,008	17,444,451	8,396,742

Fig. 6 - Analysis of Composition of Loans Portfolio: 2016-2020



COMMUNITY/CORPORATE INVOLVEMENT/SCHOLARSHIPS

As a major community player, the NCCU continued its role as a social partner and responsible cooperative by yet again contributing to education, health, sports and other aspects of community well being. An amount of $51,844 was granted as donations.

During the year in review, the Society awarded seventeen [17] scholarships to students who were successful at the Grade Six [6] National Assessment.

It cost the Society $70,356.00 to facilitate all the scholarship recipients' attendance at school.

TRAINING AND DEVELOPMENT

The number of training programmes held in the year under review was reduced when compared to the previous year because of the Covid-19 pandemic. Notwithstanding, the cooperative principle of education and training was adhered to and the following training sessions held:

- Robbery and Safety: Surviving Crime
- Occupational Health and Safety
- Health and Safety: Fire Safety & Prevention

CORPORATE GOVERNANCE STRUCTURE

Board of Directors

The Board is responsible for the strategic direction, policy formulation and oversight of the Society. This responsibility includes ensuring that there are effective systems of internal control and risk management. The Board takes its fiduciary responsibility to protect the members' interest and financial assets seriously.

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

At December 31, 2020, the Directors comprised of the President, Vice President, Treasurer, Secretary and nine [9] other members.

Once appointed to serve, each Director receives information about the Credit Union including By-Laws, Policies, Cooperative Societies Act and Regulations. The following members were elected to serve as Directors at the 10th Annual General Meeting held on the Fore Court, Windsor Park Sports Stadium on November 8, 2020:

- Mr. Shon Savarin
- Mr. Yoland Jno. Jules
- Mr. Euan James
- Dr. Damien Dublin

The Board meetings were held as shown in Table 8 with attendance of individual Board members.

Table 8 - Meetings Attendance Record Jan. 2020 – Dec. 2020

DIRECTORS	MONTHLY B.O.D. MEETINGS			SPECIAL B.O.D. MEETINGS			JOINT COMMITTEE MEETINGS		
	Total Called	*Attended*	*Excused*	*Total Called*	*Attended*	*Excused*	*Total Called*	*Attended*	*Excused*
Mrs. Josephine Dublin	14	14	00	04	04	00	02	02	00
Mr. Euan James	14	08	06	04	03	01	02	02	00
Mrs. Candia Carrette - George	14	13	01	04	02	02	02	02	00
Ms. Sonia Williams	14	11	03	04	04	00	02	02	00
Mr. Glen Ducreay	14	11	03	04	02	02	02	02	00
Dr. Kyra Paul-L'Homme	14	11	03	04	04	00	02	02	00
Mr. Patrickson Albert	14	13	01	04	03	01	02	02	00
Mr. Gerald Fregiste	14	14	00	04	04	00	02	02	00
Dr. Damien Dublin	14	13	01	04	04	00	02	02	00
Mr. Aaron Dalrymple	14	14	00	04	02	02	02	02	00
Mr. Cecil Shillingford	14	10	04	04	02	02	02	02	00
Mr. Shon Savarin	02	02	00	00	00	00	01	01	00
Mr. Yoland Jno Jules	02	02	00	00	00	00	01	01	00

COVID-19 RESPONSE

- Provision of six (6) months deferment on loans of affected members for the period April to September 2020.
- Upgraded counters at Branches to include barriers.
- Limited number of members allowed in the offices at any one time.
- Enforcement of sanitization and wearing of masks
- Increase the promotion of NCCU CU online services and debit card.

FUTURE OUTLOOK

The effects of COVID-19 pandemic is predicted to continue its impact on the Dominica economy, thus retarding the growth in the Society's loans portfolio, because, a timeframe for return to normalcy of critical sectors like Tourism is uncertain.

Notwithstanding, the future will present an avenue for innovation and transformation for this Society as we anticipate the scaling up of our digital channels by making available the mobile wallet technology, issuing of contactless – more secure debit cards and engaging in a massive rebranding exercise to make the Society more friendly and easier recognized by members. Your Board will continue to focus on the governance of the Society and a new website will be launched featuring new and improved technology which would be more user friendly.

The commencement of a model Branch office at Pointe Michel will become a reality as design works is at an advanced stage.

CONCLUSION AND ACKNOWLEDGEMENT

This year was indeed a special one which tested the resilience of the Board of Directors, the members of the Supervisory and Compliance Committee, Credit Committee, Management and Staff as we all engaged in adjusting the way we lived and worked. Notwithstanding the difficulties, the expressed dedication by all stakeholders to ensure that members were served is truly worthy of high commendation.

We continued our close collaboration with our social partners including the Dominica Co-operative Societies League, Registrar – Financial Services Unit, Caribbean Confederation of Credit Unions and sister Credit Unions. Our sincerest thanks for facilitating the Society's work.

To you the members, the year would not have been as successful as it was without your continued support and understanding, as we navigated the uncertainties occasioned by the COVID-19 pandemic. Our ambitions have always been deeply rooted in our desire to provide optimum service. The unprecedented times in which we were forced to operate caused us to do some things differently, impacting on the way we do business, reassessed our risks and ensured that the Society was able to provide the goods and service required by all our members.

Our sincerest thanks to our esteemed members for continued patronage and unwavering trust and confidence that was demonstrated during the year in review.

Members, we considered it a privilege to serve you.

JOSEPHINE DUBLIN (MRS.)
President
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mr. Aylmer A. Irish
Chief Executive Officer

Chief Financial Officer & Branch Managers

Mr. Curth Charles
Chief Financial Officer

Ms. Coleen Bernabe
Branch Manager - St. Paul

Ms. Valda Sweeney
Branch Manager - Roseau

Mrs. Maria Etienne-Pascal
Branch Manager - La Salette

Mrs. Joan Thomas
Branch Manager - Vieille Case

Mrs. Jacqueline Roberts
Coordinator - South East Branches

Financial Highlights

For the Years Ended December 31, 2016 - 2020

Statement of Financial Position	2020	2019	2018	2017	2016
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Cash and Bank Balances	77,596	62,776	98,154	96,658	37,879
Investment Securities	148,854	145,043	112,913	87,127	
Investment Held to Maturity & Available for Sale	0.00	0.00	0.00	0.00	0.00
Originated Loans (Net)	388,395	387,309	365,783	360,490	351,991
Property, Plant and Equipment	36,414	37,701	37,947	36,733	35,913
Other Assets/Shares	10,418	8,103	10,974	7,061	8,467
Statutory Reserves	0.00	0.00			19,191
	661,667	**640,932**	**625,771**	**$655,488**	**$518,532**
LIABILITIES					
Savings/Ordinary Deposits	398,940	384,663	372,661	336,313	269,016
Term Deposits	140,428	139,554	141,108	138,026	139,880
Member Retirement Account	43,338	41,590	39,255	37,495	34,675
Other	9,986	10,285	11,342	9,065	11,533
	592,692	**576,092**	**564,366**	**520,899**	**455,104**
EQUITY					
Share Capital	6,186	5,870	5,538	5,141	4,520
Statutory Reserve	21,571	20,658	19,536	18,707	33,300
Other Reserves	15,488	15,539	15,662	15,873	
Retained Surplus	25,730	22,773	20,669	27,449	25,607
	68,975	**64,840**	**61,405**	**67,170**	**63,427**

Statement of Income & Appropriations

For the Years Ended December 31, 2016 - 2020

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Interest Income	35,219	34,133	29,803	30,593	33,074
Interest Expense	12,059	(11,965)	(11,820)	(11,056)	(11,421)
Net Interest Income & Investment Income	23,160	22,168	17,983	19,537	21,653
Other Income	1,049	1,418	1,033	1,476	1,210
Operating Income	24,209	23,586	19,016	21,013	22,863
Other Operating Costs	14,337	15,081	13,595	12,860	12,542
Net Operating Income	9,872	8,505	5,421	8,153	10,321
Other Expenses	5,361	2,966	1,428	4,559	4,940
Surplus before Appropriations	4,510	5,539	3,993	3,594	5,381

Financial Statistics in Percentage

For the Years Ended December 31, 2016 - 2020

	2020 %	2019 %	2018 %	2017 %	2016 %
Asset Growth	3.24	2.42	6.41	13.46	10.40
Loans and Advances Growth (Net)	1.21	5.88	1.47	2.41	5.37
Savings and Deposit Growth	3.71	3.22	10.81	25.02	14.63
Fixed Deposits Growth	4.20	(1.10)	2.23	1.33	3.02
Member Retirement Account Growth	0.63	5.95	4.69	8.13	6.20

Treasurer's Report

For The Year Ended December 31, 2020

Mr. Euan James
Treasurer

OVERVIEW

It is with immense pleasure that I present to you, the Treasurers' report on the fiscal performance of the National Cooperative Credit Union Limited for the financial year ended December 31, 2020.

We are all well aware of the current socio and economic environment that has been unfortunately and inadvertently placed on our Society, membership and beloved institution by the advent of the Covid-19 pandemic. Nonetheless, like through previous adverse circumstances, the Society remains resolute. Most of all, the loyalty of this membership must be realized as the driving force throughout these challenging times. With the strategic leadership of the Board of Directors and Committee members, the prudent management techniques and principles utilized by our Management team and the determinative hardworking attitude of the staff, we achieved growth in the Society as recorded in your Society's operation.

Table 1.1: A breakdown of the Financial Highlights

YEAR ENDED DECEMBER 31	2020	2019	INCREASE/DECREASE 2020-2019	GROWTH % 2020-2019
	$	$	$	%
Operating Results				
Interest Income	35,219,144	34,133,225	**1,085,919**	**3.18%**
Gross Income	36,267,787	35,551,474	**716,313**	**2.01%**
Total Expenses	31,757,863	30,011,527	**1,746,336**	**5.82%**
Net Surplus	3,562,840	4,376,559	**(813,719)**	**(18.59%)**
Financial Position				
Loans to members	420,067,176	415,064,505	**5,002,671**	**1.21%**
Investments	148,853,569	145,042,936	**3,810,633**	**2.63%**
Total Assets	661,667,413	640,932,228	**20,735,185**	**3.24%**
Savings and Deposits	398,939,870	384,662,633	**14,277,237**	**3.71%**
Term Deposits	140,428,320	139,554,112	**874,208**	**0.63%**
Member Ret. Account	43,337,757	41,589,597	**1,748,160**	**4.20%**
Total Liabilities	592,692,329	576,091,802	**16,600,527**	**2.88%**
Member Capital	6,186,126	5,869,800	**316,326**	**5.39%**
Members Equity	68,975,084	64,840,426	**4,134,658**	**6.38%**

RESULTS OF OPERATION
Gross Income

The Society continued its growing trend in gross revenue over the period 2011 to 2020, with 2020 recording the highest annual revenue generated since amalgamation (See Graph 1.1).

The year 2020 recorded total revenue in the amount of $36.2 Million constituting a net value increase of $0.7 Million (2.01%) as compared to 2019 which recorded $35.5 Million.

This increase in gross income, as compared to the previous years was mainly a result of prudent management and members' commitment to meet their monthly installments despite the negative impact of the Covid-19 pandemic.

Graph 1.1: Revenue Trends 2011-2020:

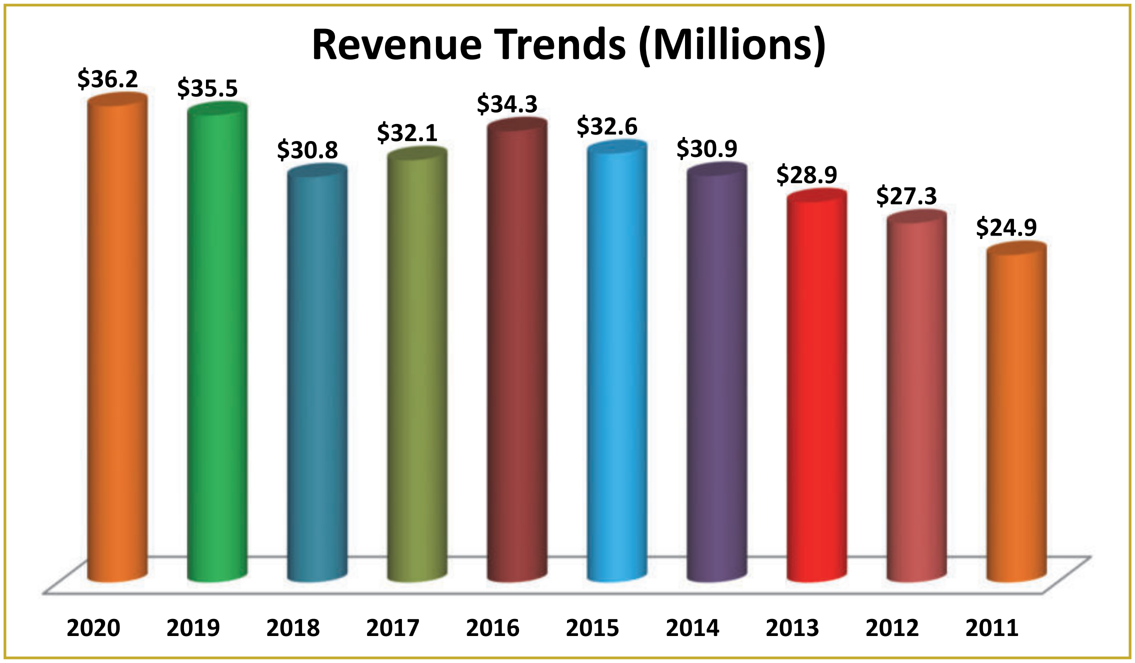
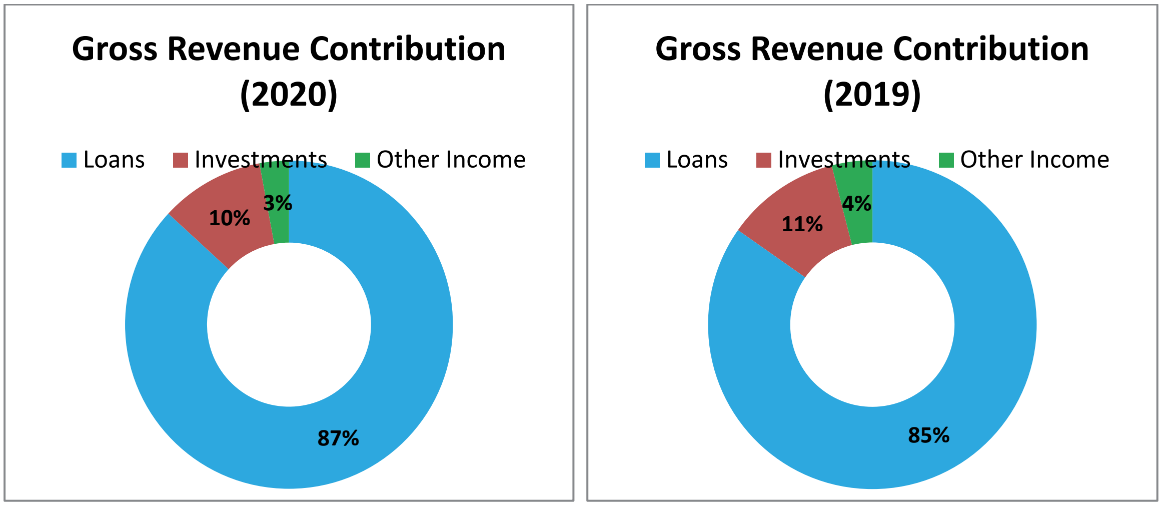


Table 1.2: Breakdown of Gross Income:

Gross Income	Actual YTD 2020	Actual YTD 2019	Change $	Change %
Loans	$31,493,075	$30,132,860	$1,360,215	4.51%
Investments	$3,726,069	$4,000,366	($274,297)	(6.86%)
Other Income	$1,048,643	$1,418,249	($369,606)	(26.07%)
Total	**$36,267,787**	**$35,551,474**	**$716,313**	**2.01%**

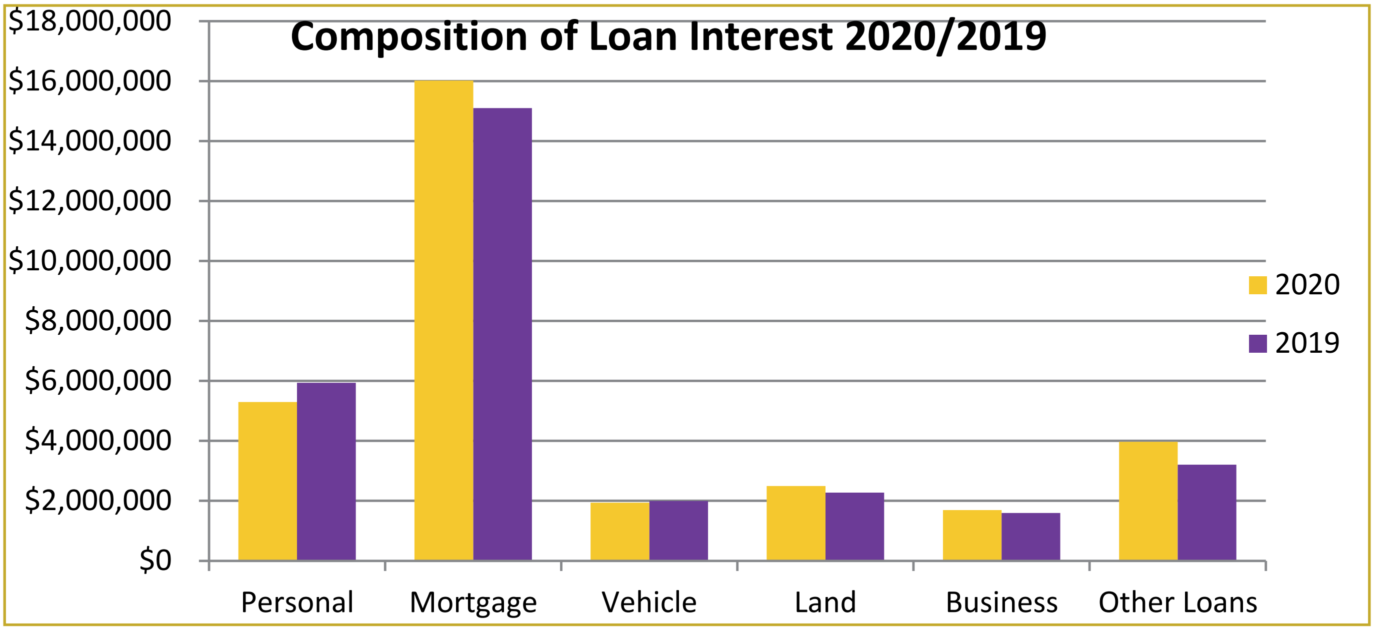
Graph 1.2: Breakdown of Gross Income



Interest Income

The interest earned from loans recorded $31.4 Million, an increase of $1.3 Million, or 4.51% when compared with $30.1 Million reported for 2019.

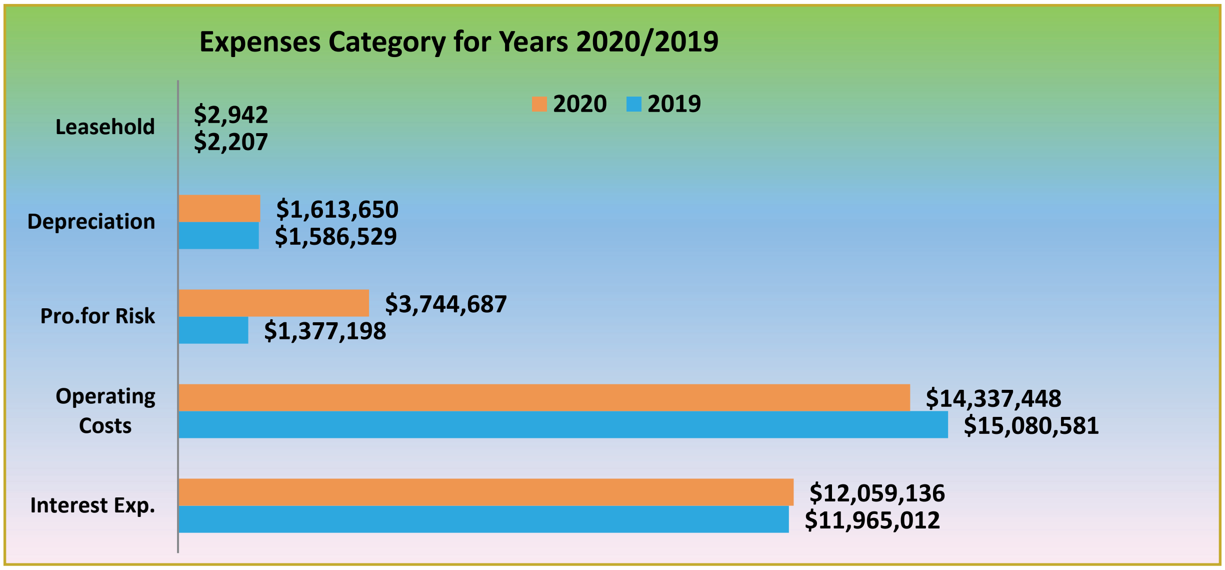
Graph 1.3: Composition of Loan Interest Income by Sector for Year 2020/2019



Expenses

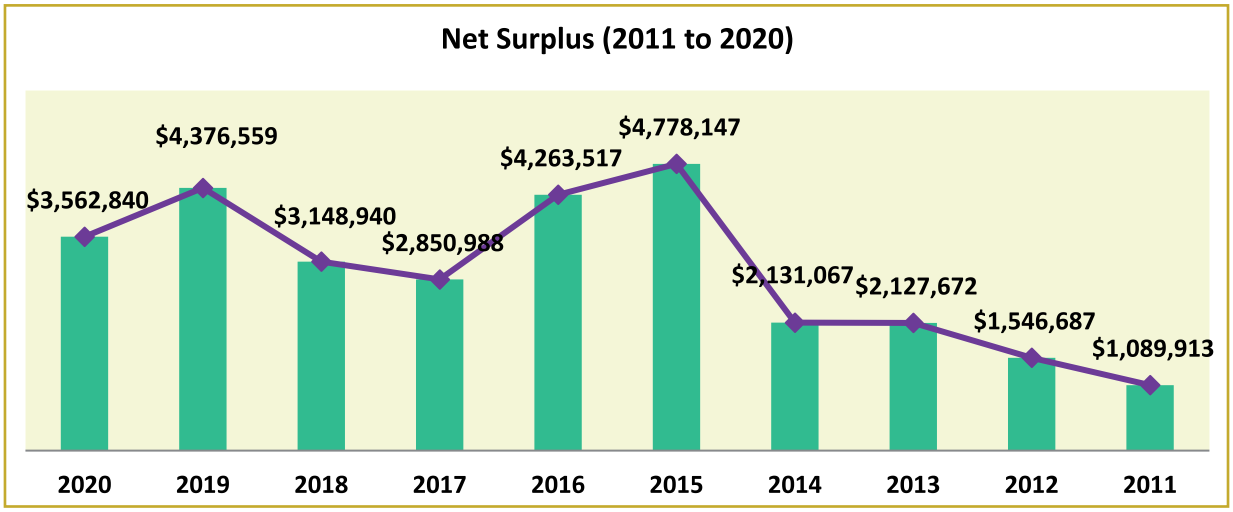
Total expenditure for the year 2020 totaled $31.7 million as compared to $30.0 million in the previous year 2019. This constitutes a net value increase of $1.7million, or (5.67%).

Table 1.3: A breakdown of the Society's expenses during 2020/2019



Net Surplus

Net Surplus decreased by $0.81 Million or 18.59% when compared to 2019 which was as a result of the increase in provisioning for loan impairment as compared to the previous year. Regardless of the mandatory provisioning, a surplus was still realized through an aggressive lending policy, increased investment appetite, and effective management of our operating and financing costs.



Graph 1.4: Net Surplus for the year 2011 to 2020

FINANCIAL POSITION

Assets

The Society reports Assets of $661.6 Million, a growth of $20.7 Million, or 3.24% as compared with last year's

2019 figures of $640.9 Million. The growth is mainly attributed to $14.8 Million increase in Cash and Bank balances; and $3.8 Million or 2.7% increase in Investment Securities such as Commercial Paper, Fixed Deposits, Treasury Bills, and Government Bonds.

Loans to members which is our core business grew by $1.08 Million or 0.28% over last year's total. This is reflective of the confidence of our membership in the long term viability of their financial institution despite the impact of the Covid-19 pandemic and competitive financial market.

Liabilities

During the period under review, Total Liabilities grew to $592.6 Million showing $16.6 Million or 2.9% increase over the previous year.

The main contributing factors were Members Savings and Deposits which stood at $398.9 Million with a growth of $14.2 Million or 3.7% compared to the previous year. This is the Society's main source of funds.

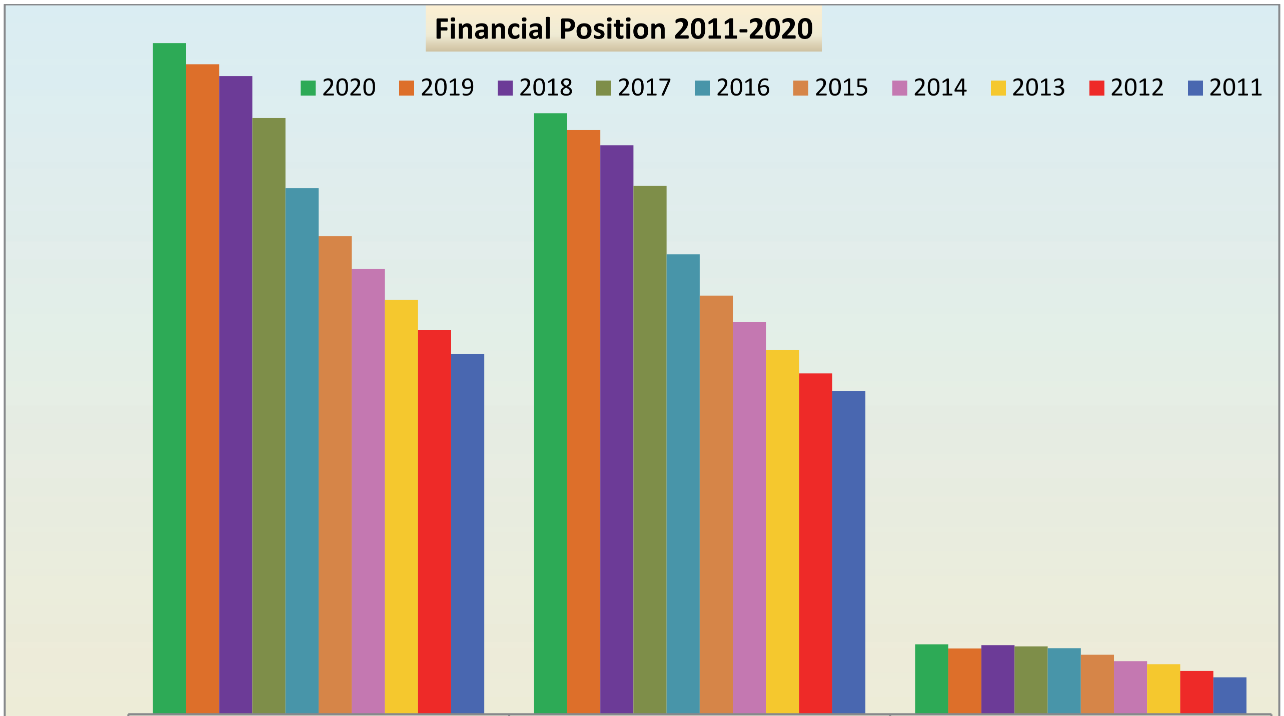
Equity

Members' Equity for the year 2020 was $68.9 Million, an increase of $4.1 Million or 6.4% when compared with $64.8 Million reported for the previous year.

The increase was primarily as a result of:

- Retained Surplus increased by $2.9 Million or 13%, as compared to the previous year. It is $25.7 Million for the reporting year.
- Statutory Reserve increased by $0.91 Million or 4.4%, as compared to the previous year. It is $21.5 Million for the reporting year.
- Member Capital is the product that strengthens the institution. It increased by $316,326 or 6.0% from $5.86 Million in 2019 to $6.18 Million in 2020.

Graph 1.5: Financial Position:



	Total Assets (Millions)	Liabilities (Millions)	Equity (Millions)
2020	$661.6	$592.6	$68.9
2019	$640.9	$576.0	$64.8
2018	$629.2	$561.0	$68.1
2017	$587.8	$520.9	$66.9
2016	$518.6	$453.4	$65.2
2015	$471.3	$412.7	$58.6
2014	$438.9	$386.5	$52.3
2013	$408.6	$359.2	$49.4
2012	$378.7	$336.0	$42.7
2011	$355.2	$318.8	$36.4

DELINQUENCY

The ongoing challenging situation in the economy especially after Hurricane Maria and now the Covid-19 pandemic has severely diminished members' disposable income, as they have been faced with pay cuts, lay-offs and increasing expenses. Therefore the application for deferment has increased significantly.

However, members are encouraged to contact the Collections Department at the earliest whenever you are faced with any challenges that will hinder your monthly commitments to the Society.

CONCLUSION

The Society's financial performance for the year under review has been impressively commendable despite the numerous challenges of the Covid-19 pandemic and increase local competition within the financial services industry. Yet, we continued to experience growth as a result of loyal membership, dedicated staff, and committed volunteers.

I am proud to be a part of this Society and wish to express my profound gratitude to you, my fellow Members, colleagues on the Board of Directors, the Supervisory and Compliance and the Credit Committees, Management and Staff and all other stakeholders that have contributed to the continued success of the Society.

Thank you.

EUAN JAMES (MR.)
Treasurer
FOR AND BEHALF OF THE BOARD OF DIRECTORS

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

AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **National Co-operative Credit Union Limited** (the Society), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of ot detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Navigant Consulting Services

Roseau, DOMINICA

May 14, 2021

Balance Sheet

As at December 31, 2020

	Notes	2020 $	2019 $
ASSETS			
Cash and bank balances	**5**	77,596,071	62,775,936
Investments	**6**	148,853,569	145,042,936
Loans and advances to members	**7**	388,394,940	387,309,274
Other Assets	**8**	10,400,318	8,091,659
Property plant and equipment	**10**	36,413,646	37,700,611
Leasehold Improvements	**9**	8,869	11,811
TOTAL ASSETS		**661,667,413**	**640,932,228**
LIABILITIES			
Members' savings/ordinary deposits	**11**	398,939,870	384,662,633
Term Deposit	**12**	140,428,320	139,554,112
Accounts payable and provisions	**13**	6,400,147	6,517,876
Member Retirement Account	**14**	43,337,757	41,589,597
European Union grant	**15**	-	21,415
Accrued Interest Payable	**16**	3,586,235	3,746,169
TOTAL LIABILITY		**592,692,329**	**576,091,802**
MEMBERS' EQUITY			
Share capital	**17**	6,186,126	5,869,800
Statutory Reserve (guarantee fund)	**18**	21,571,170	20,658,185
Education fund	**19**	341,711	359,618
Loan protection fund	**20**	669,348	769,348
Capital reserve		498,301	476,886
Capital contribution	**21**	4,797,344	4,797,344
Revaluation surplus	**22**	8,634,580	8,634,580
Fair value reserve		335,913	335,913
Development fund	**23**	210,953	165,853
Retained surplus		25,729,638	22,772,899
TOTAL MEMBERS' EQUITY:		**68,975,084**	**64,840,426**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**661,667,413**	**640,932,228**

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

Approved by The Board on May, 2021 and signed on behalf of the Board of Directors by:

PRESIDENT **TREASURER**

Statement of Changes in Equity

For the Year Ended December 31, 2020

	Notes	Member Share Capital	Statutory Reserve	Education Fund	Development Fund	Revaluation Surplus	Capital Reserve	Capital Contribution	Loan Protection Fund	Fair Value Reserve	Retained Surplus	**Total**
Balance as at 31/12/18		**5,538,350**	**19,535,560**	**377,360**	**159,043**	**8,634,580**	**476,886**	**4,797,524**	**881,085**	**335,913**	**20,668,561**	**61,404,862**
IFRS 9												
Appropriation			1,107,990		55,399							1,163,389
Net surplus											4,376,559	4,376,559
Payments				(17,742)	(48,589)			(180)	(111,737)			(178,248)
Receipts		331,450										331,450
Adjustment / prior year etc.											(1,913,880)	(1,913,880)
Entrance fees			14,635									14,635
Dividend											(358,342)	(358,342)
Balance as at 31/12/19		**5,869,800**	**20,658,185**	**359,618**	**165,853**	**8,634,580**	**476,886**	**4,797,344**	**769,348**	**335,913**	**22,772,899**	**64,840,426**
IFRS 9												
Appropriation			901,985		45,099							947,084
Net surplus											3,562,840	3,562,840
Payments				(17,907)					(100,000)			(117,907)
Receipts		316,326					21,415					337,741
Adjustment / prior year etc.											(58,728)	(58,728)
Entrance fees			11,000									11,000
Dividend											(547,373)	(547,373)
Balance as at 31/12/20		**6,186,127**	**21,571,170**	**341,711**	**210,953**	**8,634,580**	**498,301**	**4,797,344**	**669,348**	**335,913**	**25,729,638**	**68,975,084**

Statement of Income & Apprriation

For the Year Ended December 31, 2020

	NOTES	2020	2019
		$	$
Interest income	**24**	35,219,144	34,133,225
Interest expense	**24**	(12,059,136)	(11,965,012)
Net interest income		**23,160,008**	**22,168,213**
Other income	**25**	1,048,643	1,418,249
Operating income		**24,208,651**	**23,586,463**
Operating cost	**26**	(14,337,448)	(15,080,581)
Provision for loan impairment	**7 (b)**	(3,744,687)	(1,377,198)
Loan protection fund		-	-
Depreciation	**10**	(1,613,650)	(1,586,529)
Leasehold/amortisation	**9**	(2,942)	(2,207)
Surplus before appropriation		**4,509,924**	**5,539,949**
Appropriations			
Transfer to statutory reserve		(901,985)	(1,107,990)
Transfer to development fund		(45,099)	(55,399)
Net surplus for the year		**3,562,840**	**4,376,559**

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020	2019
	$	$
Cash flows from operating activities		
Surplus before appropriation	4,509,924	5,539,949
Adjustments for:		
Depreciation	1,613,650	1,586,529
Expected Credit Losses	3,744,687	1,377,198
Leasehold Amortization	2,942	2,207
Cash flows before changes in operating assets and liabilities	9,871,203	8,505,882
(Increase)/Decrease in statutory reserve deposit	(73,103)	1,163,427
(Increase) in originated loans	(4,830,351)	(22,903,375)
(Increase) / Decrease in other assets	(2,308,659)	2,879,537
Increase in members' savings/demand deposits	14,277,237	12,001,138
Increase / (Decrease) in term deposits	874,208	(1,553,872)
Increase in Members' retirement account	1,748,160	2,334,967
Increase / (Decrease) in accounts payable and provisions	(117,729)	(381,000)
Increase (Decrease) in accrued interest payable	(159,934)	(675,551)
Net Cash used in operating activities	**19,281,032**	**1,371,153**
Cash flow from investing activities		
Purchase of fixed assets	(326,685)	(1,340,132)
Purchase of investment securities	(3,737,530)	(33,293,390)
Leasehold improvements	-	(10,932)
Net cash from investing activities	**(4,064,215)**	**(34,644,454)**
Cash flow from financing activities		
Share capital	316,326	331,450
Dividend paid	(547,373)	(358,342)
Payment from funds	(106,907)	(163,437)
Adjustment /prior year etc.	(58,728)	(1,913,880)
Capital contribution	-	(180)
Net cash from financing activities	**(396,682)**	**(2,104,389)**
Net (decrease)/ increase in cash	14,820,135	(35,377,690)
Cash at beginning of year	62,775,936	98,153,626
Cash at end of year	**77,596,071**	**62,775,936**

Notes to Financial Statements

For the Year Ended December 31, 2020

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, Riviere Cyrique, Castle Bruce, La Plaine and Vielle Case, with sub-Branches at Penville, Paix Bouche and Thibaud.

2. Summary of significant accounting policies

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

a) Basis of preparation

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

a) Basis of preparation cont'd

(iii) New standards and interpretations not yet adopted

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

b) Cash and cash equivalents

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

c) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont’d

c) Financial assets and liabilities cont’d

Interest income

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

Initial recognition and measurement

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

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

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Financial assets

(i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

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

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Equity instruments

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

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

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

(ii) Impairment

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iii)Modification of loans

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

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iv) Derecognition other than on a modification

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

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

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

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

Financial liabilities

(i) Classification and subsequent measurement

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

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

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

(ii) Derecognition

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

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

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

d) Financial guarantee contracts and loan commitments

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

d) Financial guarantee contracts and loan commitments cont'd

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

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

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

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

e) Functional and presentation currency

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

e) Functional and presentation currency cont'd

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

f) Property, plant and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

g) Intangible assets

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

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

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

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

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

h) Payables

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

i) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

Notes to Financial Statements

For the Year Ended December 31, 2020

2. Summary of significant accounting policies cont'd

j) Dividends

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

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

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

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

k) Revenue recognition

Interest income and expense

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

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

Dividend and other income

Dividend income and other income are recognized when received.

l) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Summary of significant accounting policies cont'd

l) Provisions cont'd

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

m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

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

n) Taxation

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

2. Summary of significant accounting policies cont'd

o) Comparatives

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

p) Rounding of amounts

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

3. Critical accounting estimates and judgement

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

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

Measurement of the expected credit loss allowance

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

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

4. Financial Risk Management

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

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

a) Credit risk

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

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

Credit risk measurement

Loans and advances (incl. loan commitments and guarantees)

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

Credit risk grading

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

Expected credit loss measurement

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

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

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

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

Change in credit quality since initial recognition

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

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

Significant increase in credit risk (SICR)

Qualitative criteria:

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

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

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

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

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

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

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

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

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

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

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

Forward-looking information incorporated in the ECL models

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

4. Financial Risk Management cont'd

a) Credit risk cont'd

Grouping of instruments for losses measured on a collective basis

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

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

The following exposures are assessed individually:

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

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

Loss allowance

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

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

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

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

	2020	2019
	$	$
Opening loss allowance as at 1 January	**27,755,231**	**29,854,261**
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January (calculated under IFRS 9)	27,755,231	29,854,261
Bad debts recovered	172,318	241,360
Bad debts Written Off	-	(3,717,588)
	27,927,549	26,378,033
Increase in the allowance recognised in profit or loss during the period	3,744,687	1,377,198
Closing loss allowance as at 31 December	**31,672,236**	**27,755,231**

Write-off policy

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

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

Modification of financial assets

The Society sometimes modifies the terms of loans provided to members due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

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

b) Market risk

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

c) Currency risk

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

d) Liquidity risk

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

5. Cash and Bank Balances

	2020	2019
	$	$
Cash on hand	4,097,586	3,829,589
Current account	73,498,485	58,946,347
	77,596,071	**62,775,936**

6. Investment Securities

	2020	2019
	$	$
Investment Securities measured at FVTPL	5,469,200	5,469,200
Investment Securities measured at amortised cost	123,744,671	120,007,141
Investment securities measured at FVOCI - equity investments	19,639,698	19,566,596
	148,853,569	**145,042,936**

Notes to Financial Statements

For the Year Ended December 31, 2020

7. Originated Loans

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

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

Originated loans at amortised cost include the following:

	2020	**2019**
	$	**$**
(a) Loans and advances to Members		
Member Loans	407,846,804	402,654,438
Overdraft	2,631,667	2,821,362
Staff Advances and loans	9,588,705	9,588,705
	420,067,176	415,064,505
Less: Allowance for Expected Credit Losses	31,672,236	27,755,231
	388,394,940	**387,309,274**

(b) Allowance for Expected Credit Losses

	2020	**2019**
	$	**$**
Provision at beginning of year	27,755,231	29,854,261
Amounts restated through opening retained earnings	-	-
Opening loss allowance (IFRS 9)	27,755,231	29,854,261
Bad debts recovered	172,318	241,360
Bad debts Written Off	-	(3,717,588)
	27,927,549	26,378,033
Expected credit loss	3,744,687	1,377,198
Closing Allowance for Expected Credit Losses	**31,672,236**	**27,755,231**

Notes to Financial Statements

For the Year Ended December 31, 2020

7. Originated Loans cont'd

(c) Originated Loans - Sectoral Analysis	2020	2019
	$	$
Personal	98,498,734	101,109,921
Mortgage	255,954,975	247,010,750
Vehicle	18,266,340	19,844,800
Land	23,531,225	24,904,268
Business	17,649,975	17,382,608
Other Loans (Litigated)	6,165,927	4,812,158
	420,067,176	**415,064,505**

8. Other Assets

	2020	2019
	$	$
Interest receivable on investments	1,727,762	1,676,478
Inventory of stationery/office Supplies	900,440	864,617
Prepayments	378,973	411,157
Deferred expenses	1,454,624	868,822
Loans receivable interest	2,226,042	2,129,713
Debtors	3,658,629	2,092,751
Receivable staff education	52,781	47,060
Other Receivables	1,060	1,060
	10,400,318	**8,091,659**

9. Leasehold Improvements

	2020	2019
	$	$
Balance beginning of the year	11,811	3,085
Additions	-	10,932
Amortised during the year	(2,942)	(2,207)
	8,869	**11,811**

Notes to Financial Statements

For the Year Ended December 31, 2020

10. Property and equipment

	Land	Building	Furniture & Equipment	Computer Systems	Motor Vehicle	ATM	Legal Library	Building in Progress	TOTAL
COST									
Balance - December 31, 2018	3,188,950	33,392,000	7,978,607	10,266,375	732,300	3,346,735	19,525	-	58,924,491
Additions	593,110	266,814	284,379	195,829	-	-	-	-	1,340,132
Additions - building in progress	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	(221,352)	-	221,352	-	-	-
Balance - December 31, 2019	3,782,060	33,658,814	8,262,986	10,240,852	732,300	3,568,087	19,525	-	60,264,623
Additions	-	42,055	284,630	-	-	-	-	-	326,685
Additions - building in progress	-	-	-	(129,782)	-	-	-	-	(129,78
Adjustment	-	-	-	-	-	-	-	-	-
Balance - December 31, 2020	3,782,060	33,700,869	8,547,616	10,111,070	732,300	3,568,087	19,525	-	60,461,526
ACCUMULATED DEPRECIATION									
Balance - December 31, 2018	-	2,445,008	5,713,430	9,351,033	468,254	2,980,232	19,525	-	20,977,482
Eliminated on disposal/adjustment-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	583,383	571,134	269,389	65,500	97,124	-	-	1,586,530
Balance - December 31, 2019	-	3,028,391	6,284,564	9,620,422	533,754	3,077,356	19,525	-	22,564,012
Eliminated on disposal/adjustment	-	-	-	(129,782)	-	-	-		129,782
Depreciation charge	-	641,026	531,865	278,135	65,500	97,124	-		1,613,650
Balance - December 31, 2020	-	3,669,417	6,816,429	9,768,775	599,254	3,174,480	19,525		24,047,880
Net Book Value									
December 31, 2019	**3,782,060**	**30,630,422**	**1,978,422**	**620,430**	**198,546**	**490,731**	**-**	**-**	**37,700,611**
December 31, 2020	**3,782,060**	**30,031,451**	**1,731,186**	**342,295**	**133,046**	**393,607**	**-**	**-**	**36,413,646**

Notes to Financial Statements

For the Year Ended December 31, 2020

11. Members Savings/Ordinary Deposits

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

	2020 $	2019 $
Members' savings/ordinary deposits	**398,939,870**	**384,662,633**

12. Term Deposits

	2020 $	2019 $
Interest bearing fixed deposit at rates in range 1.75% to 3%	**140,428,320**	**139,554,112**

13. Accounts Payable and Provisions

	2020 $	2019 $
Accounts payable and Provisions	3,572,490	3,926,634
Audit	54,250	54,250
Clearing Accounts	2,773,408	2,536,992
	6,400,147	**6,517,876**

14. Member Retirement Account

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

2020 $	2019 $
43,337,757	**41,589,597**

Notes to Financial Statements

For the Year Ended December 31, 2020

15. European Union Grant

Technical assistance grant for small business development

	2020	2019
	$	$
Balance - beginning of period	21,415	21,415
Add: receipts	-	-
Less disbursements	(21,415)	-
	-	**21,415**

16. Accrued Interest Payable

	2020	2019
	$	$
	3,586,235	**3,746,169**

17. Share Capital

	2020	2019
	$	$
Issued and fully paid 117,396 shares at December 31, 2019 of $50 (par value) per share.		
Balance - beginning of year	5,869,800	5,538,350
Issued during the year	316,326	331,450
	6,186,126	**5,869,800**

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

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

Notes to Financial Statements

For the Year Ended December 31, 2020

18. Statutory Reserve

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

	2020	2019
Movements during the year were as follows:	$	$
Balance - beginning of year	20,658,185	19,535,560
Add: Entrance Fee	11,000	14,635
Appropriation from surplus	907,985	1,107,990
	21,571,170	**20,658,185**

19. Education Fund

This represents funds appropriated from surplus for members' education.

	2020	2019
	$	$
Balance - beginning of year	359,618	377,360
Less: disbursements	(17,907)	(17,742)
Appropriation from surplus	-	-
	341,711	**359,618**

This represents funds appropriated from surplus for member education.

20. Loan protection fund

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

	2020	2019
	$	$
Balance - Beginning of period	769,348	881,085
Disbursements	(100,000)	(111,737)
Add: receipts	-	-
	669,348	**769,348**

21. Capital Contribution

	2020	2019
This represents the following balances:	$	$
Construction cost of the Society's office building.	4,797,344	4,797,524
Payments	-	(180)
	4,797,344	**4,797,344**

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

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

22. Revaluation Surplus

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

23. Development Fund

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

	2020	2019
	$	$
Balance beginning of year	165,853	159,043
Disbursements	-	(48,589)
Appropriation from surplus	45,099	55,399
	210,953	**165,853**

Notes to Financial Statements

For the Year Ended December 31, 2020

24. Net Interest and Investment income

Interest Income	**2020**	**2019**
	$	**$**
Income from Loans	31,493,075	30,132,860
Income from Investments	842,916	711,460
Interest on Fixed Deposits	2,883,153	3,288,906
	35,219,144	**34,133,225**

Interest expense	**2020**	**2019**
	$	**$**
Interest on term deposits	3,082,299	3,458,797
Interest on members Savings	7,306,568	6,935,461
Interest on MRA	1,659,878	1,560,194
Interest on Christmas clubs	10,391	10,560
	12,059,136	11,965,012
Net interest and investment income	**23,160,008**	**22,168,213**

25. Other Income

	2020	**2019**
	$	**$**
Rent	50,121	51,003
Cheque Book fees	116,625	129,296
Sale of rule and pass book	21,410	28,210
Professional services	531,926	690,683
Sundry Services Charge	238,186	246,585
Bad debts recovered/written off	-	212,784
Commissions	71,930	43,494
Other fees	18,445	16,195
	1,048,643	**1,418,249**

Notes to Financial Statements

For the Year Ended December 31, 2020

26. Operating Cost

	2020	2019
	$	$
Personnel expenses (See note 27)	8,054,645	8,766,928
Governance	132,060	161,887
Corp-EFF Insurance	1,179,135	1,180,578
Annual General Meeting	91,321	61,393
Scholarship	70,356	67,621
Overseas Travel and conferences	2,673	289,531
Computer services and expenses	834,493	675,738
Stationery and office supplies	241,566	228,176
Fraternity expenses	235,604	277,226
Audit Fee	51,979	54,250
Occupancy expenses	1,002,570	1,096,449
Insurance Building and content	368,996	329,777
General expenses (See note 29)	2,072,050	1,891,027
	14,337,448	**15,080,581**

27. Personnel Expenses

	2020	2019
	$	$
Salaries, staff benefits & allowances	7,117,368	7,853,153
Social Security	428,090	426,142
Uniforms allowances and transportation	509,187	487,633
	8,054,645	**8,766,928**

28. Key Management Compensation

	2020	2019
	$	$
Salaries and Allowance	1,731,432	1,731,432
Gratuity	277,599	509,227
	2,017,105	**2,240,659**

Notes to Financial Statements

For the Year Ended December 31, 2020

29. General Expenses

	2020	2019
	$	$
Hurricane claims	-	19,635
Security services	190,360	159,409
Postage	8,780	8,319
Advertising, publicity and promotions/dues	335,893	228,352
4cs expenses	270,679	243,470
Donations	51,844	139,848
ATM services and expenses	392,113	361,932
Entertainment	66,990	45,589
Maintenance of fixed assets	251,384	220,973
Valuation and legal fees	-	-
Bank charges	342,456	304,156
Other	161,551	159,345
	2,072,050	**1,891,027**

30. Related Party Transactions

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

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

	2020	2019
	$	$
Loans		
Directors & Volunteers	5,118,425	1,942,288
Key Management Staff	3,581,404	3,312,352
TOTAL LOANS	8,705,829	5,254,640
Deposits		
Directors & Volunteers	3,828,317	3,995,556
Key Management Staff	3,214,230	2,971,146
TOTAL DEPOSITS	7,042,546	6,966,701

31. Fair value of financial assets and liabilities

All financial assets and liabilities are carried at fair value.

Notes to Financial Statements

For the Year Ended December 31, 2020

32. Contingencies and Commitments

Loans and advances committed but not yet drawn down at the balances sheet date totalled $4,383,375 in 2020 and $7,789,220 in 2019.

National Co-operative Credit Union Ltd.


Mr. George W. Maxwell
Chairperson


Ms. Natasha Nation
Secretary


Mr. Quincy D. Angol
Member


Mrs. Jodie Dublin-Dangleben
Member


Mr. David Maximea
Member


Mr. Cecil A. Joseph
Member


Ms. Renita Charles
Member


Ms. Keturah Deschamps
Member


Ms. Christelle Bardouille
Member


Mr. Mervin D. Anthony
Member


Ms. Isabella Prentice
Member

Credit Committee


Mr. Andre Cadette
Member


Mr. Julian Benjamin
Member

Credit Committee's Report

For The Year Ended December 31, 2020

The year 2020 can be described as a very tumultuous one considering the debilitating impact of the COVID-19 pandemic on the global economy and the NCCU in particular. Notwithstanding the foregoing, the Committee's duties and functions however, were conducted as per the Co-operative Societies Act No. 2 of 2011 and the By-Laws of the National Co-operative Credit Union Ltd.

The Credit Committee comprised of the following members for the period under review:

Chairman:	Mr. George W. Maxwell
Secretary:	Ms. Natasha Nation
Members:	Ms. Keturah Dechamps
	Ms. Isabella Prentice
	Mr. David Maximea
	Ms. Renita Charles
	Mr. Quincy Angol
	Mrs. Jodie Dublin-Dangleben
	Mr. Cecil Joseph
	Mr. Andre Cadette
	Ms. Christelle Bardouille
	Mr. Mervin Anthony
	Mr. Julian Benjamin
	Mr. Philbert Joseph
	Ms. Sonia Felix

MEETINGS

Due to the pandemic, it was not practical to convene meetings on a face-to-face basis for a particular period during the year and so the zoom platform was briefly utilized in that regard. This mode however presented unique challenges which the Committee had to surmount. Suffice to say, the Committee reverted to convening meetings at Head Office at the soonest, adhering to the health and safety protocols which were mandated by the health authorities.

Mr. Julian Benjamin, Mr. Mervin Anthony and Mr. Andre Cadette were all elected to the Committee at the last AGM held on November 8, 2020.

The Credit Committee met on Tuesdays and Thursdays, save for holidays, to deliberate on loan applications. Five [5] members are required at every sitting in order to undertake approvals or non-approvals as the case maybe. Committee Members also attended and participated in Joint Committee Meetings during the year.

Table 1- Meetings attended by Committee Members

Names	No. of meetings scheduled Jan. to Dec. 2020	No. of meetings attended Jan. to Dec. 2020	No. of meetings scheduled cancelled Jan. to Dec. 2020
Mr. George W Maxwell	43	35	10
Ms. Keturah Deschamps	39	27	14
Ms. Isabella Prentice	40	35	10
Mrs. Jodie Dublin-Dangleben	35	20	13
Mr. Quincy Angol	38	27	13
Ms. Sonia Felix	21	11	6
Ms. Natasha Nation	38	31	09
Mr. David Maximea	39	30	09
Mr. Philbert Joseph	31	19	12
Ms. Renita Charles	40	34	12
Mr. Mervin D. Anthony	39	26	13
Mr. Cecil Joseph	37	24	15
Ms. Christelle Bardouille	30	23	09
Mr. Andre Cadette	06	06	00
Mr. Julian Benjamin	06	06	00

OVERVIEW

The NCCU showed its resilience and versatility during 2020 considering the multiplicity of challenges faced by members, resident both here and abroad. The fact that some members were laid of temporarily and others were asked to take pay cuts as a result of the impact of COVID-19 on local, regional and international businesses saw the Credit Union being adversely affected. Even more harrowing was the fact that some members lost their jobs altogether and so were unable to service their loans. The introduction, however, of the Bundle-Up Loan option towards the latter part of 2020 was tantamount to a life line for members who availed themselves of this service.

LOANS

There was a reduction in the overall number of loans approved in 2020 vis-à-vis 2019. In 2020 5,252 loans were approved as compared to 7,418 in 2019, an overall reduction of 29%. The most affected areas were loans for travelling (-83%), Now 4 Now loans (-75%), Private Motor Vehicle and Land loans (-36.5%), Education loans (-35.6%) along with Savings/Deposit at 5.99% (-26%).

Despite the reduction in the aforementioned areas, the NCCU also saw some positive growth in terms of the number of loans requested in several key categories; namely Debt Consolidation HR/CC, loans for Agricultural Expenses, Learn While U Earn, Line of Credit and Hurricane Maria Relief loans. Interestingly, there were no changes in the number of loans requested for both Equipment and Legal Expenses; they remained at 19 and 13 respectively.

The NCCU saw a total of $66,338,163.74 being disbursed to members in 2020 which represents a 24% reduction when compared to the 2019 figure of $87,540,537.10. The growth categories for the year in question were Learn While U Earn, loans related to Agricultural Expenses, Debt Consolidation and Education. Conversely, there were reductions in loan requests for most of the other categories.

Table 2: No. of Loans Approved - 2020 & 2019

NO. OF LOANS APPROVED			
2020	**2019**	**VARIANCE**	
Vol.	**Vol.**	**Vol.**	**%**
5252	7,418	(2,166)	(-41%)

Table 3: Value of Loans Approved - 2020 & 2019

VALUE OF LOANS APPROVED			
2020	**2019**	**VARIANCE**	
Vol.	**Vol.**	**Vol.**	**%**
66,338,163.74	87,540,537.10	(21,202,373.36)	(-0.32)

The top five (5) most approved loans for the financial year 2020 were Building Construction and Purchase (38.8%), Savings Deposit Loans @ 5.99% (23.4%), Debt Consolidation (11%), Private Motor Vehicle (4.6%) and Land loans (4.3%).

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

Table 4: Top 5 Loan Categories - 2020 & 2019

	2020		2019			
LOAN CATEGORY	**NO. OF LOANS APPROVED**	**VALUE OF LOANS APPROVED $**	**NO. OF LOANS APPROVED**	**VALUE OF LOANS APPROVED $**	**VARIANCE #%**	**VARIANCE $%**
Building Con. & Purchase	255	25,709,743	258	32,580,836	-1.17	-0.26
Special Savings/Deposit - 5.99%	2030	15,486,961	2,746	18,700,420.23	-0.35	-0.20
Debt Consolidation	677	7,288,416	693	6,837,788	-0.02	-7
Motor Vehicle Private	219	3,066,800	343	6,500,836	-0.56	-112
Business	96	2,507,447	116	2,588,364	-0.20	-3
Total	**3,277**	**$54,059,367**	**4,156**	**$67,208,244**	**-2.3**	**-24**

Fig. 1: Top 5 Most Approved Loans (Vol.) – 2020 & 2019

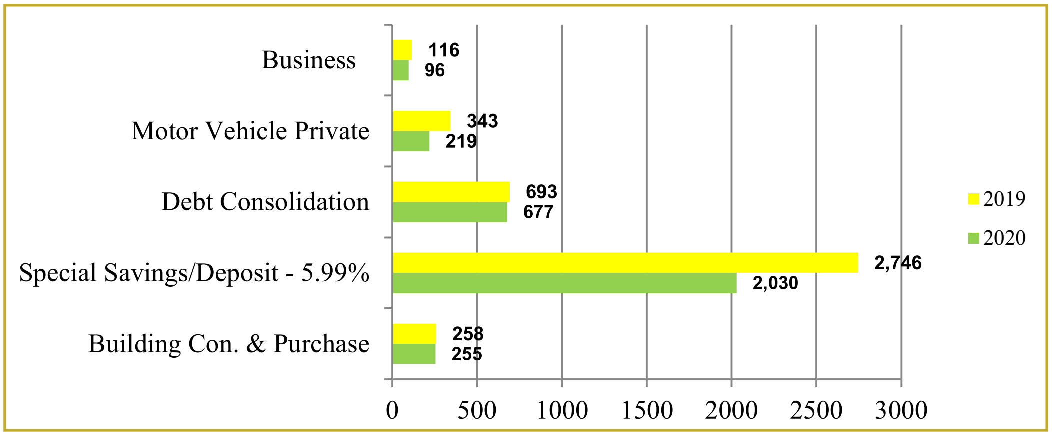
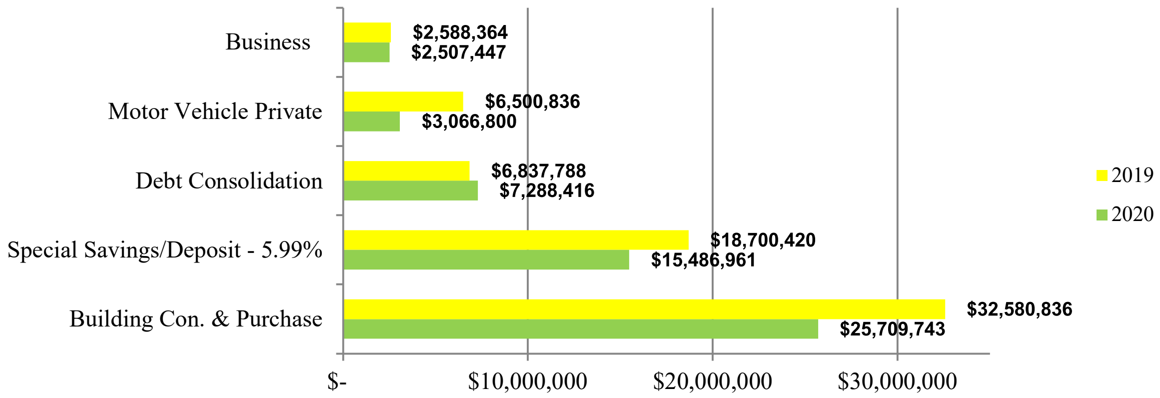


Fig. 2: Top 5 Most Approved Loans ($) - 2020 & 2019



The financial year 2020 saw 2,030 loans being approved specifically for Savings/Deposit Loans at 5.99%. Additionally, 730 were granted for Domestic purposes while 677 were related to Debt Consolidation. Importantly, 387 loans were granted in relation to the Now 4 Now category and 255 went towards Building Construction and Purchase.

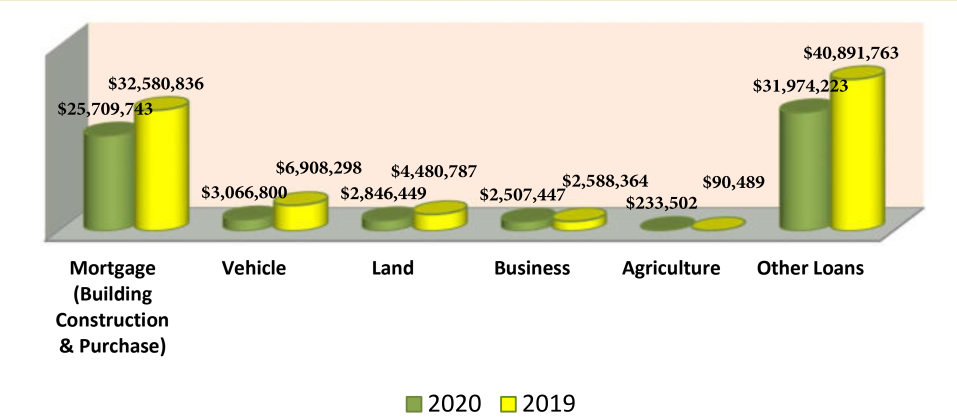
It is interesting to note that the top 3 categories of loans requested represented 73.1% of all loans approved for the financial year under review whereas the remaining 22 categories accounted for just under 27% of the overall total. The three loan categories relating to agriculture, namely Agricultural Land, Motor Vehicle for Agriculture and the Special Agriculture loan portfolio were not requested during the year under review.

Considering that the pandemic was at its deadliest during 2020, it is quite evident that the loans relating to the productive sectors suffered the most. The unrelenting onslaught of the pandemic on the tourism industry could be attributed to the poor performance of the Travel category during the year where the quantum of such loans plummeted by 90%. The Business category appeared relatively stable notwithstanding the marginal decline experienced during the year.

Table 5: Loans Approved by Sector 2020 & 2019

	2020	2019	VARIANCE	
LOAN CATEGORY	$	$	$	%
Mortgage (Building Construction & Purchase)	25,709,743	32,580,836	(6,871,093)	(26.72)
Vehicle	3,066,800	6,908,298	(3,841,498)	(125.26)
Land	2,846,449	4,480,787	(1,634,338)	(57.41)
Business	2,507,447	2,588,364	(80,917)	(3.22)
Agriculture	233,502	90,489	143,013	158.04
Other Loans	31,974,223	40,891,763	(8,917,540)	(27.88)
Total	**$66,338,163**	**$87,540,537.10**	**($21,202,374)**	**(31.96)**

Fig. 3: Loans Category by Sector - 2020 & 2019

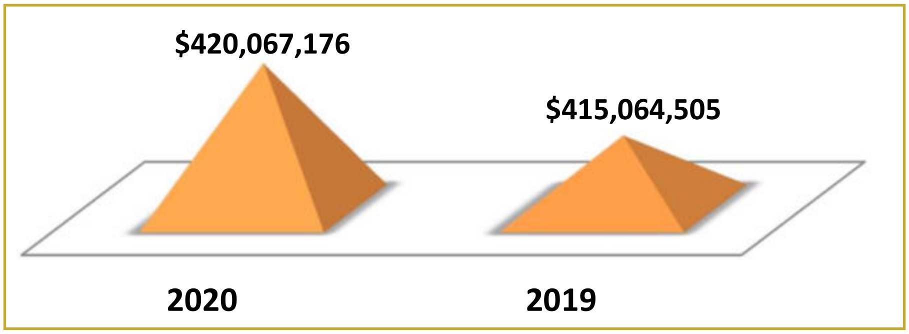


The loan portfolio for 2020 was $420,067,176 as compared to $415,064,505 at the end of 2019 an increase of $5,002,671.

Table 6: Loans Portfolio as at Dec. 31, 2020 & Dec. 31, 2019

LOANS PORTFOLIO			
2020	**2019**	**Variance**	
$	**$**	**$**	**%**
420,067,176	415,064,505	5,002,671	1.20%

Fig. 4: Loans Portfolio as at Dec. 31, 2020 & Dec. 31, 2019



LOANS BY BRANCHES

Roseau

The Roseau Branch accounted for 3,025 or 57.6% of the loans granted during the year in question. Funds amounting to $36,547,481.62 (55% of the total) was approved to members who transact business at the head office. Building Construction & Purchase, Savings/Deposit at 5.99%, Debt Consolidation along with loans for Land and Domestic purposes were the five (5) leading categories. The Roseau branch also experienced a drop of 33% or $18.2 million in terms of the value of loans approved during 2020.

Vieille Case

During the year 2020, $6,865,724.60 or 10.4% of the loans approved by NCCU went to members of the Vieille Case branch. 525 loans were approved amounting to 10% of all loans approved for 2020. The main loan categories were Building Construction & Purchase, Savings/Deposit at 5.99% and Debt Consolidation. Loans for Motor Vehicle Purchase and Business were also part of the top five categories for the year in review.

Generally speaking, there was a decline of 13.3% or just over $1 million in approvals for the year 2020.

La Salette

The La Salette branch delivered similar numbers to Vieille Case in terms of loan approvals.

$6,862,596.75 or 10.3% of the loans approved by NCCU went to members of the La Salette branch. 491 loans were approved amounting to 9.4% of all loans approved for the reporting period. The main loan categories were Building Construction & Purchase, Savings/Deposit at 5.99% and Debt Consolidation. Loans for Motor Vehicle Purchase and Land rounded off the top five categories for the year in review. Loan approvals for 2020 also saw a 15% reduction when compared to 2019.

St. Paul

Loans to the tune of $12,221,335 (18.4%) were delivered to members of the St. Paul's branch in 2020. Additionally, 654 loans or 12.4% of all loans approved for the year were so done by the above mentioned branch. The leading loan categories mirrored those of the other branches. The St. Paul's branch saw a 14% drop in loans granted for 2020 when compared to 2019.

St. David

208 loans or 4% which is tantamount to a value of $1.24 million or 1.9% of the Societies' annual loan approval sum came from the St. David's branch. Savings/Deposit at 5.99%, Debt Consolidation, Business, Dwelling House Repair and Land loans were the most sought after categories in 2020.

Castle Bruce

The Castle Bruce branch accounted for just under $1.8 million or 2.7% of NCCU's loans approved for 2020. A total of 235 or 4.4% of all loans emanated from the Castle Bruce branch. Included in the leading categories for the year in question are loans for Building Construction and Repair, Debt Consolidation and Agricultural Expenses.

La Plaine

The La Plaine branch saw approvals worth $0.82 million in 2020. This represents 1.3% of NCCU's overall portfolio. 114 loans were disbursed for 2020 from the La Plaine Branch.

Table 7: Loans Approved by Branches

BRANCH	2019 $	2019 $	VARIANCE $	 %
Roseau	36,547,481	54,795,837	(18,248,356)	(49.93)
St. Paul	12,221,335	14,162,805	(1,941,470)	(15.88)
Vieille Case	6,865,724	7,922,108	(1,056,384)	(15.38)
La Salette	6,862,596	5,972,380	890,216	12.97
St. David	1,242,016	2,386,480	(1,144,464)	(47.95)
Castle Bruce	1,778,245	2,120,070	(341,825)	(19.22)
La Plaine	820,763	180,857	639,906	77.96
Total	**$66,338,163**	**$87,540,537**	**(21,202,374)**	**(31.96)**

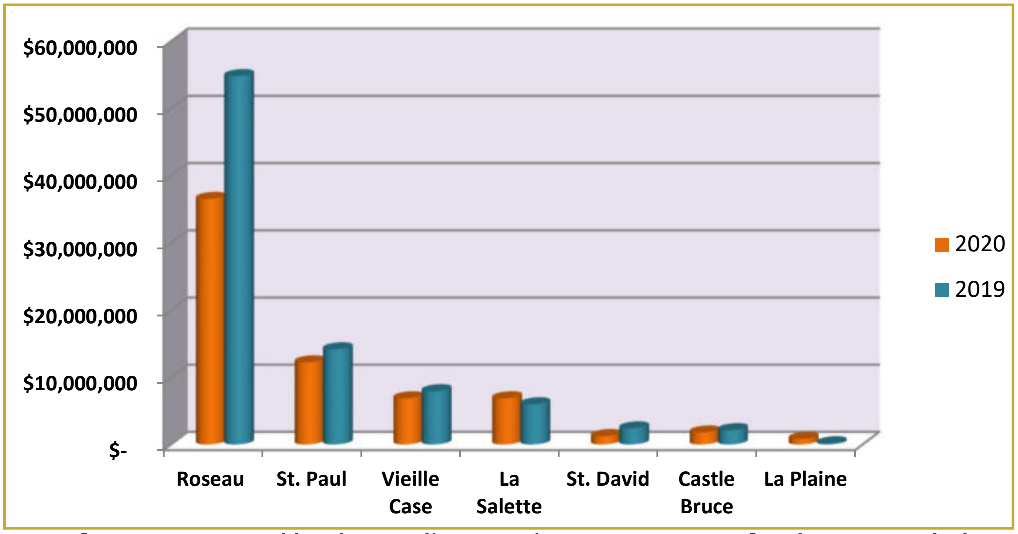


Table 8: Summary of Loans Approved by the Credit Committee & Managers for the year ended Dec. 31, 2020 and Dec. 31, 2019

LOANS BY PURPOSE	VOLUME				VALUE $			
	2020	2019	VARIANCE	%	2020	2019	VARIANCE	%
BUILDING CONSTRUCTION & PURCHASE	255	258	-3	(1.16)	$25,709,744	$32,580,836.01	($6,871,092.05)	(21.09%)
LAND	40	63	-23	(36.51)	$2,846,450	$4,480,787.39	($1,634,337.48)	(36.47%)
DEBT CONSOLIDATION HR/CC	161	153	8	5.23	$821,462	$1,005,070.79	($183,608.44)	(18.27%)
DEBT CONSOLIDATION	679	693	-14	(2.02)	$7,288,416	$6,837,788.29	$450,627.98	6.59%
BUSINESS	96	116	-20	(17.24)	$2,507,448	$2,588,364.51	($80,916.55)	(3.13%)
EQUIPMENT	19	19	0	-	$126,868	$372,214.41	($245,346.01)	(65.92%)
TRAVEL	12	70	-58	(82.86)	$65,036	$625,377.01	($560,340.77)	(89.60%)
AGRICULTURAL LAND	0	4	-4	(100.00)	-	$76,089.48	($76,089.48)	(100%)
MOTOR VEHICLE - AGRICULTURE	0	1	-1	(100.00)	-	20552.5	($20,552.50)	(100%)
MOTOR VEHICLE - PRIVATE	219	343	-124	(36.15)	3,066,801	$6,500,836.51	($3,434,035.80)	(52.82%)
HOUSE HOLD GOODS	79	116	-37	(31.90)	642,099	$662,567.39	(20,468.67)	(3.09%)
DWELLING HOUSE REPAIR	116	140	-24	(17.14)	1,682,867	$2,015,145.18	(332,277.87)	(16.49%)
EDUCATION	56	87	-31	(35.63)	869,263	$767,696.12	$101,566.70	13.23%
AGRICULTURAL EXPENSES	74	4	70	1,750.00	233,502	$14,400.00	$219,102.47	1,521.54%
DOMESTIC	730	777	-47	(6.05)	2,475,817	$2,865,974.93	($390,157.49)	(13.61%)
MOTOR VEHICLE EXPENSES	48	55	-7	(12.73)	322,731	$386,908.70	($64,177.34)	(16.59)
LEGAL EXPENSES	13	13	0	-	91,242	$170,254.20	($79,012.44)	(46.41%)
LEARN WHILE U EARN	42	12	30	250.00	237,907	$116,532.39	$121,375.03	104.16%
MEDICAL	36	38	-2	(5.26)	201,214	$273,181.26	($71,967.15)	(26.34%)
LINE OF CREDIT	44	29	15	51.72	251,525	$242,501.63	$9,023.37	3.725
NOW 4 NOW	387	1611	-1224	(75.98)	1,033,168	$4,129,701.49	(3,096,533.40)	(74.98%)
SPECIAL AGRICULTURE	0	0	0	-	-	0	-	-
SPECIAL EDUCATION	15	3	12	400.00	31,802	$12,000.00	$19,801.58	165.01%
SAVINGS/DEPOSIT LOANS @ 5.99%	2030	2746	-716	(26.07)	15,486,961	$18,700,420.23	($3,213,459.06)	(17.18%)
HURRICANE MARIA RELIEF LOAN	101	67	34	50.75	345,839	$2,095,336.68	($1,749,497.99)	(83.49%)
	5252	**7418**	**-2166**	**(29.20)**	**$66,338,164**	**$87,540,537**	**($21,202,373.36)**	**(24.22%)**

INTERVIEWS

The Committee engaged several members who felt the need so to do. Clarifications were sought with respect to non-approval of applications and what was required going forward. The Committee also embraced the opportunity to engage members in order to get a better sense of their financial standing. In most instances, the members were advised to exercise financial restraint and to be as thrifty as possible.

ENGAGEMENT WITH THE BRANCHES

The pandemic rendered outreach meetings with the respective branches difficult. The Committee therefore sought to interact with Loans Departments via zoom.

REPRESENTATION

COVID-19 rendered face-to-face trainings impossible and so all trainings were undertaken using social platforms such as Zoom and Google Meet.

RECOMMENDATIONS

The Committee wishes to encourage members to avail themselves of the plethora of online services offered by the NCCU, particularly during the pandemic, as this would reduce congestion at the various branches. Additionally, we wish to reiterate the need for some form of training to be undertaken by prospective members to the Credit Committee. Despite the challenges of COVID-19, the actions of climate change and other adverse events, members are encouraged to honor their loan agreements to the institution in an effort to minimize delinquency.

CONCLUSION

One cannot discount the cross cutting effects of COVID-19, however, adaptability to our new normal is a stark reminder that we all need to work harder during these challenging times. The Committee endeavors to work assiduously with respect to the growth of the NCCU going forward. We wish to thank the Board of Directors, Supervisory and Compliance Committee, Management and Staff for their support in 2020 and look forward to greater things in the years ahead as we continue as One Big Family.

May the good Lord bless us all.

G.W. Maxwell

GEORGE W. MAXWELL (MR.)

FOR AND ON BEHALF OF THE CREDIT COMMITTEE

Summary of Loans Approved by the Credit Committee & Manager

For The Year s Ended December 31, 2020 and 2019

LOAN CATEGORIES	LOANS APPROVED IN 2020						LOANS APPROVED IN 2019							
	BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		COMPARATIVE INCREASE/DECREASE OVER 2019	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	AMOUNT	%
BUILDING CONSTRUCTION & PURCHASE	105	$35,191,187.03	150	$23,636,538.33	255	$25,709,743.96	74	$1,237,073.09	184	$31,343,762.92	258	$32,580,836.01	$(6,871,092.05)	-21%
LAND	27	$1,119,541.12	13	$1,726,908.79	40	$2,846,449.91	40	$1,688,059.60	23	$2,792,727.79	63	$4,480,787.39	$(1,634,337.48)	-36%
DEBT CONSOLIDATION HR/CC	134	$606,901.73	27	$214,560.62	161	$821,462.35	105	$600,538.16	48	$404,532.63	153	$1,005,070.79	$(183,608.44)	-18%
DEBT CONSOLIDATION	587	$4,241,883.24	90	$3,046,533.03	679	$7,288,416.27	561	$4,254,550.57	132	$2,583,237.72	693	$6,837,788.29	$450,627.98	7%
BUSINESS	81	$1,177,031.48	15	$1,330,416.48	96	$2,507,447.96	99	$1,399,684.70	17	$1,188,679.81	116	$2,588,364.51	$(80,916.55)	-3%
EQUIPMENT	19	$126,868.40	0	$-	19	$126,868.40	17	$182,311.29	2	$189,903.12	19	$372,214.41	$(245,346.01)	-66%
TRAVEL	12	$65,036.24	0	$-	12	$65,036.24	66	$565,377.01	4	$60,000.00	70	$625,377.01	$(560,340.77)	-90%
AGRICULTURAL LAND	0	$-	0	$-	0	$-	3	$26,762.48	1	$49,327.00	4	$76,089.48	$(76,089.48)	-100%
MOTOR VEHICLE - AGRICULTURE	0	$-	0	$-	0	$-	1	$20,552.50	0	$-	1	$20,552.50	$(20,552.50)	0%
MOTOR VEHICLE - PRIVATE	208	$2,770,948.63	11	$295,852.08	219	$3,066,800.71	297	$4,841,944.24	46	$1,658,892.27	343	$6,500,836.51	$(3,434,035.80)	-53%
HOUSE HOLD GOODS	75	$583,307.72	4	$58,791.00	79	$642,098.72	106	$486,047.91	10	$176,519.48	116	$662,567.39	$(20,468.67)	-3%
DWELLING HOUSE REPAIR	115	$1,569,820.74	3	$113,046.57	116	$1,682,867.31	131	$1,721,371.73	9	$293,773.45	140	$2,015,145.18	$(332,277.87)	-16%
EDUCATION	50	$419,951.65	6	$449,311.17	56	$869,262.82	76	$501,787.47	11	$265,908.65	87	$767,696.12	$101,566.70	13%
AGRICULTURAL EXPENSES	74	$233,502.47	0	$-	74	$233,502.47	4	$14,400.00	0	$-	4	$14,400.00	$219,102.47	1522%
DOMESTIC	725	$2,461,196.80	5	$14,620.64	730	$2,475,817.44	757	$2,736,032.28	20	$129,942.65	777	$2,865,974.93	$(390,157.49)	-14%
MOTOR VEHICLE EXPENSES	43	$268,738.36	5	$53,993.00	48	$322,731.36	53	$347,934.70	2	$38,974.00	55	$386,908.70	$(64,177.34)	-17%
LEGAL EXPENSES	13	$91,241.76	0	$-	13	$91,241.76	9	$60,212.42	4	$110,041.78	13	$170,254.20	$(79,012.44)	-46%
LEARN WHILE U EARN	41	$206,907.42	1	$31,000.00	42	$237,907.42	10	$69,108.00	2	$47,424.39	12	$116,532.39	$121,375.03	104%
MEDICAL	34	$187,309.11	2	$13,905.00	36	$201,214.11	30	$196,463.26	8	$76,718.00	38	$273,181.26	$(71,967.15)	-26%
LINE OF CREDIT	44	$251,525.00	0	$-	44	$251,525.00	28	$238,204.43	1	$4,297.20	29	$242,501.63	$9,023.37	4%
NOW 4 NOW	387	$960,668.09	0	$72,500.00	387	$1,033,168.09	1492	$4,054,288.75	119	$75,412.74	1611	$4,129,701.49	$(3,096,533.40)	-75%
SPECIAL AGRICULTURE	0	$-	0	$-	0	$-	0	$-	0	$-	0	$-	$-	
SPECIAL EDUCATION	15	$31,801.58	0	$-	15	$31,801.58	3	$12,000.00	0	$-	3	$12,000.00	$19,801.58	165%
SAVINGS/DEPOSIT LOANS @ 5.99%	2025	$15,397,961.17	5	$89,000.00	2030	$15,486,961.17	2744	$18,679,420.23	2	$21,000.00	2746	$18,700,420.23	$(3,213,459.06)	-17%
HURRICANE MARIA RELIEF LOAN	101	$345,838.69	0	$-	101	$345,838.69	57	$1,675,123.67	10	$420,213.01	67	$2,095,336.68	$(1,749,497.99)	-83%
TOTAL	**4915**	**$35,191,187.03**	**337**	**$31,146,976.71**	**5252**	**$66,338,163.74**	**6763**	**$45,609,248.49**	**655**	**$41,931,288.61**	**7418**	**$87,540,537.10**	**$(21,202,373.36)**	**-24%**

Ms. Linda Gonzalez - Peltier
Chairperson

Ms. Kayan Toussaint
Secretary

Mrs. Julie Shillingford - Durand
Member

Mr. Jerome Bardouille
Member

Mrs. Sophia Albert - Charles
Member

Mr. Ian-Michael Anthony
Member

Supervisory and Compliance Committee

Mr. Bernard Nation
Member

Ms. Bernadette Austrie
Member

Ms. Priscilla Panthier
Member

Mr. Mc Dowill Paul
Member

Ms. Nadine Riviere
Member

Mr. Terry Royer
Member

Supervisory and Compliance Committee's Report

For The Year Ended December 31, 2020

Pursuant to Section 65 of the Co-operative Societies Act No. 2 of 2011, the Supervisory and Compliance Committee (S&CC) is pleased to report on its activities for the year ended 31st December 2020. Members serving on the Supervisory and Compliance Committee for the year under review were:

Ms. Evadney Esprit	Chairperson *(January – November 2020)*
Ms. Linda Gonzalez-Peltier	Secretary *(January – November 2020)*
Ms. Linda Gonzalez-Peltier	Chairperson *(November--December 2020)*
Ms. Kayan Toussaint	Chairperson *(November--December 2020)*
Mrs. Sophia Albert-Charles	Member
Ms. Bernadette Austrie	Member
Mr. Ian-Michael Anthony	Member
Mr. Jerome Bardouille	Member
Mrs. Corinthia Carbon	Member
Ms. Priscilla Panthier	Member
Mr. McDowill Paul	Member
Mr. Bernard Nation	Member
Ms. Nadine Riviere	Member *(November – December 2020)*
Mr. Terry Royer	Member *(November – December 2020)*
Mrs. Julie Shillingford-Durand	Member
Ms. Kayan Toussaint	Member

Summary of Major Activities

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

- Meeting with Department Heads and Committees.
- Perusal of reports on delinquent loans;
- Examination of accounts and loan files of volunteers and staff;
- Inspection of physical plants;
- Review of policies;
- Evaluation meetings with the Board of Directors, perusal of board minutes/reports;
- Review of monthly department reports;
- Attendance at developmental seminars organized by the Dominica Co-operative Societies League and the Caribbean Confederation of Credit Unions (CCCU) – virtually;

- Visiting at all branches to conduct surprise and/or plan cash counts;
- Involvement in Green Climate Fund

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

Committee Members	Meetings Scheduled During Tenure		Total Meetings Scheduled	Total Special Meetings	Meetings Attended			Absent/ Excused
	Regular	Joint			Regular	Joint	Special	
Sophia Albert-Charles	11	3	14	3	11	3	3	-
Ian-Michael Anthony	11	3	14	3	10	2	3	1/1
Bernadette Austrie	11	3	14	3	11	3	3	-
Jerome Bardouille	11	3	14	3	5	2	2	5/3
Corinthia Carbon ****	10	3	13	3	5	3	2	4/2
Evadney Esprit**	8	2	10	3	5	2	3	1/2
Linda Gonzalez-Peltier	11	3	14	3	11	3	3	-
Hannah Leblanc-Pierre***	1	0	1	0	-	-	-	0/1
Bernard Nation	11	3	14	3	8	2	2	2/3
Priscilla Panthier	11	3	14	3	8	3	2	1/3
McDowill Paul	11	3	14	3	10	3	3	0/1
Nadine Riviere*	3	1	4	0	4	1	0	-
Terry Royer*	3	1	4	0	4	1	0	-
Julie Shillingford-Durand	11	3	14	3	10	2	3	2/0
Kayan Toussaint	11	3	14	3	8	3	3	1/2

Elected at 2020 AGM* * Term ended as at 2020 AGM* ****Resigned Feb. 2020* *****Resigned Nov. 2020*

Human Resource and Training

During the period under review none of the regular trainings such as Caribbean Confederation of Credit Unions (CCCU) were held due to Covid-19. But although face to face trainings were curbed by the Covid-19 pandemic members of the Supervisory and Compliance Committee still benefited from various virtual training sessions organized by the Dominica Co-operative Societies League Ltd., inter alia. Two such examples are Leading in Crisis: Navigating Uncertainty and Occupational Health and Safety.

Policy and Procedures

Reports from the Internal Auditor and Compliance Officer were provided on internal control testing conducted on the operational policies and procedures of the Society with recommendations for improvements. However,the Supervisory and Compliance Committee continued its vigilance due to its uneasiness over the level of adherence to the policies and procedures related to:

- Dormant accounts;
- Loan underwriting procedures;
- Operational procedures;

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

Risk Management

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

1. Strategic

The Management teams along with the Board of Directors are responsible for the strategic direction of the Society. To date, the new strategic plan has not been completed. The Society in the absence of the new plan continued to use the old plan editing and changing relevant areas to be guided in an effort to achieve the objectives set for the Society. The S&CC can report that exact targets were not met, but within acceptable range due to the effects of Hurricane Maria. These strategic objectives are what kept us relevant with our marketing initiatives, and to be competitive and innovative whilst minimizing our liability.

Planning sessions have been scheduled for 2021.

2. Compliance

Compliance continues to be at the forefront as it relates to the governance and regulation of the Society. Strategies had to be developed and policies amended to respond to changes in the regulatory environment. The Co-operative Societies Act 2 of 2011; the Co-operative Societies Regulations SRO26 of 2001; the Anti-Money Laundering Act No. 8 of 2011; Anti-Money Regulations SRO4 of 2013; Suppression of Financing of Terrorism Act No. 9 of 2011; Banking Act No. 16 of 2005; Financial Services Unit Act No. 18 of 2008 and the recent implementation of Foreign Accounts Tax Compliance Act (FATCA) must all be used to guide and govern the operations of the NCCUL.

The Compliance Officer reported to the Supervisory and Compliance Committee on the adherence of the Society to the above policies and procedures offering recommendations for improvement when needed. The Committee met with the Compliance Officer during the year to discuss the overall compliance of the Society on all of the above regulations and reports. The officer particularly highlighted the importance of ongoing training in Policies and Procedures for employees, volunteers and members which the Committee fully supported. The Committee is pleased with the regulatory compliance of the NCCUL during the year and look forward to continue to work with the Compliance Department and Management in achieving all of the regulatory requirements.

3. Financial&Operational

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

Cash counts were conducted at all the branches. Share to loan ratio tests were done to ensure that the required amount of Member Share Capital was met. In addition, the usual end-of-year cash count was undertaken in collaboration with the External Auditor.

The S&CC was represented on the Asset/Liability Management Committee (ALCO) to assess the investment opportunities for the NCCUL. For the financial year ended 2020, the Society increased its investments in new fixed deposits at the Dominica Co-operative Societies League for $2 (two) million and Government of Dominica Treasury Bill for $1.9 million.

Planned as well as impromptu discussions were held with Management and Staff to keep abreast of employees' concerns and the plans to improve, maintain and increase member engagement and the delivery of products and services.

4. Reputational

During 2020, the S&CC concluded its investigations into allegations which circulated via an email originating from "guerillamail" and WhatsApp. Files were reviewed and interviews conducted in order to satisfy ourselves as your elected officers that our Society is being managed effectively in accordance with the Credit Union's regulations. The associated report was submitted to the NCCU Board of Directors and as the watchdogs of the Society, we are confident that our investigation was thorough. Matters not dealt with are because they are now in litigation, and hence, out of our purview.

Board of Directors' Evaluation Meetings

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

Some of the issues discussed included:

- Preparation and Completion of the new strategic plan;
- Implementing online services amidst the Covid-19 pandemic;
- Procedures for dealing with allegations;
- Review of Management Structure and Staffing;
- Board of Directors and Committee relations

Physical Plant

The Delices and Grandfond sub offices of the NCCUL South East branch office were still closed as at the end of the financial period; however, management advised that plans were afoot for renovation works to begin at the Grandfond sub office. All the other NCCUL branches & sub-branches were operational, providing full services to its general membership.

Renovation works of the sub office at Riviere Cyrique were also undertaken. Though the offices are constrained by space, the buildings are all in good structural condition. Recommendations were made to Management to resolve issues flagged during the branch visits.

Looking Ahead

Though the COVID-19 pandemic had deterred plans for improving the services of the Society, work still needs to continue on:

- Increased member share capital to the required regulations;
- Improve the level of delinquency;
- Finalize the automation of loan application;
- Finalize the outstanding amalgamation processes;
- Complete and implement a successful succession plan;
- Capacity Building;
- Preparation and Completion of the new strategic plan;
- Complete the disaster plan, testing and implementation;
- Continuous training for staff & volunteers in the areas of:
  - ❖ Compliance;
  - ❖ Customer service and
  - ❖ Risk Management.

Conclusion

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

In light of the COVID-19 pandemic, the Society continued to realize the commitment and dedication to its members, staff and volunteers—all geared towards the continued spirit and operations of Credit Unionism, 'one big family.'

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

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

Linda Gonzalez-Peltier

LINDA GONZALEZ-PELTIER (Ms.)
Chairperson
Supervisory and Compliance Committee