



# 12th Annual Report

National Co-operative Credit Union Ltd

## "HARVESTING OPPORTUNITIES AMIDST THE CHALLENGES"



# Credit Union Prayer

Prayer of St. Francis of Assisi

*Lord make me an instrument of Your peace.*

*Where there is hatred, let me sow love;*

*Where there is injury, pardon;*

*Where there is doubt, faith;*

*Where there is despair, hope;*

*Where there is darkness, light*

*and where there is sadness, joy.*

*Oh Divine Master,*

*Grant that I may not so much seek*

*to be consoled as to console;*

*to be understood as to understand;*

*to be loved as to love.*

*For it is in giving that we receive;*

*It is in pardoning that we are pardoned*

*and it is in dying*

*that we are born to eternal life.*

*Amen*

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# Mission Statement

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

## Our Co-operative Identity

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

### OUR CO-OPERATIVE PRINCIPLES

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

### OUR CO-OPERATIVE VALUES

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

### OUR VALUES

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

# Standing Orders

## ANNUAL REPORT 2021

- 01 a) A member shall stand when addressing the Chair.  
b) Speeches are to be clear and relevant to the subject before the meeting.
- 02 A member shall only address the meeting when called upon by the Chairperson to do so, after which he shall immediately take his/her seat.
- 03 No member shall address the meeting except through the Chairperson.
- 04 A member shall not speak twice on the same subject except:
  - a) The mover of a motion who has the right to reply.
  - b) He/she rises to object or to explain (with the permission of the Chair).
- 05 The mover of a "Procedural Motion" (Adjournment, Lay on the Table, Motion to Postpone) shall have no right of reply.
- 06 No speeches are to be made after the "Question" has been put and carried or negated.
- 07 A member rising on a "Point of Order" is to state the point clearly and concisely. (A "Point of Order" must have relevance to the "Standing Orders").
- 08 a) A member shall not "call another member to order" but may draw the attention to the Chair to a "Breach of Order."  
b) In no event can a member call the Chair to order.
- 09 A "Question" shall not be put to the vote if a member desires to speak on it or move an amendment to it, except that a "Procedural Motion: The Previous Question", "Proceed to the Next Business" or the Closure: 'that the Question be now put' may be moved at any time.
- 10 Only one amendment should be made before the meeting at one and the same time.
- 11 When a motion is withdrawn, any amendment to it fails.
- 12 The Chairperson shall have the right to a "Casting Vote."
- 13 If there is equality of voting on an amendment, and if the Chairperson does not exercise his casting vote, the amendment is lost.
- 14 Provision is to be made for protection by the Chairperson from vilification (personal abuse).
- 15 No member shall impute improper motives against another member.



# Notice & Agenda

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the National Co-operative Credit Union [NCCU] Limited will be held on Wednesday, May 25, 2022, from 5:00 p.m., at the Dominica Public Service Union Hall, Valley Road, Roseau, under the theme **“Harvesting Opportunities Amidst the Challenges.”**



1. Credit Union Prayer
2. Welcome Remarks
3. Ascertainment of Quorum
4. Apologies for Absence
5. Adoption of Agenda
6. Reports:
  - (a) Board of Directors
  - (b) Treasurer and Auditor
  - (c) Credit Committee
  - (d) Supervisory and Compliance Committee
7. Elections – Nominations Committee Report
8. Unfinished Business
9. New Business:
  - (a) Appropriation of Surplus
  - (b) Appointment of Auditor
  - (c) Adoption of Proposed Amendments to NCCU Ltd. By-Laws No. 2 of 2016
  - (d) Resolution to Explore the Creation of a Corporate Credit Union
10. Any Other Business:
  - (a) Remarks and Suggestions
  - (b) Lucky Bird Prizes
11. Adjournment

A handwritten signature in black ink, appearing to read "Candia Carrette-George", is written over a horizontal line.

**Candia Carrette-George**  
**Secretary**

*For And On Behalf Of The Board Of Directors*



**Mrs. Josephine Dublin**  
*President*

# Board of Directors' Report

*For the Year Ended December 31, 2021*

## OVERVIEW

The year in review, was yet another challenging year as we continued our adjustments to cope with the Covid-19 pandemic. The Covid-19 pandemic dominated our time and energy, negatively affecting many of our members' lives and creating much uncertainty. In what can be described as a tumultuous twelve months, the Society was able to provide face to face service although promoting use of available digital channels.

Despite the challenges, your Board is of the firm view that with cautious optimism and the ability to adapt to the changing operating environment, the Society emerged as a stronger Credit Union.

Our approaches remained nimble as we navigated the past year ensuring that members received goods and services they demanded and staff remained safe, was the major focus for the year.

The challenging environment required that your Board provided increased guidance and strategic directions as a result, proactive steps were taken to significantly increase the number of meetings utilizing the zoom platform. The continued innovative strategy of having Branch and other Managers present at Board Meetings proved a useful avenue for increased efficiency and speedier issue resolution.



## GROWTH IN MEMBERS AND SOCIETY'S CAPITAL/SAVINGS

The Society welcomed eight hundred and thirty-seven [837] new members. The membership grew to 50,664 from 49,827 in the previous year, an increase of 837 or 1.68%.

**Table 1 - Trend in Membership and Share Growth: 2017-2021**

Year	Value of Shares	No. of Members	Rate of Growth in Shares	Rate of Growth in Membership
<b>2021</b>	<b>\$6,416,000</b>	<b>50,664</b>	<b>3.71%</b>	<b>1.68%</b>
2020	\$6,186,100	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%

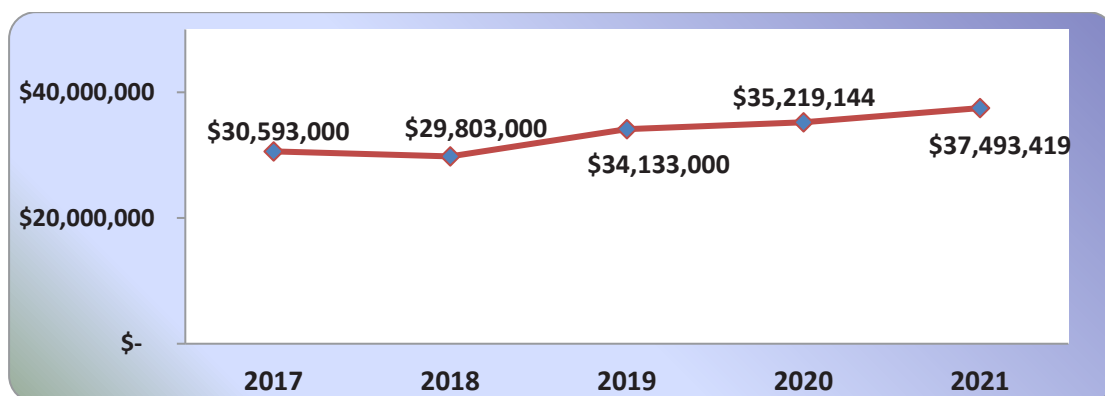
**Table 2 - Growth in Savings/Ordinary Deposits: 2017-2021**

Year	Balance	Increase	% Increase
<b>2021</b>	<b>\$429,888,678</b>	<b>\$30,948,808</b>	<b>7.76</b>
2020	\$398,939,870	\$14,277,237	3.71
2019	\$384,662,633	\$12,001,138	3.22
2018	\$372,661,495	\$36,348,246	10.81
2017	\$336,313,249	\$67,297,301	25.02

## FINANCIAL PERFORMANCE

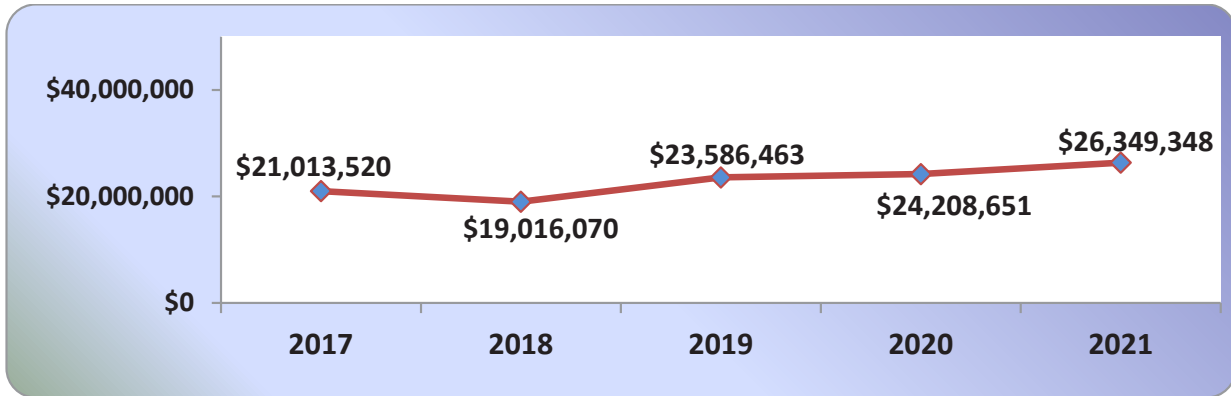
The Society's financial position at the end of the year was impressive with a growth in assets of \$31,492,677 or 4.76%, moving from \$661,667,413 in the previous year of \$693,160,090. The growth in assets was primarily as a result of increases in cash and investments. The gross increase in originated loans was \$11,633,974 or 2.80%. Interest income increased by \$2,274,275 or 6.46% and operating income increased by \$2,140,697 or 8.84% as compared to the previous year.

**Fig. 1 - Interest Income: 2017-2021**





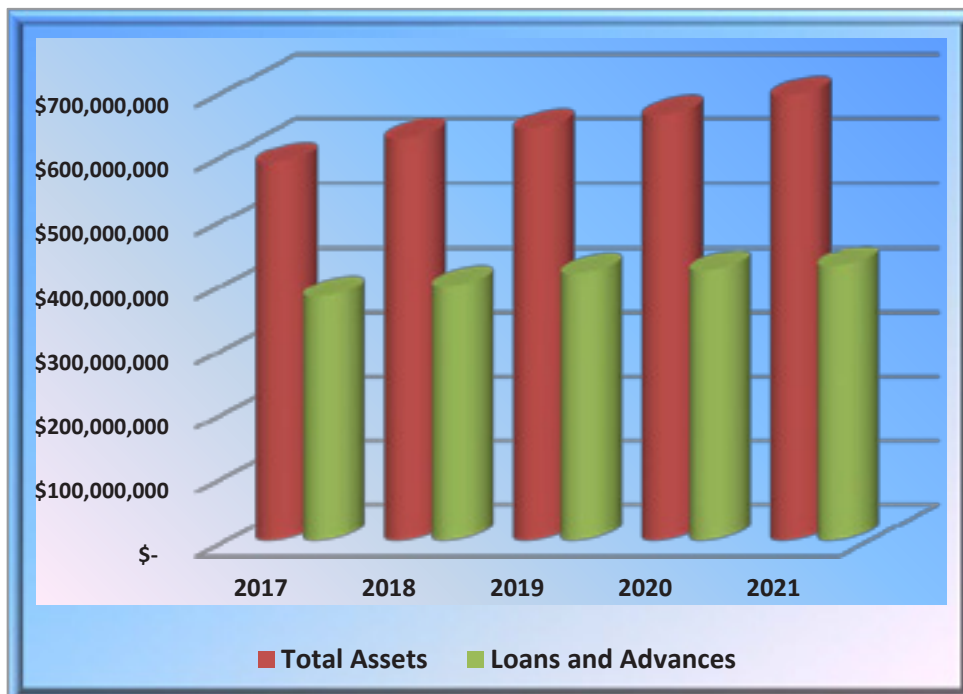
**Fig. 2 – Operating Income: 2017-2021**



**Table 3 – Total Assets and Loans & Advances: 2017-2021**

Year	Total Assets	Loans and Advances
<b>2021</b>	<b>\$693,160,090</b>	<b>\$426,698,479</b>
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

**Fig. 3 – Total Assets and Loans & Advances: 2017-2021**



## INCOME AND APPROPRIATION

The interest income on loans for the year in review was \$31,740,806 compared to \$31,493,075 in the previous year, an increase of \$247,731 or 0.79%. Total loan interest and investment income was \$37,493,419 as compared to \$35,219,144 in the previous year, an increase of \$2,274,275 or 6.46%.

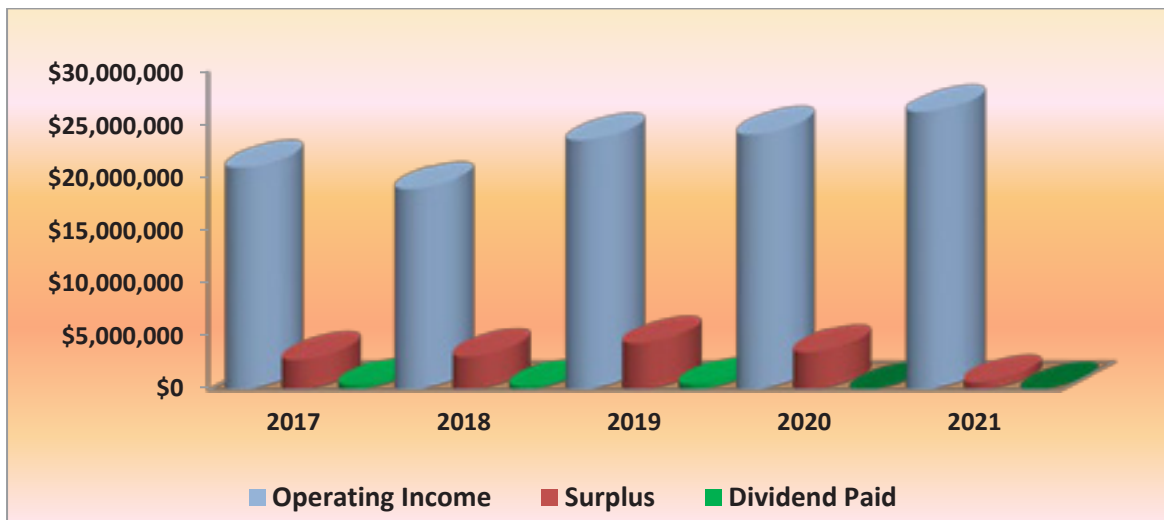
Total operating cost was reported as \$15,793,109 representing an increase of \$1,455,661 or 10.15% compared to the prior year.

Many members continue to experience difficulty servicing their loans and as a result, there was an increase in the number of delinquent loans, significantly increasing the expected credit loss and by extension the provision for loan impairment. The Society recorded a net surplus of \$1,890,659, compared to \$3,562,840 in the previous year as a result of a provision for loan impairment of \$6,300,124, compared to \$3,744,687 in the previous year, an increase of \$2,555,437 or 68.24%.

**Table 4 - Income Trends: 2017-2021**

Year	Operating Income	Surplus	Dividend Paid
<b>2021</b>	<b>\$26,349,348</b>	<b>\$1,890,659</b>	--
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

**Fig. 4 - Income Trends: 2017-2021**



## LIQUIDITY MANAGEMENT

The Society's liquidity position strengthened during the year in review, as members savings/deposits which is the main source of funds for operations increased steadily. Savings and Deposits totaled \$429,888,678, representing an increase of \$30,948,808 or 7.76%.

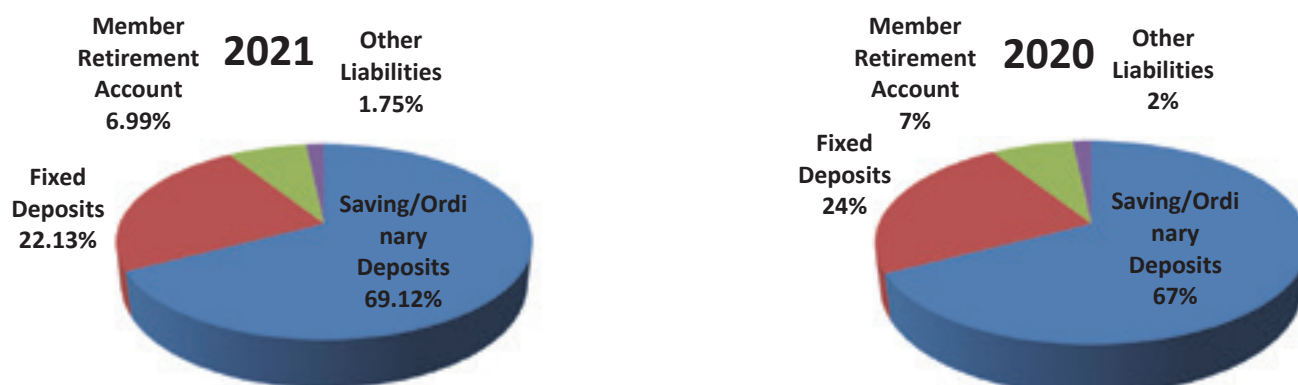
**Table 5 - Changes in Liabilities - Dec. 2021 and Dec. 2020**

CATEGORIES	2021	2020	Increase/(Decrease)	
	\$	\$	\$	%
Savings/Ordinary Deposits	429,888,678	398,939,870	30,945,808	7.76
Fixed Deposits	137,644,380	140,428,757	(2,783,940)	(1.98)
Member Retirement Account	43,497,375	43,337,757	159,618	0.37
Other Liabilities	10,904,739	9,986,382	918,357	9.20
<b>TOTAL</b>	<b>\$621,935,172</b>	<b>\$592,692,329</b>		

**Table 6 - Liabilities Mix - Dec. 2021 and Dec. 2020**

CATEGORIES	2021		2020	
	\$	%	\$	%
Saving/Ordinary Deposits	429,888,678	69.12	398,939,870	67.31
Fixed Deposits	378,644,380	22.13	140,428,320	23.69
Member Retirement Account	43,497,375	6.99	43,337,757	7.31
Other Liabilities	10,904,739	1.75	9,986,382	1.68
<b>TOTAL</b>	<b>621,935,172</b>		<b>\$592,692,329</b>	

**Fig. 5- Liabilities Mix - 2021 and 2020**



## LOANS PORTFOLIO

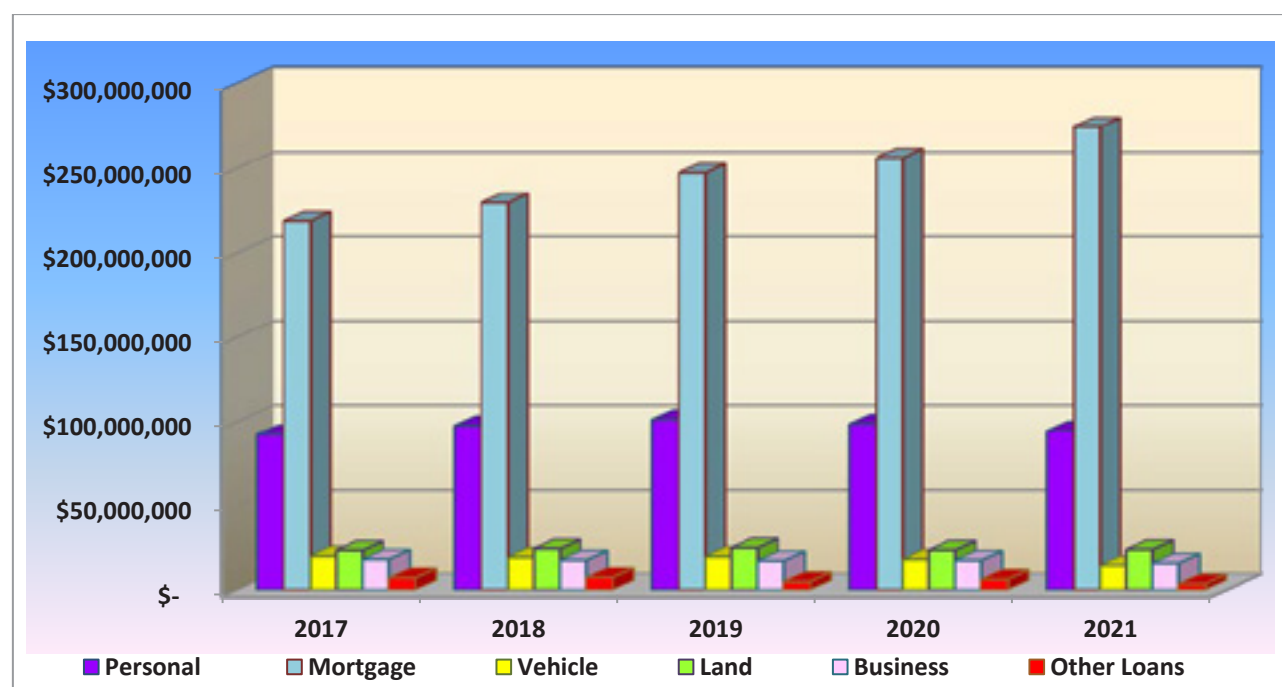
The operating environment was very competitive during the year in review. There were fluctuations in the loans portfolio. The growth in the loans portfolio was marginal when compared to the previous year. The Society is able to report positive growth in the portfolio.

The composition of the loans portfolio with comparative years is shown below:

**Table 7 - Composition of the Loans Portfolio: 2017-2021**

YEARS	Personal \$	Mortgage \$	Vehicle \$	Land \$	Business \$	Other Loans \$
<b>2021</b>	<b>94,435,064</b>	<b>274,314,008</b>	<b>14,593,482</b>	<b>23,842,053</b>	<b>16,023,569</b>	<b>3,490,303</b>
<b>2020</b>	98,498,734	255,954,975	18,266,340	23,531,225	17,649,975	6,165,929
<b>2019</b>	101,109,921	247,010,750	19,844,800	24,904,268	17,382,608	4,812,158
<b>2018</b>	97,553,233	229,256,327	19,443,483	24,354,697	17,783,873	7,245,745
<b>2017</b>	92,253,453	218,703,792	20,153,475	23,414,793	18,268,446	6,969,600

**Fig. 6 - Analysis of Composition of Loans Portfolio: 2017-2021**



## AUDIT, COMPLIANCE, RISK AND LOANS MANAGEMENT

During the year in review, several strategic decisions were made including the following:

- Appointment of an Audit Committee to assist the Board in fulfilling its oversight responsibilities. The Committee has, among other duties, oversight responsibility for the financial reporting process, recommending of External Auditor and assisting the Board in its corporate governance functions.
- A Compliance and Risk Manager and a Risk Officer were appointed to complement the two (2) other staff within that Department.
- A Loans Manager was appointed to provide strategic directions in the loans operations - NCCU wide. The Manager has a major responsibility to develop new and innovative loan products and devise strategies to manage and grow the portfolio.

## COMMUNITY/CORPORATE INVOLVEMENT/SCHOLARSHIPS/SOCIAL RESPONSIBILITY

On an annual basis members are invited to apply for scholarships on behalf of their children who were successful at the Grade 6 National Assessment Examinations, a prerequisite to attend secondary school. During the year in review, the Society awarded seventeen [17] scholarships to students to attend secondary schools.

The annual cost to the Society to provide scholarship assistance is \$68,997. To date a total of one hundred and fifty [150] scholarships have been granted. Staff pursuing further studies have benefited as per the Staff Education Policy and the Board's further discretion.

The Society assisted numerous members and their families to defray medical expenses.

As a responsible social partner, annual donations were granted to assist some organizations caring for the sick, elderly and less fortunate persons. An amount of \$111,055 was granted as donations.

## TRAINING AND DEVELOPMENT

The Training Programme undertaken during the course of 2021 was limited due to the Covid-19 pandemic. Notwithstanding, the following major training sessions were undertaken:

- ❖ Member Services Excellence
- ❖ Health and Wellness: With focus on Non-Communicable Diseases
- ❖ Audit & Money Laundering

As part of volunteers development and better understanding of their roles and responsibilities, the Legal Officer engaged the volunteers in training sessions on the Society's By-Laws.

## CORPORATE GOVERNANCE STRUCTURE

### Board of Directors

The year 2021 cannot be compared with any other and the impact of the Covid-19 pandemic propelled your Board into changing the way in which it conducted business.

Your Board remained unified in its efforts to ensure the survival of the Society and to emerge a more resilient cooperative by providing specific governance training to three Directors, namely Messrs. Euan James, Shon Savarin and Gerald Fregiste, who completed the Accredited Directors Training and are now entitled to use the designation.

The Board's responsibility includes providing strategic direction and policy formulation and ensuring the effectiveness of internal control and risk management. In that regard, an Audit and Risk Committee was appointed, evidence of the seriousness with which your Board views its fiduciary responsibility. This strategic decision is expected to provide enhanced accountability, robust risk management and greater transparency.

As at December 31, 2021, the Board was made up of the President, Vice President, Treasurer, Secretary and nine [9] other members.

All serving Directors were provided with the Society's By-Laws and the Co-operative Societies Legislation and Regulations.

The Society's 11th Annual General Meeting could not be held because of the restrictions on gathering due to the Covid-19 pandemic. New officers will be elected at the Society's 12th AGM.

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



**Table 8 - Meetings Attendance Record Jan. 2021 – Dec. 2021**

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	12	12	00	00	00	00	02	02	00
Mr. Euan James	12	10	02	00	00	00	02	02	00
Mrs. Candia Carrette - George	12	12	00	00	00	00	02	02	00
Ms. Sonia Williams	12	11	01	00	00	00	02	02	00
Mr. Glen Ducreay	12	08	04	00	00	00	02	02	00
Dr. Kyra Paul-L'Homme	12	09	03	00	00	00	02	02	00
Mr. Patrickson Albert	12	12	00	00	00	00	02	02	00
Mr. Gerald Fregiste	12	12	00	00	00	00	02	02	00
Dr. Damien Dublin	12	12	00	00	00	00	02	02	00
Mr. Aaron Dalrymple	12	11	01	00	00	00	02	02	00
Mr. Cecil Shillingford	12	10	02	00	00	00	02	02	00
Mr. Shon Savarin	12	11	01	00	00	00	01	01	00
Mr. Yoland Jno Jules	12	12	00	00	00	00	01	01	00

*Most of the meetings were blended – face to face and online.*

## COVID-19 PANDEMIC - IMPACT/RESPONSE

The Covid-19 pandemic seriously affected the ability of many members to meet their commitments to the Society which was a direct reflection of the severe impact on the local economy.

Your Society tempered the effect on members by providing loan payment deferments on a case by case basis.

Many of the protocols implemented in 2020 were enhanced to ensure the safety of the staff and members, including:

- ❖ Limited number of members allowed in the office at any one time
- ❖ Continued enforcement of sanitization and wearing of masks
- ❖ Increase in the promotion of NCCU CU Online and debit cards
- ❖ Deep-cleaning and protecting the offices for the safety of staff and members
- ❖ Regular reporting to officers/staff on the Covid-19 pandemic updated within the institution.

The Society through the Staff Entertainment Committee made a presentation of lunches and personal protective equipment to staff of the Covid-19 center at Portsmouth as a small way of showing appreciation for their humane service.

## ANNUAL GENERAL MEETING - 2021

The Society did not hold the 11<sup>th</sup> Annual General Meeting in 2021 because of the Covid-19 pandemic.

The forbearance of the Registrar – Financial Services Unit was obtained. Notwithstanding, the President and Chief Executive Officer were guests on the Co-operative Voice Program to present an overview of the Society’s performance during the year 2021. The External Auditors also presented the audited statements.

## **FUTURE OUTLOOK**

As we approach the new year with renewed vigour we have reasons to be guarded by our optimism because the lingering effects of the Covid-19 pandemic are still very visible.

Notwithstanding the fact that the Dominican economic landscape continues to look quite different from pre Covid-19 pandemic days, we are resolved to adopt and harness the opportunities to increase our integrating technology solutions to enhance our operations and provide continuous education to our members.

The Credit Union has a long history of survival during difficult times and we remain optimistic that the Society will continue to enhance the quality of life of all.

One of our major challenges is loan delinquency. As a result, our approaches to managing delinquency and non-performing loans will continue to be proactive and collaborative as we work with members to manage and ensure that their loans can be repaid.

The issuing of contactless cards will become a reality in 2022 providing increased security to the members. The massive re-branding project of the Society continues to obtain the attention of your Board. The building of the model branch at Pointe Michel will be the highlight of this project.

## **CONCLUSION AND ACKNOWLEDGEMENT**

During the year in review, the Covid-19 pandemic disrupted our lives creating much uncertainty. Your Board however, remained unified in purpose to ensure the survival of the Society.

The Society would not have survived without the dedicated service provided by the Board, Supervisory and Compliance Committee, Credit Committee, Management and Staff who remained committed to serving the members and true to the Society’s tag line “One Big Family.” We once again commend all stakeholders for their dedicated and humane response to members’ needs.

Despite the unprecedented times, the collaboration with our social partners continued and we wish to record our thanks to the Dominica Co-operative Societies League, Registrar-Financial Services Unit, Caribbean Confederation of Credit Unions and sister credit unions.

To our valued members, you have once again demonstrated your support and commitment to ensuring the success of your Society. The need to adhere to the health protocols, as a result of the Covid-19 pandemic, forced us to revisit the way and times during which we operated, thus ensuring the safety of all our members. We are most grateful for your understanding and cooperation as we navigated the year in review.

Despite the difficulties faced with the ongoing socio-economic challenges, maintaining members’ satisfaction remained a priority.

We once again thank our members whom we hold in high regard for your demonstrated confidence in our Society during the year in review.

Members, it was indeed a wonderful experience being of service to 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, 2017-2021

<b>Statement of Financial Position</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>					
Cash and Bank Balances	94,451	77,596	62,776	98,154	96,658
Investment Securities	153,546	148,854	145,043	112,913	87,127
Investment Held to Maturity & Available for Sale	0.00	0.00	0.00	0.00	67,419
Originated Loans (Net)	393,835	388,395	387,309	365,783	360,490
Property, Plant and Equipment	36,394	36,414	37,701	37,947	36,733
Other Assets/Shares	14,929	10,400	8,103	10,974	7,061
Statutory Reserves	0.00	0.00	0.00		
	<b><u>693,160</u></b>	<b><u>661,667</u></b>	<b><u>640,932</u></b>	<b><u>625,771</u></b>	<b><u>\$655,488</u></b>

<b>LIABILITIES</b>					
Savings/Ordinary Deposits	429,889	398,940	384,663	372,661	336,313
Term Deposits	137,644	140,428	139,554	141,108	138,026
Member Retirement Account	43,497	43,338	41,590	39,255	37,495
Other	10,905	9,986	10,285	11,342	9,065
	<b><u>621,935</u></b>	<b><u>592,692</u></b>	<b><u>576,092</u></b>	<b><u>564,366</u></b>	<b><u>520,899</u></b>

<b>EQUITY</b>					
Share Capital	6,416	6,186	5,870	5,538	5,141
Statutory Reserve	22,061	21,571	20,658	19,536	18,707
Other Reserves	15,444	15,488	15,539	15,662	15,873
Retained Surplus	27,297	25,730	22,773	20,669	27,449
	<b><u>71,225</u></b>	<b><u>68,975</u></b>	<b><u>64,840</u></b>	<b><u>61,405</u></b>	<b><u>67,170</u></b>



# Statement of Income and Appropriations

For the Years Ended December 31, 2017-2021

	2021	2020	2019	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest Income	37,493	35,219	34,133	29,803	30,593
Interest Expense	12,450	12,059	(11,965)	(11,820)	(11,056)
Net Interest Income & Investment Income	25,043	23,160	22,168	17,983	19,537
Other Income	1,306	1,049	1,418	1,033	1,476
Operating Income	26,349	24,209	23,586	19,016	21,013
Other Operating Costs	15,793	14,337	15,081	13,595	12,860
Net Operating Income	10,556	9,872	8,505	5,421	8,153
Other Expenses	8,163	5,361	2,966	1,428	4,559
Surplus before Appropriations	1,891	3,563	5,539	3,993	3,594

# Financial Statistics in Percentage

For the Years Ended December 31, 2017-2021

	2021	2020	2019	2018	2017
	%	%	%	%	%
Asset Growth	4.76	3.24	2.42	6.41	13.46
Loans and Advances Growth (Net)	1.40	1.21	5.88	1.47	2.41
Savings and Deposit Growth	7.76	3.71	3.22	10.81	25.02
Fixed Deposits Growth	1.98	4.20	(1.10)	2.23	1.33
Member Retirement Account Growth	0.37	0.63	5.95	4.69	8.13

# Treasurer's Report

*For the Year Ended December 31, 2021*

It is a privilege to report on the financial performance of the National Cooperative Credit Union Limited, for the financial year ended December 31, 2021.

During the year 2021, the world experienced severe and unprecedented socio-economic turmoil as a result of the Covid-19 pandemic ravaging through every corner of the globe leaving personal and financial disaster in its wake. Our beloved Nature Isle, the Commonwealth of Dominica was not spared despite our relentless efforts. The decreased economic activity in the private sector, effects on the tourism industry and the reduction in personal income for employees, farmers, fishermen and many more, placed a burden on our people, who were still in recovery from the devastation of Hurricane Maria. Although some of you weathered this seemingly never-ending storm, many could not. To our beloved membership, volunteers, management and employees who have all undoubtedly experienced challenges and/or losses throughout the year, the Society proudly stands with you as we continue to contribute consistently to Dominica's financial market and your lives. Many times, throughout this financial year growth seemed like a distant dream.

Nonetheless, with the strategic leadership of the Board of Directors and Committee members, a solid management team, our diligent and resolute staff, and the loyalty and dedication of this membership, the National Cooperative Credit Union remains resolute, as evident by an increase in Gross Income of \$2.5M for the year 2021. However, in a review of overall financial performance, we could not weather the full impact of the socio-economic shift which is notable in an increase of Total Expenses by 14.42% and the underwhelming increase of the Loans Portfolio of 1.58%. We are optimistic that the continued implementation of strategic measures, prudent management and high performance of stand-out financial services such as the Mortgage Blast facility and Savings Covered loan interest specials, will have a positive impact on the loan portfolio and overall financial performance of the Society in the short and long term.



**Mr. Euan James**  
*Treasurer*



**Table 1.1: A breakdown of the Financial Highlights:**

<b>YEAR ENDED DECEMBER 31</b>	<b>2021</b>	<b>2020</b>	<b>INCREASE/ DECREASE 2021-2020</b>	<b>GROWTH % 2020-2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Operating Results</b>				
Interest Income	37,493,419	35,219,144	2,274,275	6.46%
Gross Income	38,799,528	36,267,787	2,531,741	6.98%
Total Expenses	36,406,289	31,757,863	4,578,636	14.42%
Surplus Before Appropriation	2,393,239	4,509,924	(2,116,685)	(46.93%)
<b>Financial Position</b>				
Loans to members	426,698,479	420,067,176	6,631,303	1.58%
Investments	153,546,281	148,853,569	4,692,712	3.15%
Total Assets	693,160,090	661,667,413	31,492,677	4.76%
Savings and Deposits	429,888,678	398,939,870	30,948,808	7.76%
Term Deposits	137,644,380	140,428,320	-2,783,940	(1.98%)
Member Ret. Account	43,497,375	43,337,757	159,618	0.37%
Total Liabilities	621,935,172	592,692,329	29,242,843	4.93%
Member Capital	6,416,026	6,186,126	229,900	3.72%
Members Equity	71,224,918	68,975,084	2,249,834	3.26%

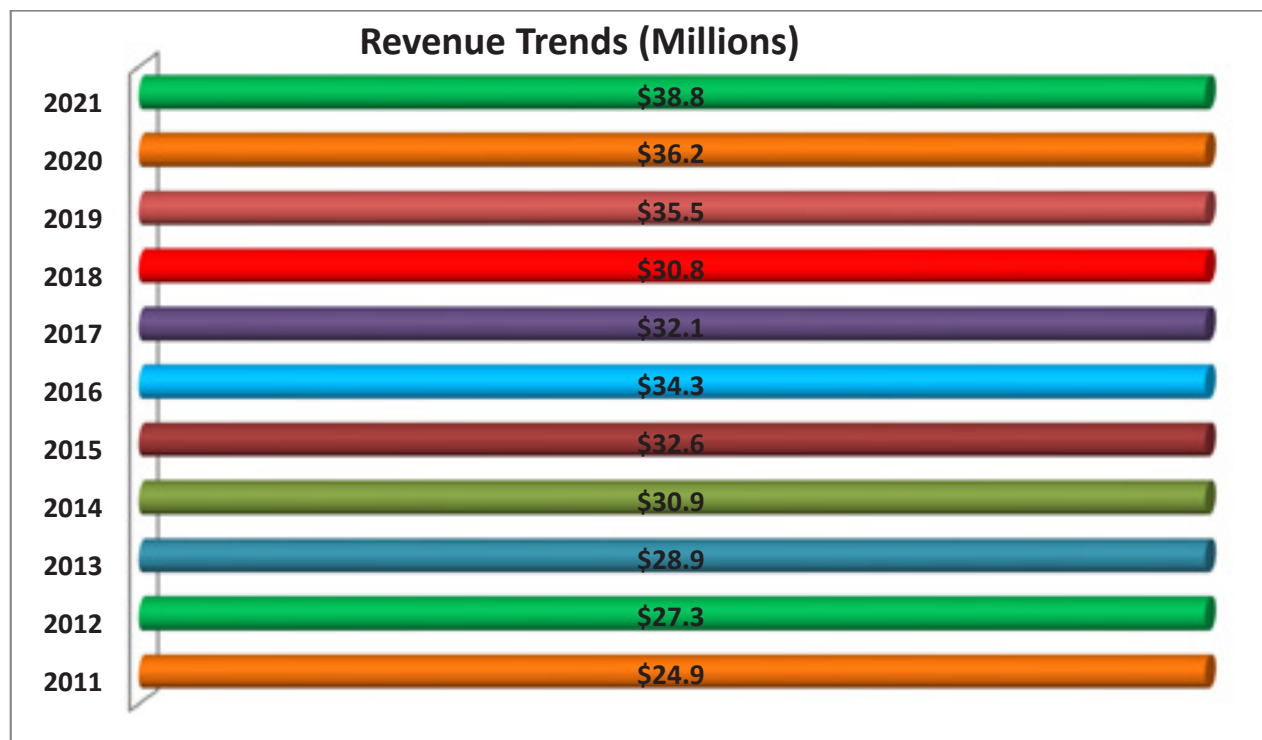
## Results of Operation

### Gross Income

The Society continued the growing trend in gross revenue over the period 2011 to 2021, with 2021 recording the highest annual revenue generated since amalgamation (See Graph 1.1).

Total revenue for the year 2021 amounted to **\$38.8 Million** constituting a net value increase of **\$2.5 Million (6.9%)** as compared to 2020 which recorded **\$36.2 Million**.

**Graph 1.1: Revenue Trends 2011-2021:**



The major sources of revenue for the year came from interest from loans with **\$31.7 Million** and Income from Investment with **\$5.7 Million** followed by Other Income with **\$1.3 Million**.

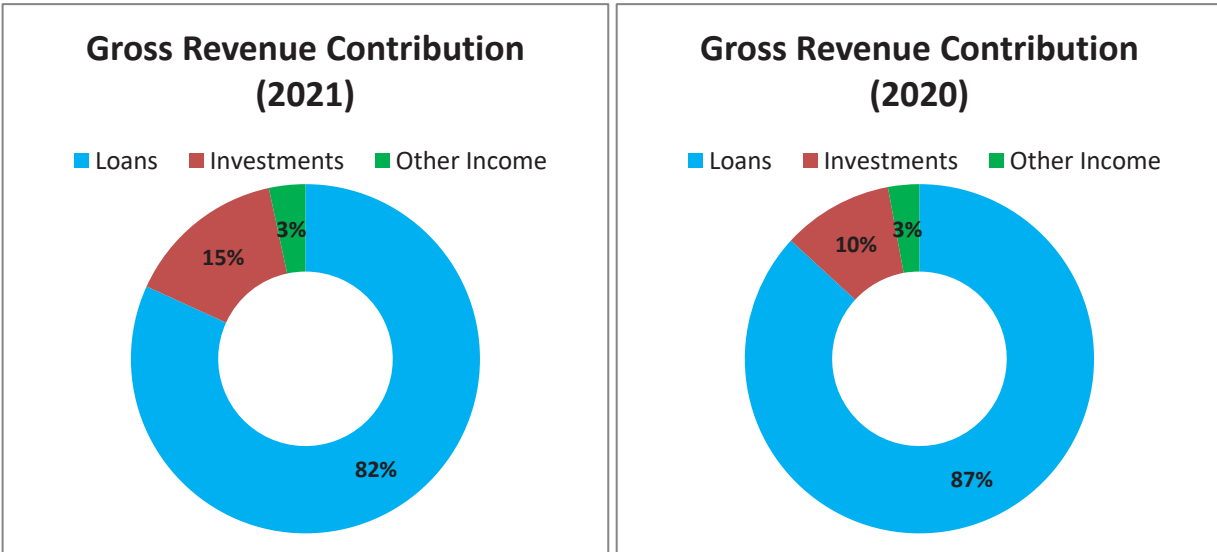
**Table 1.2: Breakdown of Gross Income:**

Gross Income	Actual YTD 2021	Actual YTD 2020	Change	
			\$	%
Loans	\$31,740,806	\$31,493,075	\$247,731	0.79%
Investments	\$5,752,613	\$3,726,069	\$2,026,544	54.39%
Other Income	\$1,306,109	\$1,048,643	\$257,466	24.55%
<b>Total</b>	<b>\$38,799,528</b>	<b>\$36,267,787</b>	<b>\$2,531,741</b>	<b>6.98%</b>

Investment income recorded the highest percentage change with 54.39%, due to prudent management of the portfolio with increased investment in Government of Grenada, St Lucia and Antigua Treasury Bills and Fixed Deposit investment in the First Federal Credit Union in St. Kitts.



**Graph 1.2: Breakdown of Gross Income:**

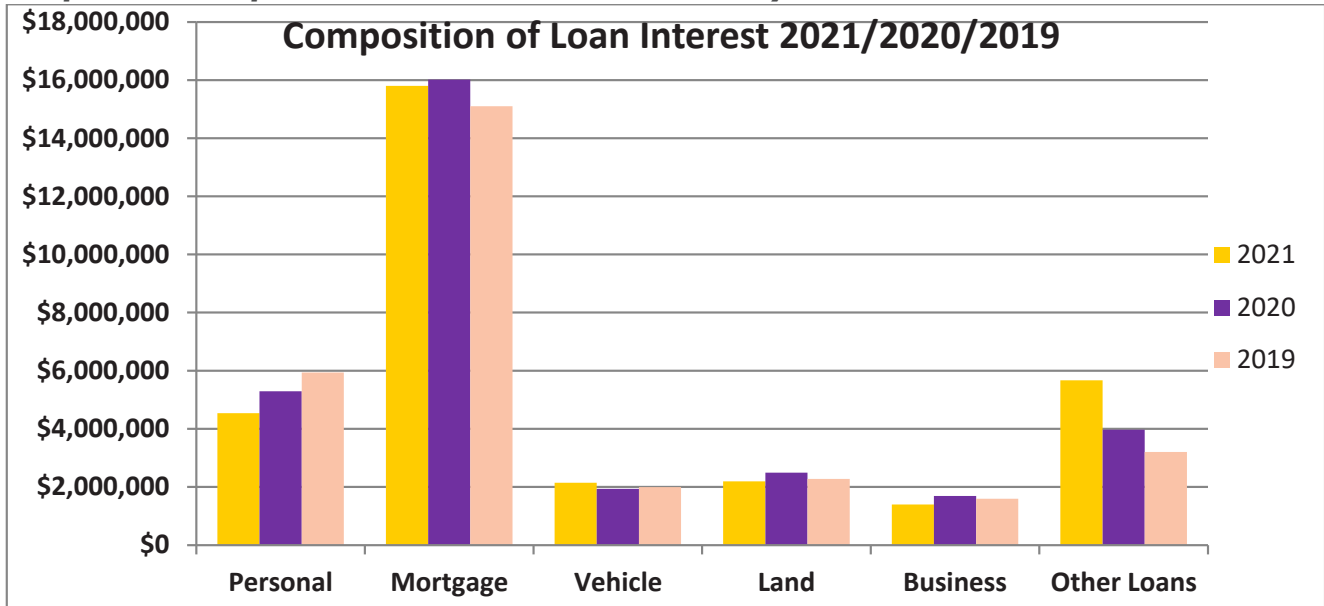


### Interest Income

The interest earned from loans increased by a meagre **\$247,731** or **0.79%**, moving from **\$31.4 Million** in year 2020 to **\$31.7 Million** in year 2021.

This can be attributed to the impact of the Covid-19 pandemic which decreased the availability of gainful employment and disposable income to our membership. This ultimately resulted in a decreased demand for loans and increased competition amongst financial institutions on island for the declining available lending market.

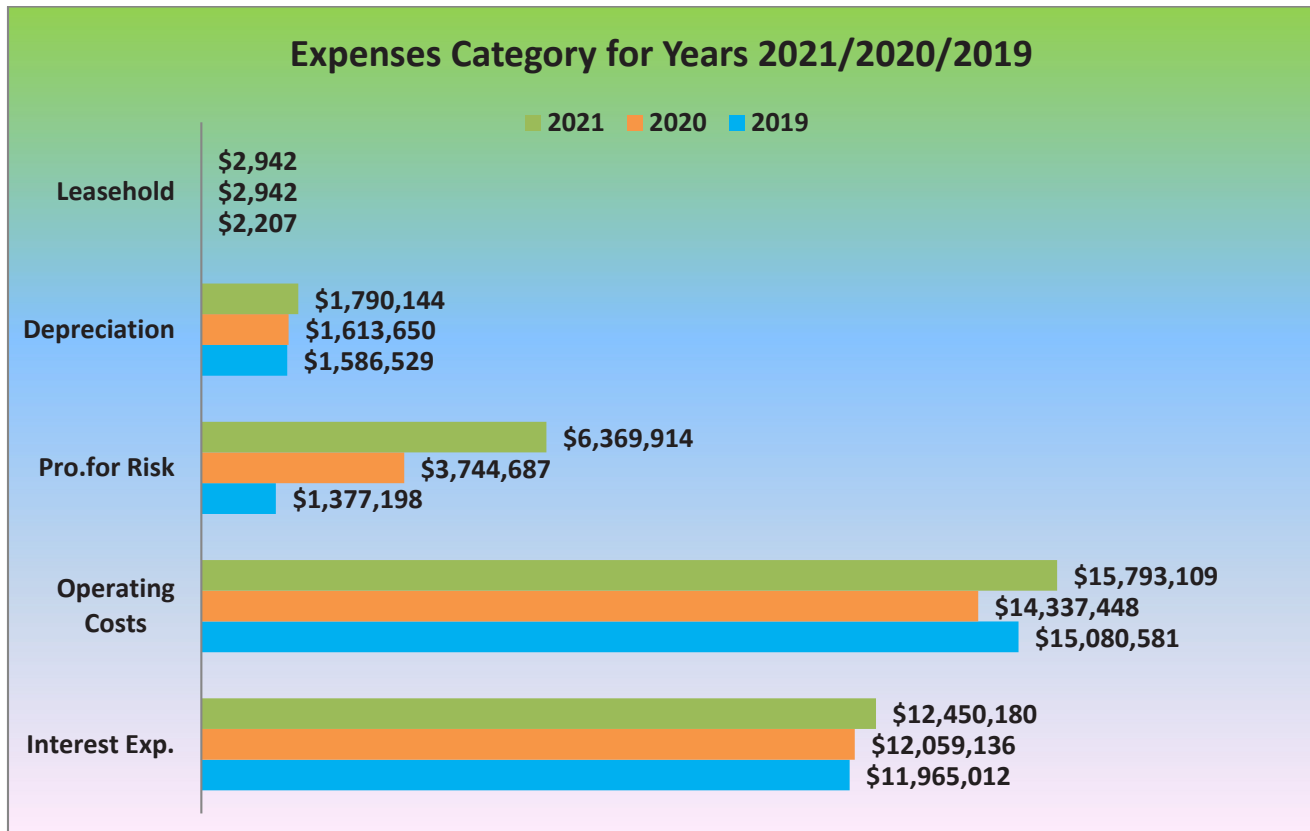
**Graph 1.3: Composition of Loan Interest Income by Sector for Year 2021/2020/2019:**



## Expenses

Total expenditure for the year 2021 totalled **\$36.4 million** as compared to **\$31.7 million** in the previous year 2020. This constitutes a net value increase of **\$4.5 million**, or **(14.4%)**.

**Table 1.3: A breakdown of the Society's expenses during 2021/2020/2019**



The **14.4%** increase was primarily recorded in two main expense categories namely:

### 1. Provisions

A major aspect of expenses includes the amount of **\$6.3 Million** recorded for Expected Credit Losses on Loans due to provisioning in accordance with IFRS 9. The probability that some of the loans granted to our members will not be recovered is a reality we must accept and thus the Society must provide for this expected credit loss. In this current financial year Expected Credit Losses increased by **\$2.6 Million** over the previous year which reflects a **68.2% increase**.

This allocation is in accordance with the International Financial Reporting Standards (IFRS 9) and is due to members' inability to service their loans according to monthly instalments, rate of recovery of the loan affected by the collateral used and the legal system. Our ongoing challenge is to balance the Society's desire to lower such provisioning whilst keeping its commitment to improvising services that enhance the quality of life of this membership, consistent with cooperative principles.

Our vision, mission and values must continue to guide our policies as we seek to foster a sustainable development path for the Society. However, this responsibility should not be shouldered only by the Board of Directors, Committees, Management and staff of the NCCU Ltd. but also our Membership by keeping



to their loan commitments, engaging the institution and seeking solutions to normalizing any delinquent loans.

## 2. Operating Costs

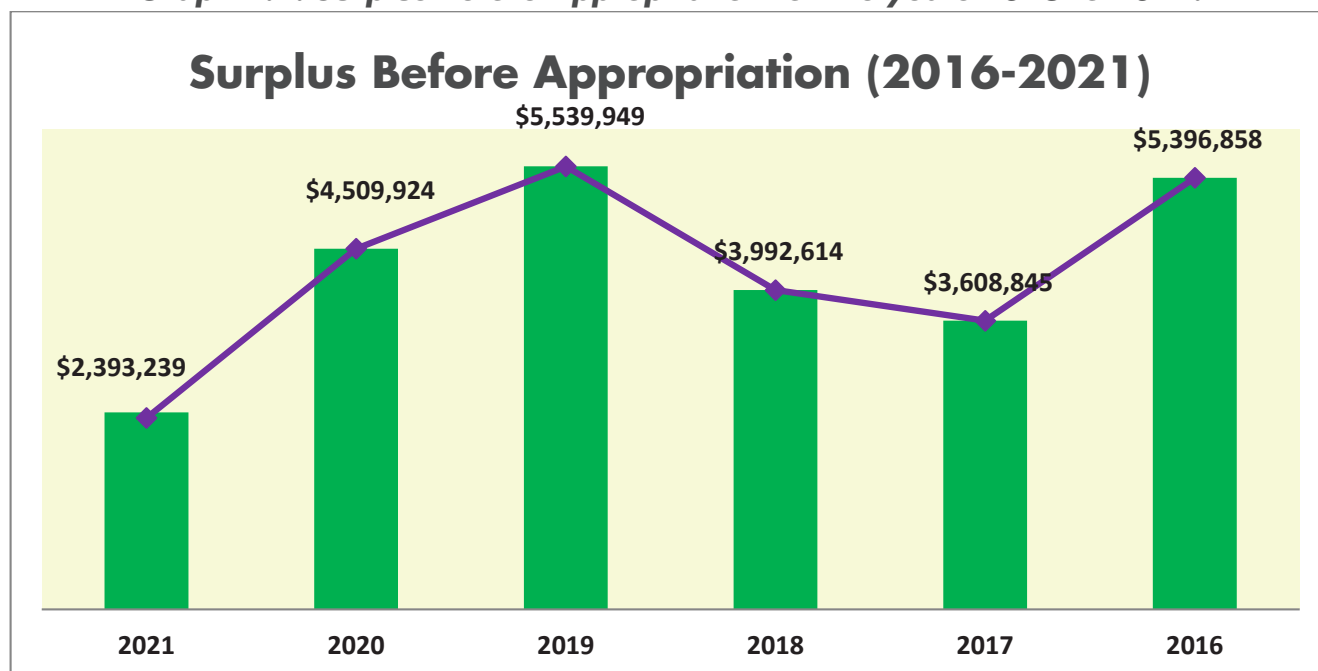
The total cost of operation increased to **\$15.7 Million**, which is an increase of **\$1.4 Million (10%)** over the year 2020 which recorded **\$14.3 Million**.

The major increases were recorded in the categories of Personal Expenses, Computer Services and Expenses, Occupancy expenses, and Security services. These increases are a result of inflation in costs that are unavoidable to the society.

## Surplus Before Appropriation

The National Cooperative Credit Union Ltd. (NCCU) recorded surplus before appropriation of **\$2.39 Million**, showing a significant decrease of **2.11 Million** or **46.93%** when compared to 2020. The amount of Net Surplus was heavily impacted by a slow revenue growth due to a decrease in loan demand creating a more competitive market. The aforementioned rapid growth in expenses including the significant amount recorded under the Expected Credit Losses exasperated this decrease.

**Graph 1.4: Surplus Before Appropriation for the years 2016 to 2021:**



## Financial Position

### Assets

The Society reports Assets of **\$693.1 Million**, a growth of **\$31.4 Million**, or **4.7%** as compared with last years' 2020 figures of **\$661.6 Million**. The growth is mainly attributed to **\$16.8 Million** increase in Cash and Bank balances; and **\$4.6 Million** or a **3.2%** increase in Investments such as Commercial Paper, Fixed Deposits, Treasury Bills, and Government Bonds.

Loan to members (Less allowance for Expected Credit Losses) which is our core business grew moderately by **\$5.4 Million** or **1.4%** over last years' total. This is reflective of the impact of the Covid-19 pandemic and



competitive financial market. Now, more than ever, it is imperative that we remain proactive in investing in the NCCU, enact strategic changes that reflect our ability to be competitive in this modern financial industry and become more shock resistant to unforeseen and uncontrollable external forces.

## Liabilities

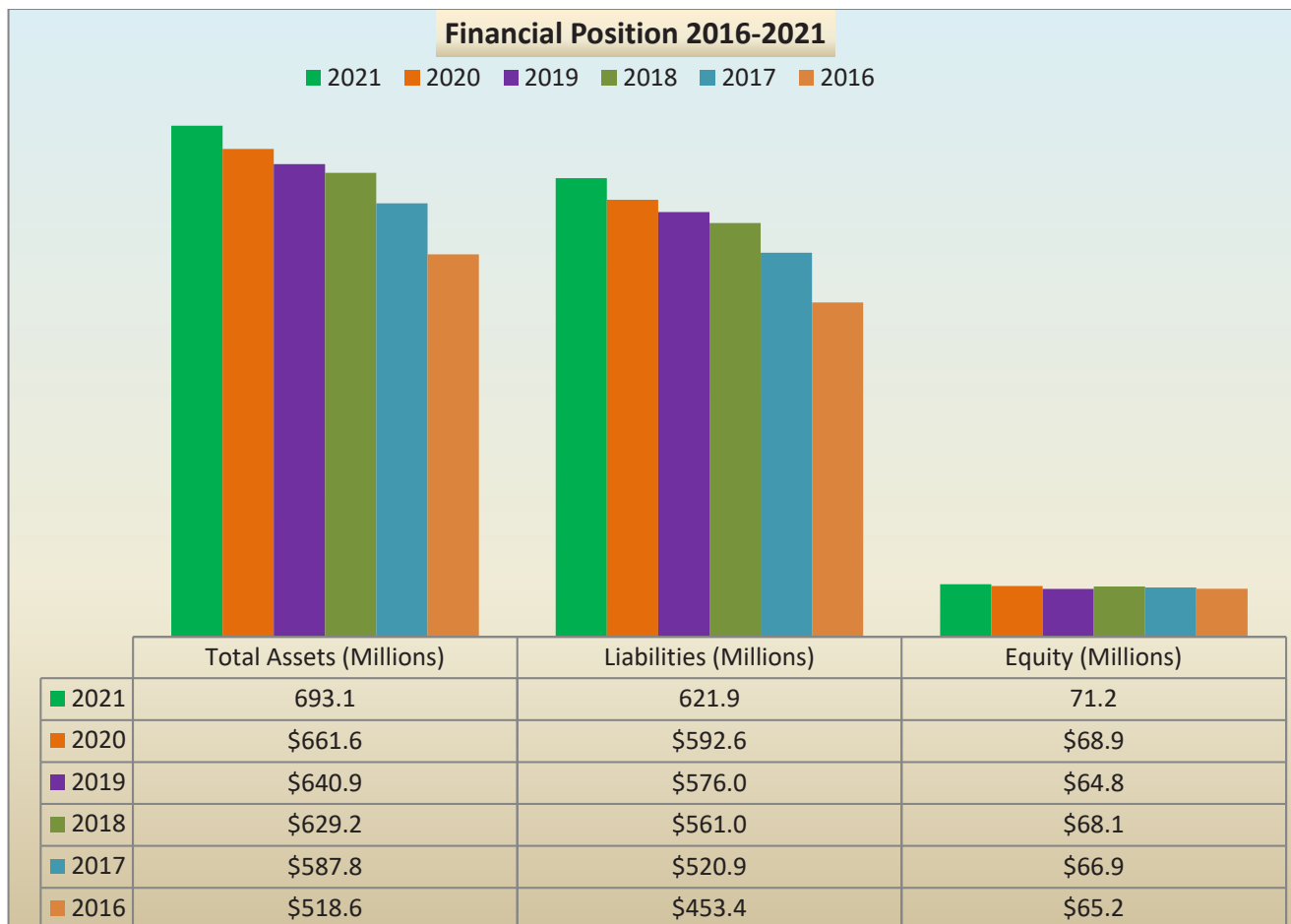
During the period under review, Total Liabilities grew to **\$621.9 Million** showing **\$29.2 Million** or a **4.9%** increase over the previous year.

The main contributing factors were Members Savings and Deposits which stood at **\$429.8 Million** with a growth of **\$30.9 Million** or **7.76%** compared to the previous year. This is an indication of the confidence placed in your credit union as a safe and secure institution to deposit your funds.

## Equity

Members' Equity for the year 2021 was **\$71.2 Million**, an increase of **\$2.2 Million** or **3.26%** when compared with **\$68.9 Million** reported for the previous year.

**Graph 1.5: Financial Position:**



## Delinquency Management

Delinquency continues to be a challenge for the Society as an unprecedented number of members have been financially affected by the lingering effects of Hurricane Maria and the on-going challenges that the current pandemic is producing. This is evident by the record number of deferment request being received and the



inability of some members to meet monthly payments. Hence the amount of Expected Credit Losses computed under the provisioning and an increase in Delinquency Rate, which as reflected by the financials has negatively impacted the growth and sustainability of your credit union.

The total value of loans written off was **\$5.1 Million** in the year 2021. These loans were deemed unrecoverable by management after exhausted all practical recovery efforts were exhausted. A majority of the circumstances surrounding the loans written-off was as a result of the impact of Tropical Storm Erika and Hurricane Maria, which made many homes inhabitable, which decreased their security value to zero.

We have endured three economically crippling, uncontrollable events within the last ten years and we should be grateful and applaud the Society for weathering through these extraordinary events. However, it has also highlighted our need to revolutionize and modernize our approach toward delinquency, invest in our delinquency department and create policies that seek to protect both the Society and the members.

Notwithstanding, members are encouraged to make every effort to meet their monthly contractual agreement and contact the Collections Department at the earliest possible time whenever faced with challenges which hinder monthly commitments to the Society. It is imperative to note that whilst the Society through its management is responsible for increasing the loans portfolio and providing timely and relevant credit facilities, our membership is also responsible for honouring their loan commitments and avoiding delinquency.

## Conclusion

The financial performance of the Society for the year 2021 is indicative of the Society's perseverance throughout challenging circumstances. Whilst the decrease in Net Surplus over the past three years is evident, the growth in financial position and increases in investments points towards the Society's stability and competitive strength in the market, as well as the society's interest in diversifying avenues for revenue generation. We will continue to act in the best interest of the Society in financial and investment decisions, explore avenues through which financial stability will be maintained, whilst ensuring that the services we offer continue enhance your quality of life.

I am proud to be a part of this Society as a member and appreciative of the opportunity to serve you in the capacity of Treasurer. I also express gratitude to you the membership, the other members of Board of Directors, the Supervisory and Compliance and the Credit Committees, Management and Staff, and all other stakeholders for your unwavering contributions 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](mailto: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, 2021, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## **Basis for Opinion**

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free





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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 4, 2022**

# Balance Sheet

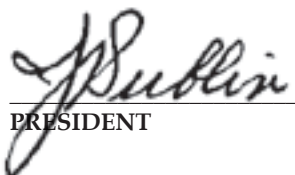
As at December 31, 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
Cash and bank balances	5	94,450,670	77,596,071
Investments	6	153,546,281	148,853,569
Loans and advances to members	7	393,834,824	388,394,940
Other Assets	8	14,928,884	10,400,318
Property plant and equipment	10	36,393,503	36,413,646
Leasehold Improvements	9	5,927	8,869
<b>TOTAL ASSETS</b>		<b>693,160,090</b>	<b>661,667,413</b>
<b>LIABILITIES</b>			
Members' savings/ordinary deposits	11	429,888,678	398,939,870
Term Deposit	12	137,644,380	140,428,320
Accounts payable and provisions	13	7,452,459	6,400,147
Member Retirement Account	14	43,497,375	43,337,757
European Union grant	15	-	-
Accrued Interest Payable	16	3,452,280	3,586,235
<b>TOTAL LIABILITY</b>		<b>621,935,172</b>	<b>592,692,329</b>
<b>MEMBERS' EQUITY</b>			
Share capital	17	6,416,026	6,186,126
Statutory Reserve (guarantee fund)	18	22,060,588	21,571,170
Education fund	19	323,246	341,711
Loan protection fund	20	626,754	669,348
Capital reserve		498,301	498,301
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	234,885	210,953
Retained surplus		27,297,281	25,729,638
<b>TOTAL MEMBERS' EQUITY:</b>		<b>71,224,918</b>	<b>68,975,084</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>693,160,090</b>	<b>661,667,413</b>

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

Approved by The Board on

May, 2022 and signed on behalf of the Board of Directors by:

  
PRESIDENT

  
TREASURER

# Statement of Changes In Equity

For the Year Ended December 31, 2021

Notes	Member Share		Statutory		Education		Development		Revaluation		Capital		Loan Protection		Fair Value		Retained		Total
	Capital	Reserve	Reserve	Fund	Fund	Fund	Surplus	Reserve	Contribution	Fund	Reserve	Surplus	Reserve	Surplus	Reserve	Surplus	Reserve	Surplus	
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	22,772,898	64,840,426								
IFRS 9																			
Appropriation		901,985		45,099															947,084
Net surplus																			3,562,840
Payments			(17,907)					(100,000)											(117,907)
Receipts	316,326					21,415													337,741
Adjustment /prior year etc.																			(58,728)
Entrance fees		11,000																	11,000
Dividend																			(547,373)
Balance as at 31/12/20	6,186,126	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								
IFRS 9																			
Appropriation		478,648		23,932															502,580
Net surplus																			1,890,659
Payments			(18,465)					(42,594)											(61,059)
Receipts	229,900																		229,900
Adjustment /prior year etc.																			(323,016)
Entrance fees		10,771																	10,771
Dividend																			-
Balance as at 31/12/21	6,416,026	22,060,588	323,246	234,885	8,634,580	498,301	4,797,344	626,754	335,913	27,297,282	71,224,919								

# Statement of Income and Appropriation

For the Year Ended December 31, 2021

	NOTES	2021 \$	2020 \$
Interest income	24	37,493,419	35,219,144
Interest expense	24	12,450,180	12,059,136
<b>Net interest income</b>		<b>25,043,239</b>	<b>23,160,008</b>
Other Income	25	1,306,109	1,048,643
<b>Operating income</b>		<b>26,349,348</b>	<b>24,208,651</b>
Operating cost	26	(15,793,109)	(14,337,448)
Expected Credit Losses on Receivables		(69,790)	-
Expected Credit Losses on Loans	7(b)	(6,300,124)	(3,744,687)
Depreciation	10	(1,790,144)	(1,613,650)
Leasehold/ amortisation	9	(2,942)	(2,942)
<b>Surplus before appropriation</b>		<b>2,393,239</b>	<b>4,509,924</b>
<b>Appropriations</b>			
Transfer to statutory reserve (20%)		(478,648)	(901,985)
Development fund		(23,932)	(45,099)
Education Fund		-	-
<b>Net surplus for the year</b>		<b>1,890,659</b>	<b>3,562,840</b>



# Statement of Cash Flows

For the Year Ended December 31, 2021

Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>		
Surplus for period	2,393,239	4,509,924
<b>Adjustments for:</b>		
Depreciation	1,790,144	1,613,650
Expected Credit Losses	6,300,124	3,744,687
Leasehold amortization	2,942	2,942
<b>Cash flows before changes in operating assets and liabilities</b>	<b>10,486,449</b>	<b>9,871,203</b>
(Increase)/Decrease in statutory reserve deposit	(582,585)	(73,103)
(Increase) / Decrease in originated loans	(11,740,009)	(4,830,352)
(Increase) / Decrease in other assets	(4,528,567)	(2,308,659)
Increase in members' savings/demand deposits	30,948,808	14,277,237
Increase in term deposits	(2,783,940)	874,208
Increase in Members' retirement account	159,618	1,748,160
Increase / (Decrease) in accounts payable and provisions	1,052,312	(117,729)
Increase (Decrease) in accrued interest payable	(133,955)	(159,934)
<b>Net Cash from operating activities</b>	<b>22,878,131</b>	<b>19,281,032</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(1,770,000)	(326,685)
Purchase of investment securities	(4,110,127)	(3,737,530)
<b>Net cash from investing activities</b>	<b>(5,880,127)</b>	<b>(4,064,215)</b>
<b>Cash flow from financing activities</b>		
Share capital	229,900	316,326
Dividend paid	-	(547,373)
Payment from funds	(50,288)	(106,907)
Adjustment /prior year etc.	(323,016)	(58,728)
<b>Net cash from financing activities</b>	<b>(143,405)</b>	<b>(396,682)</b>
<b>Net cash flows</b>	<b>16,854,599</b>	<b>14,820,135</b>
<b>Cash at beginning of year</b>	<b>77,596,071</b>	<b>62,775,936</b>
<b>Cash at end of year</b>	<b>94,450,670</b>	<b>77,596,071</b>



# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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.



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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).



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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;



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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.



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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.

# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

For the Year Ended December 31, 2021

## 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
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.



# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 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.



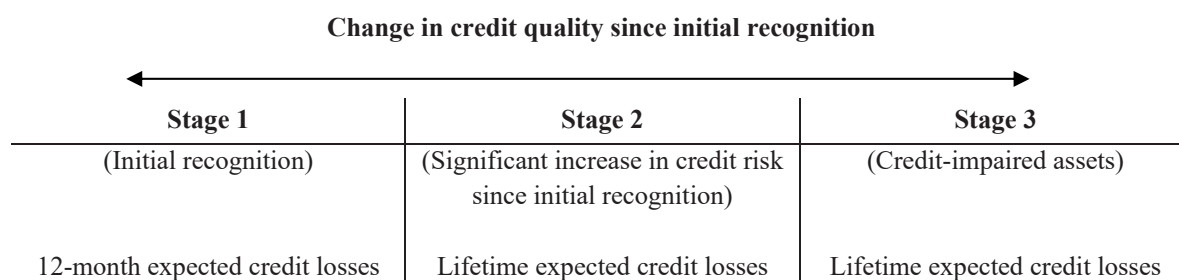
# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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):



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.

# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 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.



# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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 the Financial Statements

*For the Year Ended December 31, 2021*

## 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.

# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 4. Financial Risk Management cont'd

### a) Credit risk cont'd

	2021	2020
	\$	\$
Opening loss allowance as at 1 January	31,672,236	27,755,231
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January (calculated under IFRS 9)	31,672,236	27,755,231
Bad debts recovered	-	172,318
Bad debts Written Off	(5,108,705)	-
	26,563,531	27,927,549
Increase in the allowance recognised in profit or loss during the period	6,300,124	3,744,687
<b>Closing loss allowance as at 31 December</b>	<b>32,863,655</b>	<b>31,672,236</b>

### 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).



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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

	2021	2020
	\$	\$
Cash on hand	3,587,690	4,097,586
Current account	90,862,980	73,498,485
	<u>94,450,670</u>	<u>77,596,071</u>

## 6. Investment Securities

	2021	2020
	\$	\$
Investment Securities measured at FVTPL	6,656,760	5,469,200
Investment Securities measured at amortised cost	126,667,238	123,744,671
Investment securities measured at FVOCI - equity investments	20,222,283	19,566,596
	<u>153,546,281</u>	<u>148,853,569</u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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:

	2021	2020
	\$	\$
<b>(a) Loans and advances to Members</b>		
Member Loans	412,270,365	407,846,804
Overdraft	2,263,553	2,631,667
Staff Advances and loans	12,164,560	9,588,705
	<u>426,698,479</u>	<u>420,067,176</u>
Less: Allowance for Expected Credit Losses	32,863,655	31,672,236
	<u><u>393,834,824</u></u>	<u><u>388,394,940</u></u>
<b>(b) Allowance for Expected Credit Losses</b>		
	2021	2020
	\$	\$
Provision at beginning of year	31,672,236	27,755,231
Amounts restated through opening retained earnings	-	-
Opening loss allowance (IFRS 9)	<u>31,672,236</u>	<u>27,755,231</u>
Bad debts recovered	-	172,318
Bad debts Written Off	<u>(5,108,705)</u>	
	26,563,531	27,927,549
Expected credit loss	<u>6,300,124</u>	<u>3,744,687</u>
<b>Closing Allowance for Expected Credit Losses</b>	<u><u>32,863,655</u></u>	<u><u>31,672,236</u></u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 7. Originated Loans cont'd

(c) Originated Loans - Sectoral Analysis	2021	2020
	\$	\$
Personal	94,435,064	98,498,734
Mortgage	274,314,008	255,954,975
Vehicle	14,593,482	18,266,340
Land	23,842,053	23,531,225
Business	16,023,569	17,649,975
Other Loans (Litigated)	3,490,303	6,165,927
	<b>426,698,479</b>	<b>420,067,176</b>

## 8. Other Assets

	2021	2020
	\$	\$
Interest receivable on investments	3,394,343	1,727,762
Inventory of stationery/office Supplies	620,337	900,440
Prepayments	316,209	378,973
Deferred expenses	399,016	1,454,624
Loans receivable interest	4,249,044	2,226,042
Financial Instruments Issued	1,500,000	-
Debtors	4,359,131	3,658,629
Receivable staff education	48,884	52,787
Clearing Accounts	40,858	-
Other Receivables	444,092	1,060
	<b>15,371,916</b>	<b>10,400,318</b>
Less: Expected Credit Losses	443,032	-
	<b>14,928,884</b>	<b>10,400,318</b>

# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## 9. Leasehold Improvements

	2021	2020
	\$	\$
Balance beginning of the year	8,869	11,811
Additions	-	-
Amortised during the year	(2,942)	(2,942)
	<u>5,927</u>	<u>8,869</u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 10. Property and equipment

	Land	Building	Furniture & Equipment	Computer Systems	Motor Vehicle	ATM	Legal Library	TOTAL
<b>COST</b>								
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)	-	-	-	(129,782)
Adjustment	-	-	-	-	-	-	-	-
<b>Balance - December 31, 2020</b>	<b>3,782,060</b>	<b>33,700,869</b>	<b>8,547,616</b>	<b>10,111,070</b>	<b>732,300</b>	<b>3,568,087</b>	<b>19,525</b>	<b>60,461,526</b>
Additions	-	591,690	293,225	605,485	-	279,600	-	1,770,000
Adjustment	-	-	-	(86,204)	-	86,204	-	-
<b>Balance - December 31, 2021</b>	<b>3,782,060</b>	<b>34,292,559</b>	<b>8,840,841</b>	<b>10,630,351</b>	<b>732,300</b>	<b>3,933,890</b>	<b>19,525</b>	<b>62,231,526</b>
<b>ACCUMULATED DEPRECIATION</b>								
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
<b>Balance - December 31, 2020</b>	<b>-</b>	<b>3,669,417</b>	<b>6,816,429</b>	<b>9,768,775</b>	<b>599,254</b>	<b>3,174,480</b>	<b>19,525</b>	<b>24,047,880</b>
Eliminated on disposal/adjustment	-	-	-	-	-	-	-	-
Depreciation charge	-	643,587	505,038	315,203	55,666	270,650	-	1,790,144
<b>Balance - December 31, 2021</b>	<b>-</b>	<b>4,313,004</b>	<b>7,321,467</b>	<b>10,083,978</b>	<b>654,920</b>	<b>3,445,130</b>	<b>19,525</b>	<b>25,838,024</b>
<b>Net Book Value</b>								
December 31, 2020	3,782,060	30,031,451	1,731,186	342,295	133,046	393,607	-	36,413,646
December 31, 2021	3,782,060	29,979,555	1,519,373	546,373	77,380	488,760	-	36,393,503

# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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.

	2021	2020
	\$	\$
Members' savings/ordinary deposits	<u>429,888,678</u>	<u>398,939,870</u>

## 12. Term Deposits

	2021	2020
	\$	\$
Interest bearing fixed deposit at rates in range 1.75% to 3%	<u>137,644,380</u>	<u>140,428,320</u>

## 13. Accounts Payable and Provisions

	2021	2020
	\$	\$
Accounts payable and Provisions	7,398,209	3,572,490
Audit	54,250	54,250
Clearing Accounts	-	2,773,408
	<u>7,452,459</u>	<u>6,400,147</u>

## 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.

	2021	2020
	\$	\$
	<u>43,497,375</u>	<u>43,337,757</u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 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.

	2021	2020
	\$	\$
Movements during the year were as follows:		
Balance - beginning of year	21,571,170	20,658,185
Add: Entrance Fee	10,771	11,000
Appropriation from surplus	478,648	907,985
	<u>22,060,588</u>	<u>21,571,170</u>

## 19. Education Fund

This represents funds appropriated from surplus for members' education.

	2021	2020
	\$	\$
Balance - beginning of year	341,711	359,618
Less: disbursements	(18,465)	(17,907)
Appropriation from surplus	-	-
	<u>323,246</u>	<u>341,711</u>

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.

	2021	2020
	\$	\$
Balance - Beginning of period	669,348	769,348
Disbursements	(42,594)	(100,000)
Add: receipts	-	-
	<u>626,754</u>	<u>669,348</u>

# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 21. Capital Contribution

	2021	2020
This represents the following balances:	\$	\$
Construction cost of the Society's office building.	4,797,344	4,797,344
Payments	-	-
	<u>4,797,344</u>	<u>4,797,344</u>

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.

	2021	2020
	\$	\$
Balance beginning of year	210,953	165,853
Disbursements	-	-
Appropriation from surplus	23,932	45,099
	<u>234,885</u>	<u>210,953</u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 24. Net Interest and Investment income

<b>Interest Income</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Income from Loans	31,740,806	31,493,075
Income from Investments	1,112,904	842,916
Interest on Fixed Deposits	4,639,709	2,883,153
	<u>37,493,419</u>	<u>35,219,144</u>
<b>Interest expense</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Interest on term deposits	3,105,573	3,082,299
Interest on members Savings	7,687,129	7,306,568
Interest on MRA	1,645,061	1,659,878
Interest on Christmas clubs	12,418	10,391
	<u>12,450,180</u>	<u>12,059,136</u>
<b>Net interest and investment income</b>	<u><b>25,043,239</b></u>	<u><b>23,160,008</b></u>

<b>25. Other Income</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Rent	50,036	50,121
Cheque Book fees	112,441	116,625
Sale of rule and pass book	19,925	21,410
Professional services	687,167	531,926
Sundry Services Charge	295,629	238,186
Commissions	119,470	71,930
Other fees	21,442	18,445
	<u>1,306,109</u>	<u>1,048,643</u>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 26. Operating Cost

	2021	2020
	\$	\$
Personnel expenses (See note 27)	9,221,126	8,054,645
Governance	159,711	132,060
Corp-EFF Insurance	1,146,077	1,179,135
Annual General Meeting	4,460	91,321
Scholarship	68,997	70,356
Overseas Travel and conferences	17,864	2,673
Computer services and expenses	858,485	834,493
Stationery and office supplies	205,939	241,566
Fraternity expenses	240,620	235,604
Audit Fee	61,863	51,979
Occupancy expenses	1,081,980	1,002,570
Insurance Building and content	364,037	368,996
General expenses (See note 29)	2,361,951	2,072,050
	<b>15,793,109</b>	<b>14,337,448</b>

## 27. Personnel Expenses

	2021	2020
	\$	\$
Salaries, staff benefits & allowances	8,170,796	7,117,368
Social Security	483,285	428,090
Uniforms allowances and transportation	567,045	509,187
	<b>9,221,126</b>	<b>8,054,645</b>

## 28. Key Management Compensation

	2021	2020
	\$	\$
Salaries and Allowance	2,100,190	1,731,432
Gratuity	390,458	285,673
	<b>2,490,648</b>	<b>2,017,105</b>



# Notes to the Financial Statements

For the Year Ended December 31, 2021

## 29. General Expenses

	2021	2020
	\$	\$
Hurricane claims	43,133	-
Security services	234,490	190,360
Postage	12,281	8,780
Advertising, publicity and promotions/dues	162,613	335,893
4cs expenses	338,532	270,679
Donations	111,055	51,844
ATM services and expenses	345,685	392,113
Entertainment	39,786	66,990
Maintenance of fixed assets	537,146	251,384
Valuation and legal fees	2,826	-
Bank charges	390,034	342,456
Other	144,371	161,551
	<b>2,361,951</b>	<b>2,072,050</b>

## 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:

	2021	2020
	\$	\$
<b>Loans</b>		
Directors & Volunteers	6,971,826	5,118,425
Key Management Staff	2,421,255	3,581,404
<b>TOTAL LOANS</b>	<b>9,393,081</b>	<b>8,705,829</b>
<b>Deposits</b>		
Directors & Volunteers	3,981,489	3,828,317
Key Management Staff	3,191,203	3,214,230
<b>TOTAL DEPOSITS</b>	<b>7,172,692</b>	<b>7,042,546</b>

## 31. Fair value of financial assets and liabilities

All financial assets and liabilities are carried at fair value.

# Notes to the Financial Statements

*For the Year Ended December 31, 2021*

## **32. Contingencies and Commitments**

Loans and advances committed but not yet drawn down at the balances sheet date totalled \$9,450,887.56 in 2021 and \$4,383,375 in 2020.





**Mr. George W. Maxwell**  
Chairperson



**Ms. Natasha Nation**  
Secretary



**Mrs. Jodie Dublin-Dangleben**  
Member



**Mr. David Maximea**  
Member



**Mr. Cecil A. Joseph**  
Member



**Ms. Renita Charles**  
Member



**Mr. Quincy D. Angol**  
Member



**Ms. Keturah Deschamps**  
Member



**Ms. Christelle Bardouille**  
Member



**Mr. Mervin D. Anthony**  
Member



**Ms. Isabella Prentice**  
Member



**Mr. Andre Gadette**  
Member



**Mr. Julian Benjamin**  
Member

# Credit Committee

# Credit Committee's Report

*For the Year Ended December 31, 2021*

The year 2021 was indeed another very difficult one across the globe following on the setbacks occasioned by the pandemic which started in 2020. The Committee's duties and functions however, were conducted despite the numerous challenges in accordance with the Co-operative Societies Act No. 2 of 2011 and the By-Laws of the National Co-operative Credit Union Ltd.

The following Committee Members all served during the period under review. The names and number of meetings attended are shown below in Table 1:

**Table 1- Meetings attended by Committee Members**

Names	No. of meetings scheduled	No. of meetings attended	No. of meetings scheduled cancelled
	Jan. to Dec. 2021	Jan. to Dec. 2021	Jan. to Dec. 2021
Mr. George Maxwell	43	46	01
Ms. Keturah Deschamps	40	37	03
Ms. Isabella Prentice	39	38	02
Mrs. Jodie Dublin-Dangleben	39	30	04
Mr. Quincy Angol	40	34	07
Ms. Natasha Nation	41	40	03
Mr. David Maximea	40	36	02
Ms. Renita Charles	40	35	08
Mr. Mervin D. Anthony	41	33	06
Mr. Cecil Joseph	40	33	07
Ms. Christelle Bardouille	40	40	03
Mr. Andre Cadette	39	37	03
Mr. Julian Benjamin	41	35	07
Mr. Andre Cadette	06	06	00
Mr. Julian Benjamin	06	06	00

*NB: A member may sit in for someone who is unable to attend a scheduled meeting. Therefore, number of meetings attended may exceed meetings scheduled.*

## MEETINGS

The Committee met on Tuesdays and Thursday barring holidays to review loans with five (5) Committee Members at any one sitting. During the year under review, the Committee also met with staff of the Loans Departments from St. Paul's (Mahaut), La Salette (Pointe Mitchel), St. David's (Riviere Cyrique), La Plaine, Castle Bruce and



Roseau. The various branches gave a synopsis of operations during the height of the Covid-19 pandemic and also made recommendations with respect to strengthening the institution generally during these challenging times.

## OVERVIEW

The effects of the pandemic continued to impact the NCCU adversely in 2021, where members actually experienced job losses and pay cuts in some instances. Naturally, the ability to service loans was affected and so the NCCU worked with the members in order to mitigate the aforementioned impacts.

## LOANS

There was a reduction in the overall **number** of loans approved in 2021 when compared to 2020. In 2021 4,421 loans were approved as compared to 5,252 in 2020, an overall reduction of 15.8%. The three (3) areas of growth however, were Land loans - 85.0% (from 40 to 74), *Building Construction and Purchase* loans – 58.4% (from 255 to 404) and *Travel* loans – 33.3% (from 12 to 16). There were encouraging signs in the sense that four loans from the *Agricultural Land* category were requested in 2021 as compared to none in 2020. Suffice to say, the numbers for all the other categories were down in 2021 when compared to 2020.

It is also interesting to note that loans pertaining to the productive sector - *Business* and *Agriculture* specifically recorded negative growth both in terms of value and the quantum of loans requested. In fact, the three (3) agriculture-related categories; *Motor Vehicle-Agriculture*, *Agricultural Expenses* and *Special Agriculture* were not embraced by members during 2021.

Despite the reduction in the majority of categories as it relates to the number of loans requested, the institution experienced positive growth with respect to the overall **value** of loans requested in 2021. The areas of growth were *Travel* (82%), *Land* (78%), *Legal Expenses* (60%) and *Building Construction and Purchase* (59%).

The NCCU disbursed \$75,984,061.95 to members in 2021 which represents a 15% increase when compared to the 2020 figure of \$66,338,163.74. The leading categories were *Building Construction & Purchase* which accounted for \$40,903,595.32 or 53.8% and *Savings/Deposit* loans \$15,338,275.23 or 20.2%. The other categories to exceed the one million dollars threshold were *Land*, *Debt Consolidation*, *Motor Vehicle-Private*, *Business*, *Dwelling House Repair* and *Domestic* loans.

**Table 2: No. of Loans Approved 2021 & 2020**

NO. OF LOANS APPROVED			
2021	2020	VARIANCE	
Vol.	Vol.	Vol.	%
4421	5252	(831)	(15.8%)

**Table 3: Value of Loans Approved - 2021 & 2020**

VALUE OF LOANS APPROVED			
2021	2020	VARIANCE	
\$	\$	\$	%
75,984,061.95	66,338,163.74	9,645,898.21	14.54

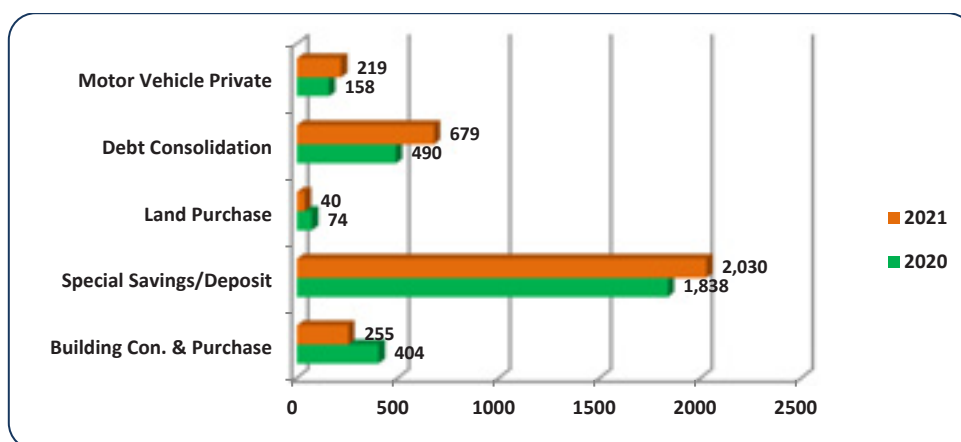
The top five (5) most approved loans for the financial year 2021 in terms of value were *Building Construction and Purchase* (53.8%), *Savings/Deposit* (20.2%), *Land* (6.7%), *Debt Consolidation* (4.7%) and *Motor Vehicle-Private* (3.7%). The remaining twenty (20) categories accounted for just over 10% of the value of loans disbursed.

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

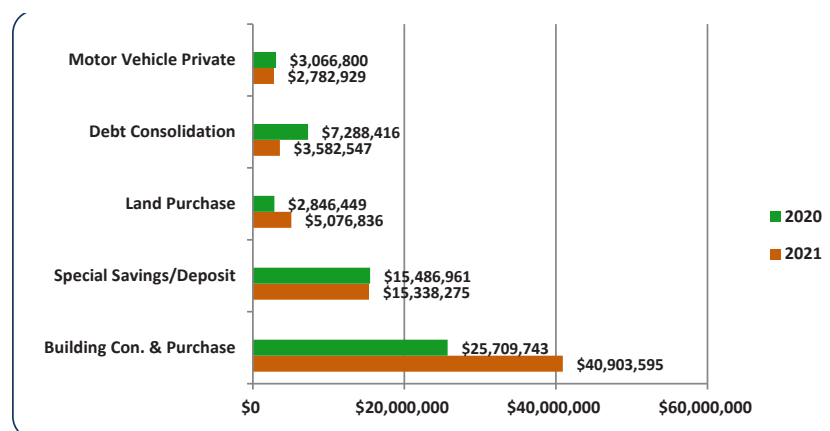
**Table 4: Top 5 Loan Categories - 2021 & 2020**

LOAN CATEGORY	2021		2020		VARIANCE	
	NO. OF LOANS APPROVED	VALUE OF LOANS APPROVED	NO. OF LOANS APPROVED	VALUE OF LOANS APPROVED	#%	\$%
		\$		\$		
Building Con. & Purchase	404	\$40,903,595	255	\$25,709,743	58	59
Special Savings/Deposit - 5.99%	1,838	\$15,338,275	2,030	\$15,486,961	(10)	(96)
Land Purchase	74	\$5,076,836	40	\$2,846,449	85	78
Debt Consolidation	490	\$3,582,547	679	\$7,288,416	(38)	(1)
Motor Vehicle Private	158	\$2,782,929	219	\$3,066,800	(27)	(10)
<b>Total</b>	<b>2,964</b>	<b>\$67,684,182</b>	<b>3,221</b>	<b>\$54,398,369</b>	<b>(8)</b>	<b>24</b>

**Fig. 1: Top 5 Most Approved Loans (Vol.) - 2021 & 2020**



**Fig. 2: Top 5 Most Approved Loans (\$) - 2021 & 2020**



The most sought after loan category in 2021 was the *Savings/Deposit* (1,838), *Domestic* (594), *Debt Consolidation* (490), *Building Construction and Purchase* (404), *Now 4 Now* (331), *Motor Vehicle-Private* (158) and *Debt Consolidation HR/CC* (121) round out the top seven (7).

*Building Construction and Purchase* dominated the loans portfolio for the period in question with an average loan size of \$101,246.52 (\$40,903,595.32 from 404 loans). Although *Savings/Deposit* was the most requested category the average loan was significantly lower than the aforementioned category at \$8,345 (\$15,338,275.23 from 1,838 loans). These two categories accounted for just about 74% of the value of all loans disbursed for the year.

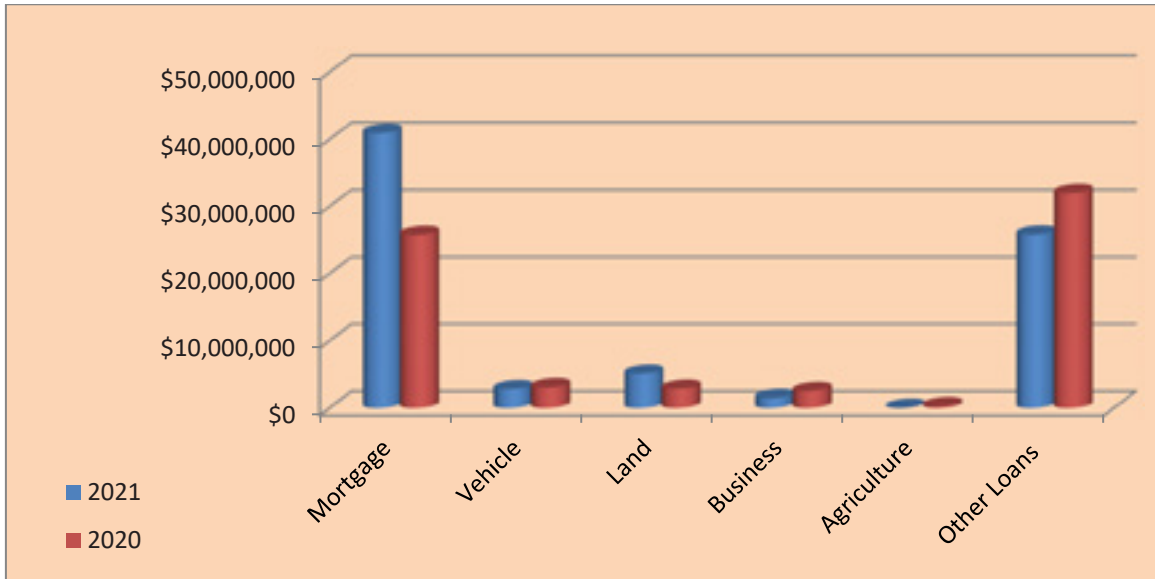
Although the pandemic continued to wreak havoc globally during the year under review, we saw an improvement in the loans category overall which showed that the members continue to believe in the services offered by the institution. This growth can be attributed primarily to the increase in the *Building Construction & Purchase* loan category which saw an increase of more than \$15m during 2021 when compared to 2020.

**Table 5: Loans Approved by Sector 2021 & 2020**

LOAN CATEGORY	2021	2020	VARIANCE	
	\$	\$	\$	%
Mortgage	40,903,595	25,709,743	15,193,852	59
Vehicle	2,782,929	3,066,800	(283,871)	(9)
Land	5,076,836	2,846,449	2,230,387	78
Business	1,440,178	2,507,447	(1,067,269)	(43)
Agriculture	11,031	233,502	(222,471)	(95)
Other Loans	25,769,492	31,974,223	(6,204,731)	(19)
<b>Total</b>	<b>\$75,984,061</b>	<b>\$66,338,163</b>	<b>9,645,898</b>	<b>15</b>



**Fig. 3: Loans Approved by Sector 2021 & 2020**

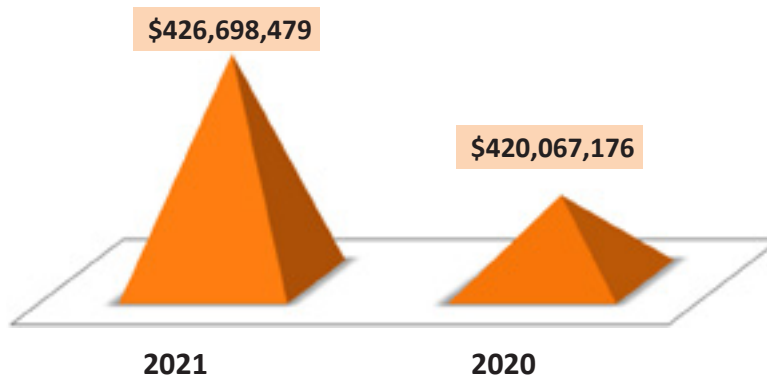


The loan portfolio for 2021 was \$426,698,479 as compared to \$420,067,176 at the end of 2020, an increase of 6,631,303 or 1.6%.

**Table 6: Loans Portfolio as at Dec. 31, 2021 & Dec. 31, 2020**

LOANS PORTFOLIO			
2020	2019	Variance	
\$	\$	\$	%
426,698,479	420,067,176	6,631,303	1.6%

**Fig. 4: Loans Portfolio as at Dec. 31, 2021 & Dec. 31, 2020**

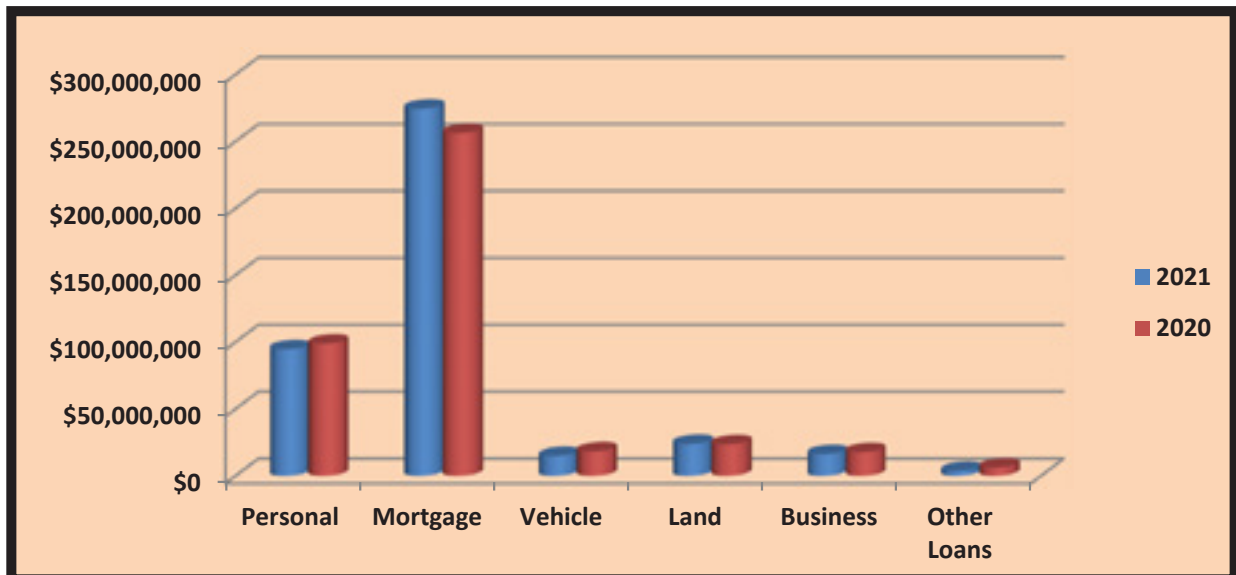


**Table 7: Loans Portfolio by Category for Year Ended Dec. 21, 2021 vs 2020 Results**

LOAN CATEGORY	2021	2020	VARIANCE	
	\$	\$	\$	%
Personal	94,435,064	98,498,734	(4,063,670)	(4)
Mortgage	274,314,008	255,954,975	18,359,033	7
Vehicle	14,593,482	18,266,340	(3,672,858)	(20)
Land	23,842,053	23,531,225	310,828	1
Business	16,023,569	17,649,975	(1,626,406)	(9)
Other Loans	3,490,303	6,165,927	(2,675,624)	(43)
<b>Total</b>	<b>\$426,698,479</b>	<b>\$420,067,176</b>	<b>\$6,631,303</b>	<b>1.6</b>

The following chart further illustrates the performance of each category of loans for the period under review.

**Fig. 5: Loans Portfolio by Category for Year Ended Dec. 21, 2021 vs 2020 Results**



**Table 8: Summary of Loans Approved by the Credit Committee & Managers for the year ended Dec. 31, 2021 and Dec. 31, 2020**

LOANS BY PURPOSE	VOLUME				VALUE \$			
	2021	2020	VARIANCE	%	2021	2020	VARIANCE	%
Building Construction & Purchase	404	255	149	58.43	40,903,595	25,709,744	15,193,851	59.10
Land Purchase	74	40	34	85.00	5,076,837	2,846,450	2,230,383	78.36
Debt Consolidation HR/CC	121	161	-40	(24.84)	425,855	821,462	(395,607)	(48.16)
Debt Consolidation	490	679	-189	(27.84)	3,582,547	7,288,416	(3,705,869)	(50.85)
Business	82	96	-14	(14.58)	1,440,179	2,507,448	(1,067,269)	(42.56)
Equipment	9	19	-10	(52.63)	119,910	126,868	(6,958)	(5.48)
Travel	16	12	4	33.33	118,336	65,036	53,300	81.95
Agricultural Land	4	0	4	--	11,032	--	11,031	--
Motor Vehicle - Agriculture	0	0	0	--	--	--	--	--
Motor Vehicle - Private	158	219	-61	(27.85)	2,782,929	3,066,801	(283,871)	(9.26)
House Hold Goods	49	79	-30	(37.97)	348,451	642,099	(293,647)	(45.73)
Dwelling House Repair	99	116	-17	(14.66)	1,458,923	1,682,867	(223,944)	(13.31)
Education	32	56	-24	(42.86)	523,972	869,263	(345,290)	(39.72)
Agricultural Expenses	0	74	-74	(100.00)	--	233,502	(233,502)	(100)
Domestic	594	730	-136	(18.63)	2,156,708	2,457,817	(319,109)	(12.98)
Motor Vehicle Expenses	33	48	-15	(32.25)	235,167	322,731	(87,564)	(27.13)
Legal Expenses	11	13	-2	(15.38)	146,076	91,242	54,834	60.10
Learn While U Earn	25	42	-17	(40.48)	144,483	237,907	(93,424)	(39.27)
Medical	28	36	-8	(22.22)	182,782	201,214	(18,432)	(9.16)
Line of Credit	14	44	-30	(68.18)	88,500	251,525	(163,025)	(64.18)
Now for Now	331	387	-56	(14.47)	871,503	1,033,168	(161,664)	(15.65)
Agriculture Special	0	0	0	--	--	--	--	--
Special Education	7	15	-8	(53.33)	16,460	31,802	(15,341)	(48.24)
Savings/Deposit Special	1838	2030	-192	(9.46)	15,338,275	15,486,961	(148,685)	(0.96)
Hurricane Maria Relief	2	101	-99	(98.02)	11,542	345,839	(334,297)	(96.66)
<b>TOTAL</b>	<b>4421</b>	<b>5252</b>	<b>-831</b>	<b>(15.82%)</b>	<b>\$75,984,062</b>	<b>\$66,338,164</b>	<b>\$9,645,898.21</b>	<b>15.00%</b>

## DELINQUENCY

The increasing delinquency is of concern to the Committee as this situation increases the expected credit losses and results in the increase provisioning for loan impairment. Members are encouraged to service their debts to the institution in a timely manner and where necessary advise the Society of any difficulty and obtain advice on the best approach to dealing with such difficulties.

The continued growth of your Society is hinged on the granting of loans and the repayment in accordance with agreed terms.

## OVERSIGHT RESPONSIBILITY INTERVIEWS

The Committee also met with six (6) members during the year who sought an audience to discuss non approval of loan applications. In all the cases, the Committee gleaned critical insights into the members' financial situation ultimately resulting in favourable outcomes. It must also be noted that greater clarity in respect of the



members financial standing as it relates to loan servicing and affordability of loans in general were brought to bear on proceedings. The Committee also endeavoured to elucidate the critical nature of ensuring the sustainability and longevity of the institution hence the importance of engaging with members.

## REPRESENTATION

Due to the prevailing situation brought on by the pandemic most presentations were conducted using the zoom platform. Members were encouraged to attend and participate in as many of the trainings as possible. These trainings have proven to be very fertile ground for acquisition of useful knowledge according to those who have attended. Below is a list of the training sessions which were conducted during the period under review:

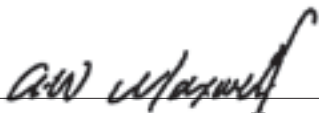
- ❖ Anti-Money Laundering
- ❖ Health and Wellness: With focus on Non-Communicable Diseases

## RECOMMENDATIONS

The Committee continues to exhort members to avail themselves to the e-loan application when it is made available by the NCCU. This will not only reduce congestion at the various branches but is safe and very convenient. Additionally, we recommend that prospective Credit Committee members are knowledgeable to some extent of the workings of the Society which will result in greater value added during their tenure of service.

## CONCLUSION

The NCCU continues to be robust and member-centric in nature and so the onus is on the members resident both here and abroad to continue to utilize the services as deemed necessary. With the abatement of the pandemic and a more optimistic outlook, it is expected that the global economy will rebound leading to the trickle-down effect. We therefore wish to thank the Board of Directors, Supervisory and Compliance Committee, Management, Staff and the general membership for the unwavering support during the year.



**George W. Maxwell**  
**Chairman - Credit Committee**

# Summary Of Loans Approved by the Credit Committee and Manager

For The Year Ended December 31, 2021

LOAN CATEGORIES	LOANS APPROVED IN 2021						LOANS APPROVED IN 2020						COMPARATIVE INCREASE/DECREASE OVER 2020				
	BY THE MANAGER ON BEHALF OF 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			AMOUNT	%
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT			
BUILDING CONSTRUCTION & PURCHASE	161	\$ 14,454,659.98	243	\$ 26,448,935.34	404	\$ 40,903,595.32	105	\$ 2,073,205.63	150	\$ 23,636,538.33	255	\$ 25,709,743.96	235	\$ 15,193,851.36	59%		
LAND	44	\$ 2,561,868.50	30	\$ 2,514,968.33	74	\$ 5,076,836.83	27	\$ 1,119,541.12	13	\$ 1,726,908.79	40	\$ 2,846,449.91	40	\$ 2,230,386.92	78%		
DEBT CONSOLIDATION HR/CC	87	\$ 398,312.51	34	\$ 27,542.07	121	\$ 425,854.58	134	\$ 606,901.73	27	\$ 214,560.62	161	\$ 821,462.35	161	\$ (395,607.77)	-48%		
DEBT CONSOLIDATION	392	\$ 2,756,743.30	98	\$ 825,803.85	490	\$ 3,582,547.15	587	\$ 4,241,883.24	90	\$ 3,046,533.03	679	\$ 7,288,416.27	679	\$ (3,705,869.12)	-51%		
BUSINESS	66	\$ 876,541.39	16	\$ 563,637.29	82	\$ 1,440,178.68	81	\$ 1,177,031.48	15	\$ 1,330,416.48	96	\$ 2,507,447.96	96	\$ (1,067,269.28)	-43%		
EQUIPMENT	9	\$ 119,910.33	0	\$ -	9	\$ 119,910.33	19	\$ 126,868.40	0	\$ -	19	\$ 126,868.40	19	\$ (6,958.07)	-5%		
TRAVEL	15	\$ 108,336.46	1	\$ 10,000.00	16	\$ 118,336.46	12	\$ 65,036.24	0	\$ -	12	\$ 65,036.24	12	\$ 53,300.22	82%		
AGRICULTURAL LAND	4	\$ 11,031.75	0	\$ -	4	\$ 11,031.75	0	\$ -	0	\$ -	0	\$ -	0	\$ 11,031.75	#DIV/0!		
MOTOR VEHICLE - AGRICULTURE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0%		
MOTOR VEHICLE - PRIVATE	122	\$ 1,816,205.98	36	\$ 966,723.33	158	\$ 2,782,929.31	208	\$ 2,770,948.63	11	\$ 295,852.08	219	\$ 3,066,800.71	219	\$ (283,871.40)	-9%		
HOUSE HOLD GOODS	49	\$ 348,451.39	0	\$ -	49	\$ 348,451.39	75	\$ 583,307.72	4	\$ 58,791.00	79	\$ 642,098.72	79	\$ (293,647.33)	-46%		
DWELLING HOUSE REPAIR	89	\$ 917,278.14	10	\$ 541,644.61	99	\$ 1,458,922.75	115	\$ 1,569,820.74	3	\$ 113,046.57	116	\$ 1,682,867.31	116	\$ (223,944.56)	-13%		
EDUCATION	26	\$ 314,419.91	6	\$ 209,552.33	32	\$ 523,972.24	50	\$ 419,951.65	6	\$ 449,311.17	56	\$ 869,262.82	56	\$ (345,290.58)	-40%		
AGRICULTURAL EXPENSES	0	\$ -	0	\$ -	0	\$ -	74	\$ 233,502.47	0	\$ -	74	\$ 233,502.47	74	\$ (233,502.47)	-100%		
DOMESTIC	588	\$ 2,105,357.96	6	\$ 51,350.00	594	\$ 2,156,707.96	725	\$ 2,461,196.80	5	\$ 14,620.64	730	\$ 2,475,817.44	730	\$ (319,109.48)	-13%		
MOTOR VEHICLE EXPENSES	29	\$ 220,848.05	4	\$ 14,318.84	33	\$ 235,166.89	43	\$ 268,738.36	5	\$ 53,993.00	48	\$ 322,731.36	48	\$ (87,564.47)	-27%		
LEGAL EXPENSES	10	\$ 125,749.62	1	\$ 20,326.40	11	\$ 146,076.02	13	\$ 91,241.76	0	\$ -	13	\$ 91,241.76	13	\$ 54,834.26	60%		
LEARN WHILE U EARN	25	\$ 144,482.62	0	\$ -	25	\$ 144,482.62	41	\$ 206,907.42	1	\$ 31,000.00	42	\$ 237,907.42	42	\$ (93,424.80)	-39%		
MEDICAL	23	\$ 112,781.70	5	\$ 70,000.00	28	\$ 182,781.70	34	\$ 187,309.11	2	\$ 13,905.00	36	\$ 201,214.11	36	\$ (18,432.41)	-9%		
LINE OF CREDIT	13	\$ 78,500.00	1	\$ 10,000.00	14	\$ 88,500.00	44	\$ 251,525.00	0	\$ -	44	\$ 251,525.00	44	\$ (163,025.00)	-65%		
NOW 4 NOW	331	\$ 871,503.10	0	\$ -	331	\$ 871,503.10	387	\$ 960,668.09	0	\$ 72,500.00	387	\$ 1,033,168.09	387	\$ (161,664.99)	-16%		
SPECIAL AGRICULTURE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	#DIV/0!		
SPECIAL EDUCATION	7	\$ 16,460.00	0	\$ -	7	\$ 16,460.00	15	\$ 31,801.58	0	\$ -	15	\$ 31,801.58	15	\$ (15,341.58)	-48%		
SAVINGS/DEPOSIT LOANS	1828	\$ 15,200,225.23	10	\$ 138,050.00	1838	\$ 15,338,275.23	2025	\$ 15,397,961.17	5	\$ 89,000.00	2030	\$ 15,486,961.17	2030	\$ (148,685.94)	-1%		
HURRICANE MARIA RELIEF LOAN	2	\$ 11,541.64	0	\$ -	2	\$ 11,541.64	101	\$ 345,838.69	0	\$ -	101	\$ 345,838.69	101	\$ (334,297.05)	-97%		
TOTAL	3920	\$ 43,571,209.56	501	\$ 32,412,852.39	4421	\$ 75,984,061.95	4915	\$ 35,191,187.03	337	\$ 31,146,976.71	5252	\$ 66,338,163.74	5252	\$ 9,645,898.21	15%		





**Ms. Linda Gonzalez - Peltier**  
**Chairperson**



**Ms. Kayan Toussaint**  
**Secretary**



**Mr. Jerome Bardouille**  
**Member**



**Mrs. Sophia Albert - Charles**  
**Member**



**Mr. Ian-Michael Anthony**  
**Member**



**Mrs. Julie Shillingford - Durand**  
**Member**



**Ms. Bernadette Austrie**  
**Member**



**Ms. Priscilla Panthier**  
**Member**



**Mr. Bernard Nation**  
**Member**



**Ms. Nadine Riviere**  
**Member**



**Mr. Terry Royer**  
**Member**



**Mr. Mc Dowill Paul**  
**Member**

# Supervisory and Compliance Committee

# Supervisory and Compliance Committee's Report

*For the Year Ended December 31, 2021*

Pursuant to Section 65 of the Co-operative Societies Act No. 2 of 2011, the Supervisory and Compliance Committee (S&CC) is pleased to report on its activities for the year ended December 31, 2021. Members serving on the Supervisory and Compliance Committee for the year under review were:

<b>Ms. Linda Gonzalez-Peltier</b>	<i>Chairperson</i>
<b>Ms. Kayan Toussaint</b>	<i>Secretary</i>
<b>Mrs. Sophia Albert-Charles</b>	<i>Member</i>
<b>Ms. Bernadette Austrie</b>	<i>Member</i>
<b>Mr. Ian-Michael Anthony</b>	<i>Member</i>
<b>Mr. Jerome Bardouille</b>	<i>Member</i>
<b>Ms. Priscilla Panthier</b>	<i>Member</i>
<b>Mr. McDowill Paul</b>	<i>Member</i>
<b>Mr. Bernard Nation</b>	<i>Member</i>
<b>Ms. Nadine Riviere</b>	<i>Member</i>
<b>Mr. Terry Royer</b>	<i>Member</i>
<b>Mrs. Julie Shillingford-Durand</b>	<i>Member</i>

## SUMMARY OF MAJOR ACTIVITIES

Despite the challenges of Covid-19 which impacted slightly our regular meetings, the Supervisory and Compliance Committee continued its engagements during the year (both via Zoom and Face-to-Face) by engaging in activities 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:

- Meetings with Department Heads
- 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
- Participation in the NCCU Rebranding Meetings
- Review of monthly reports
- Branch Visits to include *Surprise and Yearly Cash Counts* (at all branches)
- Investigations of allegations against NCCU Employees
- Participation at the Strategic Review Planning Meeting re *Present and Future Operations of NCCU*



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

Committee Members	Meetings Scheduled During Tenure		Total Meetings Scheduled	Total Other Meetings	Meetings Attended			Absent/Excused
	Regular	Joint			Regular	Joint	Special	
Sophia Albert-Charles*	18	0	18	5	18	0	0	0
Ian-Michael Anthony*	18	0	18	5	11	0	0	0/7
Bernadette Austrie	18	0	18	5	14	0	0	0/4
Jerome Bardouille*	18	0	18	5	13	0	0	0/5
Linda Gonzalez-Peltier	18	0	18	5	18	0	5	0
Bernard Nation*	18	0	18	5	13	0	0	0/5
Priscilla Panthier	18	0	18	5	12	0	2	0/6
McDowill Paul	18	0	18	5	16	0	0	0/2
Nadine Riviere	18	0	18	5	14	0	3	0/2
Terry Royer	18	0	18	5	16	0	0	0/2
Julie Shillingford-Durand*	18	0	18	5	16	0	3	0/2
Kayan Toussaint	18	0	18	5	11	0	0	1/7

\*Term Ended

## HUMAN RESOURCE AND TRAINING

During the period under review, although face to face trainings were curbed by the Covid-19 pandemic, members of the Supervisory and Compliance Committee benefited from various virtual training sessions organized by the Dominica Co-operative Societies League Ltd. Training sessions such as Anti Money Laundering (AML) and the Caribbean Confederation of Credit Unions (CCCU) convention 2021 proved beneficial to Committee members. Numerous topics pertaining to the growth and sustainability of Credit Unions during times such as this Covid-19 pandemic were covered, *inter alia*.

## POLICY AND PROCEDURES

The Committee continued to review reports submitted by the Internal Auditor and Compliance Officer on internal controls in reference to the operational policies and procedures of NCCU along with various recommendations.

The Supervisory and Compliance Committee still has concerns with the overall level of adherence to these policies and procedures:

- Internal Auditor's report
- Compliance Officer's reports
- Loan underwriting procedures



- Operational procedures

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

## RISK MANAGEMENT

It still holds that Risk presents itself in diverse ways to the NCCUL. For the reporting year, the S&CC reviewed the risk highlighted below:

### 1. Strategic

Despite the responsibility of the Board and Management Teams to formulate the strategic development of the Society, an updated strategic plan has not been put in place. A comprehensive strategic plan is required to direct the long term operations of the Society. However, the planning has begun and requires completion.

### 2. Compliance

The engagement of a Risk and Compliance Manager augurs well for the Society and seeks to respond to the changes in the regulatory environment. The following explains the guiding principles under which the NCCUL operates: The Co-operative Societies Act No. 2 of 2011; the Co-operative Societies Regulations SRO 26 of 2001; the Anti-Money Laundering Act No. 8 of 2011; Anti-Money Regulations SRO 4 of 2013; Suppression of Financing of Terrorism Act No. 9 of 2011; Banking Act No. 16 of 2005 and Financial Services Unit Act No. 18 of 2008.

The Committee consistently reviewed the Compliance Officer's reports for the period under review.

### 3. Financial & Operational

Monthly financial reports were reviewed and cash counts (to include *Surprise Cash Counts* and *End-of-Year Cash Counts*) were conducted at the various branches. We continued to monitor members' share capital requirements as per policy.

### 4. Reputational

In 2021, the S&CC investigated internal allegations as it referred to members' adverse complaints against staff. The various loan processes were reviewed to ensure that employees operated according to the Society's loan policies and procedures.

## BOARD OF DIRECTORS' EVALUATION MEETINGS

As a result of the Covid-19 pandemic, the Committee was only able to hold one Board Evaluation meeting pursuant to Section 69 of the Co-operative Societies Act No. 2 of 2011.

Issues discussed included:

- Preparation and Completion of the new strategic plan
- Timely preparation of the yearly budget
- Impact of the Covid-19 pandemic on the society's operations
- Review of Management Structure and Staffing



- Board of Directors and Committee relations

## PHYSICAL PLANT

The Committee continued its visits to the various branches and sub offices to review the Society's properties. We note that all the branches and sub-offices were operational, however, we were able to highlight certain structural deficiencies, maintenance issues and inadequate resources/equipment.

## LOOKING AHEAD

As we anticipate the lifting of the various protocols, it is anticipated that the Committee will resume its regular interactions with management, staff and the other Committees to maintain, enhance and improve, *inter alia*:

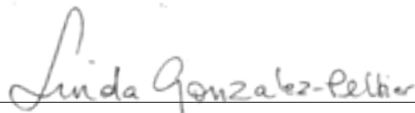
- Monitor the increased member share capital requirements
- Reduce the level of delinquency
- Continue and finalize automation of the online loan application process
- Finalize the outstanding amalgamation processes
- Complete and implement a successful Succession Plan
- Improve Capacity Building
- Complete and approve the new Strategic Plan
- Monitor and update Disaster plan
- Continuous training for staff and volunteers

## CONCLUSION

The role of the Supervisory and Compliance Committee is significant and pertinent to the effective functioning of the Society; therefore, it requires great dedication and commitment. The Committee continues to direct its efforts, despite the challenges faced and difficult tasks on occasion. We remain enthusiastic in executing our responsibilities. Hence we look forward to working in collaboration with the other Committees, Management and Staff of the Society to ensure the affairs and accounts are properly managed.

We look forward to an enhanced working relationship for the growth and strengthening of NCCU Ltd, to ensure that our Credit Union becomes the leading financial institution providing services that enhance the quality of life for all.

We express our appreciation to the Board of Directors, Credit Committee, Management, Staff, and You the members of the Society who are always willing and able to assist us in the conduct of our duties.



**Linda Gonzalez-Peltier (Ms.)**

**Chairperson**

**Supervisory And Compliance Committee**

# Nominations Committee's Report

*For the Year Ended December 31, 2021*

The Nominations Committee was appointed by the Board of Directors in accordance with the Society's By-Laws 59(a) to recommend members to serve on the Board of Directors, Supervisory and Compliance and Credit Committee. The Committee is expected to recommend no more than one (1) member to fill each vacancy.

The members were invited to nominate eligible and willing members to serve as volunteers on the various committees. The Committee also identified other members who were willing to serve. Announcements were placed on print, social media and radio for a period of three [3] weeks.

Prior to determining the list of nominees to be recommended, the Committee held six [6] meetings to verify the existence of vacancies, conduct due diligence and to peruse the attendance records of all volunteers nominated to serve a second term. Biographical data of members nominated were reviewed to ensure that they met the requirements of the FIT and Proper Guidelines dated October 6, 2020 from the Financial Services Unit, issued in accordance with the FSU Act No. 18 of 2008. The guidelines were posted on the Society's web page.

The Committee comprised the following persons:

- Dr. Damien Dublin - Chairperson
- Mr. Patrickson Albert
- Mr. David Maximea
- Mrs. Sophia Albert-Charles
- Mr. Aylmer A. Irish

The Committee perused the applicable legislation and By-Laws which provides guidelines for eligibility of volunteers:

- ❖ Co-operative Societies Act No. 2 of 2011, Section 53(4)
- ❖ Financial Services Act No. 8 of 2008 Section 27
- ❖ The Society's By-Laws No. 2 of 2016

Outgoing volunteers of the Society who served two (2) consecutive terms are:



<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>- Mrs. Josephine Dublin</li> <li>- Mr. Gerald Fregiste</li> <li>- Mrs. Candia Carrette-George</li> <li>- Mr. Cecil Shillingford</li> </ul>	<ul style="list-style-type: none"> <li>- Mr. Aaron Dalrymple</li> <li>- Mr. Patrickson Albert</li> <li>- Dr. Kyra Paul-L'Homme</li> </ul>
<b>Supervisory and Compliance Committee</b>	<ul style="list-style-type: none"> <li>- Mrs. Julie Shillingford-Durand</li> <li>- Mrs. Sophia Albert-Charles</li> <li>- Mr. Ian-Michael Anthony</li> </ul>	<ul style="list-style-type: none"> <li>- Mr. Jerome Bardouille</li> <li>- Mr. Bernard Nation</li> </ul>
<b>Credit Committee</b>	<ul style="list-style-type: none"> <li>- Ms. Keturah Deschamps</li> <li>- Mr. Quincy Dwayne Angol</li> </ul>	<ul style="list-style-type: none"> <li>- Mr. David Maximea</li> <li>- Mrs. Jodie Dublin-Dangleben</li> </ul>

Following the Committee's deliberations, the Committee decided to recommend the following nominees to you the members, a sufficiently diverse list of the members to serve on the Board of Directors, Credit and Supervisory and Compliance Committees.

## BOARD OF DIRECTORS

Ten [10] persons are nominated to serve as follows:

- **Ms. Sonia Williams**
  - Current member of NCCU Ltd. Board of Directors
  - Retired School Principal
- **Mr. Glenworth Ducreay**
  - Current member of NCCU Ltd. Board of Directors
  - Attorney-at-Law
- **Mr. Shon Savarin**
  - Current member of NCCU Ltd. Board of Directors
  - Financial Management Officer with World Bank, Funded Emergency, Agricultural Livelihoods and Climate Resilience Project.
  - Masters Degree in Corporate Finance
- **Ms. Yasmin Charmina John**
  - Has experience in working with national, regional, international institutions to improve livelihoods for persons in agriculture, especially women and youths.
  - Active member of the NCCU Vieille Case Branch Young Action Club.
  - Former member of the Paix Bouche, Dos D'Ane Village Council.
  - BSc. Degree in Agriculture [Special] Livestock
- **Mr. Hanif Gregoire**
  - Projects Officer in the Ministry of Public Works and the Digital Economy
  - Licensed Land Surveyor
  - BSc. in Geomatics Engineering

- **Mrs. Juliana Toussaint-Williams**
  - Finance Manager at Digicel Dominica
  - Former Senior Accountant at Central Co-op. Credit Union
  - ACCA Qualified Accountant
- **Ms. Marjorie Carleen Roberts**
  - National Authorizing Officer of European Development Fund
  - Former Secondary School Teacher and Lecturer at Dominica State College
  - Trained in Project Preparation & Appraisal and Impact Assessment
  - Masters of Science in Agricultural Economics
- **Mrs. Ingrid Prosper-Bruno**
  - Association of Chartered Accountants (ACCA) Affiliate
  - Masters of Business Administration
- **Mr. Sheldon Darroux**
  - Youth Officer – Youth Development Division
  - Former Teacher at the Goodwill Secondary School
  - Pursuing Bachelor’s Degree in Youth Development Work at UWI.
- **Mr. Lionel Algernon Jason Simon**
  - Past Chief Technical Officer in Min. of Communication, Works and Housing
  - Held positions of Senior Engineer and Assistant Project Manager in the United States
  - MSc. in Civil Engineering with concentration in Construction Management

## SUPERVISORY AND COMPLIANCE COMMITTEE

Ten [10] persons are nominated to serve as follows:

- **Ms. Nadine Riviere**
  - Current member of NCCU Ltd. Supervisory and Compliance Committee
  - Master’s Degree in History
  - Lecturer; Dean of General Studies and Head of Student Affairs at Dominica State College
- **Ms. Bernadette Austrie**
  - Current member of NCCU Ltd. Supervisory and Compliance Committee
  - Lecturer at All Saints University
- **Ms. Sandra Maxwell**
  - Administrative Officer at Ministry of Finance
  - Former volunteer on RCCU Ltd. Credit Committee
  - Background in Human Resource Management
- **Ms. Petillia Jno Baptiste**
  - Deputy Compliance Officer at the Commonwealth Bank and Trust Limited
  - BSc. Degree in Administration



- **Ms. Michelle Pauline Joseph**
  - Marketing Manager at H. H. V. Whitchurch & Co. Ltd.
  - Trained Mediator - Eastern Caribbean Supreme Court [ECSE] in collaboration with U.W.I.
  - MSc. in General Management
- **Mr. Shannon Bedminister**
  - Employee of the Government of Dominica in the Ministry of Finance
  - Member of the Association of Chartered Certified Accountants
  - MSc. in Professional Accounting
- • **Mr. Daniel Marie**
  - Employee of FLOW Dominica
  - Former Tax Officer at Inland Revenue Division and Secondary School Teacher
  - BSc. Degree in Management Studies
- **Mr. Vernon Martin O'Brien**
  - Project Manager at Organization of Eastern Caribbean States
  - Former employee of World Bank; Regional Security System – Barbados, Dominica Police Force, Computer Centre and ICT Unit
  - PhD. in Management ; Masters in Business Administration
- **Ms. Nadette Williams**
  - Teacher at the Convent High School
  - Former member of D/ca. Netball Association; D/ca. Red Cross Society; D/ca. Teachers Association
  - Former volunteer on Credit & Supervisory and Compliance Committees of NCCU/RCCU
  - BSc. Degree in Management Studies
- **Ms. Lynn Delsol**
  - Ag. Director of ICT Unit - Min. of Public Works
  - Community Activist; Member of Pointe Michel Development Committee
  - BSc. Degree in Information Technology

## CREDIT COMMITTEE

Ten [10] persons are nominated to serve as follows:


- **Mr. George Maxwell**
  - Current Chairperson of NCCU Ltd. Credit Committee
  - Economist - Min. of Planning, Economic Development , Climate Resistance & Renewal Energy
  - BSc. in Economics; MSc. in Finance (Economic Policy)
- **Mr. Julian Benjamin**
  - Current member of NCCU Ltd. Credit Committee
  - Secondary School Teacher
  - Member of the Executive of the Dominica Association of Teachers

- **Mr. Andre Cadette**
  - Current member of NCCU Ltd. Credit Committee
  - Member of the Association of Fraud Examiners
  - MSc. in Finance
  
- **Ms. Renita V. Charles**
  - Current member of NCCU Ltd. Credit Committee
  - Employee - Min. Of Education
  - Public Relations Officer CDRT- Pointe Michel
  
- **Mr. Cecil Joseph**
  - Current member of NCCU Ltd. Credit Committee
  - General Manager of Dominica Broadcasting Station [DBS]
  - Past Mayor of the City of Roseau
  
- **Mr. Rowain Bruno**
  - Qualified Primary School Teacher
  - Associate Degree in Business Administration; Associate Degree in Primary Education
  
- **Ms. Sherika Winston**
  - Insurance Accounts Officer – H.H.V. Whitchurch & Co. Ltd.
  - Member of the Youth Advocacy Movement
  - Currently pursuing a BSc. Degree in Economics
  
- **Mr. Dorian Harris**
  - Corporate Services Officer – Min. of Finance
  - Professional DJ and Radio Announcer
  - Managing Director of Good Vibes Entertainment
  - BSc. in Accounting & Economics; pursuing Masters in Finance and Economics
  
- **Mr. Jefferson Durand**
  - Senior Engineering Technician at DOWASCO
  - Owner of Jay Technical Professional Services [a construction company]
  - Certificate in Project Management; Certificate in Water and Environmental Management
  
- **Mrs. Hermina Augustine**
  - Senior Investment Officer – Invest Dominica Authority
  - BSc. Degree in Accounting

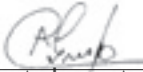
The Nominations Committee is pleased to present this report to you the members.

  
 Dr. Damien Dublin

  
 Mr. Patrickson Albert

  
 Mrs. Sophia Albert-Charles

  
 Mr. David Maximea

  
 Mr. Aylmer A. Irish



# Proposed Amendments to NCCU By-Laws No. 2 of 2016

## (a) Page 3; By-Law 2

### Recommendation:

- Include definition of word **“term”**

*Rationale: To provide clarity.*

**Amended By-Law:** “Term” refers to tenure in office; irrespective of whether a person was elected or appointed.

## (b) Page 4; By-Law 9

### Recommendation:

- That borrowing above a certain percentage would require the approval of the membership.

*Rationale: To curtail the Board’s wide discretion in borrowing.*

## (c) Page 5; By-Law 16

### Recommendation:

- Delete By-Law and replace with **“Every applicant for membership shall pay a non-refundable fee as may be determined by the Board.”**

*Rationale: To prevent By-Laws having to be amended to correspond with any change in fees.*

**Amended By-Law:** Every applicant for membership shall pay a non-refundable fee as may be determined by the Board.

## (d) Page 7; By-Law 23

### Recommendation:

- Insert the following phrase at the end of the By-Law **“In event that the application for membership is not approved, the applicant shall be refunded all money paid towards the purchase of shares.”**

*Rationale: The purchase of shares is done at the time of application for membership. Amendment*



needed to provide in the case of a person who purchases shares but later has application for membership denied.

**Amended By-Law:** Payment for shares shall be made together with application for membership. Once the application for membership has been approved, shares cannot be withdrawn but are transferable. In the event that the application for membership is not approved, the applicant shall be refunded all money paid towards the purchase of shares.

#### (e) Page 7; By-Law 25

**Recommendation:**

- Delete phrase **“of \$5.00 per transfer”** and replace with phrase **“to be determined by the Board.”** Rephrase wording.

*Rationale:* To prevent By-Laws having to be amended to correspond with any change in fees.

**Amended By-Law:** Except in the case of a transfer from the account of a deceased person, the application for transfer of shares shall be accompanied by a fee to be determined by the Board.

#### (f) Page 7; By-Law 26

**Recommendation:**

- Insert phrase **“to be determined by the Board”** after words **“extraordinary circumstances”**

*Rationale:* To provide clarity to By-law as to who determines what extraordinary circumstances are.

**Amended By-Law:** A transfer of shares can only be made to a member of the Society or any other person who meets the requirements of membership with the Society. In extraordinary circumstances, to be determined by the Board, the Society may repurchase shares from members.

#### (g) Page 8; By-Law 32

**Recommendation:**

- Delete By-Law and replace with **“Term deposits may be accepted from a member or non-member upon such terms and conditions as may be determined by the Board.”**

*Rationale:* To remove contradiction in By-Laws 32 and 33.

**Amended By-Law:** Term deposits may be accepted from a member or non-member upon such terms and conditions as may be determined by the Board.



## (h) Page 9; By-Law 39

### Recommendation:

- Delete the phrase **“and which must be issued to each member at least quarterly”** and replace it with the phrase **“and which must be issued to the member upon request.”**

*Rationale: To delete obsolete information from By-Laws. Statements are no longer issued quarterly. Majority of members choose not to receive statements.*

**Amended By-Law:** When statements of account plan are used, the member’s permanent official record for transactions shall be the statement of account which will itemize all transactions and which must be issued to the member upon request.

## (i) Page 9; By-Law 40

### Recommendation:

- Insert the following phrase as the last line of the By-Law **“or electronic transaction history as provided by the Society’s Online Services platform.”**

*Rationale: To bring By-Laws up to date with the advent of CUOnline.*

**Amended By-Law:** In the absence of the passbook or statement of account, the member’s permanent official record for transactions shall be a computer generated receipt or electronic transaction history as provided by the Society’s Online Services platform.

## (j) Page 9; By-Law 41

### Recommendation:

- Delete the word **“written.”**

*Rationale: To remove obsolete information from By-Laws. Application for duplicate books is made orally.*

**Amended By-Law:** If a passbook is lost, destroyed or stolen, immediate notice must be given to the Society. An application must be made for the issuance of a duplicate book; the cost of which shall be borne by the member.

## (k) Page 9; By-Law 45

### Recommendation:

- Insert the following phrase as the last line of the By-Law **“The Board may determine that the**

**meetings be held in person, virtually or utilizing a hybrid format.”**

*Rationale: To amend By-Laws to conform with modern times.*

**Amended By-Law:** General Meetings may be held from time to time, at the discretion of and at a place determined by the Board. The Board may determine that the meetings be held in person, virtually or utilizing a hybrid format.

**(l) Page 11; By-Law 55**

**Recommendation:**

- Insert the following phrase at the commencement of the By-Law **“Subject to the laws in force in Dominica:”**

*Rationale: To ensure compliance with the law in force. For example quorum was reduced in 2020 to comply with the Emergency Powers Act.*

**Recommendation:**

- Insert the word **“or”** between the words **“General”** and **“Annual.”**
- Delete words **“or Special”** from the first line of the By-Law and insert the following phrase at the end of the By-Law **“A quorum at a Special General Meeting shall be one hundred and fifty (150) members present at the commencement of the meeting.”**

*Rationale: To reduce the quorum required for a Special General Meeting.*

**Amended By-Law:** Subject to the laws in force in Dominica, a quorum at any General or Annual General meeting shall be two hundred (200) members present at the commencement of the meeting, provided that when any meeting is summoned by the Registrar, any number of members present at such meetings shall be deemed to form a quorum. A quorum at a Special General Meeting shall be one hundred and fifty (150) members present at the commencement of the meeting.

**(m) Page 12; By-Law 59(a)**

**Recommendation:**

- Delete the phrase **“no more than.”**
- Delete the word **“may”** and replace it with the word **“shall.”**

- Insert the following phrase at the end of sub-section **“The other members of the Nominating Committee shall comprise a representative from the Credit Committee, a representative from the Supervisory and Compliance Committee and the Chief Executive Officer.”**

*Rationale: To provide clarity on the composition of the Nominating Committee.*

**Amended By-Law:** (a) Not less than thirty (30) days prior to each Annual General Meeting, the Board shall appoint a Nominating Committee of five (5) persons of which two(2) shall be members of the existing Board. The other members of the Nominating Committee shall comprise a representative from the Credit Committee, a representative from the Supervisory and Compliance Committee and the Chief Executive Officer.

#### **(n) Page 12; By-Law 59(d)**

##### **Recommendation:**

- Insert following phrase “Nominees from the floor shall present to the membership a one minute profile of themselves.”

*Rationale: To ensure voters are familiar with nominees from the floor and to ensure that the Society gets the best selection of volunteers.*

**Amended By-Law:** (d) After nominations have been placed before the members, the person conducting the elections shall call for nominations from the floor. Nominees from the floor shall present to the membership a one minute profile of themselves.

#### **(o) Page 12; By-Law 59(e)**

##### **Recommendation:**

- Insert following phrase as last line of sub-section **“or utilizing an electronic voting platform.”**  
Rephrase wording.

*Rationale: To amend the By-Laws to keep up with modern times.*

**Amended By-Law:** (d) Where there are more nominations than vacancies, all elections to the Board and other Committees shall be by secret ballot or utilizing an electronic voting platform.

## **(p) Page 14; By-Law 60**

### **Recommendation:**

- Create a new sub-section (r) and insert **“meets the guidelines for a Fit and Proper Person as set out in the Financial Services Unit Act, Act No. 18 of 2008 and subsequent amendments thereto. The said Guidelines are contained at Appendix A to these By-Laws”**

*Rationale: To include requirement under the Financial Services Unit Act that persons holding Management in a financial institution are fit and proper persons.*

**Amended By-Law:** (r) Meets the Guidelines for a Fit and Proper Person as set out in the Financial Services Unit Act, Act No. 18 of 2008 and subsequent amendments thereto. The said Guidelines are contained at Appendix A to these By-Laws.

## **(q) Page 16; By-Law 73**

### **Recommendation:**

- Delete By-Law 73 and replace it with **“Save as expressly stated in the Act or these By-Laws, the Board shall regulate its own procedure for Board meetings.”**

*Rationale: To remove rigidity of Board Agenda.*

**Amended By-Law:** Save as expressly stated in the Act or these By-Laws, the Board shall regulate its own procedure for Board meetings.

## **(r) Page 27; By-Law 121**

### **Recommendation:**

- Delete By-Law 121

*Rationale: To provide flexibility in terms of early payment penalties which can be contained in the Loan Contract and Loans Policy.*

### **Recommendations to Loans Policy and Loans Contract**

- To increase penalty from 3 months to 6 months
- To have a penalty tied to the amount of loan being paid off or the type of loan.
- To have penalty on all loans and not only mortgage loans

**(s) Page 31; By-Law 148(2)**

**Recommendation:**

- Insert the words **“an employee”** between the words **“Compliance Committee”** and **“the Auditor.”**

*Rationale: To list staff in the category of persons who can inspect documents contained in the By-Law.*

**Amended By-Law:** No person other than the member himself, his duly appointed agent or legal representative, a member of the Board, the Credit Committee or the Supervisory and Compliance Committee, an employee, the Auditor or the Registrar, or anyone appointed by the Registrar shall be allowed to see the personal account, loan agreement, passbook, the register or papers relating to the loan of any other member without the consent of such member in writing with the exception of anyone bearing a Court Order or any legal body authorized by law permitting such inspection.

# RESOLUTION TO Explore the Creation of a Corporate Credit Union

**Whereas** the Dominica Co-operative Societies League Limited, serves as the Apex Body of the Credit Unions in Dominica, pursuant to Sections 222 and 223 of the Co-operative Societies Act 2 of 2011 of the Revised Laws of the Commonwealth of Dominica.

**And whereas** the amalgamation and consolidation of regional and national commercial banks present to the credit union movement, reduced correspondent banking relationships and increased strategic risks owing to a greater market concentration; increased dependencies; enhanced competition and fewer options as well as increasing banking charges.

**And whereas** pursuant to Section 224(2), the apex body shall regulate its own procedure and may establish its own central credit union or central co-operative society in conjunction with other apex bodies and co-operative societies to provide specialized services and facilities to members.

**Be it resolved** that the National Co-operative Credit Union Limited collaborates with the Dominica Co-operative Societies League Limited regarding the establishment of a Corporate Credit Union aimed at providing specialized banking and financial services to its affiliates.

**Be it further resolved** that the Board of Directors of the National Co-operative Credit Union Limited and its Chief Executive Officer are authorized to transact business to give effect to this resolution.

Dated this 25<sup>th</sup> day of May 2022.



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**Josephine Dublin (Mrs.)**  
President – Board Of Directors



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**Candia Carrette-George (Mrs.)**  
Secretary – Board Of Directors

Sometimes, you just need a  
**ROAD TRIP ...**  
and nothing's better  
than a road trip in your  
own ride.



# NCCU Vehicle loans



[WWW.NCCUDOMINICA.COM](http://WWW.NCCUDOMINICA.COM)



1(767)255 2128



1(767)275 3418







One Big Family

**Roseau Branch/Head Office**

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

**Vieille Case Branch**

7021 Church Street, Vieille Case  
Commonwealth of Dominica, W.I.  
Tel: 255 2215

**St. Paul Branch**

Cnr of Main Rd & Campbell Rd.  
Mauhaut  
Commonwealth of Dominica, W.I.  
Tel: 255 2215

**St. David's Branch**

Riviere Cyrique  
Commonwealth of Dominica, W.I.  
Tel: 255 2256

**La Salette Branch**

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

**Castle Bruce Branch**

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

**La Plaine Branch**

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

**Tel: +1 767 255 2172**

**Fax: +1 767 255 2109**

**[www.nccudominica.com](http://www.nccudominica.com)**