National Co-operative Credit Union Ltd.

13TH ANNUAL REPORT

Facing the future together...

Your Community Financial Partner.

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 2022

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

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

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

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

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

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

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

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

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

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

11 When a motion is withdrawn, any amendment to it fails.

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

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

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

15 No member shall impute improper motives against another member.

Notice & Agenda

Notice is hereby given that the 13th Annual General Meeting of the National Co-operative Credit Union [NCCU] Limited will be held on Tuesday, June 27, 2023, from 5:00 pm, at the St. Alphonsus Parish Hall, Goodwill, Roseau, under the theme:

"Facing The Future Together…Your Community Financial Partner."

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

5. **Elections – Nominations Committee Report**

6. **Unfinished Business**

7. **New Business:**
   (a) Appropriation of Surplus
   (b) Appointment of Auditor
   (c) Proposed Amendments to NCCU By-Laws No. 2 of 2022

10. **Any Other Business:**
   (a) Remarks and Suggestions
   (b) Lucky Bird Prizes

11. **Adjournment**

Ingrid Prosper-Bruno (Mrs.)
Secretary
For and on Behalf of the Board of Directors

Mr. Euan James
President

Dr. Damien Dublin
Vice President

BOARD OF DIRECTORS

Mr. McDowill Paul
Treasurer

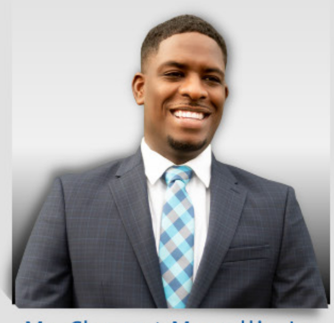
Mrs. Ingrid Prosper - Bruno
Secretary

Ms. Sonia Williams
Member

Mr. Shon Savarin
Member

Mr. Glenworth Ducreay
Member

Mr. Yoland Jno Jules
Member



Mr. Clement Marcellin Jr.
Member

Ms. Yasmin C. John
Member

Mr. Wendell Gregoire
Member

Ms. Marjorie C. Roberts
Member

Mrs. Juliana Toussaint - Williams
Member

Mr. Euan James
President - Board of Directors

Board of Directors' Report

For the Year Ended December 31, 2022

OVERVIEW

Your Board of Directors takes pleasure in submitting this report on its stewardship for the fiscal period under review January 1, 2022 to December 31, 2022. The year 2022 was challenging and tremendously eventful for the Society as the National Co-operative Credit Union Limited (NCCU Ltd.) continued to demonstrate adaptability and resilience within a changing, yet competitive financial and economic environment.

The Board remained diligent in its adoption of sound business practices and maintained a strategic approach to decision making which greatly contributed to the Society's sustained operations throughout the period and the realization of a surplus. With an awareness of the overall mission to improve and transform the lives of our membership, we made bold steps towards providing innovative financial products, as we successfully launched the seasonal Get-it-Now loan and the 5% Snap Mortgage credit facility.

The continued involvement of Executive Management has also proven to be useful in the development and introduction of products whilst improving the efficiency in problem solving.

With the introduction of innovative products and the strategic diversification of our non-interest income, the NCCU Ltd. has continued to meet evolving member demand and maintained income generation.

GROWTH IN MEMBERS AND SOCIETY'S CAPITAL/SAVINGS

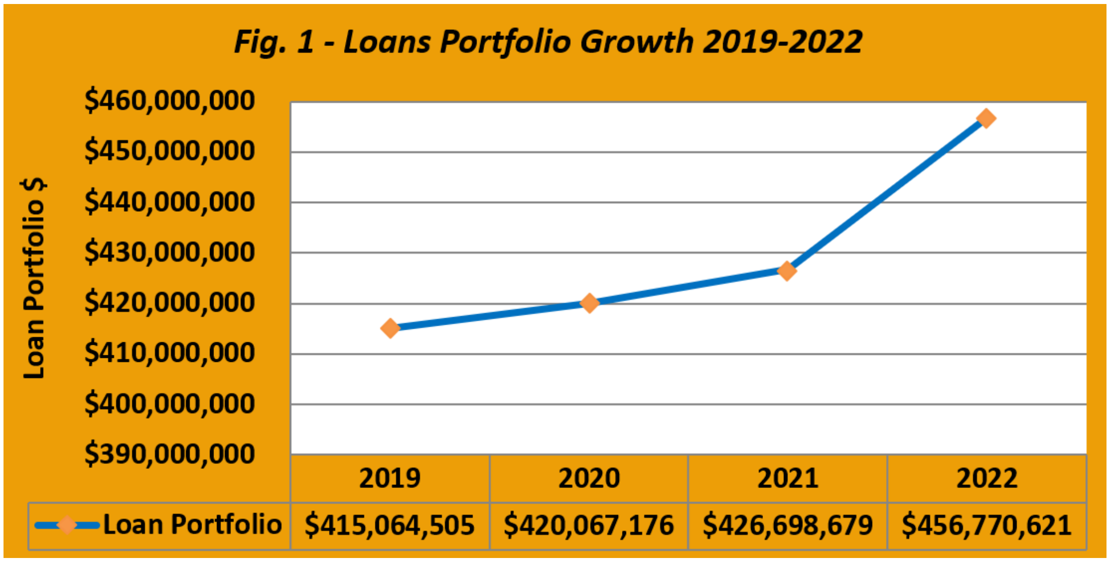
The Society's members continue to be the reason for the existence of the Credit Union. The membership grew from 50,664 at the end of 2021 to 51,734 at the end of the year in review, an increase of 1,070 (2.11%). The Member Share Capital grew to $6,696,450 as at December 31, 2022 from $6,416,000 at the end of December 2021. This reflected an increase of $280,450 (4.37%). The welcoming of one thousand and seventy (1070) new members for the period indicates the continued need for the financial products and services offered by the Society; despite the competitive nature of the financial market on island.

Table 1 – Membership and Share Growth Trend: 2018-2022

Year	Value of Shares	No. of Members	Rate of Growth in Shares	Rate in Growth in Membership
2022	**$6,696,450**	**51,734**	**4.37%**	**2.11%**
2021	$6,416,000	50,664	3.71%	1.68%
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%

LOANS PORTFOLIO

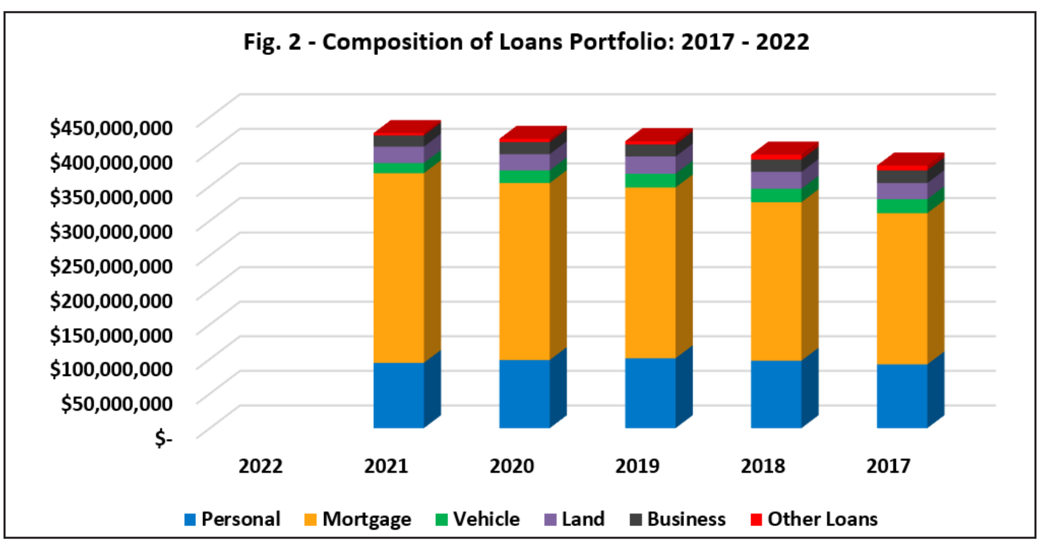
The NCCU Ltd. continues to derive its revenue primarily from the Loan Interest generated from its Loans Portfolio. The Society's overall loan portfolio increased from $426,698,679 at the end of 2021 to $456,770,621 at the end of 2022; an increase of $30,071,942 or 7.25%. This is a significant jump from the average increase of $5,817,087 experienced in the years 2020 and 2021. This rapid growth in the Loan Portfolio can be attributed to the introduction of the 5% Snap Mortgage facility and the Get-it-Now seasonal loan, which contributed $15,492,352.61 and $6,393,077.27 respectively to the total loan portfolio growth in 2022. Graph 1 below depicts the growth of the portfolio over the period of 2019 -2022.



A segmentation of the loan portfolio reflects that mortgage loan occupies the largest pool followed by personal loans, both of which have continued on a positive growth trajectory for the period. The sustained growth has been driven by membership demand in these areas.

Table 2: Composition of Loans Portfolio: 2017-2022

YEARS	Personal	Mortgage	Vehicle	Land	Business	Other Loans
2022	**$104,178,556**	**$278,999,067**	**$14,589,310**	**$23,417,604**	**$15,995,823**	**$19,746,103**
2021	$94,435,064	$274,314,008	$14,593,482	$23,842,053	$16,023,569	$3,490,303
2020	$98,498,734	$255,954,975	$18,266,340	$23,531,225	$17,382,608	$4,812,158
2019	$101,109,921	$247,010,750	$19,844,800	$24,904,268	$17,382,608	$4,812,158
2018	$97,553,233	$229,256,327	$19,443,483	$24,354,697	$17,783,873	$7,245,745



YEARS	Personal	Mortgage	Vehicle	Land	Business	Other Loans
2017	$92,253,453	$218,703,792	$20,153,475	$23,414,793	$18,268,446	$6,969,600

COMMUNITY/CORPORATE INVOLVEMENT/SOCIAL RESPONSIBILITY

As part of the Cooperative principle, Concern for Community, the NCCU as your community financial partner continues to make a difference in the lives of our members. We have maintained involvement in all the communities that we serve and Dominica by extension through the continued issuance of scholarships, outreach programs and timely sponsorships and donations while meeting the needs and expectations of our members.

Scholarships

A total of nineteen (19) new full time scholarships were awarded to attend secondary schools in 2022. The Society hosted a Scholarship Presentation Ceremony on July 11, 2022 to award these scholarships to children of the membership based on both merit and need. Also, one-time assistance was granted to other students in addition to the continued small grant to children of staff and volunteers who were successful at the Grade 6 National Assessment Examinations. As at December 2022 there are eighty-four (84) students attending secondary schools who are directly benefiting from one (1) of the following nineteen (19) scholarships, which are offered annually by the NCCU Ltd:

As at 2022, the total of eighty-four (84) secondary school scholarship recipients were at forms as indicated below:

Table 3 – NCCU Scholarships as at 2022

Form	Total Number of Students
First Form	19
Second Form	18
Third Form	16
Fourth Form	17
Fifth Form	14
Total	**84**

These scholarships provided the students with tuition fees, books, stationery, stipend to defray transportation expenses, school fees and CXC Examination fees for the relevant school terms within the 2022 school year. The total cost of providing scholarships during the period under review was $68,336.

NCCU 2022 Scholarship Recipients at Scholarship Presentation Ceremony on July 11, 2022

Donations and Sponsorship

In 2022, NCCU Ltd. gave the amount of $102,789 in donations and sponsorships directly to non-profit and charitable organizations in our communities. We understand the important role that these organizations play in the economic and social sustainability of our members. Assistance was also provided to several members to obtain medical and other assistance both locally and overseas.

Outreach Programs

The NCCU Ltd. displayed strength in unity as the Board of Directors, Volunteers, Management and Employees combined their efforts to successfully execute multiple outreach programs throughout the year 2022. Member outreach in relation to the 5% Snap Mortgage was held at the Society's branch locations in Roseau, St. Paul and La Salette; with a Vehicular Motorcade/Road Show held in the South East area.

The Vieille Case branch, with the support of the Board of Directors also set up a promotional booth at the Paix Bouche T20 Cricket activity, distributed hampers to elderly of that catchment area, conducted financial education sessions at primary schools and conducted a parenting session on financial budgeting for adults of the catchment areas.

All of these outreach activities allowed for the NCCU Ltd. team to engage and interact with both current and prospective membership and promote the Society's attractive products and services.


NCCU Team at Snap Mortgage Saturday Member Outreach at Pointe Mitchel on Dec. 10, 2022

NCCU Ltd. Entertainment Committee

The NCCU Ltd. Entertainment Committee with the support of the Board of Directors also successfully executed a number of member outreach initiatives inclusive of renovation of bus stops at Riviere Cyrique and Morne Jaune during the 2022 Easter holidays and donations towards the uplifting of a needy member's property in Yampiece.

In an effort to promote health and wellness awareness, the Entertainment Committee also organized a hike to Middleham Falls on August 2, 2022 which was well attended by employees and volunteers of the NCCU Ltd. Other activities spearheaded by the NCCU Ltd. Entertainment Committee which encouraged the spirit of unity and camaraderie amongst the NCCU team included an Entertainment Night with movies and games, a Karaoke Night and a picnic on International Credit Union Day.


NCCU Ltd. Team and the newly renovated Bus Stop at Riviere Cyrique

CORPORATE GOVERNANCE

As a membership-owned financial institution, the NCCU Ltd. is governed by a Board of Directors which is elected by the membership.

Responsibility

During the year under review your Board of Directors met regularly to execute its mandate of governance and fiduciary responsibility. This mandate includes providing strategic direction, policy formulation, ensuring the effectiveness of internal controls, risk management and ensuring that NCCU Ltd. operates in a responsible manner and most importantly, in the best interest of our members. To ensure that this required responsibility is met, all elected Directors were provided with the Dominica Co-operative Societies Act and Regulations as well as the Society's By-Laws.

At the conclusion of the 12th Annual General Meeting held on May 25, 2022, the following members were newly elected to the Board of Directors:

- Mr. McDowill Steve Paul
- Mr. Wendell F. Gregoire
- Mr. Clement Marcellin Jr.
- Mrs. Juliana Toussaint-Williams
- Mrs. Ingrid Prosper-Bruno
- Ms. Marjorie Carleen Roberts
- Ms. Yasmin Charmina John

The Board of Directors expresses thanks to the retiring Directors at the 13th Annual General Meeting: Mr. Euan James - President and Dr. Damien Dublin – Vice President who served the Society diligently for four (4) and six (6) years respectively. Additionally, the term of Mr. Yoland Jno Jules - Director has expired but he is eligible for re-election at the upcoming Annual General Meeting.

The attendance of Directors at meetings is shown in the following table.

Table 4: Meeting Attendance Record Jan. 2022- Dec 2022

DIRECTORS	MONTHLY B.O.D. MEETINGS			SPECIAL B.O.D. MEETINGS			JOINT MEETINGS		
	Total Called	Attended	Excused	Total Called	Attended	Excused	Total Called	Attended	Excused
Mr. Euan James	13	11	02	04	04	00	02	02	00
Dr. Damien Dublin	13	13	00	04	04	00	02	02	00
Mr. McDowill Paul	07	07	00	02	02	00	02	01	01
Mrs. Ingrid P. Bruno	07	05	02	02	02	00	02	02	00
Mr. Glen Ducreay	13	11	02	04	03	01	02	02	00
Ms. Sonia Williams	13	13	00	04	04	00	02	02	00
Mr. Yoland Jno Jules	13	12	01	04	04	00	02	02	00
Mr. Shon Savarin	13	12	01	04	04	00	02	02	00
Ms. Marjorie C. Roberts	07	05	02	02	02	00	02	02	00
Ms. Yasmin Charmina John	07	06	01	02	02	00	02	01	01
Mr. Clement Marcellin Jr.	07	07	00	02	02	00	02	02	00
Mrs. Juliana T. Williams	07	07	00	02	02	00	02	02	00
Mr. Wendell Gregoire	07	07	00	02	02	00	02	02	00

Strategic Planning Session

To enhance our governance framework and ensure that current governance would positively impact the Society for upcoming years, your Board of Directors conducted a special Strategic Planning Session at Jungle Bay on September 17, 2022. The main topics covered were Corporate Governance, Human Resource Management and the NCCU Strategic Focus. This provided your Directors with an avenue to reevaluate the effectiveness of the current strategic management of the Society with a high level of transparency and accountability.

TRAINING AND DEVELOPMENT

Under the cooperate principle of 'Education, Training and Information', the NCCU provides training and development for staff, elected representatives and members so that they can contribute effectively to the operations and governance of the institution, along with the empowerment of our members.

Staff Training & Development

The following are some major training sessions which were undertaken by staff during 2022:

- Anti Money Laundering
- Emotional Intelligence
- Duties of Confidentiality
- Understanding and Interpreting of Loan Underwriting
- Eastern Caribbean Home Mortgage Bank (ECHMB) Mortgage Underwriting Course

Other notable training sessions attended by specific members of staff to enhance their skill set for their specific responsibilities include the following:

Training/Information Session	Staff Member
Caribbean Confederation of Credit Unions Training	Chief Executive Officer Member Services Representatives
Certified Compliance Professional	Compliance Officer
ACAMS 4TH Annual Conference	Risk and Compliance Department
Certified Chief Financial Officer	Chief Financial Officer
Canada DE 4	Member Services Representative
Certified Fraud Prevention, & Investigation	Internal Auditor
Caribe DE	Member Services Representatives (x2)
ECHMB Mortgage Underwriting	Loans Staff (x9)

Additionally, some members of staff continued to show commitment to their educational development and were awarded partial scholarships to pursue undergraduate programmes and certificate courses with various tertiary educational institutions.

Volunteers Training and Development

Our volunteers are also pivotal to the success of the Society and participated in some training sessions to develop and improve their understanding of their roles and responsibilities.

1) CanadaDE in Canada [Attended by President, Board of Directors] – May 2022
2) Caribbean Confederation of Credit Unions (CCCU) Annual Convention and Annual General Meeting in Jamaica [Attended by three (3) Directors] – June 2022
3) By-Laws & Co-operative Societies Act [Facilitated by Legal Officer] – June 2022
4) DCSL Induction Training for Volunteers – Nov. to Dec. 2022
5) DCSL Introduction to Credit Union Governance – Nov. 2022
6) DCSL Interpretation of Financial Statements – Sept. 2022
7) DCSL Power of Attorney and Legal Docs. – July 2022
8) Delinquency Management & Collection Techniques – June 2022

Members Training and Development

The empowerment and financial literacy of our membership continued to be a major focus of the NCCU Ltd. during 2022 as the Society facilitated training and education sessions on topics such as:

- Doing Business Today
- New Business Opportunities
- Market Identification
- Rebuilding Your Foundation
- Restructuring/Strengthening your Business and
- Debt Management.

Members also continue to receive financial counselling when they come in to access our products and services.

FUTURE OUTLOOK AND STRATEGIES

The economic landscape requires a proactive approach by the Society to ensure the continued success of the movement as a whole. As a result, the strategic direction of the Board of Directors has been reassessed with a total concentration on the four pillars needed for the survival of the institution in this economic environment. The Board of Directors can therefore ascertain that the NCCU's operational focus remains firmly on the four strategic priorities of Excellent Member Services, Loan Growth, Delinquency Management and Diversification of Income Stream for the period of 2023 to 2026.

1) Excellent Member Services

Members are the core of our business functions and without their usage of products and services the NCCU would not be where it is today. Therefore, the main strategic objective of the NCCU is to always provide members with efficient and excellent services throughout all branches and across borders.

One major initiative which will ensure Excellent Member Services is the forming of strategic alliances with regional Credit Unions to facilitate shared products and services across borders. This strategic initiative falls directly in line with the cooperative principle of Cooperation Among Cooperatives, which encourages the strengthening of the cooperative movement through local, state, regional, national, and international structures.

The NCCU will also go through a phase of restructuring, redesign and re-branding to enhance operational efficiency and ensure member service excellence.

2) Loan Growth

The Loans portfolio has been our engine of growth over the years and the NCCU always strives to remain one step ahead of our competitors so that we remain the financial institution of choice to our members.

Provision of Loans which meet current needs and improve the lives of our membership is a key aspect of the Society's functioning. To continue to meet evolving demand, the Society will strategically improve short- and medium-term loan portfolios by the development of new and improved credit facilities, as well as by improving the overall loan approval and disbursement processes.

3) Delinquency Management

Whilst the NCCU's main income earner is currently its loans portfolio, the level of risk associated with this portfolio is very high. Expected Credit Losses (ECL), which are determined by the risk and delinquency of the portfolio, directly affect the Society's overall net surplus, underscoring the need for management of delinquency levels at the NCCU.

Some major strategic initiatives aimed at delinquency management are the involvement of technology and automation in the collections processes, as well as the establishment of a singular collection unit across the Society.

4) Diversification of Income Stream

It has become significantly important to diversify the Society's income portfolio by increasing revenue gained from non-interest Income. The Society needs to reduce its heavy dependence solely on "Loan Interest" and by so doing reduce the inherent risks associated with this income stream. Strategic initiatives identified to accomplish the diversification of the income stream include investments in a property management subsidiary and Cooperative Bank.

To successfully navigate and thrive within the evolving and competitive financial market the Society will focus on these four (4) strategic pillars.

CONDOLENCES

The Board extends heartfelt condolences to the families, relatives and friends of our dearly departed members and loved ones including our very own Mrs. Wendy Winston-Isles who passed away in 2022. We acknowledge their impact on the Society and continue to celebrate the love and joy of their memories.

ACKNOWLEDGEMENTS

Executing the governing duties of the Society required close collaboration with our financial and social partners and we therefore express our thanks to the Dominica Co-operative Societies League, the Financial Services Unit, the Financial Intelligence Unit, the Caribbean Confederation of Credit Unions, and sister credit unions.

We must recognize our team of volunteers of the Supervisory and Compliance Committee, Credit Committee who remained committed to providing dedicated service to the membership throughout 2022.

To our Management and members of staff, we also acknowledge your dedication and commitment to the continued success of the NCCU. Finally, your Board records its appreciation of you, our membership, for your loyal support during the year. Your continued commitment and confidence in your Credit Union is pivotal to the successes that we celebrate for the period under review.

CONCLUSION

The year 2022 has been quite an eventful year on the island of Dominica, internationally and at our Credit Union. Despite the increasingly competitive nature of the financial market on island, the Society experienced notable membership and asset growth, coupled with operational strides and high levels of productivity during the period under review. Additionally, notwithstanding the existence of challenges, your Board of Directors maintained a unified focus on its governing mandate which contributed greatly to the realization of a surplus and the NCCU's continued strength as a going concern.

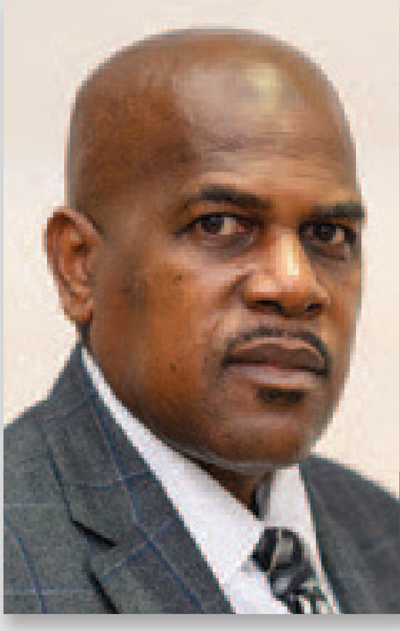
Whilst the Society has remained resilient despite the consistent occurrences of natural disasters and other crises throughout the past decade, your Board considered 2022 as an opportune time to review the Society's current status and determine the strategic focus and initiatives that the NCCU will pursue in the upcoming financial year and beyond.

We look towards another year as we aim to make a greater impact on the lives of our members and the Dominican society that we are called to serve.

Euan James (Mr.)
President
For and on Behalf of the Board of Directors

2022 MAJOR HIGHLIGHTS

- 51,000 MEMBERS
- 39 VOLUNTEERS
- 172 STAFF
- $30 MILLION LOANS GROWTH
- $4.6 MILLION NET SURPLUS
- $740 MILLION IN ASSETS
- 7 BRANCHES



Mr. Aylmer A. Irish
Chief Executive Officer

Mr. Curth Charles
Chief Financial Officer

Mrs. Glenda Smith-Baron
Branch Manager - Roseau

Ms. Coleen Bernabe
Branch Manager - St. Paul

Mrs. Joan Thomas
Branch Manager - Vieille Case

Mrs. Jacqueline Roberts
Coordinator - South East Branches

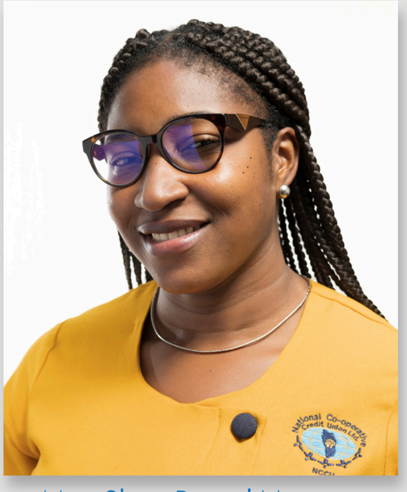
Mrs. Maria Etienne-Pascal
Branch Manager - La Salette

CHIEF FINANCIAL OFFICER & BRANCH MANAGERS

EXECUTIVE MANAGERS

Mrs. Veronica Evans-Shillingford
Human Resource Manager

Mr. Albert Paul
Loans Manager



Mrs. Shari Pascal-Maronie
Marketing Manager

Ms. Michelle Matthew
Legal Officer

Mr. Kelton Woodman
Systems Administrator

Mr. Marcel Harrigan
Internal Auditor

Ms. Lise Dangleben
Risk & Compliance Manager

Mr. McDowill Paul
Treasurer

Treasurer's Report

For the Year Ended December 31, 2022

Esteemed members, I am very pleased to present to you the financial performance of the National Cooperative Credit Union (NCCU) Ltd., your Credit Union, for the year ended December 31, 2022.

Our Credit Union has emerged from the year 2022 with steadfast growth in spite of the ever-changing fiscal climate in which we operate. Following the tumultuous years in which the COVID-19 pandemic severely impacted our economic aspirations, 2022 was dealt another deleterious impact by many challenges including Russia's invasion of Ukraine. The repercussions of this war continue to reverberate around the world causing various supply chain issues resulting in record inflation. The surge in prices has undoubtedly impacted our country, our communities and your livelihoods and the Society takes pride in being able to remain a safe and sound place where members can save, borrow, and conduct their financial business.

The institution performed admirably and in certain aspects it performed well due to the intervention of your Board of Directors (BOD). NCCU Ltd was able to generate a **$4.6 million** Net Surplus and **$46.9 million** growth in assets for the year 2022 and this is a testament to the hard work of Management and Staff, along with all Committee Members.

Table 1: Breakdown of Financial Highlights for 2022

YEAR ENDED DECEMBER 31	2022 $	2021 $	INCREASE/DECREASE 2021-2022 $	GROWTH/ DECLINE %
Operating Results				
Interest Income	36,199,112	37,493,419	-1,294,307	-3.45%
Gross Income	37,413,258	38,799,528	-1,386,270	-3.57%
Total Expenses	32,753,073	36,406,289	-3,653,216	-10.03%
Net Surplus	4,660,185	2,393,239	2,266,946	94.72%
Financial Position				
Loans to members	456,770,621	426,698,479	30,072,142	7.05%
Investments	157,082,332	153,546,102	3,536,230	2.30%
Total Assets	740,500,569	693,160,090	47,340,479	6.83%
Savings and Deposits	468,686,850	429,888,678	38,798,172	9.03%
Member Ret. Account	44,709,864	43,497,375	1,212,489	2.79%
Total Liabilities	665,543,453	621,935,172	43,608,281	7.01%
Member Capital	6,696,450	6,416,026	280,424	4.37%
Members Equity	74,957,116	71,224,918	3,732,198	5.24%

RESULTS OF OPERATION

Gross Revenue

Turbulent economic constraints have resulted in the Society recording a decline in Gross Revenue for 2022. Total revenue generated for 2022 was **$36.2 million** compared to **$37.4 million** in 2021, a net value decrease of **$1.3 million** and resulting in **$1.0 million** below budget.

Graph 1: Revenue Trends 2012 -2022(in Millions)

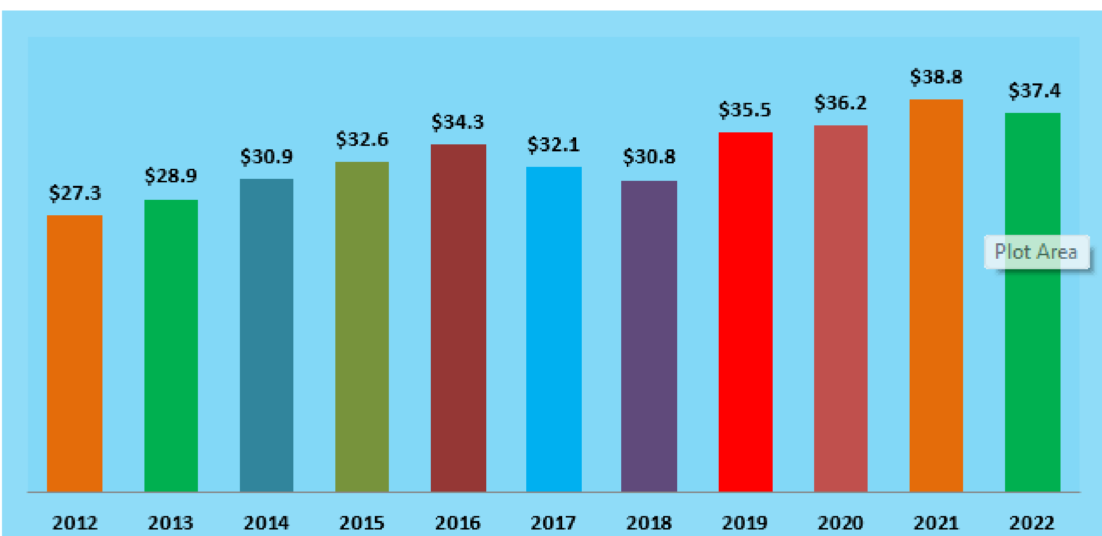


Table 2: Breakdown of Gross Income

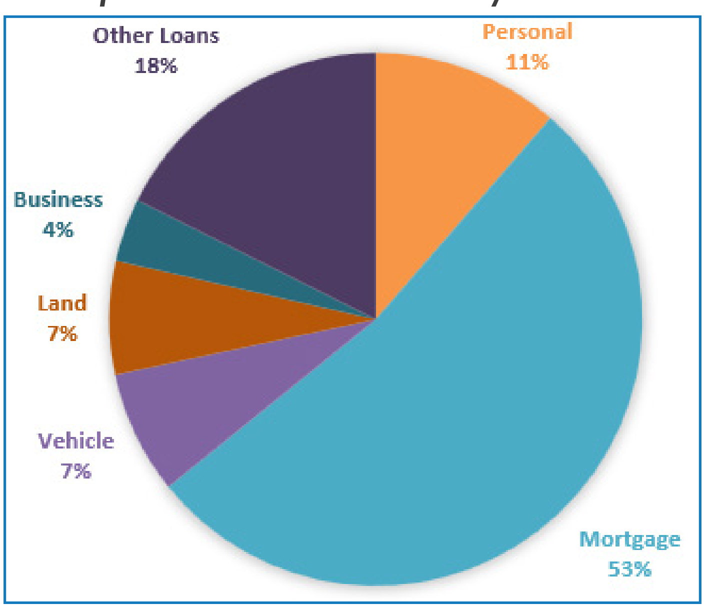
Gross Income	YTD 2022 $	YTD 2021 $	Change $	Change %
Loans	31,355,325	31,740,806	(385,481)	-1.21%
Investments	4,843,787	5,752,613	(908,826)	-15.80%
Other Income	1,214,146	1,306,109	(91,963)	-7.04%
Total	**37,413,258**	**38,799,528**	(1,386,270)	-3.57%

All major sources of revenue recorded a decrease over the past year, with Interest Received from Investments contributing the largest variance of over nine hundred thousand ($900,000) dollars. Our investments, particularly in the banks, continue to yield very low interest rates as all institutions try to manage their growing risk in a fluctuating market. The Board and Management continue to look for sound investment opportunities, so that you our members can receive higher returns on your shares. We are actively seeking to divest funds from the National Bank of Dominica (NBD) Ltd as our deposits attract very little or no interest. The institution also faces a concentration risk as a large percentage of our investment portfolio is held with NBD Ltd.

Interest Income

Interest Income from loans declined by **1.21%**, moving from **$31.7 million** in 2021 to **$31.3 million** in 2022; this yielded a negative variance to the projections by **$1.0 million**. Varying circumstances such as a contracting economy and rising inflation have reduced the disposable income of many households and consequently our members' borrowing power. NCCU continually faces the threat of lower interest rates offered by the commercial banks and we must make amendments to capture some of the market share. Consequently, we are forced to reduce rates and thus lower rates generate lower net interest income.

Graph 2: Composition of Loan Interest Income by Sector for Year 2022:

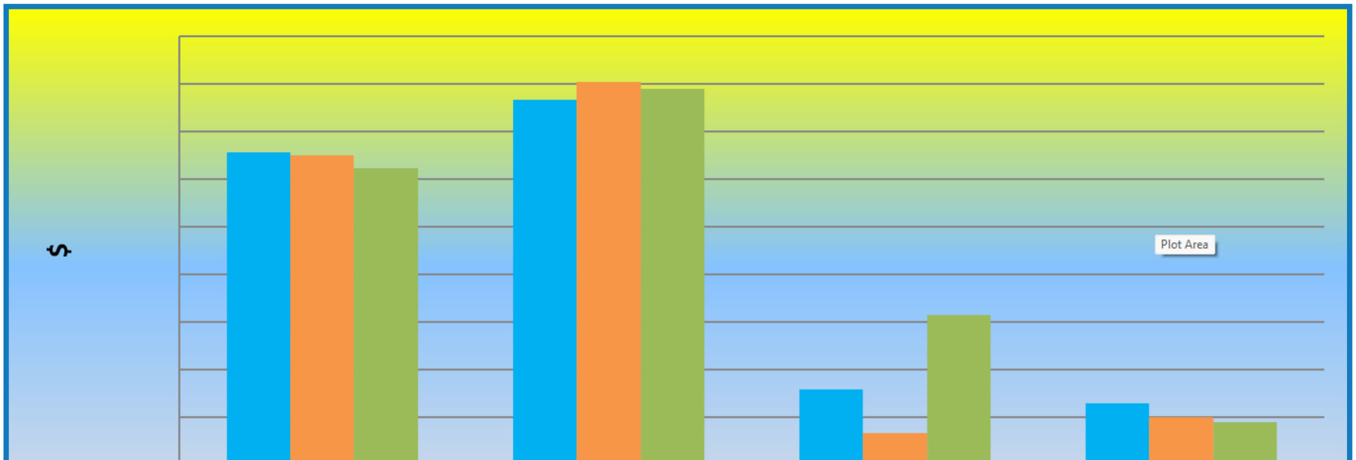


The decline in Other Income is mainly attributable to the increased use of technology as more members migrate to utilizing the online platforms, which has created a decline in auxiliary fees received for services such as the generation of statements, sale of passbooks and cheque book charges.

Expenses

Prudent financial management has enabled the Society to realize a **10.03%** decrease in costs. The sum of **$32.7 million** was expensed in 2022, compared to **$36.4 million** in 2021, this year's figures were **$1.7 million** below budget. Stringent adherence to the budget was no easy feat, but essential in the current financial market and this must be applauded as a great achievement for the institution. The reduction in expenses is mainly attributable to the reduced Provision for Risk Assets; however, operating expenses continue to rise, especially due to inflation.

Graph3: Total Expenses by Category for the Year 2022/2021/Budget

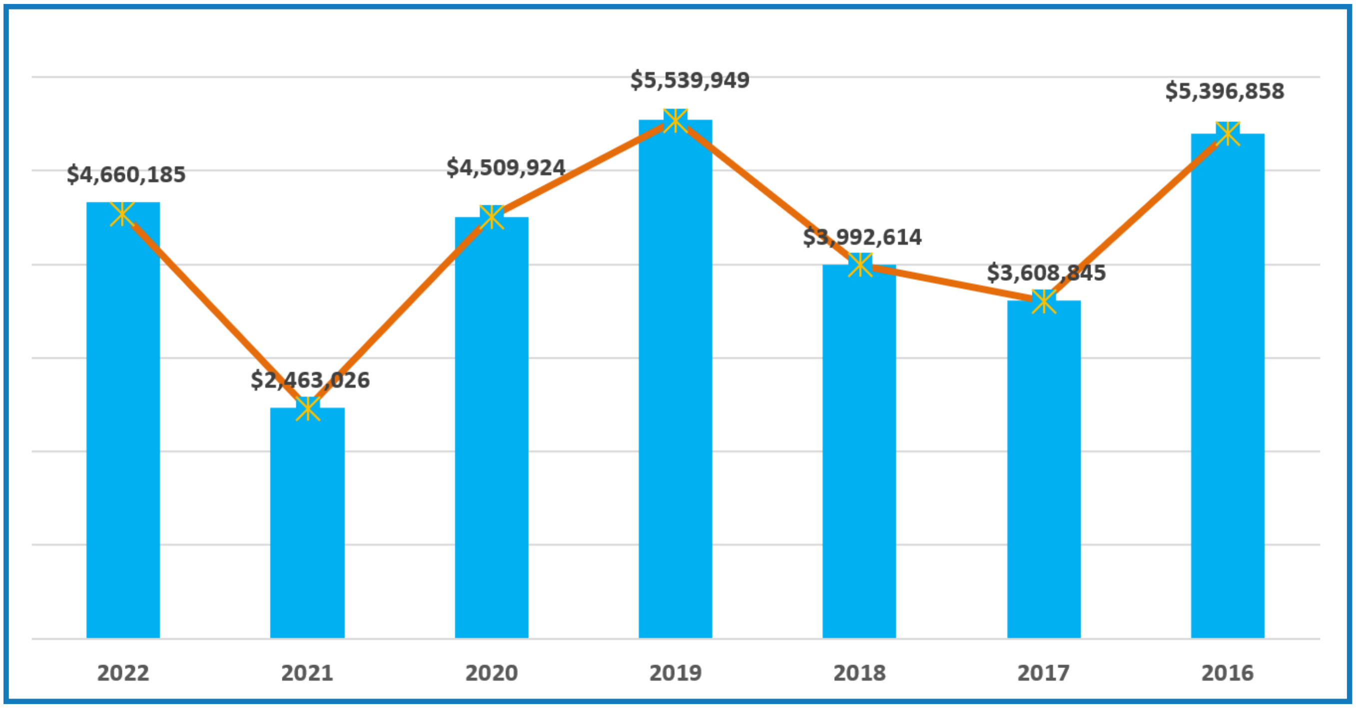


	Interest Exp.	Operating Costs	Pro.for Risk	Depreciation
Budget	$13,142,970	$15,336,419	$3,137,400	$2,587,900
2022	$12,986,616	$16,070,611	$1,327,259	$1,988,649
2021	$12,450,208	$15,793,109	$6,300,124	$1,793,086

Surplus Before Appropriation

As a result of strategies implemented in the final quarter of 2022, our Credit Union realized a Net Surplus in the amount of **$4.6 million** for the financial year 2022. Operationally, before the necessary adjustments to Provision for Risk Assets necessary due to the changes in IFRS 9, the institution would have generated **$5.8 million**. This without a doubt stands as testament to the financial soundness of our beloved institution.

Graph 4: Net Surplus for the Years 2016 - 2022



FINANCIAL POSITION

Assets and Loans

Table 3: Assets and Loan Composition

Year	Net Loans $	Assets $
2012	273,161,965	378,666,950
2013	293,632,669	408,585,722
2014	315,031,656	438,800,102
2015	334,051,550	471,206,380
2016	351,990,952	518,315,849
2017	360,489,571	588,069,125
2018	365,783,097	625,770,982
2019	387,309,274	640,932,228
2020	388,394,940	661,667,413
2021	393,834,825	693,160,090
2022	421,826,732	740,500,569

The Cooperative's Assets grew by **6.83%**, moving from **$693.1 million** in 2021 to **$740.5 million** in 2022. This is the largest growth that the institution has recorded over the past five (5) years; driven primarily by an increase in Cash and Cash Equivalents and Loans which increased by **7.05%**.

A major factor contributing to the rise in cash deposits was the foreclosure of another financial institution in our country as new members sought alternative financial solutions. This had compounding effects on our Liquidity, Savings and Deposit Accounts and also positively impacted our Loans portfolio.

Over the course of the year, we provided our members with access to a wide range of lending products which catapulted our Loans Portfolio by an impressive **$30.0 million** or **7.05%** and surpassed management's strategic goal. The credit union also launched the largely successful Snap Mortgage 5.0% in the last quarter of 2022 in an effort to remain competitive and reclaim market share in the dwindling pool. The Net Loans to Total Asset Ratio increased from **55.82%** at the end of 2021 to **57.00%** at the end of 2022.

DELINQUENCY MANAGEMENT

Despite the economic climate, the delinquency rate slightly decreased in 2022. Importantly, we must be mindful that delinquency risk is still high and is likely to persist if inflation and unemployment levels continue to rise. Our target rate per PEARLS rating system remains at 5.0%; however, our closing rate as of December31, 2022 was **13.42%**. Your management team invested in a software tool with the goal to better predict our Expected Credit Losses (ECL) and to assist with delinquency management. Additionally, the BOD approved the restructuring of the Collections Department to manage all delinquency affairs under 'One Collections Unit'.

Members are urged to make loan payments a priority as nonpayment will negatively impact NCCU's ability to operate effectively. Members are also encouraged to visit the Loans and Collections Department if their ability to service their loans has been compromised. We understand that these are hard times.

EQUITY

Following the growth trend, Permanent Shares increased by **4.37%** to **$6.6 million** in 2022. The Credit Union continues to encourage members to solidify their investment by purchasing additional shares. Total Member's Equity for the year 2022 was **$74.9 million**, an increase of **5.24%** over 2021 which reported **$71.2 million**.

OUTLOOK

The Society ended the year well capitalized at **$740.5 million** net worth and this places it in a solid position to continue its mission of being the leading financial institution to enhance your quality of life. We look forward to continuing to support our communities and members and it is anticipated that the Society's safety and soundness will be sustained with the introduction of measures aimed at improving the delivery of services, management of delinquency, minimizing expenses, increasing revenues, and growing the short-term loans portfolio.

Also, the NCCU must review and introduce new revenue streams, apart from loan interest, to curb the ever-rising cost associated with providing efficient and relevant services and products to you, its members. This vision is captured in the new strategic focus detailed in the strategic plan for 2023 to 2026, which was approved in 2022.

CONCLUSION AND ACKNOWLEDGMENT

The National Cooperative Credit Union continues to deliver strong financial performance despite the many relentless and daunting challenges faced during the year. We must continue to press forward with the same level of vigilance and resilience because the challenges ahead seem continuous and incessant. The focus must be centered around efficiency, quick implementation of processes, presentation of new products and services and innovation through emerging technology.

I extend thanks and appreciation to the Board of Directors, Committee Members, Management and Staff for their commitment and hard work during the year in creating another successful year at NCCU Ltd. Special thanks to you, our members, for your unwavering support and commitment to your Credit Union and the confidence placed in your Board in spearheading the strategic focus of your Credit Union.

McDowill Paul (Mr.)
Treasurer
(For and on behalf of the Board of Directors)

THE NCCU FAMILY

St. David's Branch

St. Paul Branch

Vieille Case Branch

La Salette Branch

Orlando Allan Richards FCCA CA
CHARTERED CERTIFIED ACCOUNTANT
P.O. Box 202
Independence Street
Roseau
Dominica

INDEPENDENT AUDITOR'S REPORT

To the Members of National Co-operative Credit Union Limited

Opinion

I have audited the accompanying financial statements of the National Co-operative Credit Union Limited which comprise the statement of financial position as at December 31, 2022, and the statement of income and appropriation, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Co-operative Credit Union Limited as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Co-operative Societies Act No. 2 of 2011 and the Cooperative Societies Regulations S.R.O 26 of 2001 of the Laws of the Commonwealth of Dominica.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation 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.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

1. 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 my 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.

2. 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 League's internal control.

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

4. 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained

up to the date of my auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Other Information

Management is responsible for the other information. The other information comprises the content of the Society's Annual Report except for the financial statements and my Auditor's Report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information appears to be materially misstated or inconsistent with the financial statements. If, based on the work I have performed, I conclude that there is a material misstatement in the other information, then I am required to report that fact. I have nothing to report in this regard.

Other Matters

This report is made solely to the Members of the National Co-operative Credit Union Limited as a body, in accordance with Section 130 of the Co-operatives Societies Act No. 2 of the Laws of the Commonwealth of Dominica. My audit work has been undertaken so that I might state to the Members those matters I am required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Society and its Members as a body, for my audit work, for this report, or for the opinion I have formed.

The financial statement for the year ended December 31, 2021 was audited by another auditor who expressed an unqualified audit report which report was dated May 4, 2022.

Roseau, Dominica
May 30, 2023

Balance Sheet

As at December 31, 2022

	Notes	2022 $	2021 $
ASSETS			
Cash and bank balances	**5**	110,745,605	94,450,670
Investments	**6**	157,082,331	153,546,281
Loans and advances to members	**7**	421,826,732	393,834,824
Other Assets	**8**	14,723,572	14,928,884
Property plant and equipment	**10**	36,119,344	36,393,503
Leasehold Improvements	**9**	2,985	5,927
TOTAL ASSETS		**740,500,569**	**693,160,089**
LIABILITIES			
Members' savings/ordinary deposits	**11**	468,686,850	429,888,678
Term Deposit	**12**	136,614,945	137,644,380
Accounts payable and provisions	**13**	12,234,596	7,452,459
Member Retirement Account	**14**	44,709,864	43,497,375
Accrued Interest Payable	**15**	3,297,198	3,452,280
TOTAL LIABILITY		**665,543,453**	**621,935,172**
MEMBERS' EQUITY			
Share capital	**16**	6,696,450	6,416,026
Statutory Reserve (guarantee fund)	**17**	23,005,955	22,060,588
Education fund	**18**	303,032	323,246
Loan protection fund	**19**	590,873	626,754
Capital reserve		498,301	498,301
Capital contribution	**20**	4,797,344	4,797,344
Revaluation surplus	**21**	8,634,580	8,634,580
Fair value reserve		247,087	335,913
Development fund	**22**	281,487	234,885
Retained surplus		29,902,007	27,297,281
TOTAL MEMBERS' EQUITY:		**74,957,116**	**71,224,918**
TOTAL LIABILITIES AND MEMBERS' EQUITY		**740,500,569**	**693,160,090**

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

Approved by The Board on May 30, 2023 and signed on behalf of the Board of Directors by:

PRESIDENT

TREASURER

Statement of Changes in Equity

For the Year Ended December 31, 2022

	Member Share Capital	Statutory Reserve	Education Fund	Development Fund	Revaluation Surplus	Capital Reserve	Capital Contribution	Loan Protection Fund	Fair Value Reserve	Retained Surplus	**Total**
Balance as at 31/12/20	6,186,126	21,571,169	341,711	210,953	8,634,580	498,301	4,797,344	669,348	335,913	25,729,638	68,975,083
IFRS 9	-	-	-	-	-	-	-	-	-	-	-
Appropriation	-	478,648	-	23,932	-	-	-	-	-	-	502,580
Net surplus	-	-	-	-	-	-	-	-	-	1,890,659	1,890,659
Payments	-	-	(18,465)	-	-	-	-	(42,594)	-	-	(61,059)
Receipts	229,900	-	-	-	-	-	-	-	-	-	229,900
Adjustment /prior year etc.	-	-	-	-	-	-	-	-	-	(323,016)	(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	27,297,281	71,224,918
Appropriation	-	932,037	-	46,602	-	-	-	-	-	-	978,639
Transfer	-	-	-	-	-	-	-	123,375	-	-	123,375
Net surplus	-	-	-	-	-	-	-	-	-	3,558,171	3,558,171
Payments	-	-	(20,214)	-	-	-	-	(159,256)	-	-	(179,470)
Receipts	280,424	-	-	-	-	-	-	-	-	-	280,424
Entrance fee	-	13,330	-	-	-	-	-	-	-	-	13,330
Fair value loss at FVOCI	-	-	-	-	-	-	-	-	(88,826)	-	(88,826)
Adjustment	-	-	-	-	-	-	-	-	-	(62,173)	(62,173)
Dividend	-	-	-	-	-	-	-	-	-	(891,272)	(891,272)
Balance as at 31/12/22	6,696,450	23,005,955	303,032	281,487	8,634,580	498,301	4,797,344	590,873	247,087	29,902,007	74,957,116

Statement of Income and Appropriation

For the Year Ended December 31, 2022

	NOTES	2022 $	2021 $
Interest income	23	36,199,112	37,493,419
Interest expense	23	(12,986,615)	(12,450,180)
Net interest income		23,212,497	25,043,239
Other Income	24	1,214,146	1,306,109
Operating income		24,426,643	26,349,348
Operating cost	25	(16,450,550)	(15,793,109)
Expected Credit Losses on Receivables		-	(69,790)
Expected Credit Losses on Loans		(1,327,259)	(6,300,124)
Depreciation		(1,985,707)	(1,790,144)
Leasehold/ amortisation		(2,942)	(2,942)
Surplus before appropriation		4,660,185	2,393,239
Appropriations			
Transfer to statutory reserve (20%)		(932,037)	(478,648)
Development fund		(46,602)	(23,932)
Education Fund		-	-
Loan protection fund	19	(123,375)	-
Net surplus for the year		3,558,171	1,890,659
Fair value loss on investment at FVOCI		(88,826)	-
Total comprehensive income for the year		3,469,345	1,890,659

Statement of Cash Flows

For the Year Ended December 31, 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Surplus for period		4,660,185	2,393,239
Adjustments for:			
Depreciation		1,985,707	1,790,144
Expected Credit Losses		1,327,259	6,300,124
Leasehold amortization		2,942	2,942
Loss on disposal of furniture & equipment		76	-
Cash flows before changes in operating assets and liabilities		7,976,169	10,486,449
(Increase) / Decrease in originated loans		(29,319,166)	(11,740,009)
(Increase) / Decrease in other assets		205,312	(4,528,567)
Increase in members' savings/demand deposits		38,798,172	30,948,808
Increase/ (Decrease) in term deposits		(1,029,435)	(2,783,940)
Increase/ (Decrease) in Members' retirement account		1,212,489	159,618
Increase / (Decrease) in accounts payable and provisions		4,782,137	1,052,312
Increase (Decrease) in accrued interest payable		(155,082)	(133,955)
Net Cash from operating activities		22,470,596	23,460,716
Cash flow from investing activities			
Purchase of fixed assets		(1,948,891)	(1,770,000)
Purchase of investment securities		(3,624,876)	(4,692,712)
Net cash from investing activities		(5,573,767)	6,462,712
Cash flow from financing activities			
Share capital		280,424	229,900
Dividend paid		(891,272)	-
Payment from funds		(179,470)	(61,060)
Adjustment /prior year etc.		175,094	(323,016)
Entrance fee		13,330	10,771
Net cash from financing activities		(601,894)	(143,405)
Net cash flows		16,294,935	16,854,599
Cash at beginning of year		94,450,670	77,596,071
Cash at end of year		110,745,605	94,450,670

Notes to Financial Statements

For the Year Ended December 31, 2022

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

(iii) Going Concern

These financial statements have been prepared on the going concern basis, which assumes that the Society will continue in operation for the foreseeable future. They do not purport to give effect to adjustments, if any, that may be necessary should the Society is unable to realize its assets and discharge its liabilities in other than the ordinary course of business.

2. Summary of significant accounting policies cont'd

a) Basis of preparation cont'd

(iv) Adoption of New or Revised Standards, Amendments to Standards and Interpretations

There are no new or adopted accounting standards, interpretations and amendments effective for accounting periods beginning on or after January 1, 2022 impacting the Society's financial statements.

b) Cash and cash equivalents

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

c) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Interest income

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

Initial recognition and measurement

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

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

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Financial assets

(i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

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

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

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

(ii) Impairment

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iii) Modification of loans

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

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

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

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iv) Derecognition other than on a modification

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

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

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

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

Financial liabilities

(i) Classification and subsequent measurement

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

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

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

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

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

(i) Derecognition

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

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

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

d) Financial guarantee contracts and loan commitments

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

2. Summary of significant accounting policies cont'd

d) Financial guarantee contracts and loan commitments cont'd

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

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

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

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

e) Functional and presentation currency

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

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

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

2. Summary of significant accounting policies cont'd

e) Functional and presentation currency cont'd

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

f) Property, plant and equipment

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

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

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

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

Welcome to our new
Community
Financial Experience

We would like to welcome all of our members to a celebration of our exciting new vision!

Please join us as we move forward towards a goal of enhancing financial partnerships with the community.

We humbly present to you - our revitalized brand:

we are

National
Co-operative
Credit Union

Your Community Financial Partner.

Our vision and mission continues:

We are firmly committed to elevating the credit union experience, honoring our pledge to be a strong, vibrant partner in support of our members financial goals, and providing innovative co-operative solutions for growth and sustainability for all.

What is the symbolism behind the name and the new brand?

Our new brand features a symbol using the four letters that make up the acronym of our name – NCCU. They are configured in a visually pleasing manner that can be viewed as a letter N, C, or U depending on the orientation. All four letters in the acronym are connected in a symmetrical diamond pattern to encourage dynamic visual movement, and represents the connection and intertwining of similar co-operative values between NCCU and the membership it serves. The symbol also represents unity, and the idea of coming together from "four corners" to form a stronger whole.

National
Co-operative
Credit Union

The wordmark was set using a bold font with smooth curves, similar to the letterforms within the symbol. This provides visual consistency and reinforcement. The interlocking shape creates an interesting visual pattern and lends itself well as a standalone icon.

The colours chosen for our logo stay true to the "mother" brand of the global Credit Union community with a modern and more vibrant twist. NCCU has integrated specific shades of yellow and blue that personify aspects of our internal culture. We wish to share this culture and create a new, vibrant experience with all of our members.

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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.

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, 2022 the ECCB savings rate was two percent.

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

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

k) Revenue recognition

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

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

Dividend and other income
Dividend income and other income are recognized when received.

l) Provisions

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

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

2. Summary of significant accounting policies cont'd

l) Provisions cont'd

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

m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

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

n) Taxation

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

2. Summary of significant accounting policies cont'd

o) Comparatives

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

p) Rounding of amounts

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

3. Critical accounting estimates and judgement

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

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

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

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

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

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

4. Financial Risk Management

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

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

a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Society's members, clients or market counterparties fail to 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.

Maximum exposure to credit risk

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date was:

	2022	**2021**
On-balance sheet	$	$
Cash and bank balances	106,739,259	90,862,980
Investments	157,082,331	153,545,781
Loans and advances to members	421,826,732	393,834,825
Other Assets (receivables)	12,637,659	13,593,322
	698,285,981	651,836,908
Off-balance sheet		
Loan commitments	10,103,145	9,450,888
Future lease commitments	45,000	45,000
	10,148,145	9,495,888
	708,434,126	661,332,796

4. Financial Risk Management cont'd

a) Credit risk cont'd

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.

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

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

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

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

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

Change in credit quality since initial recognition

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

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

Significant increase in credit risk (SICR)

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

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

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

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

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

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

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

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

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

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

Forward-looking information incorporated in the ECL models

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

Grouping of instruments for losses measured on a collective basis

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

Retail - Groupings for collective measurement

- Loan type (e .g. Mortgage, Personal and Education, Vehicles etc.)

The following exposures are assessed individually:

Retail

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

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

Loss allowance

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

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

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

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

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

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

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

4. Financial Risk Management cont'd

a) Credit risk cont'd

Expected Credit Loss (ECL) on loans to members are analysed

	Gross Amount $	ECL $	Net Amount $
Stage 1	391,830,879	4,610,739	387,220,140
Stage 2	9,226,067	4,917,360	4,308,707
Stage 3	55,713,675	25,415,790	30,297,885
As at December 31, 2022	456,770,621	34,943,889	421,826,732

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).

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.

4. Financial Risk Management cont'd

b) Liquidity risk

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Society seeks to maintain sufficient available cash and committed credit lines and borrowing facilities to meet the demands of its members. To manage and reduce liquidity risk the Society's management actively seeks to match cash inflows with liability requirements.

Maturities of Financial Assets and Liabilities

	Up to 1 year $	**1 to 5 years $**	**Over 5 years $**	**Total $**
As at December 31, 2022				
Assets				
Cash and bank balances	110,745,605	-	-	110,745,605
Investments	81,312,587	65,981,118	9,788,626	157,082,331
Loans and advances to members (Gross)	7,259,337	59,646,151	389,865,133	456,770,621
Other Assets	12,421,642	1,170,620	1,060	13,593,322
Total Financial Assets	211,739,171	126,797,889	399,654,819	738,191,879
Liabilities				
Members' savings/ordinary deposits	468,686,850	-	-	468,686,850
Term deposits	53,757,916	82,857,029	-	136,614,945
MRA	2,110,582	9,794,956	32,804,326	44,709,864
Other liabilities	9,687,615	2,077,026	-	11,764,641
Accrued interest payable	1,418,762	1,878,436	-	3,297,198
Total Financial Liabilities	535,661,725	96,607,447	32,804,326	665,073,498
Liquidity gap	(323,922,554)	30,190,442	366,850,493	73,118,381
As at December 31, 2021				
Total financial assets	194,632,093	114,163,376	350,543,201	659,338,670
Total financial liabilities	500,884,462	90,335,312	30,674,540	621,894,314
Liquidity gap	(306,252,369)	23,828,064	319,868,661	37,444,356

4. Financial Risk Management cont'd

c) Market Risk

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

d) 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.

e) Operational Risk

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Credit Union's standards for the management of operational risk.

5. Cash and Bank Balances

	2022	2021
	$	$
Cash on hand	4,006,346	3,587,690
Current account	106,739,259	90,862,980
	110,745,605	94,450,670

6. Investment Securities

	2022	2021
	$	$
Investment Securities measured at FVTPL (a)	6,657,260	6,656,760
Investment Securities measured at amortised cost (b)	149,750,928	146,126,552
Investment securities measured at FVOCI (c)	674,143	762,969
	157,082,331	153,546,281

6. Investment Securities Cont'd

Investment securities measured at FVTPL (a)	2022 $	2021 $
Equity shares	5,657,260	5,656,760
Preference shares	1,000,000	1,000,000
	6,657,260	6,656,760

Investment securities measured at amortised cost (b)

	2022 $	2021 $
Government treasury bills	11,965,052	11,927,955
Government bond	3,006,400	3,009,600
E.C. Home Mortgage bonds	8,500,000	8,000,000
Fixed deposits at banks and other institutions	105,147,904	102,615,452
Fund with brokers for investment	8,753,523	8,745,719
Statutory reserve deposit	20,120,947	19,570,724
	157,493,826	153,869,450
Provision for impairment	(7,742,898)	(7,742,898)
	149,750,928	146,126,552

Investment securities measured at FVOCI (c)

	2022 $	2021 $
Quoted shares	518,213	607,039
Unquoted shares	155,820	155,820
Unit Trust income fund	110	110
	674,143	762,969

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:

	2022 $	2021 $
(a) Loans and advances to Members		
Member Loans	439,768,224	412,270,366
Overdraft	1,932,766	2,263,553
Staff Advances and loans	15,069,631	12,164,560
	456,770,621	426,698,479
Less: Allowance for Expected Credit Losses	34,943,889	32,863,655
	421,826,732	393,834,824
Current portion	7,259,337	6,176,274
Non-current portion	449,511,284	420,522,205
Total loans	456,770,621	426,698,479

(b) Allowance for Expected Credit Losses

	2022 $	2021 $
Provision at beginning of year	32,863,655	31,672,236
Bad debts recovered	1,200,587	-
Bad debts Written Off	(447,612)	(5,108,705)
	33,616,630	26,563,531
Expected credit loss	1,327,259	6,300,124
Closing Allowance for Expected Credit Losses	34,943,889	32,863,655

(c) Originated Loans - Sectoral Analysis	2022 $	2021 $
Personal	97,497,927	94,435,064
Mortgage	299,848,921	274,314,008
Vehicle	14,587,008	14,593,482
Land	23,429,950	23,842,053
Business	15,977,663	16,023,569
Other Loans (Litigated)	5,429,152	3,490,303
	456,770,621	426,698,479

8. Other Assets

	2022 $	2021 $
Interest receivable on investments	2,248,852	3,394,343
Inventory of stationery/office Supplies	997,953	620,338
Prepayments	431,931	316,210
Deferred expenses	656,029	399,016
Loans receivable interest	4,443,055	4,249,044
Financial Instruments Issued	480,000	1,500,000
Debtors	4,400,294	3,916,099
Staff pension receivable	536,240	443,032
Receivable staff education	58,203	48,884
Clearing Accounts	469,955	40,858
Other Receivables	444,092	444,092
	15,166,604	15,371,916
Less: Expected Credit Losses	443,032	443,032
	14,723,572	14,928,884

9. Leasehold Improvements

	2022 $	2021 $
Balance beginning of the year	5,927	8,869
Additions	-	-
Amortised during the year	(2,942)	(2,942)
	2,985	5,927

Notes to Financial Statements *(cont.)*

For the Year Ended December 31, 2022

10. Property and equipment

	Land	Building	Furniture & Equipment	Computer Systems	Motor Vehicle	ATM	Legal Library	TOTAL
COST								
Balance - December 31, 2020	3,782,060	33,700,869	8,547,616	10,111,070	732,300	3,568,087	19,525	60,461,527
Additions	-	591,690	293,225	605,485	-	279,600	-	1,770,000
Adjustment	-	-	-	(86,204)	-	86,204	-	-
Balance - December 31, 2021	3,782,060	34,292,559	8,840,841	10,630,351	732,300	3,933,890	19,525	62,231,527
Additions	-	724,945	772,266	246,809	145,000	59,871	-	1,948,891
Disposal	-	-	(1,138)	-	(404,300)	-	-	(405,438)
Balance – December 31, 2022	3,782,060	35,017,504	9,611,969	10,877,160	473,000	3,993,762	19,525	63,774,980
ACCUMULATED DEPRECIATION								
Balance - December 31, 2020	-	3,669,417	6,816,429	9,768,775	599,254	3,174,480	19,525	24,047,880
Charge for the period		643,587	505,038	315,203	55,666	270,650	-	1,790,144
Eliminated on disposal/adjustment	-	-	-	-	-	-	-	-
Balance - December 31, 2021	-	4,313,004	7,321,467	10,083,978	654,920	3,445,130	19,525	25,838,024
Eliminated on disposal	-	-	(1062)	-	(404,300)	-	-	(405,362)
Adjustments	-	141,786	80,749	40,690	5,380	(31,338)	-	237,267
Charge for the period	-	702,945	539,346	527,015	60,167	156,234	-	1,985,707
Balance - December 31, 2022	-	5,157,735	7,940,500	10,651,683	316,167	3,570,026	19,525	27,655,636
Net Book Value								
December 31, 2021	3,782,060	29,979,555	1,519,374	546,373	77,380	488,761	-	36,393,503
December 31, 2022	3,782,060	29,859,769	1,671,469	225,477	156,833	423,736	-	36,267,403

Notes to Financial Statements *(cont.)*

For the Year Ended December 31, 2022

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.

	2022 $	2021 $
Members' savings/ordinary deposits – interest rate 2%	468,686,850	429,888,678

12. Term Deposits

	2022 $	2021 $
Interest bearing fixed deposit at rates in range 1.75% to 3%	136,614,945	137,644,380

13. Accounts Payable and Provisions

	2022 $	2021 $
Accounts payable and Provisions	10,648,576	6,306,006
Accrued staff gratuity	1,533,796	1,092,203
Audit	52,224	54,250
	12,234,596	7,452,459

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.

2022 $	2021 $
44,709,864	43,497,375

15. Accrued Interest Payable

	2022 $	2021 $
	3,297,198	3,452,280

16. Share Capital

	2022 $	2021 $
Issued and fully paid 133,929 shares at December 31, 2022 of $50 (par value) per share		
Balance - beginning of year	6,416,026	6,186,126
Issued during the year	280,424	229,900
	6,696,450	6,416,026

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

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

17. 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.

Movements during the year were as follows:	2022 $	2021 $
Balance - beginning of year	22,060,588	21,571,169
Add: Entrance Fee	13,330	10,771
Appropriation from surplus	932,037	478,648
	23,005,955	22,060,588

18. Education Fund

This represents funds appropriated from surplus for members' education.

	2022 $	2021 $
Balance - beginning of year	323,246	341,711
Less: disbursements	(20,214)	(18,465)
Appropriation from surplus	-	-
	303,032	323,246

This represents funds appropriated from surplus for member education.

19. 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.

	2022 $	2021 $
Balance - Beginning of period	626,754	669,348
Disbursements	(159,256)	(42,594)
Appropriation from surplus	123,375	-
	590,873	626,754

20. Capital Contribution

	2022 $	2021 $
This represents the following balances:		
Members' contribution (a)	1,594,330	1,594,330
Credit balance on amalgamation (b)	3,203,014	3,203,014
	4,797,344	4,797,344

(a) This represents members' contributions via waiver of dividend to the construction cost of the Society's office building on Independence Street, Roseau

(b) Five (5) Credit Unions namely Roseau, La Salette, St. David, St. Paul and Vielle Case 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. In 2016 and 2017 respectively, the assets and liabilities of the Caste Bruce and South Eastern credit union were transferred to the NCCU. The resulting credit balance on amalgamation is accounted for under Members' Equity as capital contribution.

21. 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.

22. 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.

	2022 $	2021 $
Balance beginning of year	234,885	210,953
Disbursements	-	-
Appropriation from surplus	46,602	23,932
	281,487	234,885

23. Net Interest and Investment income

Interest Income	**2022 $**	**2021 $**
Income from Loans	31,355,326	31,740,806
Income from Investments	1,036,863	1,112,904
Interest on Fixed Deposits	3,806,923	4,639,709
	36,199,112	37,493,419

Interest expense	**2022 $**	**2021 $**
Interest on term deposits	2,988,597	3,105,572
Interest on members Savings	8,278,772	7,687,129
Interest on MRA	1,702,482	1,645,061
Interest on Christmas clubs	16,764	12,418
	12,986,615	12,450,180

Net interest and investment income	**23,212,497**	**25,043,239**

Notes to Financial Statements *(cont.)*

For the Year Ended December 31, 2022

24. Other Income

	2022 $	2021 $
Rent	48,280	50,036
Cheque Book fees	105,281	112,441
Sale of rule and pass book	26,170	19,925
Professional services	642,140	687,167
Sundry Services Charge	152,741	295,629
Commissions	111,488	119,470
Other fees	128,046	21,441
	1,214,146	**1,306,109**

25. Operating Cost

	2022 $	2021 $
Personnel expenses (See note 26)	9,146,549	9,221,126
Governance	208,478	159,711
Corp-EFF Insurance	1,210,971	1,146,077
Annual General Meeting	63,490	4,460
Scholarship	68,336	68,997
Overseas Travel and conferences	133,693	17,864
Computer services and expenses	981,845	858,485
Stationery and office supplies	228,490	205,939
Fraternity expenses	239,398	240,620
Audit Fee	52,224	61,863
Occupancy expenses	1,196,632	1,081,980
Insurance Building and content	429,386	364,036
General expenses (See note 28)	2,491,058	2,361,951
	16,450,550	**15,793,109**

26. Personnel Expenses

	2022 $	2021 $
Salaries, staff benefits & allowances	8,145,673	8,170,796
Social Security	499,584	483,285
Uniforms allowances and transportation	501,292	567,045
	9,146,549	**9,221,126**

27. Key Management Compensation

	2022 $	2021 $
Salaries and Allowance	1,955,753	2,100,190
Gratuity	406,324	390,458
	2,362,077	**2,490,648**

28. General Expenses

	2022 $	2021 $
Hurricane claims	-	43,133
Security services	215,715	234,490
Postage	7,321	12,281
Advertising, publicity and promotions/dues	382,601	162,613
4cs expenses	433,315	338,532
Donations	102,789	111,055
ATM services and expenses	566,936	345,685
Entertainment	79,812	39,786
Maintenance of fixed assets	240,462	537,146
Valuation and legal fees	-	2,826
Bank charges	331,626	390,034
Other	130,481	144,370
	2,491,058	**2,361,951**

29. 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:

	2022 $	2021 $
Loans		
Directors & Volunteers	5,202,428	6,971,826
Key Management Staff	3,954,001	2,421,255
TOTAL LOANS	9,156,429	9,393,081
Deposits		
Directors & Volunteers	2,733,032	3,981,489
Key Management Staff	6,233,755	3,191,203
TOTAL DEPOSITS	8,966,787	7,172,692

30. Fair Value of Financial Assets and Liabilities

All financial assets and liabilities are carried at fair value.

31. Contingent Liabilities / Commitments

(a) Loans and advances committed but not yet drawn down at the balances sheet date totalled $10,103,145 in 2022 (2021: $9,450,888).

(b) Lease commitment for office rent is $45,000 (2021: $45,000).

(c) Legal:
The Society has matters before the Courts for determination and has estimated contingent liabilities of $356,780.

(d) Capital Commitment
The Society is committed to the construction of the La Salette building.

CREDIT COMMITTEE

Mr. George Maxwell
Chairperson

Ms. Natasha Nation
Secretary

Ms. Christelle Bardouille
Member

Ms. Isabella Prentice
Member

Mr. Julian L. Benjamin
Member

Mr. Andre Cadette
Member

Ms. Renita Charles
Member

Mr. Cecil Joseph
Member

Mr. Joseph Pinard
Member

Ms. Sherika Winston
Member

Mr. Dorian Harris
Member

Mr. Jefferson Durand
Member

Ms. Ayisha Challenger
Member

Credit Committee's Report

For the Year Ended December 31, 2022

It is with a sense of elation that the Credit Committee presents its report for 2022 as mandated by the Co-operative Societies Act No. 2 of 2011 and the By-Laws of the National Co-operative Credit Union Ltd.

Table 1 below summarizes the various meetings scheduled and attended by the Committee members during the period under review.

Table 1 – Meetings attended by Committee Members Jan. – June 2022

Names	No. of Meetings Scheduled Jan. to Dec. 31, 2022	No. of Meetings Attended Jan. to Dec. 31, 2022	No. of Meetings Cancelled Jan. to Dec. 31, 2022	No. of Meetings Absent Jan. to Dec. 31, 2022
Mr. George Maxwell	39	42	07	00
Ms. Natasha Nation	39	34	06	01
Ms. Isabella Prentice	39	32	03	05
Ms. Renita Charles	39	34	08	01
Mr. Cecil Joseph	37	26	07	00
Mr. Andre Cadette	39	36	05	00
Mr. Julian Benjamin	38	35	07	00
Mr. Joseph Pinard	22	13	04	05
Ms. Sherika Winston	21	15	03	05
Mr. Dorian Harris	22	19	01	01
Mr. Jefferson Durand	22	20	02	00
Ms. Ayisha Challenger	21	20	03	00
Ms. Christelle Bardouille *[Resigned: Sept. 15, 2022]*	28	23	03	01
Jan. 2022 up to AGM - May 2022				
Ms. Keturah Deschamps	16	09	08	00
Mrs. Jodie D. Dangleben	15	09	04	00
Mr. Quincy Angol	14	09	05	00
Mr. David Maximea	14	10	04	00
Mr. Mervin D. Anthony	16	07	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 convened meetings on Tuesdays and Thursdays as is customary to review members' loan applications. Five (5) Committee members were required to deliberate at any one sitting and this was honored throughout the year. Importantly, the Committee also met with staff of the Loans Department from the various branches in order to discuss ways to improve the loan application process and loans in general.

OVERVIEW

The remnants of the Covid-19 pandemic continued to affect members during the year as they sought to steady themselves socially and economically. An escalation of the Russia Ukrainian war in the early part of the year resulted in disruption chains globally, causing massive inflationary impacts throughout the world. Suffice to say, Dominica's economy was not immune to such debilitating shocks which saw home construction cost rising by as much as 50 percent from the pre pandemic levels. Interestingly, economic forecasts indicated that prices in general were expected to stabilize within the foreseeable future but at elevated levels. The net result of the foregoing was that members were required to borrow greater sums for construction in particular, leading to higher indebtedness.

LOANS (ANALYSIS)

The total number of loans approved by the Credit Committee in 2022 was 6,649 which represent a 50.4% increase from the 2021 figure of 4,421. The Always Secure Always Prompt category (1,630), Now-4-Now (1,386) and the Savings/Deposit loans (1,083) all crossed the one thousand mark. Additionally, Domestic loans and Debt Consolidation loans with 589 and 514 respectively round out the top five (5) sought after categories during the year in question. Importantly, these five (5) categories accounted for 5,202 loans or 78.2% of the overall number requested.

The Always Secure Always Prompt category stood out in the sense that it represented almost a quarter (24.5%) of the total number of loans requested and accounted for 17.4% of the value of loans in 2022. The Mortgage Blast 2.0 which was introduced during the reporting period has been a resounding success to date where 217 such loans were disbursed with a value of $7,325,117. Loans related to Agricultural Expense and Overdrafts, though relatively small in both number and quantum all contributed to the overall growth which was experienced in the loans category.

Whereas the number of loans requested increased by 50.4%, the value of loans requested in 2022 performed even better and saw an increase of $24.6 million (26.6%) over the 2021 figure. This can be attributed mainly to Building Construction and Purchase loans $42.6 million, Always Secure Always Prompt loans $17.5 million, Now-4-Now $7.7 million and Mortgage Blast 2.0 $7.3 million. These four (4) categories accounted for just under 75% of the value of all loans disbursed during the period under review.

A total amount of $100,616,956.68 was disbursed to members during the year 2022. This represents a 32.4% increase over the 2021 period. Interestingly, the six (6) categories which showed growth both in terms of numbers and value were Building Construction and Purchase, Business, Travel, Motor Vehicle Expenses, Line of Credit and Now-4-Now.

The most dramatic growth in loan value was experienced in respect of the Now-4-Now loans (784.4%), Line of Credit (200.6%), Travel (149.5%) and Motor Vehicle Expenses (131.1%).

Table 2: No. of Loans Approved - 2022 & 2021

NO. OF LOANS APPROVED			
2022	2021	VARIANCE	
Vol	Vol	Vol	%
6649	4421	2228	(50.39%)

Table 3: Value of Loans Approved - 2022 & 2021

NO. OF LOANS APPROVED			
2022	2021	VARIANCE	
$	$	$	%
100,616,956.68	75,984,061.95	24,632,894.73	32.41

The top five (5) loans approved for the financial year 2022 insofar as value is concerned are listed in the table below

Table 4: Top 5 most approved loans (Vol.) – 2022 vs. 2021

	2022		2021			
LOAN CATEGORY	NO. OF LOANS APPROVED #	VALUE OF LOANS APPROVED $	NO. OF LOANS APPROVED #	VALUE OF LOANS APPROVED $	VARIANCE #	VARIANCE $
Building Construction & Purchase	284	42,603,633	404	40,903,595	120	1,700,038
Always Secure Always Prompt	1630	17,524,736	00	00	1630	17,524,736
Now-4-Now	1386	7,707,599	331	871,503	1055	6,836,096
Mortgage Blast 2.0	217	7,325,118	171	6,542,581	46	782,537
Debt Consolidation	514	4,488,390	490	$3,582,547	24	905,843
Total	**4,031**	**$79,649,475**	**1,225**	**$45,357,645**	**2,635**	**27,749,249**

Fig. 1: Top 5 most approved loans (#) – 2022 v 2021

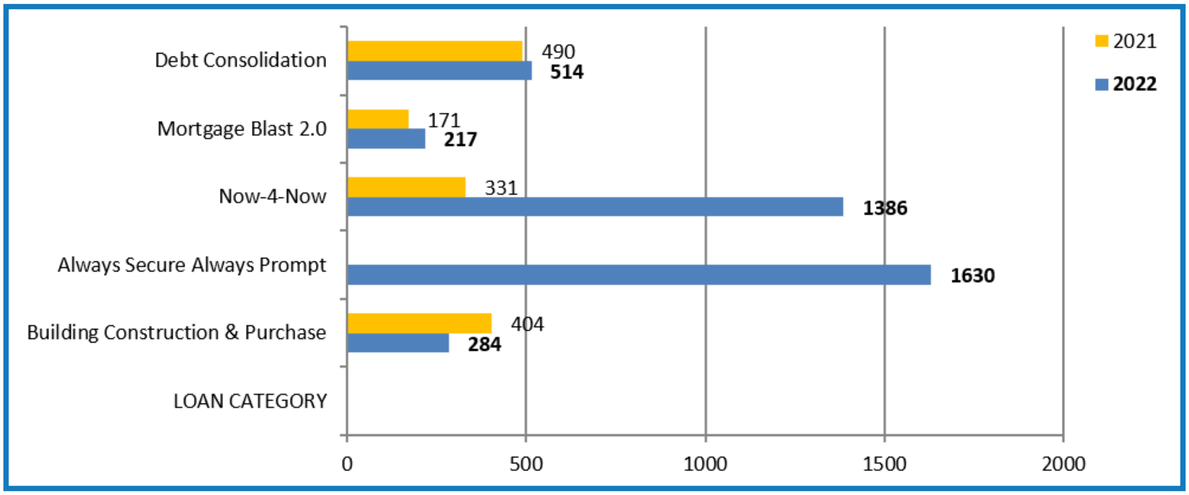
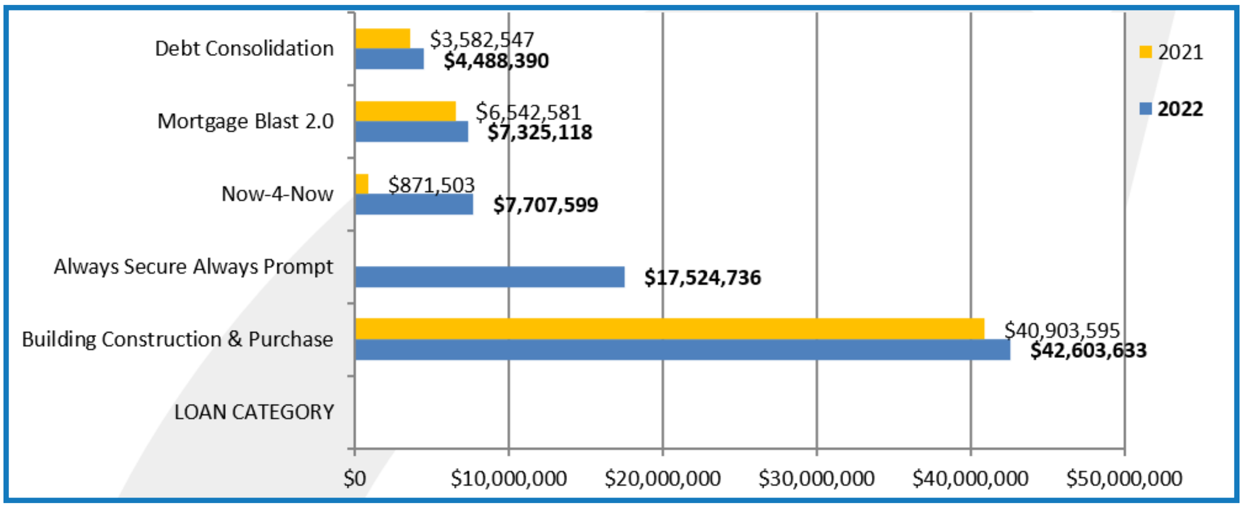


Fig. 2: Top 5 most approved loans ($) – 2022 v 2021



The Building Construction and Purchase loan category continued to be significant with $42.6 million disbursed to 284 applicants, an average loan size of $150,012. Always Secure Always Prompt loans averaged $10,751 ($17.5 million disbursed to 1,630 members) and Now-4-Now $7.7 million disbursed to 1,386 members (average loan size, $5,555), rounded out the top three (3) in terms of average loan size.

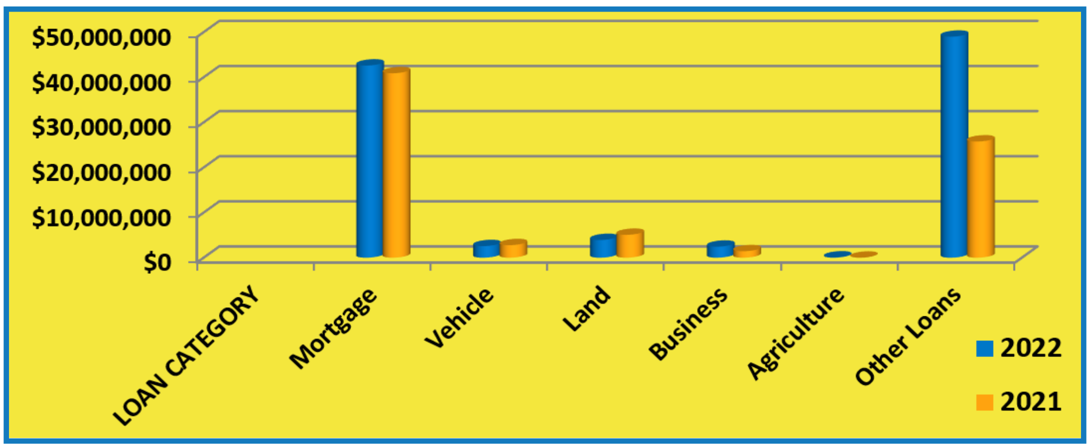
There were some encouraging signs as it relates to growth in loans linked to the productive areas, albeit, small. The Business and Agriculture loan categories for instance appear to be rebounding following the effects of the pandemic. The former grew by 70% while the latter increased by over 460% in 2022 when compared to 2021. This however noteworthy, must be placed in perspective considering that the two areas account for only 2.5% of the total loans category. Growth was also evident in the Learn While You Earn category (62.2%) and Education (27.2%). These areas represent human resource investments which will redound to the benefit of the institution and the country as a whole.

The loans portfolio is fairly well diversified and continues to grow which augers well for the NCCU. Assuming that the economy continues on the predicted trajectory, further growth is expected in the loans portfolio *Inter Alia*.

Table 5: Loans approved by sector 2022 & 2021

LOAN CATEGORY	2022	2021	VARIANCE	
	$	$	$	%
Mortgage	42,603,633	40,903,595	1,700,038	4
Vehicle	2,572,809	2,782,929	210,120	(8)
Land	3,932,304	5,076,836	1,144,532	(23)
Business	2,448,373	1,440,178	1,008,195	70
Agriculture	61,800	11,031	50,769	460
Other Loans	48,998,037	25,769,492	23,228,545	90
Total	**$100,616,956.68**	**$75,984,061**	**$24,632,895**	**32**

Fig. 3: Loans Approved by Sector 2022 & 2021



Loans Portfolio

The loans portfolio at the end of 2022 was $456,770,621as compared to $426,698,479 at the end of 2021an increase of $30,071,942 or 7.25%.

Table 6 - Loans Portfolio as at Dec. 31, 2022 & Dec. 31, 2021

LOANS PORTFOLIO			
2022	2021	VARIANCE	
$	$	$	%
$456,770,621	426,698,679	30,071,942	7.25%

Fig.4- Loans Portfolio as at Dec. 31, 2022 & Dec. 31, 2021

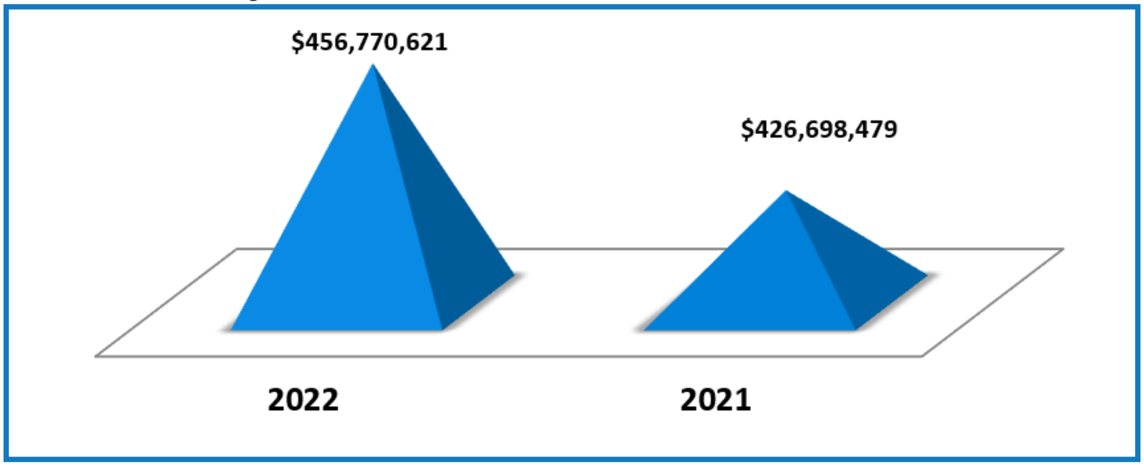
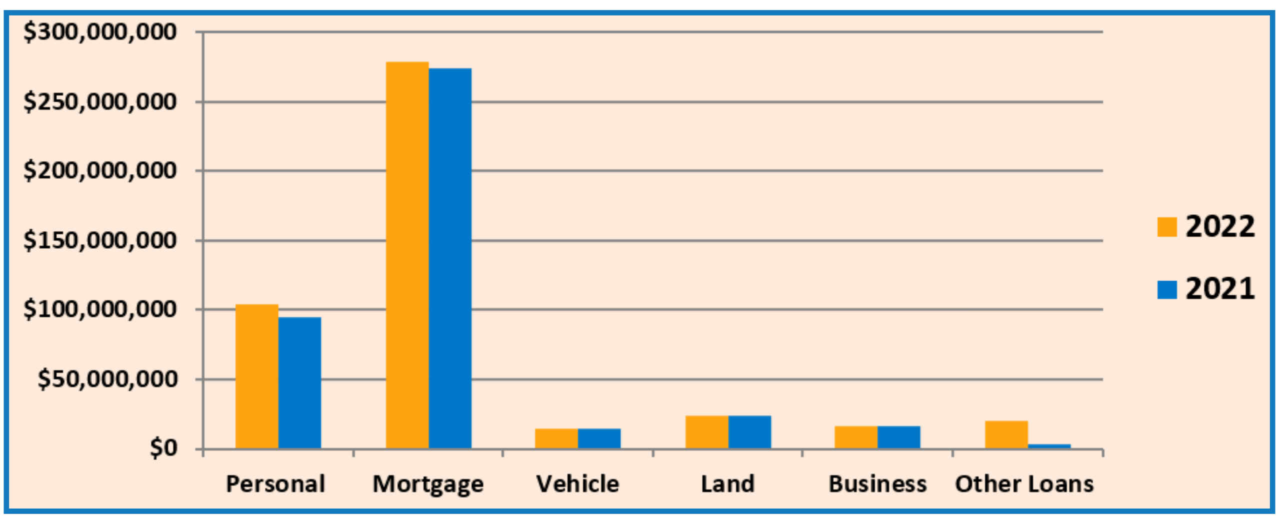


Table 7: Loans Portfolio by Category for the Year Ended Dec. 31, 2022 vs. 2021 Results

LOAN CATEGORY	2022	2021	VARIANCE	
	$	$	$	%
Personal	**104,178,556**	94,435,064	9,743,492	10.3
Mortgage	**278,999,067**	274,314,008	4,685,059	1.7
Vehicle	**14,589,310**	14,593,482	4,172	0.03
Land	**23,417,604**	23,842,053	424,449	1.8
Business	**15,995,823**	16,023,569	27,746	0.2
Other Loans	**19,746,103**	3,490,303	16,255,800	466
Total	**$456,926,463**	**$426,698,479**	**30,227,984**	**7.1**

Figure 5: Loans Portfolio by Category for the Year Ended Dec. 31, 2022 vs. 2021 Results



OVERSIGHT RESPONSIBILITY

Meetings and Interviews

Following Covid-19 restrictions which were lifted in the second quarter of the year, the Committee was able to resume face-to face meetings, trainings and outreach activities. The resumption of such initiatives led to greater involvement and interaction of members and volunteers in the dissemination and acquisition of valuable knowledge to all concerned.

It is also important to note that members do reserve the right to request audiences with the Committee in relation to non-approval of loans or any other pertinent issue so deemed by the member. Conversely, it is within the purview of the Committee to engage members in circumstances where it is felt that greater clarification is required in respect of applications or simply to provide financial advice to members who based on past history may be exhibiting a level of financial imprudence. In this regard, the Committee met with four (4) members during the year 2022 in an atmosphere of mutual respect and most importantly concluded with workable solutions and valuable advice to the members.

REPRESENTATION

Trainings

As mentioned above, there was an uptick in activities across the board within the second half of the year and so the Credit Committee members were required to participate in the respective training sessions organized by the Dominica Co-operative Societies League Limited and the NCCU as outlined below:

- Caribbean Confederation of Credit Unions (CCCU) Annual Convention and Annual General Meeting in Jamaica [Attended by one (1)member – June 2022
- By-Laws & Co-operative Societies Act [Facilitated by Legal Officer] – June 2022
- DCSL Induction Training for Volunteers – Nov. to Dec. 2022
- DCSL Introduction to Credit Union Governance – Nov. 2022
- DCSL Interpretation of Financial Statements – Sept. 2022
- DCSL Power of Attorney and Legal Docs. – July 2022
- Delinquency Management & Collection Techniques – June 2022

RECOMMENDATIONS

The Committee wishes to encourage prospective volunteers to educate themselves on matters related to volunteerism in general and to familiarize themselves with the laws and regulations governing the credit union movement in particular. This will not only bode well for them personally but will pave the way for a more informed cadre of Board/Committee members who will be in a better position to make decisions which will not be inimical to the growth of the institution.

Additionally, members are encouraged to utilize the on-line services offered by the NCCU in order to reduce congestion at the main branch in particular and to save time. This service is safe and very secure

We do exhort members to visit the NCCU in the event that you are experiencing financial difficulties in order to discuss your specific situation and to make your circumstance more manageable. The aim is to reduce the delinquency rate while maintaining the core values of the NCCU.

CONCLUSION

The Committee thanks all the members who continue to provide great patronage to the institution. The members are the ones who have taken the NCCU to the lofty heights which it has attained thus far. Additionally, we wish to thank the staff, the Board of Directors and the Supervisory and Compliance Committee for their support during these tough economic times.

May the good Lord continue to bless and sustain the NCCU.

George W. Maxwell (Mr.)
Chairperson – Credit Committee

Summary of Loans Approved by the Credit Committee and Manager

For the Years Ended December 31, 2022 and 2021

LOAN CATEGORIES	LOANS APPROVED IN 2022						LOANS APPROVED IN 2021						COMPARATIVE INCREASE/DECREASE OVER 2021	
	BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE		BY THE MANAGER ON BEHALF OF THE CREDIT COMMITTEE		DIRECTLY BY THE CREDIT COMMITTEE		TOTAL APPROVED BY THE CREDIT COMMITTEE			
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT	AMOUNT	%
BUILDING CONSTRUCTION & PURCHASE	67	$ 829,620.25	217	$ 41,774,013.20	284	$ 42,603,633.45	161	$ 14,454,659.98	243	$ 26,448,935.34	404	$ 40,903,595.32	$ 1,700,038.13	4%
LAND	36	$ 1,551,159.79	22	$ 2,381,144.81	58	$ 3,932,304.60	48	$ 2,572,900.25	30	$ 2,514,968.33	78	$ 5,087,868.58	$ (1,155,563.98)	-23%
DEBT CONSOLIDATION HR/CC	132	$ 750,117.67	8	$ 44,184.70	140	$ 794,302.37	87	$ 398,312.51	34	$ 27,542.07	121	$ 425,854.58	$ 368,447.79	87%
DEBT CONSOLIDATION	486	$ 3,691,998.69	28	$ 796,391.69	514	$ 4,488,390.38	392	$ 2,756,743.30	98	$ 825,803.85	490	$ 3,582,547.15	$ 905,843.23	25%
BUSINESS	84	$ 968,753.53	14	$ 1,479,620.00	98	$ 2,448,373.53	66	$ 876,541.39	16	$ 563,637.29	82	$ 1,440,178.68	$ 1,008,194.85	70%
EQUIPMENT	4	$ 48,242.98	0	$ -	4	$ 48,242.98	9	$ 119,910.33	0	$ -	9	$ 119,910.33	$ (71,667.35)	-60%
TRAVEL	36	$ 267,049.88	3	$ 28,200.00	39	$ 295,249.88	15	$ 108,336.46	1	$ 10,000.00	16	$ 118,336.46	$ 176,913.42	150%
OVERDRAFT	25	$ 677,827.76	3	$ 65,000.00	28	$ 742,827.76	0	$ -	0	$ -	0	$ -	$ 742,827.76	#DIV/0!
MORTGAGE BLAST 2.0	33	$ 523,577.12	184	$ 6,801,540.57	217	$ 7,325,117.69	0	$ -	0	$ -	0	$ -	$ 7,325,117.69	0%
MOTOR VEHICLE - PRIVATE	163	$ 2,098,128.01	13	$ 474,681.40	176	$ 2,572,809.41	122	$ 1,816,205.98	36	$ 966,723.33	158	$ 2,782,929.31	$ (210,119.90)	-8%
HOUSE HOLD GOODS	41	$ 283,354.57	1	$ 10,000.00	42	$ 293,354.57	49	$ 348,451.39	0	$ -	49	$ 348,451.39	$ (55,096.82)	-16%
DWELLING HOUSE REPAIR	99	$ 1,049,191.97	6	$ 101,813.22	105	$ 1,151,005.19	89	$ 917,278.14	10	$ 541,644.61	99	$ 1,458,922.75	$ (307,917.56)	-21%
EDUCATION	39	$ 410,803.35	7	$ 255,887.95	46	$ 666,691.30	26	$ 314,419.91	6	$ 209,552.33	32	$ 523,972.24	$ 142,719.06	27%
AGRICULTURAL EXPENSES	1	$ 29,800.00	2	$ 32,000.00	3	$ 61,800.00	0	$ -	0	$ -	0	$ -	$ 61,800.00	#DIV/0!
DOMESTIC	587	$ 2,045,853.40	2	$ 15,000.00	589	$ 2,060,853.40	588	$ 2,105,357.96	6	$ 51,350.00	594	$ 2,156,707.96	$ (95,854.56)	-4%
MOTOR VEHICLE EXPENSES	81	$ 422,381.29	2	$ 121,079.97	83	$ 543,461.26	29	$ 220,848.05	4	$ 14,318.84	33	$ 235,166.89	$ 308,294.37	131%
LEGAL EXPENSES	9	$ 66,281.79	0	$ -	9	$ 66,281.79	10	$ 125,749.62	1	$ 20,326.40	11	$ 146,076.02	$ (79,794.23)	-55%
LEARN WHILE U EARN	29	$ 234,422.92	0	$ -	29	$ 234,422.92	25	$ 144,482.62	0	$ -	25	$ 144,482.62	$ 89,940.30	62%
MEDICAL	24	$ 278,831.49	1	$ 14,000.00	25	$ 292,831.49	23	$ 112,781.70	5	$ 70,000.00	28	$ 182,781.70	$ 110,049.79	60%
LINE OF CREDIT	52	$ 266,039.84	0	$ -	52	$ 266,039.84	13	$ 78,500.00	1	$ 10,000.00	14	$ 88,500.00	$ 177,539.84	201%
NOW 4 NOW	1385	$ 7,697,598.65	1	$ 10,000.00	1386	$ 7,707,598.65	331	$ 871,503.10	0	$ -	331	$ 871,503.10	$ 6,836,095.55	784%
ALWAYS SECURE ALWAYS PROMPT	1623	$ 17,323,235.59	7	$ 201,500.00	1630	$ 17,524,735.59	0	$ -	0	$ -	0	$ -	$ 17,524,735.59	#DIV/0!
SPECIAL EDUCATION	5	$ 8,800.00	0	$ -	5	$ 8,800.00	7	$ 16,460.00	0	$ -	7	$ 16,460.00	$ (7,660.00)	-47%
SAVINGS/DEPOSIT LOANS	1079	$ 4,402,122.81	4	$ 76,595.00	1083	$ 4,478,717.81	1828	$ 15,200,225.23	10	$ 138,050.00	1838	$ 15,338,275.23	$ (10,859,557.42)	-71%
HURRICANE MARIA RELIEF LOAN	3	$ 7,588.60	1	$ 1,524.22	4	$ 9,110.82	2	$ 11,541.64	0	$ -	2	$ 11,541.64	$ (2,430.82)	-21%
TOTAL	6123	$ 45,932,781.95	526	$ 54,684,176.73	6649	$ 100,616,956.68	3920	$ 43,571,209.56	501	$ 32,412,852.39	4421	$ 75,984,061.95	$ 24,632,894.73	32%

SUPERVISORY AND COMPLIANCE COMMITTEE

Ms. Linda Gonzalez-Peltier
Chairperson

Ms. Kayan Toussaint
Secretary

Ms. Nadine Riviere
Member

Ms. Bernadette Austrie
Member

Mr. Terry Royer
Member

Ms. Sandra Maxwell
Member

Ms. Michelle Pauline Joseph
Member

Mr. Shannon Bedminister
Member

Mr. Daniel Marie
Member

Ms. Petillia Jno Baptiste
Member

Mr. Vernon Martin O'Brien
Member

Ms. Nadette Williams
Member

Ms. Lynn Delsol
Member

Supervisory and Compliance Committee's Report

For the Year Ended December 31, 2022

Pursuant to Section 65 of the Co-operative Societies Act No. 2 of 2011, the Supervisory and Compliance Committee (S&CC) of the National Co-operative Credit Union Ltd. (NCCUL) is pleased to report on its activities for the year ended December 31, 2022. Members serving on the Supervisory and Compliance Committee for the year under review were:

Ms. Linda Gonzalez-Peltier	Chairperson
Ms. Kayan Toussaint	Secretary
Mrs. Sophia Albert-Charles	Member
Mr. Ian-Michael Anthony	Member
Ms. Bernadette Austrie	Member
Mr. Jerome Bardouille	Member
Mr. Shannon Bedminister	Member
Ms. Lynn Delsol	Member
Mr. Petillia Jno Baptiste	Member
Ms. Michelle Joseph	Member
Mr. Daniel Marie	Member
Mr. Bernard Nation	Member
Mr. Vernon Martin O'Brien	Member
Ms. Priscilla Panthier	Member
Mr. McDowill Paul	Member
Ms Nadine Riviere	Member
Mr. Terry Royer	Member
Mrs. Julie Shillingford-Durand	Member
Ms. Nadette Williams	Member

SUMMARY OF MAJOR ACTIVITIES

The Supervisory and Compliance Committee pushed through its activities during the year, through virtual and/or face-to-face mediums, by partaking in activities to ensure 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 NCCUL promotional drives and activities
- Review of monthly reports
- Branch Visits to include Surprise and Yearly Cash Counts (at all branches)
- Investigations of allegations
- Participation at the Strategic Review Planning Meetings
- Supervisory and Compliance Committee Strategic Planning Retreat

HUMAN RESOURCE AND TRAINING

For the period under review, members of the Supervisory and Compliance Committee were appreciative of many training sessions organized by the Dominica Co-operative Societies League Ltd., Financial Services Unit, NCCUL, CaribDE, the Caribbean Confederation of Credit Unions (CCCU) Convention 2022 and by the Committee itself.

POLICY AND PROCEDURES

Reports submitted by the Internal Auditor, Compliance Officer, and other Managerial Heads were periodically reviewed for internal controls in reference to the operational policies and procedures of NCCUL along with various recommendations.

Despite the fact that some gains have been achieved, the Supervisory and Compliance Committee still remains concerned about the overall level of adherence to these policies and procedures:

- Anti-Money Laundering and Combating the Financing of Terrorism policy (AML)
- Internal Auditor's report
- Risk and Compliance reports
- Management Reports
- Loan underwriting procedures
- Operational procedures
- Whistle Blowing Policy

The Committee recommends that the various departments highlighted above continue to engage in ongoing trainings in order to ensure that the policies and procedures of the Society are adhered to and up to standard with international financial practices and AML.

RISK MANAGEMENT

The NCCU, like all other financial institutions, is not immune to risk being experienced in the financial sector. Hence, during the period under focus, the S&CC ensured that the following areas were reviewed with a stronger emphasis on conforming to the regulatory framework:

1. Strategic

The need for a comprehensive strategic plan finally came to fruition. The Supervisory and Compliance Committee was pleased to be part of the process of preparing this NCCUL Strategic Development Plan alongside the Board of Directors and Management.

2. Compliance

The Committee, per its mandate, reviewed reports submitted by the Risk and Compliance Unit.

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 SRO26 of 2001; the Anti-Money Laundering Act No. 8 of 2011; Anti-Money Regulations SRO4 of 2013; Suppression of Financing of Terrorism Act No. 9 of 2011; Banking Act No. 16 of 2005 and Financial Services Unit Act No. 18 of 2008.

It now bodes well for the institution that a Compliance and Risk Unit has been established. However, the Committee believes that there is still work to be done to keep in line with changes in the regulatory environment.

3. Financial & Operational

Financial reports were reviewed on a regular basis and clarification was sought on specific line items. Cash counts, to include 'surprise cash counts' and end-of-year cash counts were conducted at all branches and reports and recommendations submitted to the Board. The Committee continued to monitor and spot-check members' share capital to ensure that the share-to-loan ratio requirements were met.

4. Reputational

The integrity of NCCUL is critical. Hence it is imperative to manage its reputational risk. In 2022, the S&CC in collaboration with the Internal Auditor, thoroughly investigated internal and external allegations and submitted detailed reports to the Board of Directors of its findings with various recommendations.

BOARD OF DIRECTORS' EVALUATION MEETINGS

Pursuant to Section 69 of the Co-operative Societies Act No. 2 of 2011, the Committee ensured that it had representation at the monthly board meetings to observe its procedures and discussions. Additionally, the Committee engaged in evaluative discussions with the board.

Matters discussed included:

- Delinquency Rate
- MLajan status as it related to refunding NCCUL
- Withdrawal of Services of Western Union and Money-Gram
- Community outreach and membership engagement
- Loan Policy
- Cyber-Security Risk
- Business Accounts
- Operational Procedures

- EMV Chip
- Review of Management Structure and Staffing
- Board of Directors and Committee relations

PHYSICAL PLANT

Visits were made to all Branches and sub-branches to inspect the Society's properties. We were able to highlight certain structural deficiencies, maintenance issues, special constraints and inadequate resources/equipment. It is hoped that these issues can be dealt with in this new financial year 2023 into 2024.

Special mention must be made regarding the Delices branch as members pleaded to the S&CC that consideration should be given to reopening the branch. The property is still structurally sound but in need of renovations.

LOOKING AHEAD

As we move forward into the new financial year, the Committee commits to:

- Monitor the increased member share capital requirements
- Continued monitoring and reduction of the delinquency rate
- Completion and implementation of an automated online loan application process
- Finalization, approval and implementation of the new Strategic Plan
- Complete and implement a successful Succession Plan
- Implementation of the EMV card
- Implementation, monitoring and updating of a Disaster Plan
- Continue training of staff and volunteers especially in areas of customer service, compliance and risk management
- Infrastructural Development
- Involvement in the continued Rebranding of NCCUL
- Membership and community outreach

CONCLUSION

As the watchdog of the Society, the Supervisory and Compliance Committee will continue to monitor, review, evaluate and make recommendations in order to be in compliance with the expectations of the Society's Act, as its contribution to the longevity of the National Cooperative Credit Union Limited.

As a Committee, just as we are charged in being the watchdog for the Society, we also evaluate ourselves. We recognize our short-comings but remain steadfast in executing our responsibilities and accomplishing the goals set before us.

We are grateful for the collaborative and cordial relationship with our Board of Directors; Credit Committee; Management; Staff; Financial Service Unit - the regulatory body; Financial Intelligence Unit and You the members of the Society for the support given during the year.

Linda Gonzalez-Peltier

Linda Gonzalez-Peltier (Ms)
Chairperson
For and on Behalf of the Supervisory and Compliance Committee

Nominations Committee's Report

To Members at the 2023 Annual General Meeting

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

Announcements were placed in the media inviting members to nominate eligible and willing members to serve as volunteers on the various Committees by the deadline of April 6, 2023.

Prior to determining the list of nominees to be recommended, the Committee held two (2) meetings on April 21 and May 12, 2023 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 March 23, 2020 from the Financial Services Unit (FSU), issued in accordance with the FSU Act No. 18 of 2008 and posted on the Society's web page. Section 3.1 of the Guidelines which follows was included in the nominations notice:

> ***"In accordance with governing legislation, a person is considered to be fit and proper if the person essentially is of good character, competent, honest, financially sound, reputable, reliable and discharges or is likely to discharge his/her responsibilities fairly."***

The Nominations Committee comprised the following persons:

- Dr. Damien Dublin - Chairperson
- Ms. Sonia Williams
- Ms. Nadette Williams
- Mr. Cecil Joseph
- Mr. Curth Charles

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

- Co-operative Societies Act No. 2 of 2011, Section 53(4);
- Financial Services Unit Act No. 18 of 2008 Section 27; and
- The Society's By-Laws No. 2 of 2022.

Outgoing volunteers of the Society are:

BOARD OF DIRECTORS	**Served two (2) consecutive terms:** *- Mr. Euan James* *- Dr. Damien Dublin* Served one (1) term: **- Mr. Yoland Jno Jules**
SUPERVISORY AND COMPLIANCE COMMITTEE	Served two (2) consecutive terms: - Ms. Linda Gonzalez-Peltier - Ms. Kayan Toussaint **Served one (1) term:** ***- Mr. Terry Royer***
CREDIT COMMITTEE	**Served two (2) consecutive terms:** *- Ms. Natasha Nation* *- Ms. Isabella Prentice* **Served one (1) term:** *- Ms. Christelle S. Bardouille* **Serving 1st term. Currently out of state. Position is vacant.** *- Mr. Joseph Pinard*

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 Committee:

BOARD OF DIRECTORS

- **Mr. Yoland Jno Jules**
  - *Current Member of NCCU Ltd. Board of Directors*
  - *Chairman – Vieille Case Village Council*
  - *Chairman – Dominica Association of Local Government Community Authorities*
  - *Community Activist; Radio Evangelist; Preacher and Gospel Singer*

- **Mr. Michael Augustine**
  - *Teacher, Dominica Grammar School*
  - *Previously served as NCCU Board President and Chairperson, Credit Committee*

- **Mr. Gerald Fregiste**
  - *Accountant General, Government of Dominica*
  - *Chairman, Dominica Infirmary*
  - *Previously served as Vice President and Treasurer of NCCU Board.*
  - *BSc. in Accounting; Accredited Director*

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

- **Ms. Leandra Laidlow –** *Accomplished Educator; Exec. Secretary Dominica Hucksters Assn.*
- **Mr. Ronald Smith –** *Bursar (Ag.) at Dominica State College; past member of NCCU Credit Committee*

SUPERVISORY AND COMPLIANCE COMMITTEE

Three (3) persons are nominated to serve.

- **Mr. Terry Royer**
  - *Currently serving as member of NCCU Supervisory and Compliance Committee*
  - *Sergeant, Dominica Police Force*

- **Mrs. Julie Shillingford-Durand**
  - *Previously served as NCCU Director and member of Credit and Supervisory and Compliance Committees*
  - *Retired Accountant at DOWASCO*
  - *Councilor, Loubiere Village Council*
  - *BSc. in Management; Certified General Accountant (CGA)*

- **Ms. Rubyanna Bedneau**
  - *Technical Officer at Government of Dominica Rapid Response,*
  - *BSc. in Management*

CREDIT COMMITTEE

Four (4) persons are nominated to serve. One (1) will serve the unexpired period to 2025 of Mr. Joseph Pinard.

- **Ms. Keturah Deschamps**
  - *Past Secretary of the NCCU Credit Committee*
  - *Senior Finance Staff at DOWASCO*

- **Mr. David Maximea**
  - *Past member of the NCCU Credit Committee*
  - *Education Officer/East-Operations of Schools System*
  - *Masters Degree in Educational Management and Leadership*

- **Ms. Elsa Dover**
  - *Customer Service Representative at Clear Harbor Dominica*
  - *Assistant Secretary/Treasurer, Bath Estate Development Committee*
  - *Associate Degree in Psychology*

- **Ms. Leandra D. Savarin**
  - *Executive Officer, Ministry of Housing*
  - *Member, Dominica Leo Club; Secretary, Dominica Scout Troup*
  - *BSc. in Business Administration*

RECOMMENDATION AND CONCLUSION

The Committee recommends that persons elected to serve on the Board and Committees will be mandated to pursue some Credit Union volunteer programs which will assist in them effectively carrying out their functions.

The Nominations Committee is pleased to present this report to you the members at the 13th Annual General Meeting of the National Co-operative Credit Union Ltd.

Dr. Damien Dublin

Ms. Sonia Williams

Mr. Cecil Joseph

Ms. Nadette Williams

Mr. Curth Charles

Loans Department - Roseau Branch

Head Office - Information Technology

THE NCCU FAMILY

Head Office - Legal, Human Resource, Marketing,Compliance, CEO's Office

Head Office - Finance and Collections

Member Services Department - Roseau Branch

National Co-operative Credit Union Ltd.

One Big Family

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Commonwealth of Dominica, W.I.
Tel: 255 2241

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

St. David's Branch
Riviere Cyrique
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Pointe Michel
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