MARIGOT CO-OPERATIVE CREDIT UNION LTD.

1-767-445-7166

MCCU@CWDOM.DM

WWW.MARIGOTCREDITUNION.COM

ANNUAL REPORT 2023

MCCU LOW INCOME MORTGAGE PACKAGE

4.5%

FOR MORE INFO CALL:

445 7155 / 7166

Marigot Co-operative Credit Union Ltd.

ENJOY

- Comfortable Monthly Installments
- Good Repayment Terms
- Pre-approved Building Plans

** subjected to normal lending criteria*

** terms and conditions apply*

CREDIT UNION PRAYER

Lord, make me an instrument of thy 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.

O divine Master, grant that I may not
So much seek to be consoled as to console;
To be understood as to understand;
To be loved as to love;
For it is in giving that we receive;
For it is in pardoning that we are pardoned;
And it is in dying that we are born to eternal life.

Bless O Lord our deliberations, and grant that
Whatever we may say and do, will have thy
Blessing and guidance Through Jesus Christ Our Lord,

AMEN

OUR MISSION

An Innovative Financial Establishment to serve the community of Marigot and environs by providing competitive financial services, ensuring maximum member satisfaction.

OUR CO-OPERATIVE IDENTITY

Our Cooperative is an autonomous association of persons united voluntarily to meet their common financial, economic, social and cultural needs and aspirations through a jointly owned and democratically controlled institution.

OUR COOPERATIVE PRINCIPLES

* Voluntary and open membership
* Democratic member control
* Autonomy and independence
* Education training and information
* Cooperation with all cooperatives
* Concern for the community
* Cooperation with all non-governmental organizations and civic groups

OUR COOPERATIVE VALUES

* Self-help
* Self responsibility
* Democracy
* Equality
* Solidarity

OUR ETHICAL VALUES

* Honesty
* Openness and transparency
* Good governance
* Professionalism
* Objectivity
* Confidentiality
* Social responsibility
* Caring and concern for members
* Doing things right and doing the right things at all times
* Discipline and professional ethics

TABLE OF CONTENTS

STANDING ORDERS

1. (a) A Member shall stand and identify his / herself when addressing the Chair.
   (b) Speeches to be clear and relevant to the subject before the meeting.

2. A Member shall address the meeting when called upon by the Chairman to do so. After which he/ she shall immediately take his / her seat.

3. No Member shall address the meeting except through the Chairman.

4. A Member may not speak twice on the same subject except:
   (a) The mover of a motion – has the right to reply.
   (b) He rises to object or explain (with the permission of the Chair).

5. The mover of the "Procedural Motion" (Adjournment lay on the table, Motion to postpone) to have no right to reply.

6. No Speeches to be made after the "Question" has been put and carried or negated.

7. A Member rising on a "Point of Order" to state the point clearly and concisely,
   (a) Point of Order must have relevance to the "Standing Order".
   (b) A Member should not "Call" another Member "to Order" but may draw the attention of the Chair to a "Breach Order".

8. A question should not be put to vote if a member desires to speak on it or move an amendment to it – except that of a "Procedural Motion: The Previous Question", "Proceed to the Next Business" or Closure: That the question be "Now Put" may be move at any time.

9. Only one amendment should be before the Meeting at one and the same time.

10. When a motion is withdrawn any amendment to it falls.

11. The Chairman to have the right to a "casting vote".

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

13. Provision to be made for the protection by the Chairman from vilification (personal abuse).

14. No Member shall impute improper motives against another Member.

NOTICE and AGENDA

NOTICE

Notice is hereby given that the sixty eighth (68th) Annual General Meeting of the Marigot Co-operative Credit Union Limited will be held on Sunday 23rd June 2024 at 3:00 pm at the Wills Strathmore Stevens Primary School, Weirs, Marigot, Commonwealth of Dominica.

AGENDA

1. Ascertainment of Quorum
2. Call to Order
3. Prayer
4. Apologies of Absence
5. Adoption of Agenda
6. Welcome and Opening Remarks
7. Reading and Confirmation of the Minutes of the 67th AGM
8. Matters Arising from the Minutes
9. Reports and Discussion thereof:
    (i) Board of Directors (ii) Auditor's Report
    (iii) Treasurer's Report (iv) Credit Committee
    (v) Supervisory Committee
10. Election of Officers
11. Unfinished Business
12. New Business
    (i) Appropriation of Surplus
    (ii) Appointment of Auditor
13. Any other Business
14. Vote of Thanks
15. Adjournment

Velma Moses-Joseph
Secretary
For and on behalf of the Board of Directo

BOARD OF DIRECTORS

Gregory Riviere
President

Jason Robin
Vice President

Portia Tyson
Treasurer

Velma Moses Joseph
Secretary

Nanda Lawrence-Thomas
Secretary-Treasurer

Don Gordon
Director

Nichola Charles
Director

Clint Rolle
Director

Dernel Dailey-Alexander
Director

BOARD OF DIRECTORS REPORT
FOR THE YEAR ENDED DECEMBER 31ST 2023

Gregoire Riviere
Chairperson

1.0 INTRODUCTORY & GENERAL REMARKS

The Board of Directors of the Marigot Co-operative Credit Union Limited is pleased to present its report to the 68th Annual General Meeting for the fiscal year ended December 31st, 2023. Amidst an extremely challenging era, we continue to navigate the economic turbulences brought on by a number of geopolitical crises; all of which continue to impact our society negatively.
With your continued commitment and patronage along with our prudent fiscal management, we have seen some level of growth throughout the institution. Notwithstanding this, we have recognized the need for improvement in a few areas and your Board continues to do the necessary assessments and put measures in place to address them. It is on this premise and with a sense of hope and optimism that I humbly submit the Society's Annual Report on behalf of the Board of Directors.

2.0 OVERVIEW

The ongoing impact of the economic situation has negatively affected business performance and household incomes in every corner of our catchment area. Nevertheless, the year 2023 showed some signs of improved performance in certain areas of the operations. As such, we saw a 5.90% growth in member share capital, 6.24% growth in assets, 6.76% growth in liquidity, and a 20.73% increase in revenue over the previous year. Conversely, notwithstanding these gains, the Society was unable to generate a surplus for the period under review. This was due to a few unavoidable expenses such as the new Government License fee, increase in Advertising & Publicity, Donations and Sponsorship expenses, increase in Members Interest and Protection expense, increase in Employee Benefit Expense and Computer Expense.

Irrespective of our challenges, we continue to pay attention to the social needs of our people by augmenting our contributions in keeping with our social responsibility. Therefore, the MCCU sponsored and made donations to a number of groups and organizations.
During the year 2023, MCCU saw the best of its loan's performance ever in the Society's history; a total value of $13.36M was physically disbursed. At the same time, the society delinquency continues to decline due to the measures put in place to strengthen our collections department.

The Board and Management adapted procedures and policies to secure the main pillars of the MCCU which enables continuity in growth and offer products and services to our members that meets their total needs. In that regard, a number of policies to include Loan, Education, Procurement, Investment and the Employee Handbook were reviewed and ratified. The Society's long-awaited Bylaws has finally gotten the stamp of approval from the FSU and it is available on our MCCU's website for ease of reference.

We strived and worked to understand the immediate needs of the Society and economy, alongside the long-term impact on the interconnected financial system of which we are a part. Yet, in the midst of this rapidly changing environment, we continue to exercise strict and prudent fiscal management to ensure the viability and success of our institution. In doing so, we have put measures in place to contain cost, manage delinquency and return to profitability. The MCCU also continues to remain fully compliant with legislative and regulatory framework under which it operates.

Our Credit Union continues to position itself by expanding its offering, streamlining its processes and forging new partnership in order that we take advantage of new opportunities brought on by mega projects such as the International Airport within our servicing catchment. Our report highlights you, our membership, discusses our financial performance in relation to the loans that we offer and essentially, how we have reduced our delinquency. We will explain our risk and compliance responsibilities, how we market our MCCU while bringing to you our corporate governance oversight and social responsibility. Our report will underscore our future plans and initiatives while expressing our appreciation without forgetting those who were once members and have progressed to the great beyond.

3.0 THE MEMBERSHIP

Our members continue to be the Society's greatest asset. As such the Board is pleased to report that membership grew from 8,461 in 2022 to 8,673 in 2023. We welcomed the 212 new members and thank them for their willingness to be part of the MCCU family. Likewise, Share Capital grew by 5.90% resulting in a total of $1,070,475.00 by the close of 2023.

The Board and Management maintained healthy relationships with you, that ensured, that, in the process of directing the affairs of our Credit Union, we were able to secure your ongoing commitment and trust, thus ensuring, the Society's continuity. We have made it our business to stand steadfast and ensured that, as a member based financial institution, our sole responsibility was and still remains, to serve you, our members.

4.0 FINANCIAL PERFORMANCE

Total Assets increased to $61,085,352 as at December 31, 2023 compared to $57,499,295 at the end of December 2022. This represented an increase of $3,586,057 (6.24%).

Similarly, there was a reasonable growth in the liabilities as members found favor in the Society and were so encouraged to save and deposit their cash resources. The Savings and Deposits grew by $4,124,677 or 10.79%. In contrast, we saw a marginal reduction in term deposit of 1.18%.

Liquidity Management

As Savings/Deposits showed increased signs of growth, this has affected the amount of interest-bearing liabilities held by the Society however; its liquidity position continues to be strong. The Savings/Deposits grew by $4,124,677. The Member Retirement Savings Account (MRSA) continues to be a major attraction to members given that; it offers a rate of 4.5% which is among the highest being offered in the market.

Statement of Income

For the year under review, the Interest Income on loans amounted to $2,378,262 compared to $1,979,829 in the previous year, an increase of $398,433 or 20.12%. Meanwhile, Interest on Investment yielded $414,732 for the year in review, exceeding that of the previous year; an increase of $78,357 or 23.29%.

Operating Expenses & Interest Expenses

Operating Cost for the year in review stood at $2,466,755 while in comparison to $2,049,977 in the previous year. The increase was largely due to Advertising, Publicity and Promotions, Employee Expense and Benefits, Members interest and Protection, and the newly introduced statutory fee. On the other hand, Interest Expenses reduced despite the significant increase in the Savings/Deposits. The Interest Expense was $478,946 compared to $546,517 at December 31st, 2023, a reduction of $67,571 or 12.36%. This reduction was as a result of a decrease in Term Deposits.

Net Surplus/Loss

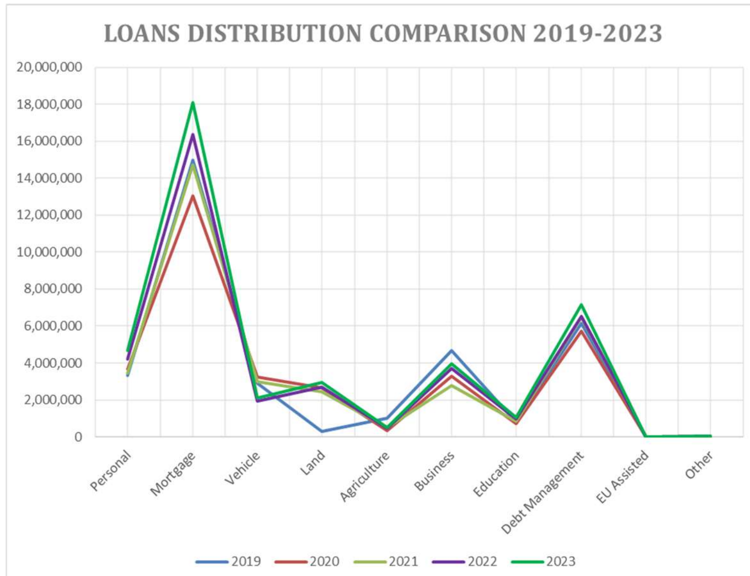
Notwithstanding our invaluable efforts in growing our revenue, prudently managing expenses (expenses that were necessary and, in some cases, mandatory) and strengthening the base of the Society, the Society was unable to realize a Net Surplus and consequently fell short by $288,834.

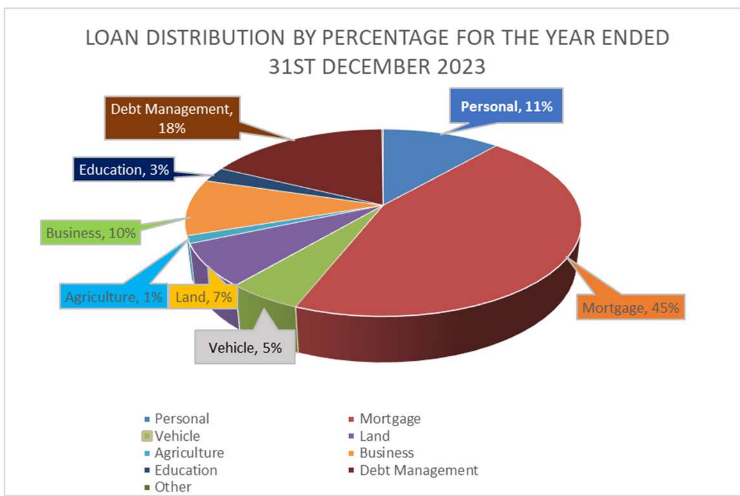
5.0 LOANS

The Loans Portfolio saw continued growth where every sector without exception experienced growth. The composition of the Loans Portfolio at the end of 2023 is shown in Table 1 below:

TABLE 1 Origination of Loans

CATEGORY	2023	2022	2021	2020	2019
Personal	4,663,430	4,226,603	3,473,290	3,682,326	3,319,079
Mortgage	18,081,479	16,349,731	14,725,596	13,035,720	14,993,233
Vehicle	2,110,366	1,921,566	2,991,892	3,255,769	2,992,577
Land	2,965,674	2,700,356	2,427,164	2,667,507	293,951
Agriculture	525,439	478,432	515,205	325,318	1,015,300
Business	3,956,785	3,716,922	2,782,701	3,283,779	4,653,116
Education	1,064,196	968,990	853,394	709,447	782,879
Debts Management	7,158,275	6,537,496	6,483,492	5,707,738	6,141,466
Other	52,710	47,994			
TOTAL	**40,578,355**	**36,948,090**	**34,252,734**	**32,667,604**	**34,191,602**





In 2023, MCCU saw the best of its loan's performance ever in the Society's history. A total

	MCCU ORIGINATION OF LOANS FOR 2023			
	Closing Balanc Of- 2022	Disbursement In-2023	Repayments In-2023	Portfolio Balance End of Dec. 2023
PERSONAL	4,226,603	4,575,837	4,139,010	4,663,430
MORTGAGE	16,349,731	6,002,077	4,270,329	18,081,479
VEHICLE	1,921,566	430,323	241,523	2,110,366
LAND	2,700,356	137,026	-128,292	2,965,674
AGRI	478,432	215,345	168,338	525,439
BUSINESS	3,716,922	277,786	37,923	3,956,785
EDUCATION	968,990	461,279	366,073	1,064,196
REFINANCED LOANS	6,537,496	1,238,537	617,758	7,158,275
OTHERS	47,994	22,428	17,712	52,710
TOTAL	$ 36,948,090	$ 13,360,639	$ 9,730,374	$ 40,578,355

value of $13.36M was physically disbursed. This puts the institution well on its path to achieving a $50M loans' portfolio by year-end 2025 as estimated and expressed in our strategic plan.

The Loans Department remained focused despite the continuous rise in inflation & economic challenges that befall the Sector. Major challenges faced were the spending power of members while another, was the competition from other financial institution with same or similar products and interest rates while holding greater liquidity and their ability to provide greater unsecure financing. The spike in the cost-of-living affected payment timeliness and was a determining factor in our members' ability to service their loans. Our Credit Union, as in its mandate to serve and assist in the socioeconomic upliftment of members have turned to restructuring and refinancing of loans to make it easier on our pockets. This (Debt Management) represents a 9.5% increase for 2023. This would essentially affect our estimated revenues. Nevertheless, it was a necessary measure to ensure members financial stability.

The introduction of the 4.5% Low Income Mortgage was geared at relieving your plight while offering you the ability to provide affordable housing accommodation to your family and loved ones. There were noteworthy increases in the 5.8% Mortgage Loan product. A significant demand for this product came through request from our diasporan membership. Our mortgage sector saw the greatest injection of investments recording the highest percentage increase of 10.59% or a shift of $1,731,748 over 2022. The second highest percentage increase was realized in the Personal

Loans sector. It generated a 10.34% increase above 2022's $4,226,603 reflecting a total increase of $436,827. All other categories had an average increase of 9.77% with the exception of the Business sector with an increase of 6.45%.
Looking ahead, with an aggressive Marketing Strategy, the Credit Union anticipates that continuous improvement will be the key to riding the peak of the tides. We however remain committed to the cause by constantly reviewing and presenting products and services to satisfy your changing demands.

6.0 DELINQUENCY MANAGEMENT

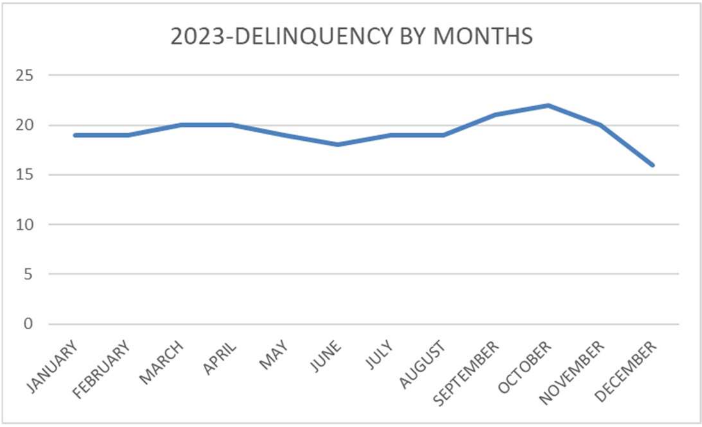
Income from the MCCU loans portfolio continued to be the main source of revenue for the Society. However, the level of Credit Risk associated with this is extremely high, underscoring the need to manage delinquency more efficiently.

The Board and Management placed much emphasis on Delinquency management in 2023. Delinquent Loans have posed a challenge that presented no single head to be chopped off, but, implementing good mitigating strategies have helped in reducing the number of loans going delinquent. The MCCU will continue its robust collection activities ensuring that we progress as closely as possible to the desired 5% Standard Pearls Ratio.
We have seen for the past year, increased efforts by delinquent members to service their delinquent loans through either clearing their arrears or paying off these delinquent loans altogether. The increased field visits clearly spoke to and further underscores Management's commitment to arresting this matter.
As this process continues, it is our hope that, all delinquent members will be fully cooperative and hold true to their commitment to return with interest what was borrowed.

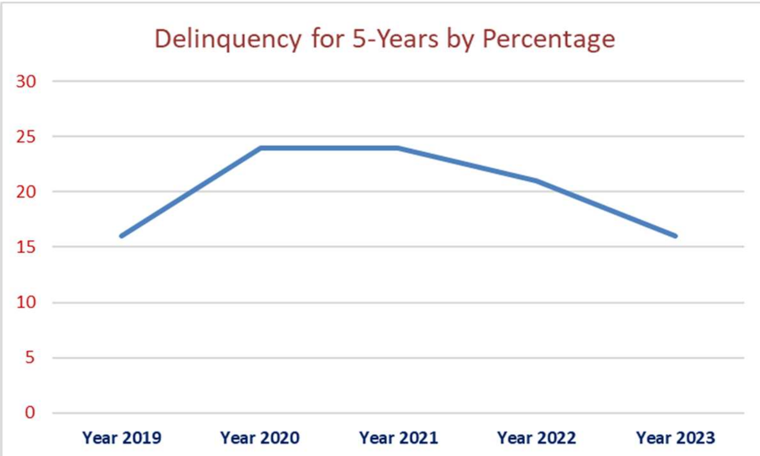
During the period under review the MCCU implemented the following strategies:

- Offering multiple payment methods (weekly, fortnightly, standing orders, local & international bank transfer);
- Act quicker with payment visibility strategy. This allowed quicker action to be taken to identify and rectify delinquent loan concerns;
- Provided readily available & accurate payments information to the borrower;
- Offering reminders to borrowers ahead of an agreed payment date. This was used as a means of reducing the likelihood of a missed payment;
- Offering restructuring to members with delinquent loans who were unable to meet their regular monthly installments;
- More emphasis was placed on field visits and personal contact with members to discuss and understand concerns that caused loan delinquency and imperatively, to identify possible solutions to remedy on same.

These strategies resulted in an overall reduction in the delinquency rate by 4% in 2023.



Hope is being able to see light in the midst of challenges.



7.0 RISK AND COMPLIANCE

The strictest adherence to our legal obligations is of highest priority to the Management of the MCCU. The Compliance Department continues to work closely with all Heads of Departments and their respective teams to ensure full compliance with Anti-Money Laundering/ Counter Financing of Terrorism Act (AML/CFT), Foreign Account Tax Compliance Act (FATCA), Automatic Exchange of Financial Account Information (Common Reporting Standard) Act, and other relevant policies and procedures that govern the operations of the Society.

The Compliance Department achieved the following during 2023:

1. Approval of the updates made to the AML/CFT policy, procedures and internal controls manual, which guides the overall management of the institution's compliance program.

2. Approval of the updates made to the AML/CFT Risk Assessment, which analyzes the various vulnerabilities in Money Laundering and Terrorism Financing, informs the AML/CFT policy and ensures compliance with AML/CFT legislations.

3. Annual training in AML/CFT for all staff and volunteers was carried out during the year. Trainings included refresher, remedial and one-on-one sessions for employees. The aim of the training was to ensure that employees and volunteers alike are acquainted with their legal obligations and that of the MCCU under the various AML/CFT legislations.

4. Submitted annual reporting of reportable accounts to the Inland Revenue Division (IRD) on FATCA and CRS to maintain compliance with FATCA Act 14 of 2018 and Automatic Exchange of Financial Account Information (Common Reporting Standard) Act 6 of 2019.

The Board reaffirms its commitment to promoting effective compliance within the MCCU's operations. The Board also acknowledges its obligation to attend all AML/CFT trainings provided by the Society.

As your Board, we pledge to continue fostering a culture of compliance to make certain that the MCCU remains totally compliant with all applicable laws and regulations. The Board of Directors urges all members to cooperate fully with the MCCU by complying with the rules and regulations in your conduct of business. Members are encouraged to update their accounts by visiting any of the Society's branches.

7.0 MARKETING

The MCCU undoubtedly operates within a hostile and yet competitive financial space. In that regard, Management saw the need to invest more resources into marketing the institution to members and potential members locally and within the diaspora. To achieve this, an in-house Marketing Team was established in 2023. The aim of which, was to jumpstart the Society's quest to vigorously promote our products and services thus, ensuring that the institution increased its business portfolio.

The Marketing team was tasked with creating a comprehensive marketing plan. These initiatives were geared at increasing our MCCU's presence, through social media exposure and local informational programs. The objective of which, was to have increased member knowledge of available products and services.

Key marketing initiatives undertaken in 2023 included:

- promoting loan products;
- engaging members on social media;
- radio advertising;
- sponsoring community activities, initiatives and educational events;
- supporting school projects/ programmes.

The MCCU will continue to pursue a proactive marketing and branding campaign geared at targeting new members, enhancing brand awareness, and fostering ongoing member engagement.

8.0 ATM SERVICES

Re: Report on Progress as it Pertains to the Acquisition of ATMs for the MCCU.

You the members at the 67th Annual General Meeting of the Society held in July of 2023, tasked the Board of Directors to do what was necessary to restore ATM services at our Credit Union. In so doing, an ATM Sub-Committee was established by the Board and assigned to look at the possibilities and select the best option of obtaining ATM services to provide for our membership. The ultimate aim of this venture was to meet our members' needs and give members access to their money.

Three options were placed on the table for consideration and they are a lease arrangement, a purchase arrangement and a shared service arrangement. The latter was considered! The MCCU management approached NBD in July of 2023 and held 4 meetings to discuss the possibility of having a shared service. A temporary option was reached until full details can be worked out over a 6-months period. A new Memorandum of Understanding will be negotiated post elapse of the 6-months period and all necessary details and information are garnered to make a more informed choice on the way forward.

9.0 MIMICS SOFTWARE

MIMICS implementation is still ongoing. Throughout the year, numerous modifications and customizations have been programed into the software to reflect MCCU's operation. In addition, several trainings were conducted for the members' onboarding, teller and loan modules. These modules are fully functional and awaiting final testing. Other functionalities such as external payroll processing, member transfers and bank transfers are also operational.

More testing is required in the accounting module for processes such as generating financial reports.

10.0 CCCU CONVENTION

Caribbean Confederation of Credit Unions

The 2023 Conference of Caribbean Confederations of Credit unions was held in Puerto Rico under the theme; **Making the Member Connection Mission Possible**. This is where eighteen countries and two hundred and thirty credit unions are represented to report on their successes and form lifelong networks. By sharing with each other the strategies explored in successfully serving members, solving problems and increasing wealth. The Conference was attended by the Treasurer, Ms. Portia Tyson on behalf of MCCU.

Under the theme "**Making the Member Connection Mission Possible"** the key take away were

- The people helping people philosophy; Reaching out to member's assuring them that their Credit unions is ever present during hard times as, well as celebratory moments.
- Risk Management, Early identification of risk and being proactive in its management and or eradication.
- Inspire; Help employees understand their own motivation, help to develop Capacity among employees.

11.0 OECS CREDIT UNION SUMMIT

The 2023 Organization of Eastern Caribbean States Annual Credit Union Summit at which all countries of the OECS with Credit Union Membership was represented was held from the 4th to the 8th October 2023 in Grenada. Dominica was represented by a contingent of twenty-one (21) led by the League's Manager Mr. Phoenix Belfield. The MCCU was represented by two delegates namely: Mr. Jason Robin – Vice President of the Board-MCCU and Mr. Reginald Robin – General Manager-MCCU. Our Treasurer was present at the Summit however she represented CorpEFF Insurance.

The Summit was hosted by the Grenada Co-op. Societies League Ltd under the theme **'Bolder Actions, Bigger Actions, Brighter Tomorrow'** with the main focus on youth members of credit unions in the OECS. The strategic goal was 'action on innovative investment'.

The keynote address was delivered by Mr. Michel Williams of Dominica, who impressed on the gathering that credit unions in the OECS should be wholeheartedly involved in the Digital World. Credit Union members MUST BE ABLE TO access their money wherever they are in the world and at any point in time.

There were other highlights and presenters who underscored the notion that 'culture is simply the way we do businesses.

A few key takeaways are as follows:
* OECS Credit Union Members Savings and Deposits account for 5.1Billion which represents 43.5% of the OECS GDP combined;
* Credit Unions represent the people's – Confidence, Trust and Dependence;
* All Agricultural inputs should be purchased and sold by the credit unions in agriculturally based countries.
* What Criterion does Credit Unions use for appointing members to the Board of Directors, re: competence of individuals, skills, trainings and experience etc.

12.0 CORPORATE GOVERNANCE

As a member-owned Co-operative financial institution, your Credit Union is governed by a Board of Directors elected by its members.

Responsibility

During the year under review your Board of Directors met regularly to execute its mandate of governance and fiduciary responsibility. In so doing, we were guided by the Dominica Co-operative Societies Act and Regulations as well as the Society's By-Laws. As such, we were focused on formulating policies, providing strategic direction, ensuring the effectiveness of internal controls among others, all in an effort to act in the best interest of our members.

For the year in review the Board of Director comprised of the following members:

Mr. Gregory Riviere	President
Mr. Jason Robin	Vice President
Mrs. Velma Moses-Joseph	Secretary
Miss Portia Tyson	Treasurer
Mrs. Nanda Lawrence-Thomas	Asst. Secretary/Treasurer
Mrs. Dernelle Daily-Alexander	Director
Mrs. Nichola James-Charles	Director
Mr. Clint Rolle	Director
Mr. Don Gordon	Director

Meetings

The Board convened and met sixteen (16) times for its regular meetings and continuation of same during the year January 1st –December 31st 2023. There were several special meetings in addition to the regular meetings to deal with specific issues of vital importance to the Credit Union.

The Board further organized a number of Sub-committees comprising of the following to which Directors were assigned based on their knowledge, skills and experiences:

i. ATM-Sub Committee: Headed by Vice President Mr. Jason Robin, included Miss Portia Tyson and Mr. Don Gordon.
ii. Human Resource-Sub-Committee-Headed by Secretary Mrs. Velma Moses-Joseph, and includes Miss Portia Tyson.
iii. Union Negotiating Committee – Headed by Director Miss Portia Tyson, includes Mrs. Nanda Lawrence-Thomas, and Mr. Gregory Riviere.
iv. Revised Policies Committee – Headed by Mr. Gregory Riviere- includes Mr. Jason Robin, and Miss. Portia Tyson

These committees met as required and reported to the board for further actions.

MEETINGS AND ATTENDANCES

DIRECTORS	Regular Board Meetings				Special Board Meetings			
	Total	Attended	Excused	No	Total	Attended	Excused	No
Gregory Rivier	12	11	1		14	12	2	
Jason Robin	12	10	2		14	12	2	
Portia Tyson	12	11	1		14	13	1	
Velma Moses Joseph	12	8	5		14	9	5	2
Nanda Lawrence	7	6	1		9	7	2	
Dernelle Daily Alexander	7	4	3	1	9	5	4	
Nichola James Charles	12	10	2		14	12	2	
Clint Rolle	12	8	2	2	4	1	1	2
Don Gordon	11	10	1		12	11	1	
Grenville Prevost	3	2	1		4	3	1	
Smith Telemaque	6	3	3		8	4	2	
Damien Casimir	2	2			1			

13.0 SOCIAL RESPONSIBILITY

The MCCU remains a ‘beacon of hope” as it continues to make a difference in the lives of the member within our catchment area by our timely interventions through sponsorships and donations to our members.

For the year 2023 the MCCU awarded an additional two (2) scholarships for secondary school attendance. This brings a cumulative total of eleven (11) fulltime scholarship holders at secondary schools at a cost of $8,334.

Our Newest Scholarship Recipients'

At the same time, MCCU made donations to individuals, groups and organizations within our catchment area, at a cost of $104,743.38. This represents an increase of 272% over the previous year.

14.0 FUTURE PLANS AND INITIATIVES:

As the MCCU continues on a trajectory of steady growth, the Board of Directors must continue to be proactive to maintain its successes, while at the same time putting measures in place to address weaknesses. Indeed, the economic climate continues to be challenging and our competitors have declared a war on interest rates to the extent that there is an absolute need for the MCCU to focus on improving member service, loan growth, Delinquency Management, and to find new income streams. The following are some specific measures already being worked on for future success of our beloved MCCU:

- ✓ The Board will engage a Human Resource professional to carry out a full Human Resource Audit of the Society's structure, operations and human-resource requirement. In doing so, it is expected that there be improved customer service, increase efficiency, employee benefits and an increase in productivity;
- ✓ The Society has to conduct market research to determine the need to have a physical presence in new areas;
- ✓ Complete the process of restoring ATM service to members;
- ✓ Review of our lending policy and interest rates in line with market trends;
- ✓ Establish a fully staffed collections unit;
- ✓ Increase service delivery at the Woodford Hill and Wesley Branch to include service on a Saturday at one of these branches;
- ✓ Determine the way forward with the newly introduced financial system MIMICS;
- ✓ Increase and improve our community involvement in all villages within our catchment area;
- ✓ Develop the assets at Woodford Hill to derive additional income streams.

14.0 APPRECIATION

The Board of Directors is extremely grateful to the general membership for the opportunity to serve. Indeed, we thank you for your continued loyalty, commitment and the confidence that you continue to place in your Credit Union.

The Board of Directors also wishes to extend its gratitude and appreciation to Management and staff and recognize their invaluable contributions to the achievements made thus far. Appreciation is extended to the Credit Committee and Supervisory & Compliance Committee for their unwavering commitment in providing support to ensure that the work of the Society continues.

It would be remiss of me not to recognize the deep collaboration with other institutions and individuals, in particular, the Dominica Co-operative Societies League, our sister Credit Unions, Mr. Glen Ducreay and Mr. Michel Williams. Special mention must also be made of Mr. Pheonix Belfield, the General Manager of the League, for his sterling contribution and tremendous support during the year under review.

15.0 CONDOLENCES

The Board and the Credit Union by extension wish to extend deepest sympathies to all members of the MCCU family who have lost loved ones including that of Mr. Valentine Telemaque who died as an active member of the Credit Committee. May their souls rest in eternal peace.

16.0 CONCLUSION

The financial year 2023 can be described as a period of mixed fortune for the MCCU. The Credit Union is stable and most of the performance indicators are moving in the right direction. Notwithstanding this, one should not overlook the need to ensure greater member satisfaction. Therefore, it is imperative that MCCU move with haste to implement the future plans and initiatives as articulated in this report.

Certainly, MCCU has no control over the behaviour of competitors in the marketplace neither does it have control of the national, regional and global economies. However, all these factors among others can play a crucial part in MCCU's overall success. Consequently, MCCU must position itself to take advantage of the many opportunities brought on by major developments such as the International Airport Project.

Fellow members, the MCCU is on a solid foundation and the Board is optimistic of its continued growth as it continues to be the Beacon of Hope serving the North East. Let us all look to the future with hope, love and unity as MCCU continues to make a positive impact in the lives of this generation and others to come.

Gregory Riviere (Mr.)
President, MCCU
For and on behalf of the Board of Directors

Tribute to

MR. VALENTINE TELEMAQUE

On behalf of the membership of Marigot Co-operative Credit Union Limited, the Board of Directors wish to salute and pay special tribute to Mr. Valentine Telemaque in recognition of his services to the Credit Union movement. He served in all areas of the Society's Governance during the period from June of 1999 up to the date of his death.

Mr. Telemaque died suddenly on August 30th, 2023, while serving the MCCU as Chairman of the Credit Committee. He started serving in the MCCU on the Board of Directors in 1999, and in the process contributed significantly to the Society's welfare and all facets of its development throughout the years by applying his knowledge of Co-operative Governance and skills in Information Technology to its upliftment.

Mr. Telemaque can be described as a stalwart of the Credit Union movement in Dominica also represented the Marigot Co-op. Credit Union Limited on the Dominice Co-op. Societies League Ltd. Board of Directors and continued to serve that umbrella body of the Co-operative movement in Dominica. He also served that body up to the time of his death in a consulting capacity.

The last award he won before his passing was at the UNCDF Technology Innovation Pitch contest for Mobile solution of which he was the presenter for "MLajan for the underserved" when he and Mr. Phoenix Belfield represented MLajan.

We are elated and proud that he was a member of our MCCU for the best part of his life. To his children and siblings, we wish you the very best.

Thank You
for your service

TREASUERER'S REPORT
FOR THE YEAR ENDED DECEMBER 31ST 2023

Portia Tyson
Treasurer

It is indeed a pleasure to report to you the members, on the financial progress and accomplishments of the Marigot Co-operative Credit Union (MCCU) for the year ended 31st December 2023.

During the reporting year, the Marigot Co-Operative Credit Union (MCCU) maintained a healthy bank balance whilst strengthening its financial position and increasing its Member's Share Capital. Even so, the Society was not immune to the downturn in the economy as well as effects of inflation.

Financial Performance

During the year, MCCU's Interest & Investment income generated revenue amounting to $2,845,412 whilst Other Income amounted to $407,490 resulting in a total revenue of $3,252,901 with fair value gain amounting to $17,397. The value gain was realized as a result of an increase in Domlec's share value (See note 7).

When compared to 2022's revenue of $2,694,374 there was an increase of 20.73% or $558,527 in revenue.

Total expenses for the year amounted to $3,559,132 which was inclusive of the *new government license fee* of $40,000. In reviewing and comparing 2022's expenses to this reporting period, there was an increase of 20.33% or $416,788. The increase was mainly in Advertising and Publicity, Donations and Sponsorship ($121,685 or 193%), Member's Interest and Protection ($66,120 or 38.16%) Employees Benefit Expense ($96,256 or 8.43%) and Computer Expense and software maintenance ($37,351 or 79.85%). the increase in the computer expense was due to Domlec's power outages and lightning strike that occurred in October of 2023 which affected the Communication System to include computer system, network switch, the PBX telephone System and desk phones.

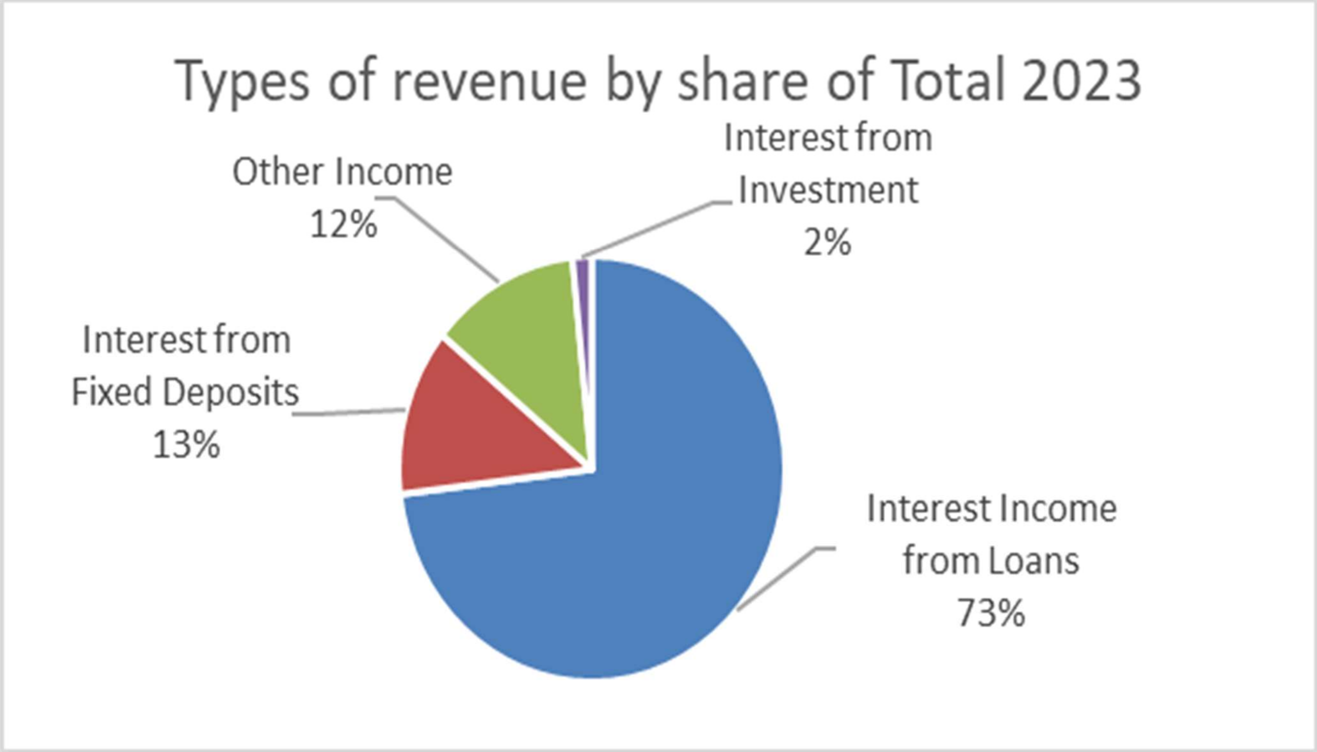
Despite an increase of 20.73% in revenue, the society still did not realize a net surplus as there were above normal re-structuring of loans, increase in statutory fees, member's security expense and improvement in employees' benefits.

At the end of this reporting period the society realized a net loss before appropriations in tune of $288,834.Nonetheless the Marigot Co-Operative Credit union continues to be your

Table 1. Interest & Other Income 2023

Income	2023	2022	Difference	Percentage
Interest Income from Loans	2,378,262.00	1,979,829.00	398,433.00	20.12
Interest from Fixed Deposits	414,732.00	336,375.00	78,357.00	23.29
Other Income	407,490.00	351,961.00	55,529.00	15.78
Interest from Investment	52,417.00	26,209.00	26,208.00	100.00
Total Revenue	**3,252,901.00**	**2,694,374.00**	**558,527.00**	**20.73**

trusted financial partner, keeping member's needs as its highest priority.

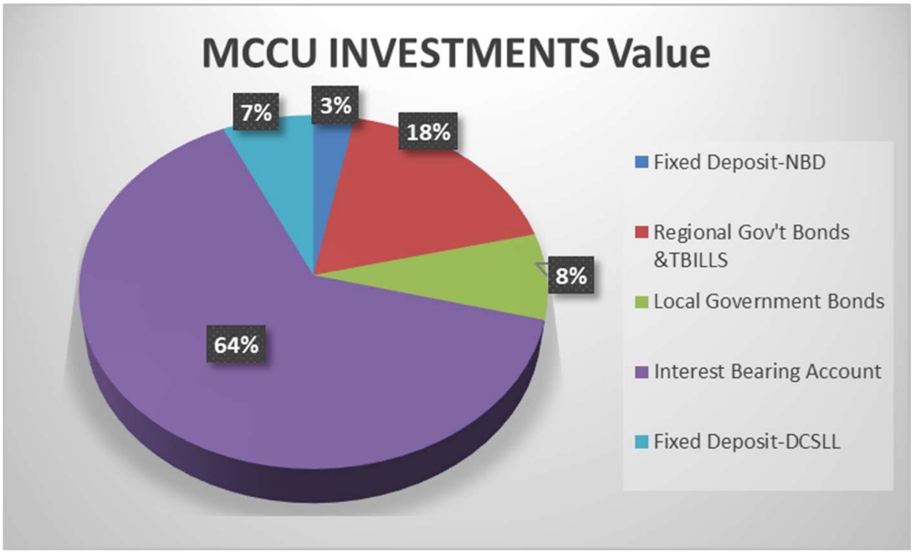


Investment

As at 31st December 2023 MCCU had Interest earning Investment totaling $12,720,305 which yielded interest revenue of 467,140 for 2023. (See note 27)

Statement of Financial Position

At the close of 2023 financial year, the Assets of Marigot Co-Operative Credit Union recorded overall growth of **6.24%** moving from $57,499,295 at the end of 2022 to $61,085,352.



Assets growth were among the following:

Table 2- Performance Indicators for 2023

Indicators	**2023**	**2022**	**2021**	**2023 FY Increase / Decrease**	**Percentage**
Total Assets	61,085,352.00	57,499,295.00	54,480,829.00	**3,586,057.00**	6.24
Cash Resources	12,880,400.00	11,786,174	13,183,767.00	**1,094,226**	9.28
Net Loans	37,990,924.00	34,737,624.00	31,463,224.00	**3,274,400.00**	9.43
Total Liabilities	54,969,092.00	50,871,042.00	48,242,812.00	**4,098,050.00**	8.06
Savings & Deposits	42,367,982.00	38,243,305.00	37,071,634.00	**4,124,677.00**	10.79
Term Deposit	11,995,325.00	12,138,706.00	10,840,180.00	**-143,381.00**	-1.18
Share Capital	1,070,475.00	1,010,839.00	955,729.00	**59,636.00**	5.9
Member's Equity	6,116,260.00	6,628,254.00	6,238,016.00	**-511,994.00**	-7.72

Cash and bank balances **9.28%** or $1,094,226, Financial Assets (investment) **0.2%** or $11,250, and Financial Assets (Loans) **9.43%** or $3,274,400, simultaneously there were reduction in Other Assets amounting to **34.8%** or $450,736 and Financial Assets at Fair Value through profit and loss, which dropped from $628,573 at the end of last year to $438,226 at the end of this year, this was mainly as a result of the re-evaluation of the Woodford Hill property investment which was affected by the passage of hurricane Maria resulting in a 44.41% decrease in value.

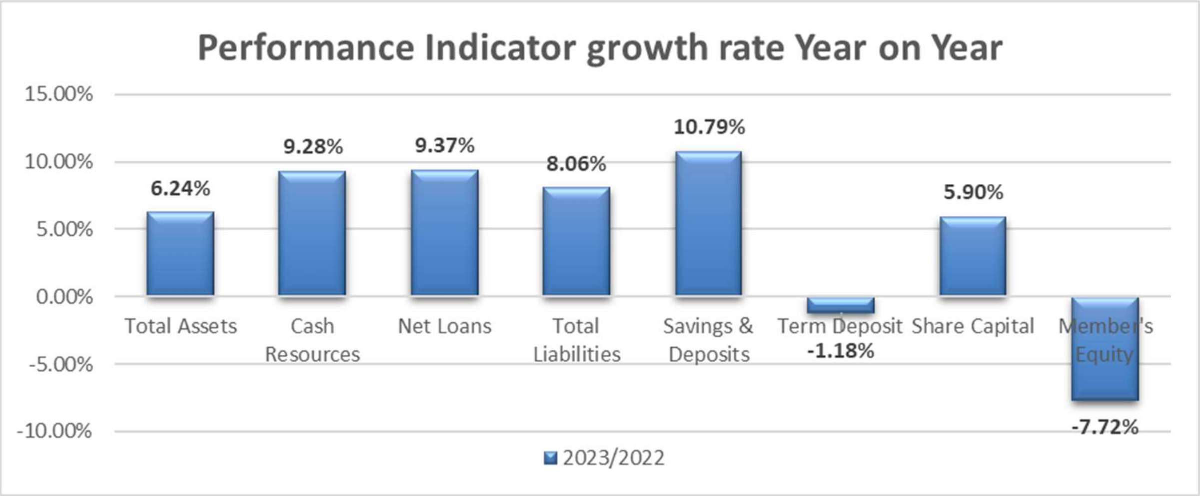
Liabilities also recognized overall growth of 8.06% or $4,098,050 which shows that amidst the economic pressure, members are still willing to save.

Member's Equity experienced a cumulative reduction of $511,994 or 7.72% below 2022 financial year.

Notwithstanding the competitive loans market, the MCCU was able to increase its loan portfolio by 9.43% or $3,274,400. Though the amount eclipsed that of 2022 financial year the percentage value was reduced from 10.41% in 2022.

Conclusion

The Marigot Co-Operative Credit Union continues to be the Beacon of Hope which serves the North East and Dominica by extension. This is visible by the constant increase in revenue over the last two years as well as the increase in member's share capital which is indicative of your unwavering support and patronage.

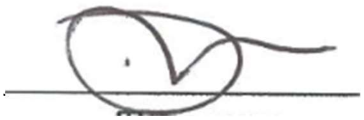


although the figures proved that the year was a very challenging one, nonetheless, another year was completed. However, MCCU had Asset growth of 6.24 %, an increase in cash resource of 9.28% with an increase in the loans' portfolio of 9.43%. The savings and deposits increased by 10.79%, which exemplifies your commitment to MCCU and we applaud you for that.

We urge you to continue to support your institution by being each other's keeper. We encourage each one of us to utilize the services offered as well as honoring our commitments to MCCU. Most of all we all should be a positive voice echoing the successes and triumph of MCCU.

Acknowledgement

I hereby extend gratitude to you the members who have afforded me the opportunity to serve. Recognition is also extended to my fellow Board Members who continue to provide support in ensuring that the requirements of MCCU are always a priority. Management and Staff, other Volunteers who have worked in harmony to execute the needs of the Society. Not forgetting our fellow affiliates who are ever willing to assist, thank you.



Portia Tyson (Ms.)
Treasurer


FIRST
STRIKE
MORTGAGE PACKAGE
UNLOCK THE POSSIBILITIES
OF HOME OWNERSHIP
with a LOW INTEREST rate of
5.8%
ENJOY
Comfortable Monthly Installments
Good Repayment Terms
Easy Negotiations & Home Insurance
*applicable to new mortgages
*subjected to normal lending criteria
FOR MORE INFO, CALL:
445 7155 / 7166

MARIGOT CO-OPERATIVE CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **Marigot Co-operative Credit Union Limited** (the Society), which comprise the balance sheet as at December 31, 2023, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Navigant Consulting Services

Roseau, DOMINICA

April 9, 2024

MARIGOT CO-OPERATIVE CREDIT UNION LIMITED
Statement of Financial Position
As at December 31, 2023

	Notes	2023	2022
		$	$
ASSETS			
Cash and bank balances	5	12,880,400	11,786,174
Financial assets at fair value through other comprehensive income	6	5,744,763	5,733,513
Financial assets at fair value through profit or loss	7	438,226	628,573
Financial assets at amortised cost	8	37,990,924	34,737,624
Other assets	12	843,843	1,294,579
Property plant and equipment	13	3,187,196	3,318,832
TOTAL ASSETS		**61,085,352**	**57,499,295**
LIABILITIES			
Members Savings/Ordinary Deposits	14	42,367,982	38,243,305
Term Deposit	15	11,995,325	12,138,706
Accounts payable and provision	16	319,669	239,126
Employee Pension Plan	17	286,117	249,905
TOTAL LIABILITY		**54,969,092**	**50,871,042**
MEMBERS EQUITY			
Members Shares	18	1,070,475	1,010,839
Statutory & Legal Reserves	19	1,795,647	1,795,647
Revaluation Fund	20	2,197,375	2,385,969
Education Fund	21	235,566	242,179
Building Fund Reserve	22	14,083	14,083
Community Development Fund	23	174,673	176,673
Development Fund	24	223,307	223,307
Institutional Strengthening & Capacity Building Fund	25	187,359	187,359
Accumulated Surplus	26	217,775	592,198
TOTAL MEMBERS EQUITY:		**6,116,260**	**6,628,254**
TOTAL LIABILITIES AND MEMBERS EQUITY		**61,085,352**	**57,499,295**

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

Approved by The Board on April 9, 2024 **and signed on behalf of the Board of Directors by:**

Gregory Reviere
President

Portia Tyson
Treasurer

Hope is being able to see light in the midst of challenges.

MARIGOT CO-OPERATIVE CREDIT UNION LIMITED
Statement of Income and Appropriations
For the year ended December 31, 2023

	Notes	2023 $	2022 $
Interest & Investment Income	27	2,845,412	2,342,411
Interest expense	27	(478,946)	(546,517)
Net interest income		**2,366,466**	**1,795,894**
Other income	28	407,490	351,961
Operating income		**2,773,956**	**2,147,856**
Operating cost	30	(2,466,755)	(2,049,977)
Fair Value Gain/(Loss)	7	17,397	-
Expected Credit Losses	8 (b)	(376,964)	579,043
Depreciation	13	(236,467)	(220,010)
Surplus before appropriation		**(288,834)**	**456,912**
Appropriations			
Transfer to Statutory Reserve	19	-	(91,382)
Transfer to Community Dev. Fund	23	-	(22,846)
Transfer to Development Fund	24	-	(22,846)
Transfer to Education Fund	21	-	(22,846)
Net surplus for the year		**(288,834)**	**296,993**

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

MARIGOT CO-OPERATIVE CREDIT UNION LIMITED
Statement of Changes in Equity
For the year ended December 31, 2023

	Member Shares	Statutory Reserve	Revaluation Reserve	Education Fund	Building Fund	Community Dev Fund	Development Fund	Institutional Strengthening & Capacity Building Fund	Accumulated Surplus	**Total**
Balance as at 31/12/21	**955,729**	**1,704,265**	**2,385,969**	**219,333**	**14,083**	**176,027**	**200,461**	**187,359**	**394,791**	**6,238,017**
Appropriation	-	91,382	-	22,846	-	22,846	22,846	-		159,920
Net surplus	-	-	-	-	-	-	-	-	296,993	296,993
Receipts	55,110	-	-	-	-	-	-	-	-	55,110
Payments	-	-	-	-	-	(22,200)	-	-	-	(22,200)
Entrance fees	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	(76,392)	(76,392)
Revaluation Surplus	-	-	-	-	-	-	-	-		-
Adjustment /prior year etc.	-	-	-	-	-	-	-	-	(23,194)	(23,194)
Balance as at 31/12/22	**1,010,839**	**1,795,647**	**2,385,969**	**242,179**	**14,083**	**176,673**	**223,307**	**187,359**	**592,198**	**6,628,254**
Appropriation	-	-	-	-	-	-	-	-	-	-
Net surplus	-	-	-	-	-	-	-	-	(288,834)	(288,834)
Receipts	59,636	-	-	-	-	-	-	-		59,636
Payments	-	-	-	(6,613)	-	(2,000)	-	-		(8,613)
Entrance fees	-	-	-	-	-	-	-	-		(0)
Dividend	-	-	-	-	-	-	-	-	(85,598)	(85,598)
Revaluation Surplus	-	-	-	-	-	-	-	-		-
Adjustment /prior year etc.	-	-	(188,594)	-	-	-	-	-	9	(188,586)
Balance as at 31/12/23	**1,070,475**	**1,795,647**	**2,197,375**	**235,566**	**14,083**	**174,673**	**223,307**	**187,359**	**217,775**	**6,116,260**

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

MARIGOT CO-OPERATIVE CREDIT UNION LIMITED
Statement of Cash Flows
For the year ended December 31, 2023

	2023 $	2022 $
Cash flows from operating activities		
Surplus before appropriation	(288,834)	456,912
Adjustments for:		
Depreciation	236,467	220,010
Expected Credit losses	376,964	(579,043)
Fair Value Gain	(17,397)	-
Cash flows before changes in operating assets and liabilities	**307,192**	**97,879**
Increase/ (Decrease) in Originated Loans	(3,630,263)	(2,695,357)
Increase/ (Decrease) in members' savings/demand deposit	4,124,677	1,171,671
Increase/ (Decrease) in other assets	450,736	(234,742)
Increase/ (Decrease) in term deposits	(143,381)	1,298,526
Increase/ (Decrease) in employee pension fund	36,212	33,349
Increase/ (Decrease) in accounts payable and provisions	80,543	124,684
Net Cash from operating activities	**1,225,715**	**(203,992)**
Cash flow from investing activities		
Purchase of fixed assets	(104,831)	(215,888)
Purchase of Financial Assets at FVTOCI	(53,481)	-
Proceeds from Financial Assets at FVTOCI	190,347	158,701
Net cash from investing activities	**32,035**	**(57,187)**
Cash flow from financing activities		
Member Shares Issued	59,636	55,110
Dividends	(85,598)	(76,392)
Net receipts/payments from fund/reserves	(137,563)	(45,391)
Net cash from financing activities	**(163,524)**	**(66,673)**
Net cash flows	**1,094,225**	**(327,853)**
Cash and Cash Equivalents at beginning of year	**11,786,174**	**12,114,027**
Cash and Cash Equivalents at end of year	**12,880,400**	**11,786,174**

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

1. Legal status

Marigot Co-operative Credit Union Limited is registered under the Co-operative Societies Act No. 15 of 1996, which has been replaced by Act No. 2 of 2011 of the Laws of the Commonwealth of Dominica.

The registered office and principal place of business is located at Weirs Marigot, Dominica

2. 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.

All figures are stated in Eastern Caribbean dollars (EC$) which is the local currency of the Commonwealth of Dominica. US$1 = EC$2.7

a. Basis of preparation

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

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

2. Summary of significant accounting policies cont'd

a. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances which mature within 90 days of the date of acquisition, including cash, savings and current account balances with commercial banks.

b. 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. 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.

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

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

(a) 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.

(b) 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.

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.

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

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 and similar 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.

- 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.

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

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. 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.

(i) Impairment

The Society assesses on a forward-looking basis the expected credit losses ('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

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

- 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.

(ii) 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.

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

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).

(iii) 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.

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

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;

- 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).

2. Significant Accounting Policies cont'd

c. Financial assets and liabilities cont'd

(ii) Derecognition

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

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

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

d. Financial guarantee contracts and loan commitments

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

2. 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.

2. Significant Accounting Policies cont'd

e. Functional and Presentation Currency cont'd

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).

f. Plant, property and Equipment

The Society's land and building is shown at fair value, based on valuations carried out on November 8, 2018, by QSC Ltd, on October 24, 2005, on May 27, 2009 and on October 22, 2012 by Balthazar Watt, Licensed Surveyor. All other assets are stated at cost less accumulated depreciation.

Depreciation is provided for on the straight-line basis for buildings and reducing balance basis for the other assets at rates estimated to write off the cost of the assets over their expected useful lives. The rates currently in use are:

Building	2.5%
Furniture and fixtures	15%
Computers	20%

g. Interest income and expense

Loan interest income is recognized when received. Interest income and expenses are recognized in the income statement for all other interest-bearing instruments on an accrual basis using effective interest rates. Interest income includes income on fixed investments.

h. Capital Grants

Capital grants are deferred and allocated to income at the same rate as the depreciation on the fixed asset financed by the grant.

2. Significant Accounting Policies cont'd

i. Taxation

The Society is exempt for Income Tax under Section 25(1)(m) of the Income Tax Act Chapter 67:01 of the Revised Laws of the Commonwealth of Dominica.

j. Dividends

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

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

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.

3. Critical accounting estimates and judgement cont'd

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	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit, 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

4. Financial Risk Management cont'd

a. Credit risk

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

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

Credit risk measurement

Loans and advances (incl. loan commitments and guarantees)

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

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.

4. Financial Risk Management cont'd

a. Credit risk cont'd

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 note 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.

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

4. Financial Risk Management cont'd

a. Credit risk cont'd

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.

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 Society's expected loss calculations.

4. Financial Risk Management cont'd

a. Credit risk cont'd

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.

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.

4. Financial Risk Management cont'd

a. Credit risk cont'd

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.

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.

4. Financial Risk Management cont'd

a. Credit risk cont'd

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.

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.

4. Financial Risk Management cont'd

a. Credit risk cont'd

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.

	2023 **$**	**2022** **$**
Provision at beginning of year	2,210,467	2,789,510
Amounts restated through opening retained earnings	-	-
Opening loss allowance (IFRS 9)	2,210,467	2,789,510
Bad debts recovered	-	-
Bad debts Written Off	-	-
Prior year provisioning restated	-	-
Expected Credit Loss recognised during the period	376,964	(579,043)
Closing Allowance for Expected Credit Losses	**2,587,431**	**2,210,467**

4. Financial Risk Management cont'd

a. Credit risk cont'd

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. Market risk

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

c. Currency risk

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

d. Liquidity risk

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

5. Cash and Bank

	2023	2022
	$	$
This comprises as follows:-		
Cash on hand	1,018,519	757,821
Current account	3,712,737	3,040,440
Saving account	8,149,144	7,987,913
	12,880,400	**11,786,174**

6. Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Society has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Society considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Society's business model is achieved both by collecting contractual cash flows and selling financial assets.

6. Financial Assets at Fair Value through Other Comprehensive Income cont'd

	2023	2022
	$	$
Equity Investments		
Shares at Dominica Co-op. Societies League Ltd	89,242	89,242
Debt investments		
Statutory Reserve Deposit **(See note 10)**	1,069,740	1,069,740
Treasury Bills (**see note 11(a))**	778,863	767,613
Regional Government Bonds **(see note 11(b))**	1,530,993	1,530,993
Local Government Bonds **(see note 11(c))**	1,000,000	1,000,000
Fixed deposits at League & Other Financial Intuitions (**See note 9)**	1,275,924	1,275,924
	5,655,521	**5,644,271**
Total Financial Assets at Fair Value Through Other Comprehensive Income	**5,744,763**	**5,733,513**

7. Financial Asset at Fair Value through Profit and Loss

The Society classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (note 8) or FVOCI (note 6)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI

Financial assets mandatorily measured at FVPL include the following:

	2023	2022
	$	$
Dominica Electricity Company shares at Fair Value	33,244	15,847
Woodford Hill Property Investment	260,000	467,744
Dominica Unit Trust Shares	10	10
Shares at National Bank of Dominica Ltd.	44,972	44,972
Shares at CORP-EFF	100,000	100,000
	438,226	628,573
DOMLEC shares at cost	15,847	15,847
Fair Value Gain of $3.75 per share at 31/12/23	17,397	-
8,865 shares at $3.75 per share	**33,244**	**15,847**

8. Financial Assets at Amortised Cost

The Society classifies its financial assets at amortised cost only if both of the following criteria are met:
- the asset 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

(a) Financial assets at amortised cost include the following debt investments:

	2023	2022
	$	$
Loans to related parties **(See note 31)**	4,099,899	2,428,044
Loans to Members (**see note 8 (c))**	36,478,456	34,520,047
Total Originated Loans	40,578,355	36,948,091
Less: Loss Allowance (**See note 32 (c))**	2,587,431	2,210,467
	37,990,924	**34,737,624**

(b) Allowance for Expected Credit Losses

	2023	2022
	$	**$**
Provision at beginning of year	2,210,467	2,789,510
Amounts restated through opening retained earnings	-	-
Opening loss allowance (IFRS 9)	2,210,467	2,789,510
Bad debts recovered	-	-
Bad debts Written Off	-	-
Prior year provisioning restated	-	-
Expected Credit Loss recognised during the period	376,964	(579,043)
Closing Allowance for Expected Credit Losses	**2,587,431**	**2,210,467**

8. Financial Assets at Amortised Cost cont'd

(c) Originated Loan - Sectoral Analysis	2023	2022
	$	$
Personal	4,663,430	4,226,603
Mortgage	18,081,479	16,349,731
Vehicle	2,110,366	1,921,566
Land	2,965,674	2,700,356
Agriculture	525,439	478,432
Business	3,956,785	3,716,922
Education	1,064,196	968,990
Refinanced Loans	7,158,275	6,537,496
Other	52,710	47,994
	40,578,355	**36,948,090**

9. Fixed Deposits at Other financial Instruments

	2023	2022
	$	$
Fixed deposits at league & Banks	1,275,924	1,275,924
Fixed deposit at CLICO less impairment loss	-	-
Fixed deposit at BAICO less impairment loss	-	-
	1,275,924	**1,275,924**
Provision for Impairment on Investment		
Fixed deposit at CLICO	215,533	215,533
Less provision for impairment loss	(215,533)	(215,533)
	-	-
Fixed deposit at BAICO	266,640	266,640
Less provision for impairment loss	(266,640)	(266,640)
	-	-

10. Statutory Reserve Deposit

	2023	2022
	$	$
Demand Deposit at Dominica Co-op. Societies League Ltd	**1,069,740**	**1,069,740**

11 (a). Treasury Bills

	2023	2022
	$	$
5.00% 2-year Government of Grenada Bill	307,438	307,438
4.50% 2-year Government of St. Lucia Bill	318,055	306,805
4.50% 1-year Government of St. Lucia Bill (Staff Pension Fund)	153,369	153,369
	778,863	**767,613**

11. (b) Regional Government Bonds

	2023	2022
	$	$
6.25% 5-year Government of St. Lucia Bond	1,030,993	1,030,993
4.50% 2-year Government of St. Lucia Bond	500,000	500,000
	1,530,993	**1,530,993**

11. (c) Local Government Bonds

	2023	2022
	$	$
7% 7-year Government of Dominica Bond	**1,000,000**	**1,000,000**

12. Other assets

	2023	2022
	$	$
Stationary & Supplies	71,709	66,736
Interest Receivable **(12 b)**	309,238	413,394
Investment Interest Receivable	52,417	-
Cash In Transit	25,129	525,234
Prepayments	272,863	188,137
Other Receivables	112,488	101,077
	843,843	**1,294,579**

12. (b) Interest Receivable

	2023	2022
	$	**$**
Interest receivable at beginning of year	413,394	851,771
Increase / (Decrease) in interest receivable on impaired loans	(104,157)	(438,377)
Closing interest receivable (IFRS9)	309,238	413,394

13. Property, Plant & Equipment

	Land	Building	Computer Systems	Furniture & Equipment	Total
Cost/Valuation					
Balance - 31/12/2021	260,063	3,927,545	128,469	961,236	5,277,313
Additions for the year	-	40,339	-	175,548	215,888
Balance - 31/12/2022	260,063	3,967,884	128,469	1,136,784	5,493,201
Revaluation Adjustment		-	-		-
Elimination of Accu. Depre		-	-		-
Additions for the year	19,150	5,310	-	80,371	104,831
BALANCE - 31/12/2023	**279,213**	**3,973,194**	**128,469**	**1,217,156**	**5,598,032**
Accumulated Depreciation					
Balance - 31/12/2021	-	1,147,653	106,022	700,684	1,954,359
Revaluation adjustment	-		-	-	-
Depreciation charge	-	105,650	5,183	109,177	220,010
Balance - 31/12/2022	**-**	**1,253,303**	**111,205**	**809,861**	2,174,369
Disposal/Adjustment	-				**-**
Depreciation charge		**104,424**	**4,282**	**127,761**	**236,467**
Balance - 31/12/2023	**-**	**1,357,727**	**115,487**	**937,621**	**2,410,836**
NET BOOK VALUE					
Beginning of year	260,063	2,714,581	17,264	326,924	3,318,832
End of year	**279,213**	**2,615,467**	**12,982**	**279,534**	**3,187,196**

14. Members Savings/Ordinary Deposits

	2023	2022
	$	$
Members Savings	31,427,181	28,782,729
Ordinary Deposits	10,940,801	9,460,576
	42,367,982	**38,243,305**

15. Term Deposit

	2023	2022
	$	$
Interest bearing fixed deposit at rates in range 2.00% to 2.75%	11,995,325	12,138,706
	11,995,325	**12,138,706**

16. Accounts Payables and Provisions

	2023	2022
	$	$
Audit fees	15,000	14,500
Gratuity	176,358	116,046
Utility collection payable	28,619	20,441
Others	99,692	88,139
	319,669	**239,126**

17. Employee Pension Plan

	2023	2022
	$	**$**
Balance at beginning of year	249,905	216,556
Add: Contributions for the year	40,429	41,077
Less: Contributions made by employees	4,217	7,728
Less payments/transfer to investment for the year	-	-
	286,117	**249,905**

18. Members' Capital (permanent shares)

	2023	2022
Issued and fully paid shares of $50 (par value) each	$	$
Beginning of year	1,010,839	955,729
Issued during the year (net)	59,636	55,110
End of year	1,070,475	1,010,839

The nominal value of each share is $50 per share.

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

19. Statutory Reserve

The Co-operative Societies Act stipulates that before any distribution, the Society set aside not less than 20% of its annual surplus to a Reserve Fund; and such 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.

The Society's statutory reserve is represented by a fixed deposit at the Dominica Co-operative Societies League Limited.

	2023	2022
Movements during the year were as follows:	$	$
Balance - beginning of year	1,795,647	1,704,265
Add: Entrance Fee	-	-
Appropriation from surplus	-	91,382
	1,795,647	**1,795,647**

20. Revaluation Reserve

	2023	2022
	$	$
Surplus on 2023 Revaluation Land	163,437	163,437
Surplus on 2023 Revaluation Building	2,033,938	2,222,532
Balance end of year	**2,197,375**	**2,385,969**

21. Education Fund

Periodically appropriations are made from surplus to an education fund reserve for member education.

	2023	2022
	$	$
Balance beginning of the year	242,179	219,333
Appropriation from surplus	-	22,846
Disbursements	(6,613)	-
Balance end of year	**235,566**	**242,179**

22. Building Reserve Fund

This provision is made from time to time for adjustments and renovation works to the societies building in addition to the yearly depreciation charge.

	2023	2022
	$	$
Balance beginning of the year	14,083	14,083
Appropriation from surplus	-	-
Disbursement	-	-
Balance end of year	**14,083**	**14,083**

23. Community Development Fund

The society undertakes sponsorship of need as part of its contribution to the community outside of the normal contributions to charity donations.

	2023	**2022**
	$	$
Balance beginning of the year	176,673	176,027
Appropriation from surplus	-	22,846
Disbursements	(2,000)	(22,200)
Balance end of year	**174,673**	**176,673**

24. Development Fund (section 120)

Co-operative Societies Act Section 120, states that every society shall establish and maintain a Development Fund. Every society that realizes a surplus from its operation as ascertained by the annual audit shall make annual contribution, not exceeding ten percent of that surplus to be used for the development of registered societies.

The Society transfers 5% of its surplus to the Development Fund.

	2023	**2022**
	$	$
Balance beginning of the year	223,307	200,461
Appropriation from surplus	-	22,846
Disbursements	-	- -
Balance end of year	**223,307**	**223,307**

Hope is being able to see light in the midst of challenges.

25. Institutional Strengthening and Capacity Building

The directors have decided that the balances of the EU Funds and the grant shall be equity of the credit union, appropriately designated Institutional Strengthening and Capacity Building.

	2023	2022
	$	$
Balance beginning of the year	187,359	187,359
Appropriation from surplus	-	-
Disbursements	-	-
Balance end of year	**187,359**	**187,359**

26. Accumulated Surplus

	2023	2022
	$	$
Balance beginning of the year	592,198	394,791
Dividends paid	(85,598)	(76,392)
Surplus/(Deficit) for the year	(288,834)	296,993
Adjustment - Prior Year	9	(23,194)
Balance end of year	**217,775**	**592,198**

27. Net Interest and Investment Income

	2023	2022
	$	$
Income from Loans	2,378,262	1,979,829
Income from liquid investments- Dividend & fixed deposits interest	414,732	336,375
Interest on Saving accounts at other financial institutions	52,417	26,209
	2,845,412	**2,342,412**
Interest expense		
Interest on term deposits	282,198	206,293
Interest on Savings & other deposits	196,748	340,224
	478,946	**546,517**
Net interest and investment income	**2,366,466**	**1,795,895**

28. Other Income

	2023	2022
	$	$
Commission & Dividend Income	22,697	11,476
Sale of passbooks	10,914	1,434
Service Fees	239,996	124,391
Bad Debt Recovered	36,880	70,589
Other income	97,002	144,071
	407,490	**351,961**

29. Employee Benefit Expenses

	2023	2022
	$	$
Salaries, overtime, management allowances	1,015,206	952,925
Social security contribution	66,001	63,318
Gratuity, Pension & Insurance	98,855	95,691
Staff uniforms, meals, other allowance	57,513	29,385
	1,237,575	**1,141,319**

30. Operating Costs

	2023	2022
	$	$
Employee Expenses and Benefits (see note 29)	1,237,575	1,141,319
Governance (Board & Committee expense and Honoraria)	34,633	29,078
Members Interest & Protection	239,410	173,290
Annual General Meeting	43,113	28,517
Convention Meetings and Conferences	29,353	16,407
Audit Fee	15,000	14,500
Fraternity Expenses	44,400	44,400
Statutory Fees	40,000	-
Occupancy Expenses	213,621	200,942
Building Insurance	39,549	36,987
Computer Expense & Software Maintenance Expense	84,165	46,814
Advertising, Publicity, Donations & Sponsorship	184,734	63,049
Security Services	22,461	17,879
Transportation	52,288	78,506
Stationery & Postage	38,813	15,340
Office Expenses	42,328	35,045
Professional Fees	35,245	41,932
General Expenses	70,070	65,971
	2,466,755	**2,049,977**

31. Related Party Transactions

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

Interest income with related parties were as follows:	2023 $	2022 $
Directors	77,422	36,218
Committee Members	89,363	40,842
Staff	146,617	119,446
	313,402	**196,507**

As at December 31, 2023 related parties had the following balances with the Credit Union:

	2023		2022	
	Loans	Deposits/ Savings	Loans	Deposits/ Savings
Directors	1,159,110	219,285	517,405	453,081
Committee Members	1,288,747	233,106	583,457	490,837
Staff	1,652,042	408,832	1,327,182	433,336
	4,099,899	**861,223**	**2,428,044**	**1,377,254**

32. Financial Risk

a) Financial Instruments

Some of the Society's activities are related to the use of financial instruments. The Society accepts deposits from members and depositors at fixed interest rates for periods of up to thirty-six months and seeks to earn above-average interest rates margin by investing these funds.

b) Market Risk

The Society is exposed to market risks on a daily basis. Investments are monitored to ensure that there are no surprises.

32. Financial Risk cont'd

c) Credit Risk

The Society is exposed to credit risk since borrowers (members) may be unable to pay amounts in full when due. The Society is careful on the credit risks it undertakes by ensuring that the members that borrow funds are continuously monitored.

Impairment of financial assets

Originated Loans

Originated Loans are financial assets held at amortized cost which are subject to the expected credit loss model.

The Society applies the IFRS 9 general approach to measuring expected credit losses for Originated Loans at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset.

The Society continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on Lifetime ECLs.

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.

e) Liquidity Risk
The Society maintains sufficient available cash to meet the demands of its members.

f) Operational Risk
Operational risk is derived from inadequate or failed internal processes, people and systems or from external events. The Society's exposure to operational risk is governed by various policies and procedures that will be reviewed when necessary.

33. Fair Value of Financial Assets and Liabilities

All financial assets and liabilities are carried at fair value.

34. Commitment, Contingencies and Post Balance Sheet Events

There are none to report.


FISHERIES
LOANS
6.5%
"INTEREST RATE DROPPED
TO A NEW LOW"
Marigot Co-operative Credit Union Ltd.
Marigot Co-operative Credit Union
Weirs, Marigot
Tel: 445-7155/7166
MCCU - "A BEACON OF HOPE SERVING THE NORTH EAST"

CREDIT COMMITTEE

Carrie Charles-Thomas
Chair-person

Donalie Dailey
Vice Chairperson

Rosmund Dinard
Secretary

Juliana Joseph
Volunteer

Thora Robinson
Volunteer

Sahran Laville
Volunteer

Keron Andrew
Volunteer

Kyle James
Volunteer

CREDIT COMMITTEE REPORT
FOR THE YEAR ENDED DECEMBER 31ST 2023

Carrie Charles-Thomas
Chairperson

The Credit Committee presents this report for the period ended December 31st, 2023, according to Cooperative Societies Act No. 2 of 2011.

The Credit Committee continued to honour the trust of the general membership and served to the best of its ability. During the fiscal year, the committee realized some changes in its membership as follows.

- Sarahn Lawrence resigned.
- Carrie Charles-Thomas was elected to serve a second term.
- Valentine Telemaque was elected to serve a first term
- Kerion Andrew served his first term and was co-opted.
- Kyle James served his first term and was not reelected.
- Julena Joseph was elected to serve a first-term

Following the 2022 Annual General Meeting Mr. Valentine Telemaque was elected to serve as the Chair of the Committee, however, he passed away during the year and as a result, Carrie Charles-Thomas was elected to serve in the position of Chairperson. The table below will give further details of membership.

TABLE SHOWING ATTENDANCE OF THE MEMBERS OF THE CREDIT COMMITTEE FROM JANUARY TO DECEMBER 2023.

NAME OF MEMBER	PLANNED	ATTENDED	SPECIAL	REMARKS
Carrie Charles Thomas PRESIDENT	13	12	1	Elected to serve second term
Sarahn Lawrence	13	6	1	Resigned
Donalie Dailey VICE PRESIDENT	13	10	1	
Rosmund Dinard SECRETARY	13	13	1	
Kerion Andrew	13	10	1	Co-opted
Kyle James	13	6	1	Served 1st term
Valentine Telemaque	13	2		Newly elected at the 2022 AGM, however, Passed during the year
Thora Robinson	13	12	1	
Julena Joseph	13	5		Newly elected at the 2022 AGM

The Committee completed several tasks and activities during the fiscal year to include the following.

- Reviewed loan applications of members and documented the final decisions taken.
- Reviewed the delinquency portfolio and made recommendations to the loans department.
- Attended joint committee meetings called by the Board of Directors.
- Consulted on the revised Bylaws of the MCCU.
- Review reports submitted by the loans department.
- Submitted reports to the Board of Directors with recommendations.
- Reviewed loan files of staff and volunteers
- Consulted on various loan products provided by the loan department.

The Committee hosted at least one monthly meeting to review and discuss the loan applications submitted by the members. From the discussions, the Committee made decisions within its approval limit of one hundred and fifty thousand and provided recommendations for the loans that were within the approval authority of the Board.

The Credit Committee made significant representations at joint committee meetings and was very instrumental in the consultation process of revising the Bylaws which were adopted in the fiscal year of 2023.

The Committee continued to consult with the loans department through the Senior Loans Officer Ms. Deulah George on the overall performance of the loan portfolio and the various loan products. The recently developed

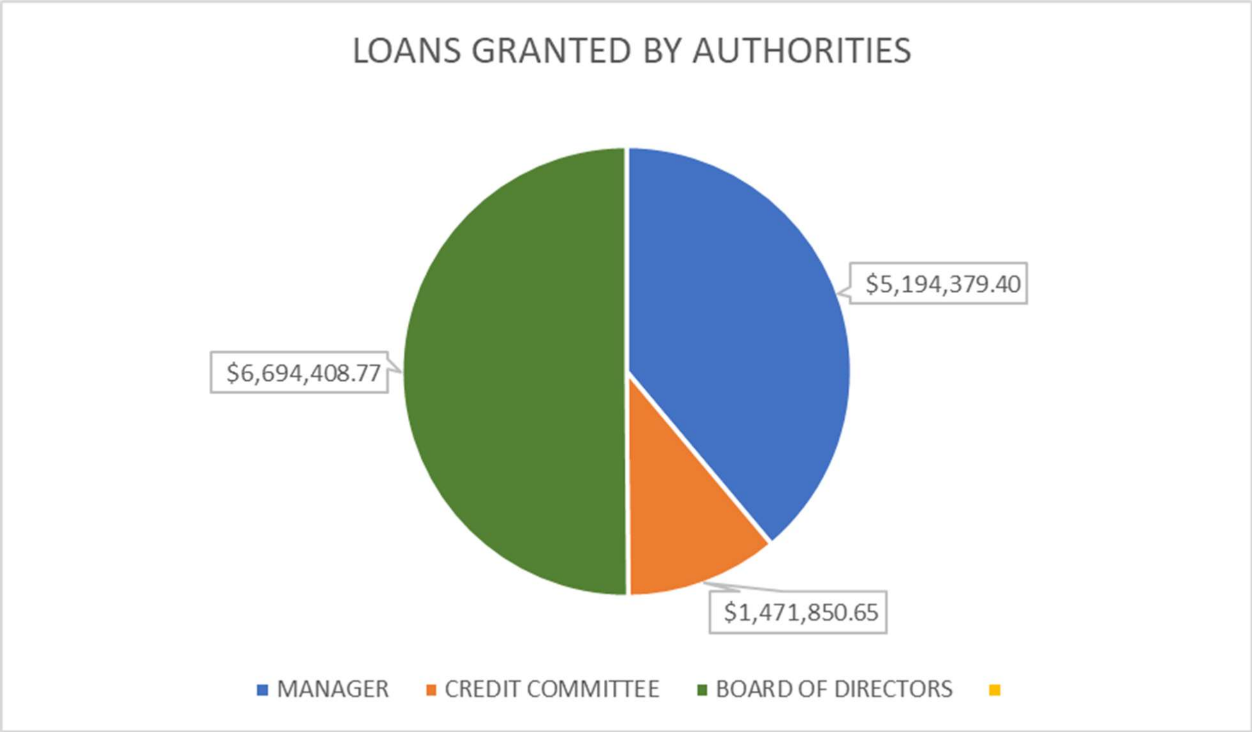
4.5 mortgage loan catered for members who are within the low-income category allowing them to purchase land and build houses with a maximum of two bedrooms. This loan product is all-inclusive with approved housing plans from the planning division. The consultation process was ongoing and final approval of the plans was given by the planning division in this fiscal year. At the end of the fiscal year, a total of four low-income loans were approved and disbursement commenced.

As we discussed the loan portfolio it must be noted that there were no new Agricultural loans in the year 2022, but for the year 2023, there were 8 new loans totaling $213, 975. The loan portfolio increased in number and value.

The portfolio increased by $1,453 777.06. The total value of loans for the fiscal year of 2023 was $13, 360,638.82 compared to the year 2022 which registered a total value of $11, 906 861.76. It should be noted that there were significant increases in the Carnival, Residential/Land, and Building and Mortgage loan categories.

TABLE SHOWING LOANS DISBURSED BY VARIOUS AUTHORITIES IN 2023

AUTHORITIES	NO. OF LOANS GRANTED	VALUE OF LOANS GRANTED
MANAGER	3053	5,194,379.40
CREDIT COMMITTEE	18	1,471,850.65
BOARD OF DIRECTORS	21	6,694,408.77
	3092	**13,360,638.82**



As we discussed the loans granted by authorities it should be noted that a total value of $13,360,638.82 was approved by the necessary authorities. It is important to note that the credit committee only approved 11%, 39% was approved by the General Manager and 50% was approved by the Board of Directors.

TABLE SHOWING THE COMPARISM OF LOANS GRANTED IN 2023 AND 2022 ACCORDING TO COUNT AND CATEGORIES

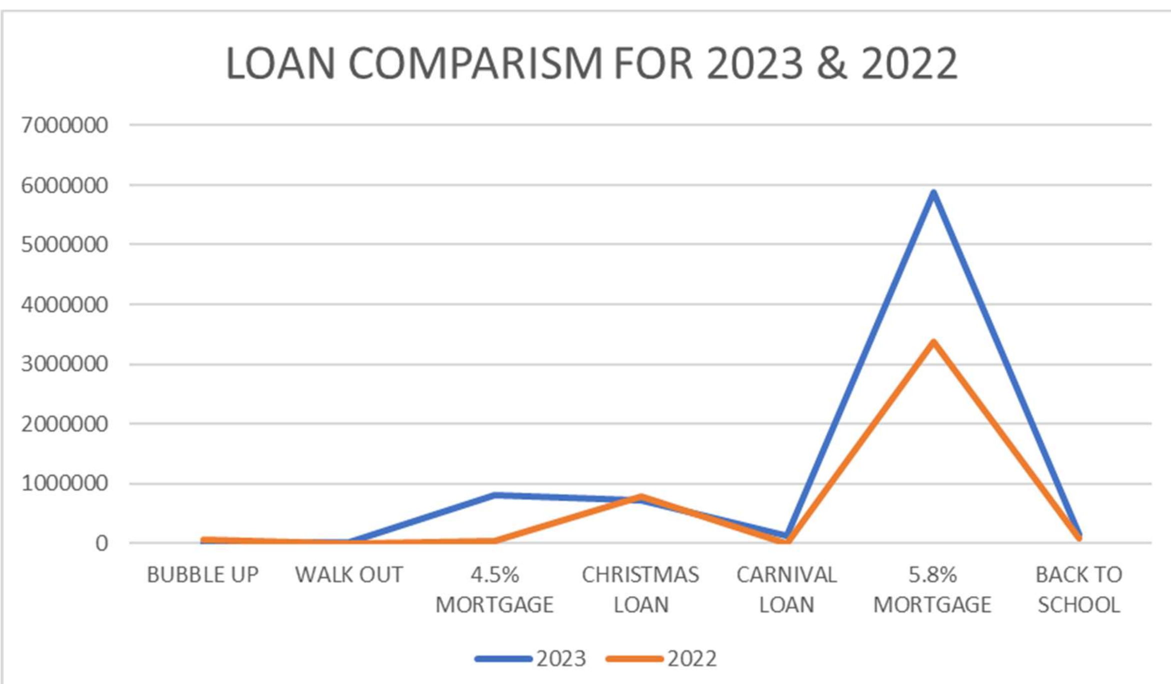
LOAN PURPOSE DESCRIPTION	COUNT	2023 TOTAL VALUE	COUNT	2022 TOTAL VALUE
MOTOR VEHICLE REPAIR	24	$64,450.79	28	57,115.68
MOTORVEHICLE PURCHASE PERSONA	74	$365,872.35	47	240,700.74
MOTOR VEC. LICENCE & INSURANC	0		9	73,684.00
DISTRIBUTION	0		0	-
TOURISM	3	$4,600.00	0	-
MANUFACTURING	0		0	-
HUCKSTERING	0		0	-
LIFE STOCK	0		2	1,840.00
FISHING	0		3	8,100.00
AGRICULTURE	8	$213,975.00	0	-
I.F.A.D FARMING	0		0	-
RESIDENTIAL LAND/AND BUILDING	10	$432,000.00	5	9,743.51
LAND PURCHASE	12	$137,026.00	32	455,843.44
EDUCATION	20	$461,279.09	63	192,014.34
MEDICAL BILLS	14	$55,685.00	13	14,830.00
DOMESTIC BILLS	380	$125,598.13	329	94,682.54
TRAVELLING	8	$29,811.21	0	-
BACK TO SCHOOL	99	$148,854.90	43	81,500.00
HOUSEHOLD APPLIANCE	3	$3,175.00	10	19,300.00
Consolidation	118	$617,837.34	135	680,703.16
REFINANCING	24	$220,874.22	32	55,993.78
HOUSE CONSTUCTION	15	$498,204.81	23	216,291.42
HOUSE IMPROVEMENT & REPAIRS	30	$523,795.57	65	380,700.56
SMALL BUSINESS	26	$133,987.99	29	156,776.50
FARM MACHINERY & EQUIPMENTS	0		0	-
FARM PREPARATION, SEEDS, LAB.	3	$1,370.00	13	7,359.41
PROFESSIONAL SERVICES	8	$17,828.28	11	15,543.06
COMPUTER	0		0	-

LOAN PURPOSE DESCRIPTION	COUNT	2023 TOTAL VAL	COUNT	2022 TOTAL VALUE
MORTGAGE REFINANCING	52	$775,558.24	44	1,033,495.04
RESCHEDULED	18	$191,443.39	35	350,205.99
FAIR TRADE WESLEY	0		0	-
Christmas loan	319	$720,443.04	379	786,643.27
HEAVY EQUIPMENTS	0		0	-
EEZEE CASH	4	$7,500.00	12	14,500.00
FARM INPUTS	0		5	40,824.44
COMMERCIAL VEHICLES	0		2	89,613.40
RESIDENTIAL LAND	0		7	168,583.72
LINE OF CREDIT	97	$24,681.00	114	27,032.00
MORTGAGE	108	$3,206,569.48	54	2,698,352.92
PERSONAL	1465	$3,217,220.85	1393	2,438,014.91
DOMESTIC	51	$91,245.93	15	27,188.92
WALK OUT LOANS	4	$20,122.28	8	42,970.80
BUBBLE UP	0		12	50,000.00
LOW INCOME MORTGAGE	1	$19,812.82	2	28,568.01
COMMERCIAL BUILDING	0		0	-
CARNIVAL LOANS	79	$131,500.00	4	2,240.00
VEHICLE & MEDICAL RESTRUCTURE	0		0	-
LOAN RESTRUCTURE	0		4	33,030.27
RESCHEDULE DOMESTIC BILLS	0		3	21,079.31
MORTGAGE RESTRUCTURE	0		31	493,259.04
RESCHEDULE SMALL BUSINESS	1	$143,797.68	3	199,054.70
MORTGAGE RESCHEDULED	4	$546,136.05	8	120,070.16
HEAVY EQUIPMENT RESCHEDULED	0		0	-
VEHICLE LOAN RESCHEDULED	0		15	182,394.03
RESTRUCTURE	10	$208,382.38	24	177,018.69
BUSINESS REFINANCE	0		0	-
	0		0	0
	3092	**$13,360,638.82**	**3066**	**$11,906,861.76**

TABLE SHOWING THE PERFORMANCE OF LOAN PRODUCTS INTRODUCED

COMPARISON FOR 2022 AND 2023

LOAN CATEGORY	NO. OF LOANS GRANTED FOR 2023	VALUE OF LOANS GRANTED IN 2023	NO. OF LOANS GRANTED FOR 2022	VALUE OF LOANS GRANTED IN 2022
BUBBLE UP	0	0	22	50,000.00
WALK OUT	0	20,122.28	8	42,970.80.
4.5% MORTGAGE	4	800,000	2	28,568.01
CHRISTMAS LOAN	319	720,443.04	379	786,643.27
CARNIVAL LOAN	79	131,500	4	2240.000.00
5.8% MORTGAGE	17	5,882,032.32	10	3,376,013.02
BACK TO SCHOOL	43	148,854.90	43	81,500.00



It should be noted that there was growth in the loan products introduced in the following categories:

- There was a significant increase in carnival loans by 75 compared to 4 that were recorded in the year 2022. A total value of $135,500.00, compared to a value of $2,240.00 was recorded.

- The 5.8% mortgage Loan product continued to grow and increased by over two million dollars in the year 2023 where seven new mortgages were recorded in the year 2023.

- The 4.5% low-income mortgage loan value increased significantly by over seven hundred thousand dollars.

TABLE SHOWING THE DELINQUENCY STATUS BY CATEGORIES FOR THE YEAR 2022 AND 2023

Category	No. of Delinquent Loans in 2022	Value of Delinquent Loans in 2022	No. of Delinquent Loans in 2023	Value of Delinquent Loans in 2023
Motor Vehicle	25	856,739.83	21	847,305.52
Reschedule	36	1,233,278.55	36	1,585,675.17
Agriculture	4	493,435.20	11	647,213.62
Education	6	164,418.37	3	157,417.84
Debt consolidation	16	674,107.79	14	628,848.33
Mortgage	28	1,746,595.14	30	1,745,472.44
Land	16	481,255.12	5	96,556.86
Business	13	742,227.27	12	730,616.30
Personal/Domestic	46	454,195.05	65	537239.23
Distribution	1	39,937.75	1	39,487.75
Fishing	3	72,787.59	0	0
Debt Refinancing	4	230,163.46	3	194,881.96
	198	**7,698,138.00**	**213**	**7,210,712.72**

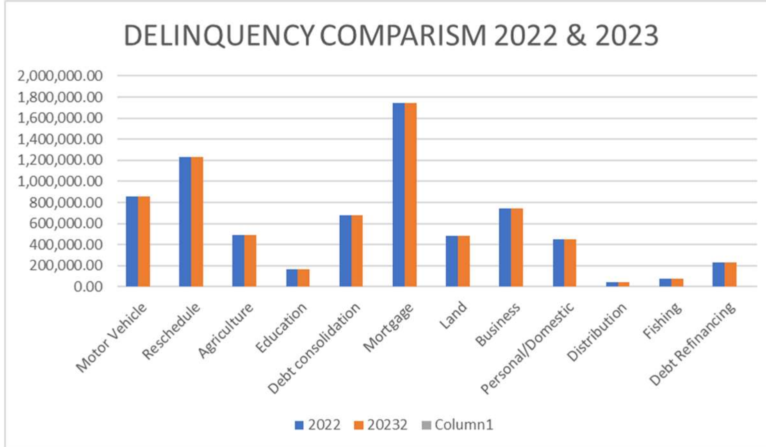
DELINQUENCY

Managing Delinquency is a work in progress. The Loans/Recoveries Department and the other supporting departments of the MCCU continued to execute various strategies that aided in reducing delinquency. Delinquency remains one of the biggest challenges of the MCCU as the number indicated in the report, however, it should be noted that there has been a reduction in the total value for the fiscal year 2023 of $487,425.28, despite an increase in the number of delinquent loans.

Even though there has been a reduction in the total value of delinquent loans, seven million dollars is still a significant amount of money to be outstanding and should be collected. The

Credit Committee played its part in ensuring that loans approved within its authority limits had fewer risks of becoming delinquent. Throughout the year the Credit Committee guided the Recoveries/Loans department and is pleased to highlight some of the activities that were employed by the MCCU to manage its delinquent portfolio.

- Offered payment methods (weekly, fortnightly, standing orders, local & international bank transfer
- Acted quicker with payment visibility. This action improved the management of delinquency.
- Provided readily available & accurate payment information for the borrower.
- Reminded borrowers ahead of an agreed payment date. This is a way to reduce the likelihood of a missed payment.
- Restructured and Rescheduled delinquent loans allowing the members the opportunity to better honor the revised monthly installment.
- Increased contact with members through field visits, telephone calls, letters, emails
- Provided ongoing consultation to delinquent members that allowed them to make informed decisions.



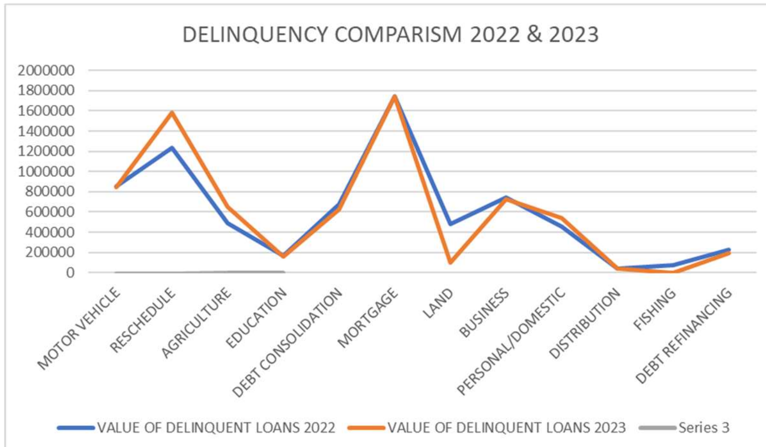


TABLE SHOWING DEBT MANAGEMENT LOANS FOR 2023

LOAN CATEGORY	NO. OF LOANS GRANTED FOR 2023	VALUE OF LOANS GRANTED IN 2023
RESCHEDULE	18	191,443.39
RESTRUCTURE	10	208,382.38
CONSOLIDATION	118	617,837.34
REFINANCE	24	220,874.22
TOTAL	170	1,238,537.33

MEANS OF CONTACT	COUNT
Office Visits	22
Telephone Calls	577
Schedule meetings	20
Unscheduled meetings	20
Walk-Ins	10
Whatsapp	107
Letters	169
TOTAL	**925**

As part of its debt management strategy, the MCCU was able to restructure, reschedule, consolidate and a total of 170 loans valued at $1,238, 537.33. This was a clear demonstration of the MCCU's commitment to work with members whose ability to successfully repay their loans was lost over time.

The MCCU was able to maintain and increase contact with delinquent members through various mediums which contributed to its ability to better manage delinquency.

Recommendations for the future development of the MCCU

- There should be an increase in the approval threshold of the Credit Committee to make it more purposeful for the credit committee.
- To revamp the delinquency committee to assist with the adequate management of delinquency,
- To increase the capacity of the recoveries department to assist the overall management of delinquency.
- To have a yearly review and update of the loan policy as the needs and demands of the members change.

CONCLUSION

Once again, the Credit Committee pledges to continue to execute its duties to the best of its ability within the confines of the Laws and rules that govern the MCCU. The committee honored the trust of the members to make worthwhile decisions that contributed to the growth and development of this financial institution. Sincere thanks and gratitude to all the Credit Committee members who remain committed to accomplishing and executing the various tasks and responsibilities to ensure that pragmatic decisions and recommendations were made to benefit the general membership. The Committee is also grateful to the staff, Board of Directors, and Supervisory Committee for any support given throughout the fiscal year of operations.

Presented by the Credit Committee

Thomas

Carrie Charles-Thomas (Mrs.)
CHAIRPERSON

2023 Memories

MCCU CAPTURE THE MOMENT

SUPERVISORY & COMPLIANCE COMMITTEE

Kerry Charles
President

Damien Casimir
Vice President

Sydney Thomas
Secretary

Mary Andrew-Bazil
Volunteer

Kerry Shillingford
Volunteer

Jeanelle Thomas
Volunteer

Dwayne Dick
Volunteer

SUPERVISORY & COMPLIANCE COMMITTEE REPORT
FOR THE YEAR ENDED DECEMBER 31ST 2023

The Supervisory and Compliance Committee (S&CC) is delighted to present its report to the general membership for the year ended December 31, 2023, in accordance with the requirements of the Co-operative Society's Act No. 2 of 2011, Section 66 (F). The General responsibilities of the Supervisory and Compliance Committee is to ascertain that all actions and decisions of the Board, Committees, Management and relating to the affairs of the Co-operatives Societies Act are the Regulators, Bylaws and the approved policies of the MCCU. In order to be compliant the Supervisory and Compliance Committee consist of seven members none of whom are members the Board of Directors, or Credit Committee or Loans Officers or employee and all of whom are members of the Credit Union.

Table 1. Attendance record of the Supervisory and Compliance Committee members from July 19 to December 31, 2023

Members	Position	Regular Meetings Held	Meetings attended	Excused	Special Meetings	Attended	Serving
Kerry Charles	Chairman	7	7	0	3	3	Completed 1st year of first term
Damien Casimir	Vice-chairman	7	7	0	3	3	Completed 1st year of first term
Sydney Thomas	Secretary	7	7	0	3	3	Completed 1st year of first term
Mary Andrew Bazil	Member	7	7	0	3	3	Completed 3rd year of first term
Dwayne Dick	Member	7	3	4	3	1	Completed 2nd year of second term
Kerry Shillingford	Member	7	2	5	3	0	Completed 3rd year of first term
Jeanelle Thomas	Member	7	5	2	3	1	Completed 1st year of first term

WORK PROGRAMME OF THE COMMITTEE FOR THE PERIOD AUGUST 2023 TO DECEMBER 2023

Marigot Co-operative Credit Union (MCCU)
Supervisor and Compliance Committee
Work Plan.
(August 2nd to December 29th, 2023).

Objectives	Activities/Task	Timeline
1. To ensure ALL MCCU policies are updated, approved and implemented.	• Review of the following policies: Handbook and Procurement	02/08/2023
2. To ensure that the affairs of MCCU are conducted in accordance with its Byelaws.	•Review of the revised Byelaws and amendments made by the FSU.	25/08/2023
3. To ensure that the BOD minutes are up to date and are properly recorded.	•Review BOD meetings	
4. To improve the functionality and security of the working environment at ALL MCCU premises.	•Inspection of ALL MCCU premises	
	Calibishie and Woodford Hill	12/09/2023
	Wesley and Marigot	15/09/2023
5. To improve communication among Managers and staff.	•Meeting with senior management staff	05/10/2023
6. To ensure that All staff and committee members are in good standing with MCCU	•Review staff, committee members' and delinquency files.	08/11/23 & 22/11/23
7. To verify the end of year cash count at ALL MCCU branches.	• Check end of year cash count	29/12/2023

Table 2. Suggested work plan

ACTIVITIES

Some of the key accomplishments undertaken during the period under review are:

- **Review of Policies**

Regular policy review and revision are an important part of every policy and procedure management plan, and it's something MCCU must put time, energy, and resources into.

The Supervisory and Compliance Committee reviewed the following policies and made recommendations to the Board.

1. Investment Policy
2. Loan Policy
3. Procurement Policy
4. Employee Handbook
5. Review of the Bylaws and amendments recommended by the FSU
6. MRS – Member Retirement Savings

The majority of the policies reviewed were up to date with the latest regulations and technology, as well as consistent with MCCU best practices. Every policy has a clear goal or objective.

- **Meeting with Senior Management Staff**

  The Supervisory and Compliance Committee held a meeting with the Senior Management Staff to address pertinent issues plaguing the institution such as work ethics and communication among management and staff. An open discussion then followed which addressed ways of bridging these gaps. Some of their major concerns which came out of the discussion are;

  - Additional training for all staff in their respective department
  - Strengthening of communication among the management and staff
  - More clarity regarding their job description
  - Lack of the function ability of the new accounting software, MIMICS, which would be essential for the daily operations of an institution.

- **Inspection of the Physical Plant**

Included in the Supervisory and Compliance Committee's work plan for 2023 was the inspection of all physical plant to ensure that all safety requirements are in place such as security system, fire safety, electrical safety and all other safety standards in compliance with the Occupational Health and Safety (OHS) Act. This exercise is ongoing and a summary of the final document of the findings was sent to the Board for further review.

- **Conduct Cash Counts**

The Supervisory and Compliance Committee conducted cash counts at the end of the financial year throughout all the branches with the internal accounting department staff alongside the external auditors. The main purpose of the cash count is to verify balances recorded within the system versus the physical amounts for any discrepancies. No excesses or shortages of cash were revealed in the conduct of these exercises.

- **Review of minutes of meetings of the Board of Directors**

The Committee submitted (2) requests for the minutes of meetings of the Board through the Board's Secretary for review. These requests were made on September 18, and November 21, 2023, respectively. The Supervisory Committee could not review the minutes of the Board of Directors Meeting, as they were not made available for review.

- **COMPLIANCE**

Compliance means abiding by a set of rules. For the MCCU to function legally, it needs to comply with specific standards, laws, regulations, and ethical conduct standards that apply to the institution.

The S&CC receives and reviews the compliance reports submitted by the Compliance Officer monthly. These reports clearly indicated that MCCU is in compliance with rules and regulations as stipulated by the regulators (FSU).

OBSERVATIONS AND CONCERNS

The Supervisory and Compliance Committee have observed the following, which must be addressed with urgency in the best interest of the institution.

1. The Loan policy is implemented however it is not signed by the president and secretary.

2. The Supervisory and Compliance Committee recognizes a breakdown/lacking in communication between the Committee and the Board of Directors and finds immediate resolution pertinent to allow the S&CC to better perform supervisory protocols.

3. The S&CC is concerned with the way the Board and Manager treats its authority. Requests made by the Committee have not been addressed after several attempts.

4. The Committee has not received any formal report from the Board or Manager of the industrial action taken by the junior staff on October 27, 2023, which resulted in the closure of the Head Office and all branches.

5. The Supervisory and Compliance Committee is concerned over reports of mistreatment of staff contrary to Human Resource best practices. The committee condemns these kinds of behaviours as this will grossly affect productivity of staff and have serious consequences for the institution.

6. The Supervisory and Compliance Committee is concerned about the retaining of staff under the stewardship of the present General Manager since his tenure.

CONCLUSION

The management of the MCCU Limited continues to adopt a proactive approach of new ways of doing business not only with its members but also with other financial institutions for the creation of income for the benefit of its members.

The Committee remains committed to using our time to support the MCCU for the duration of out tenure.

The Committee appreciates the trust you the members have placed in us to safeguard the institution's compliance and looks forward to better collaboration with the Board of Directors, Credit Committee, Management and Staff.

____

Kerry Charles (Mr.)

CHAIRMAN

Supervisory and Compliance Committee

EASE THE STRAIN

CONSOLIDATE YOUR DEBT WITH EASE!

IT WILL BE OF GREATER BENEFIT TO YOU. HOW?

- ☑ Pay off your debt faster.
- ☑ Lower your monthly installments.
- ☑ Combine all your debts in one.
- ☑ Increases your disposable income.

Marigot Co-operative Credit Union Ltd.

Marigot Co-operative Credit Union
Weirs, Marigot
Tel: 445-7155/7166

***MCCU* - "A BEACON OF HOPE SERVING THE NORTH EAST"**

Membership is Ownership with MCCU

Marigot Co-operative Credit Union Ltd.

- Affordable interest rates on loans.
- Loans locally approved in the quickest possible time.
- High returns on savings and fixed deposits.
- Group life insurance benefits available.
- 24-hour depository service.
- Rooted in Community (Donations, Projects, Scholarships)

Personal Account Requirements

PURCHASE A SHARE *cost XCD $50.00 or more.*

VALID I.D. SOCIAL SECURITY *or* **PASSPORT** *or* **DRIVERS LICENSE** *along with any other* **GOVERNMENT ISSUED ID.**

DOCUMENT WITH PROOF OF ADDRESS
i.e utility bill bank statement, letter from the village council, document from justice of peace.

NOTE
Bill should be valid for three months

BECOME A
MEMBER
CONTACT US TODAY

445 7155/7166

www.marigotcreditunion.com

mccu@cwdom.dm

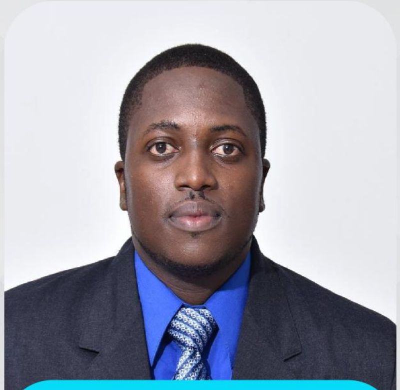
facebook.com/MCCULtd

Marigot Credit Union
Weirs, Marigot

Invest Well
Save Regularly
& Watch
Your Money
Grow...

SENIOR STAFF

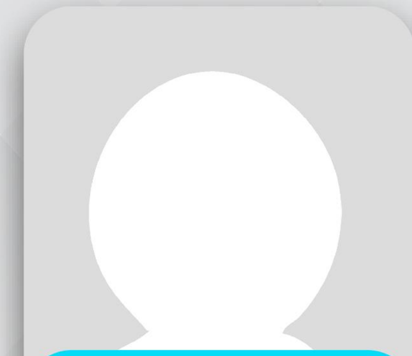
Reginald Robin
General Manager



Che Burnette
Accountant

Natasha Paul-James
Branch Supervisor

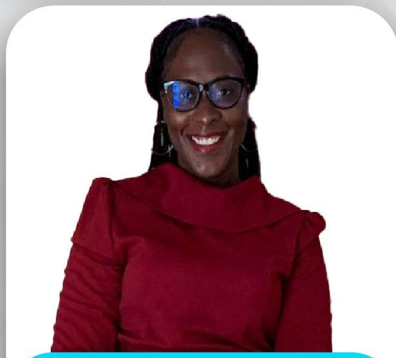
Frances Bazil-Robin
Accounts Supervisor



Nania George-charles
Admin/operations
Officer

Deulah George
Loans/collections
Supervisor

Kareen Pascal
HR Officer / GM
Secretary

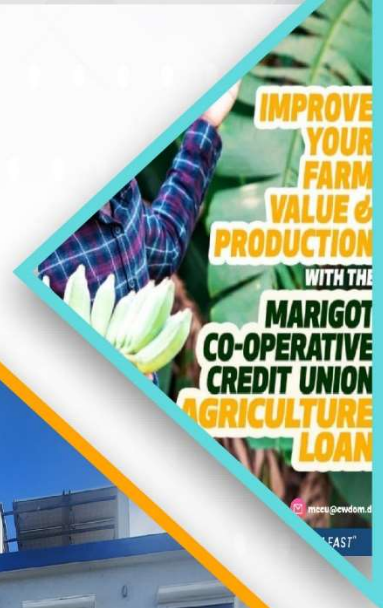


Salimah Robin

Dishun Marie
I.T Officer

Scan Me!

Visit our website today:
www.marigotcreditunion.com



Head Office Weirs, Marigot Dominica	Wesley Branch Office Four Road, Wesley Dominica	Woodfordhill Branch Office Woodfordhill, Dominica	Calibishie Branch Office Calibishie, Dominica