Schedule 1

FORM ECSRC –K

ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001

For the Financial year ended **June 30th 2015**

Issuer Registration Number **NBD25102003DM**

National Bank of Dominica Ltd

Commonwealth of Dominica

64 Hillsborough Street Roseau, Dominica

Reporting issuer's:
Telephone number (including area code) (767)255-2319 / 255-2620 / 255-2300

Fax number: 767-448-3982

Email address: eedwards@nbd.dm; ajames@nbd.dm

1. **Business**

Credit Business

The Credit Department was restructured resulting in a segregation of duties to allow for greater focus on the various functional aspects of Credit, particularly in the areas of Sales, Monitoring and Underwriting.

Cards Business

Implementation commenced on the migration to a new card processor for the issuing and acquiring of credit and debit cards. This will result in improved functionality and expansion of product/service options.

Plans are in place to migrate to EMV chip cards in the next financial year. EMV technology will result in greater security for cardholders and reduce the incidence of identity theft and fraud.

Branch Operations

The Branch network was streamlined to offer more efficiency in service, which also resulted in a reduction in operating cost.

2. **Properties**

NBD owns three properties listed below, no properties were disposed of or acquired during the financial year:

1. *Building located at 64 Hillsborough Street, Roseau*
2. *Building located at Portsmouth*
3. *Building located at Canefield*

3. **Legal Proceedings**

See attached Legal Proceedings Report which includes the legal proceedings commenced or terminated during the relevant financial year.

4. **Submission of Matters to a Vote of Security Holders**

The 11th Annual General Meeting of shareholders of the National Bank of Dominica Ltd, was held on 30th January 2015. The following is reported:

(a) Matters voted on by the shareholders:
- (i) To receive the Report of the Auditors
- (ii) To elect Directors to serve on the Board
- (iii) To fix remuneration of Directors
- (iv) To appoint Auditors for the year ending June 30th 2015

The only matter voted on by the shareholders was the election of Directors to serve on the Board. Based on the company bye laws, the Government of Dominica (because of the proportion of its shareholding) is allowed to appoint three of the eight directors. Five (5) other directors are then to be elected from nominations made at the AGM.

(b) Directors elected and a tabulation in respect to each Nominee for Office:

The Proxy of the Government of Dominica, Mrs. Rosumand Edwards, informed of the Government of Dominica's appointments to the Board as follows:

a. Hazel Johnson
b. Anthony John
c. Genevieve Astaphan

Names	Votes
a. Gibbs Stephenson	4,732,330
b. Dermot Southwelll	4,688,016
c. Rudaille Thomas	4,605,193
d. Lorna Shillingford-Charles	4,208,034
e. Paul Moses	3,334,634
f. Norman Phillip Rolle	1,942,234

Gibbs Stephenson, Dermot Southwell, Rudaille Thomas, Lorna Shillingford-Charles and Paul Moses were duly elected to serve on the Board for the period through to the next Annual General Meeting.

5. Listing of the Board of Directors

Name	Address	Position	Profile
Anthony John	Grand Savannah, Salisbury	Chairman	Manager of Print and Copy Services at Ross University BSc. Computing and Management Accredited Director
Dermot Southwell	Turkey Lane, Roseau	Director	Retired Business Consultant
Hazel Johnson	Glasgow, Fond Cole	Director	Attorney-at-Law
Rudaille Thomas	Portsmouth, Dominica	Director	Account Executive at Rudolph Thomas and Family BSC Accounting Business Management
Genevieve Astaphan	Hibiscus Ridge, St. Aroment	Director	Managing Director of J. Astaphan and Co. Ltd. B. A. Certified General Accountant Accredited Director
Paul Moses	South Leopold Drive, Wallhouse	Director	Deputy Manager of Petro Caribe (Dominica) Ltd. B. A, MBA Certified General Accountant Accredited Director
Gibbs Stephenson	Jimmit	Director	Finance Manager of Petro Caribe (Dominica) Ltd. BSc. Accounting Accredited Director

Lorna Shillingford-Charles	Jimmit	Director	Finance Manager of DIGICEL BSc. Accounting, ACCA Affiliate Accredited Director

6. **Marketing for Report Issuer's Common Equity and Related Stockholder Matters**

The National Bank of Dominica Ltd did not sell any equity securities during the relevant period; securities are sold by security holders by private treaty and are not publicly traded.

7. **Disclosure about Risk Factors**

None

8. **Changes in Securities and Use of Proceeds**

None

9. **Defaults upon Senior Securities**

NBD has no defaulted on any indebtedness.

10. **Management's Discussion and Analysis of the Financial Condition and Results of Operation**

The 2014/2015 financial year was a very challenging one for the NBD Ltd. The constraints of the economic environment characterized by high excess liquidity, declining yields on investments and credit facilities, increased provisioning due to deterioration of credit and low demand for quality credit has adversely impacted the Bank's performance.

Net interest income increased by 3.16% from the $22.75M recorded at June, 30th 2014. Contributing to this increase in net income, is the reduction of the minimum interest rate on savings from 3% to 2% in May 2015, as well as the reduction in deposit rates instituted in the last quarter of the 2014 financial year. Additionally interest from investments and deposits with other banks increased by 2.69% in line with this portfolio's growth. Interest income on loans and advances decreased by 2.5% as a result of a reduction in the average rate on lending due to competitiveness in the market. The Bank continues to seek avenues to grow the loan and advances portfolio in order to improve interest income in spite of the saturated market and limited opportunities for growth.

Non-interest income declined by 14.11% or $1.52M with the main contributing factor being decline in revenue from foreign exchange trading of $1.14M as a result volatility in the forex rates primarily for Euro and CAD currencies. We have seen some improvement in these forex rates from July 2015 and anticipate more favorable results in the next financial year.

Losses on the externally managed investment portfolios amounted to $6.83M during the year, a decrease of $9.76M over the 2013/2014 financial year. The losses generated were primarily from one investment manager firm and the Bank is currently in the process of liquidating these investments.

The Bank showed significant growth in loan loss recoveries during the year and registered an increase of 162% or $1.88M in this area. However, these gains were off-set by an increase in provision for loan impairment of $4.16M.

The Bank has been prudent in the management of operating expenses which declined by 4.44%. All operating expenses with the exception of repairs and maintenance to buildings showed significant decreases or remained fairly stable. Contributing to the increase in maintenance expenses were costs incurred for the closure of the Independence Street Branch.

The asset portfolio recorded minimal growth of 0.3% during the year ended June 30th 2015, financed primarily by increase in customers' deposits.

The Bank recorded a 3.68% growth in net loans and advances. Mortgage loans increased by 15.58% in line with the Bank's strategy to make greater impact in this sector.

The Loans to deposit ratio increased by 1.88%, with deposits increasing by $16.43M or 1.93%. While deposits have increased there was a reduction in the rate on deposits to 3.06% from 3.29% in 2014.

Investments securities decreased by $39M, due largely to the liquidation of $24 in externally managed funds. During the year the Bank reviewed its fund manager relationship as well as the yields on these funds and saw it prudent to liquidate this portfolio. The Bank have sort new avenues for the placement of these funds, which will materialize in the coming financial year.

There was some deteriorating in shareholder's equity due to the loss reported by the Bank for the financial year, in spite of this the Bank's capital adequacy ratio exceeds the regulatory requirement.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure

N/A

12. Other Information

The Reporting Issuer does not take the opportunity to report on any other information at this time; subsequent reporting will be made in a form related to disclosure of material information, when applicable.

13. List of Exhibits

(a) Legal Proceedings Report

c

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this Report

CLASS	NUMBER
Ordinary	22,000,000

Name of Managing Director

ELLINGWORTH EDWARDS

Signature

Jan. 8, 2016

Date

Name of Director:

DERMOT Southwell

Signature:

JAN 8th 2016

Date:

Name of Chief Financial Officer: (Ag)

ESSIE JOSEPH

Signature

Jan 8, 2016

Date

Year ended June 30th 2015

Appendix A: Legal Proceedings Report

The following is a list of legal proceedings that were commenced or terminated during the financial year ended June 30th 2013. This Report does not include proceedings pursued by NBD in relation to debt recovery from Customers in the ordinary course of banking business.

Legal Proceedings	Description	Date commenced or terminated (if occurring within the financial year ended June 30th 2015)
Edmund Charles v NBD Ltd	**Defamation** Damages to be assessed.	Commenced on May 21st 2015 Currently at mediation.
Noreen John and Antoine John	**Negligence and breach of contract** Damages to be assessed. But approximately $15,000.	Commenced on May 11th 2015 Judgment in default against NBD; due to External Counsel error. NBD has made an application to set aside judgment. Matter currently at mediation.
NBD Ltd v Dream Homes Ltd Cleave St. Jean and Idora Jeane Duverney - Application to set aside judgment	**Application to set aside judgment**	Commenced on February 11th 2015 Application stage.

NATIONAL BANK OF DOMINICA LTD.

Consolidated Financial Statements

June 30, 2015
(Expressed in Eastern Caribbean dollars)

NATIONAL BANK OF DOMINICA LTD.

Table of Contents

KPMG Eastern Caribbean
Morgan Building
L'Anse Road
P.O. Box 1101
Castries, St. Lucia

Telephone (758) 453-1471
(758) 453-0625
Fax (758) 453-6507
e-Mail kpmg@kpmg.lc

INDEPENDENT AUDITORS' REPORT

The Shareholders
National Bank of Dominica Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of National Bank of Dominica Ltd. (the Group), which comprise the consolidated statement of financial position as at June 30, 2015 and the consolidated statements of changes in equity, profit or loss, other comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion
We were unable to confirm or verify by alternative means the carrying amount of an investment security in the amount of $18,237,456 that is included in investment securities, which are stated at $165,793,385 (2014 - $205,001,370) in the consolidated financial statements. The Bank is in the process of arranging that the auditors be provided with the required information, but was not able to do so prior to the approval of the consolidated financial statements. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for investment securities, impairment loss on investment securities, income taxes, net loss and retained earnings as at and for the year ended June 30, 2015.

INDEPENDENT AUDITORS' REPORT (Cont'd)

The Shareholders
National Bank of Dominica Ltd.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG Eastern Caribbean
December 11, 2015

Castries, Saint Lucia

National Bank of Dominica Ltd.

Consolidated Statement of Financial Position

As at June 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes	2015 $	2014 $
ASSETS			
Cash and balances with Central Bank	7(a)	108,525,407	87,939,557
Treasury bills	8	32,416,743	32,658,794
Due from other banks	9	102,026,879	92,844,989
Deposits with non-bank financial institutions	10	927,408	1,256,769
Loans and receivables	11	582,213,311	563,486,625
Investment securities	12	165,793,385	205,001,370
Other assets	13	5,315,141	9,083,156
Property and equipment	14	13,204,327	14,885,275
Intangible assets	15	409,804	698,278
Investment in equity accounted investee	16	3,542,927	3,542,927
Income tax recoverable	17	196,310	196,310
Total consolidated assets		1,014,571,642	1,011,594,050
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	18	867,849,179	851,419,038
Other liabilities	19	8,241,822	8,474,672
Commercial paper	20	37,649,658	45,716,484
Total liabilities		913,740,659	905,610,194
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share Capital	21	11,000,000	11,000,000
Statutory reserve	22	11,000,000	11,000,000
Loan loss reserve	23	9,000,000	9,000,000
Available-for-sale reserve	24	2,488,251	1,082,674
Retained earnings		67,342,732	73,901,182
Total equity		100,830,983	105,983,856
Total liabilities and equity		1,014,571,642	1,011,594,050

The consolidated financial statements, on pages 3 to 74, were approved for issue on December 10, 2015 by the Board of Directors and signed on its behalf by:

Anthony John
Chairman

Dermot Southwell
Deputy Chairman

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

National Bank of Dominica Ltd.

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital	Statutory Reserve	Available-for-sale Reserve	Loan loss reserve	Retained earnings	Total
Balance at July 1, 2013		$ 11,000,000	11,000,000	5,408,280	-	75,565,290	102,973,570
Net comprehensive income for the year							
Profit for the year		-	-	-	-	7,335,892	7,335,892
Change in fair value of investment securities:							
Available-for-sale		-	-	(4,325,606)	-	-	(4,325,606)
Total comprehensive income for the year		-	-	(4,325,606)	-	7,335,892	3,010,286
Transfer to reserves		-	-	-	9,000,000	(9,000,000)	-
Balance at June 30, 2014		11,000,000	11,000,000	1,082,674	9,000,000	73,901,182	105,983,856
Balance at July 1, 2014		11,000,000	11,000,000	1,082,674	9,000,000	73,901,182	105,983,856
Net comprehensive income for the year							
Loss for the year		-	-	-	-	(4,358,450)	(4,358,450)
Change in fair value of investment securities:							
Available-for-sale		-	-	1,405,577	-	-	1,405,577
Total comprehensive loss for the year		-	-	1,405,577	-	(4,358,450)	(2,952,873)
Dividends	25	-	-	-	-	(2,200,000)	(2,200,000)
Transfer to reserves		-	-	-	-	-	-
Balance at June 30, 2015		11,000,000	11,000,000	2,488,251	9,000,000	67,342,732	100,830,983

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

National Bank of Dominica Ltd.

Consolidated Statement of Profit or Loss

For the year ended June 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes	2015 $	2014 $
Interest income	26	51,940,470	52,721,966
Interest expense	26	(28,465,723)	(29,967,289)
Net interest income		23,474,747	22,754,677
Net foreign exchange trading income		4,399,590	5,535,660
Net commission and other income	27	4,861,100	5,246,558
Net interest, commission and other income		32,735,437	33,536,895
Fair value (loss)/gain on investment securities	12	(4,725,772)	4,352,500
Realized loss on disposal of investment securities	12	(2,104,372)	(1,417,893)
Net impairment losses on loans and advances	11(a)	(6,498,824)	(4,214,312)
Impairment loss on investment securities	28	-	(50,000)
Operating expenses	29	(23,764,919)	(24,871,298)
(Loss)/profit before taxation		(4,358,450)	7,335,892
Income tax expense	32	-	-
(Loss)/profit for the year		(4,358,450)	7,335,892

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

National Bank of Dominica Ltd.

Consolidated Statement of Other Comprehensive Income

For the year ended June 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes	2015	2014
		$	**$**
(Loss)/profit for the year		(4,358,450)	7,335,892
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of investment securities			
Available-for-sale	24	1,405,577	(4,325,606)
Total comprehensive (loss)/income for the year		(2,952,873)	3,010,286
Earnings per share attributable to equity holders of the Group			
Basic and diluted	34	(0.13)	0.33

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

National Bank of Dominica Ltd.

Consolidated Statement of Cash Flows

For the year ended June 30, 2015

(Expressed in Eastern Caribbean Dollars)

	Notes	2015 $	2014 $
Cash flows from operating activities			
(Loss)/profit before taxation		(4,358,450)	7,335,892
Adjustments for:			
Depreciation and amortization	14,15	2,669,128	2,812,270
Gain on disposal of property and equipment		(20,010)	(19,940)
Foreign translation loss on investment securities	12	89,312	
Interest income	27	(51,940,470)	(52,721,966)
Loss/(gain) on financial assets at fair value through profit or loss	12	4,725,772	(4,352,500)
Net loss on sale of available for sale securities	12	2,104,372	1,417,893
Interest expense	26	28,465,723	29,967,289
Impairment loss on investment securities	28	-	50,000
Movement in provision for loan impairment	11(a)	6,498,824	4,214,312
Cash flows before changes in operating assets and liabilities		(11,765,799)	(11,296,750)
Increase in mandatory deposits with Central Bank		(600,428)	(2,742,067)
(Increase)/decrease in loans and receivables		(13,835,130)	2,086,012
Decrease/(increase) in other assets		3,768,015	(4,864,160)
Increase in deposits from customers and commercial paper		7,143,149	51,045,807
Increase in other liabilities		(232,850)	(211,779)
Cash (used in)/generated by operations		(15,523,043)	34,017,063
Interest received		44,858,542	44,921,800
Interest paid		(27,245,557)	(29,835,061)
Net cash from operating activities		2,089,942	49,103,802
Cash flows from investing activities			
Proceeds from the repayment of loans and receivables - bonds		(4,308,452)	5,451,549
Purchase of investment securities	12	(14,299,821)	(17,078,267)
Purchase of shares in equity accounted investee		-	(124,700)
Proceeds from disposal of investment securities		47,993,927	12,725,264
Purchase of property and equipment	14	(752,321)	(1,401,988)
Purchase on intangible assets	15	(21,600)	(617,095)
Proceeds from sale of property and equipment		94,225	87,440
Net cash from/(used in) investing activities		28,705,958	(957,797)
Cash flows from financing activities			
Repayment of other funding instruments		-	(4,060,142)
Dividends paid	25	(2,200,000)	-
Net cash used in financing activities		(2,200,000)	(4,060,142)
Net increase in cash and cash equivalents		28,595,900	44,085,863
Cash and cash equivalents – beginning of year	7(b)	163,993,537	119,907,674
Cash and cash equivalents – end of year	7(b)	192,589,437	163,993,537

The notes on pages 8 to 74 are an integral part of these consolidated financial statements.

1. Reporting entity

The National Bank of Dominica Ltd. ("the Bank") was established by Act of Parliament No. 27 of 1976 and commenced operations on March 15, 1978. The Bank and its subsidiary (together "the Group") are subject to provisions of the Banking Act No. 16 of 2005 and the Companies Act of 1994 of the Commonwealth of Dominica.

The Group provides retail, corporate and investment banking services in the Commonwealth of Dominica and the region.

The Bank's registered office and principal place of business is located at 64 Hillsborough Street, Roseau, Commonwealth of Dominica. The Eastern Caribbean Securities Exchange acts as a registry and transfer agent for the Bank's shares.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors and authorized for issue on December 10, 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position that are measured at fair value:

- financial instruments at fair value through profit or loss, and
- available-for-sale financial assets.

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean dollars, which is the Group's functional currency. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar, except when otherwise indicated.

2. Basis of preparation (cont'd)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in Note 4.

3. Significant accounting policies

(a) Basis of consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as compared to the previous year. The consolidated financial statements of the Group comprise the financial statements of the parent entity and all subsidiaries as of June 30, 2015.

Inter-company transactions, balances and unrealized gains on transactions between group and companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

(b) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant accounting policies (cont'd)

(d) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

(e) Investment in associate (equity-accounted investee)

The Group's interest in equity-accounted investees comprise interest in an associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity..

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(f) New standards and interpretations not yet adopted

New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of the consolidated financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

3. Significant accounting policies (cont'd)

(f) New standards and interpretations not yet adopted (cont'd)

- Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The Group is assessing the potential impact that the standard will have on its 2019 consolidated financial statements.

  Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, the calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

- IFRS 15, *Revenue from Contracts with Customers* – IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. The Group is assessing the potential impact on the consolidated financial statements resulting from the application of IFRS 15.

The following new or amended standards are not expected to have a significant impact of the Group's consolidated financial statements.

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

(g) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition and includes cash and unrestricted balances with the Central Bank, treasury bills, deposits with other banks, deposits with non-bank financial institutions and other short-term securities.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities

(i) Recognition

The Group initially recognizes loans and advances, deposits and subordinated liabilities on the date that they are originated. The Group uses trade date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for de-recognition are presented in the consolidated statement of financial position as "Assets pledged as collateral", if the transferee has the right to sell or re-pledge them. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes party to the contractual provisions of the instrument.

A financial asset or liability is measured initially at fair value plus, for an item not at fair value through the profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Group classifies its financial assets in one of the following categories:

- loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

  Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortized cost using the effective interest rate method. Loans and receivables are reported in the separate statement of financial position as cash and due from other banks, loans and advances, other financial assets and receivables and investment securities. Interest on loans is included in the separate statement of comprehensive income and is reported as "Interest and similar income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the separate statement of comprehensive income as "Loan impairment charges".

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(ii) Classification (cont'd)

Financial assets (cont'd)

- held-to-maturity investments
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than: (a) those that the Group upon initial recognition designates as at fair value through profit or loss; (b) those that the Group designates as available for sale; and (c) those that meet the definition of loans and receivables.

  If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

- available-for-sale
  Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in the separate statement of comprehensive income as "other comprehensive income", except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the separate statement of comprehensive income as "other comprehensive income" is recognized in the profit and loss. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the profit and loss. Dividends on available-for-sale equity instruments are recognized in the profit and loss in "Dividend income" when the Bank's right to receive payment is established.

- at fair value through profit or loss and within the category as:

  - held for trading
    A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
    or
  - designated at fair value through profit or loss
    A financial asset is classified as fair value through profit or loss if acquired principally for the purpose of selling in the short term or if so designated by management.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(ii) Classification (cont'd)

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liabilities measured at amortized cost are deposits from banks or customers and other financial liabilities

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain ownership of the financial asset. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive is recognized in profit or loss.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains or transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(iv) Reclassification of financial assets

The Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions similar to Group's trading activities.

(vi) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(vii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(vii) Fair value measurement (cont'd)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) (a "loss event"), and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

1. significant financial difficulty of the borrower or issuer;
2. default or delinquency by a borrower;
3. restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
4. indications that a borrower or issuer will enter bankruptcy;
5. the disappearance of an active market for a security; or
6. other observable data relating to a group of assets such as
   - adverse changes in the payment status of borrowers or issuers in the Group; or
   - economic conditions that correlate with defaults on the assets in the Group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the Group considers a decline of 20% to be significant and a period of nine (9) months to be prolonged.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(viii) Identification and measurement of impairment

The Group considers evidence of impairment for loans and advances and held-to-maturity investment securities both at a specific assets and collective level. All individually significant loans and advances and held-to-maturity investments are assessed for specific impairment. Those not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modeling of historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Assets carried at amortised cost

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial assets should be derecognized. If the cash flows of the renegotiated assets are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and the new financial asset is recognized at fair value. The impairment loss is measured as follows:

- If the expected restructuring does not result in de-recognition of the existing asset, the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and the amounts are discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring does results in de-recognition of the existing asset, then the expected fair value of the new assets is treated as the final cash flow from the existing financial asset at the time of its de-recognition. This amount is discounted from the expected date of de-recognition to the reporting date using the original effective interest rate of the existing financial asset.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(viii) Identification and measurement of impairment (cont'd)

Assets carried at amortised cost (cont'd)

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances or held-to-maturity investment securities. Interest on the impaired assets continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Assets classified as available-for-sale

Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

The Group writes off certain loans and advances and investment securities when they are determined to be uncollectible.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss – is removed from equity and recognized in the separate statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed with the amount of the reversal recognized in the separate statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3. Significant accounting policies (cont'd)

(h) Financial assets and financial liabilities (cont'd)

(viii) Identification and measurement of impairment (cont'd)

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated.

(ix) Designation at fair value through profit or loss

The Group has designated financial assets and liabilities at fair value through profit or loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis,
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise, or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Note 12 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

(i) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Significant accounting policies (cont'd)

(i) Property and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in profit or loss

(ii) Subsequent costs

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation on other assets is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Building	3%
Leasehold improvements	20%
Computer equipment	14% - 33%
Furniture and equipment	14% - 20%
Motor vehicles	20%

Depreciation methods, residual values and useful lives are reviewed at each reporting date, and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carry amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in profit or loss. Land is not depreciated.

(j) Intangible assets

Intangible assets comprise separately identifiable intangible items arising from computer software licenses and other intangible assets. Intangible assets are recognized at cost. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful economic life, generally not exceeding 20 years. Intangible assets with an indefinite useful life are not amortized. Generally, the identified intangible assets of the Group have a definite useful life.

3. Significant accounting policies (cont'd)

(j) Intangible assets (cont'd)

At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. The Group chooses to use the cost model for the measurement after recognition. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired, the intangible asset is analyzed to assess whether their carrying amount is fully recoverable.

Computer software licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits of the relevant asset. Software is amortized on a straight line basis in profit or loss from the date it is available for use. The estimated useful lives of software range from three (3) to five (5) years. Amortization methods, useful lives and residual values are reviewed annually and adjusted if necessary. Costs associated with maintaining computer software programs are recognized as an expense when incurred.

(k) Impairment of other non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present vale using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3. Significant accounting policies (cont'd)

(l) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any tax adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Income tax payable is calculated on the basis of the applicable tax laws in the Commonwealth of Dominica and is recognized as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income. In these circumstances, current tax is charged or credited to other comprehensive income. Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position. The Group does not offset income tax liabilities and current income tax assets.

(ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from depreciation of property and equipment amortization of intangible assets and their tax base, and unutilized tax losses.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

However, deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax assets reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant accounting policies (cont'd)

(l) Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred and measured at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(n) Guarantees and letters of credit

Guarantees and letters of credit comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most guarantees and letters of credit to be settled simultaneously with the reimbursement from the customers. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized.

Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of fees recognized in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. The fee income earned is recognized on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the statement of income within other operating expenses.

(o) Share Capital

Share issue costs
Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, from the proceeds.

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

3. Significant accounting policies (cont'd)

(p) Interest income and expense

Interest income and expense are recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial assets or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(q) Fees and commission income

Fees and commission income are generally recognized on an accrual basis when the service has been provided. Commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of a business, are recognized on completion of the underlying transaction. For financial planning and custody services that are continuously provided over an extended period of time fees are recognized based on the applicable service contracts, usually on a time apportioned basis.

(r) Dividend income

Dividend income is recognized in the consolidated statement of comprehensive income when the entity's right to receive payment is established. Dividends are presented in net commission and other income.

(s) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Significant accounting policies (cont'd)

(s) Employee benefits (cont'd)

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(t) Foreign currency

Transactions and balances

Foreign currency transactions that are denominated or that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated with the closing rates as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available- for- sale, a distinction is made between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security.

Foreign currency differences arising on retranslation are generally recognized in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

(u) Leases

All leases entered into by the Group are operating leases and therefore payments made under the terms of the leases are recognized in profit or loss on a straight line basis over their individual lives.

(v) Financial instruments

Financial instruments carried in the consolidated statement of financial position include cash resources, investment securities, loans and advances to customers, deposits with other banks, and deposits from banks, due to customers and borrowings. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a major risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see Note 5).

Impairment losses on loans and advances

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(h) (viii).

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment (those that have been outstanding for more than 90 days and considered non-performing according to the guidelines of the regulators, the Eastern Caribbean Central Bank (ECCB) and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merit, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the credit risk function.

A collective component of the total allowance is established for:

- Groups of homogenous loans that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired (IBNR).

Collective allowance for groups of homogenous loans is established using a formula approach based on historic loss rate experience.

Collective impairment for groups of assets that are individually significant but that were not found to be individually impaired (IBNR) cover credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired loans and advances, and held-to-maturity investment securities, but the individual impaired items cannot yet be identified.

4. Use of estimates and judgments (cont'd)

Impairment losses on loans and advances (cont'd)

In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

Impairment of available-for-sale investments

The Group determines that for available-for-sale equity investments, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Impairment of held-to-maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortized cost. If the entire held-to-maturity investments are tainted, their values would be as indicated in Note 6.

Fair value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(h)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group's accounting policy on fair value measurements is discussed in Note 3(h)(vii).

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. See Note 6.

4. Use of estimates and judgments (cont'd)

Fair value (cont'd)

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter structured derivatives, certain loans and securities for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

5. Financial risk management

Risk management framework

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's performance. The risks that arise from the use of financial instruments are

- Credit risk
- Liquidity risk
- Market risk (includes currency risk and interest rate risk)
- Other operational risk
- Capital management

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets.

Loans and advances

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

5. Financial risk management

(a) Credit risk (cont'd)

Probability of default

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed based on the East Caribbean Central Bank prudential guidelines. Customers of the Group are segmented into five rating classes:

(i) Pass
(ii) Special mention
(iii) Sub-standard
(iv) Doubtful
(v) Loss

This rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

Debt securities and other bills

For debt securities and other bills, external rating agencies such as Standard & Poor's, Moody's and Caricris rating or their equivalents are used by the Asset and Liability Committee (ALCOA) for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to the industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary by the Board of Directors. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured as are individual credit facilities. In addition, in order to authorize the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

(ii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions are authorizations by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of credit risk than shorter-term commitments.

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Impairment and provisioning policies

The Group's internal rating systems described under "credit risk measurement" focuses more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes. The impairment provision shown in the consolidated statement of financial position at year-end is derived from each of the five internal rating grades. However, the majority of the impairment provision comes from the bottom three gradings.

The impairment provision shown in the consolidated statement of financial position at year end is derived from each of the five rating grades. The table below shows the percentage of the Group's on-statement of financial position items relating to loans and advances and the associated impairment provision for each of the Group's internal rating categories:

	Loans to customers		Impairment Provision		Net Total
	$	%	$	%	
At June 30, 2015					
Pass	291,003,735	50	-	-	291,003,735
Special mention	106,513,216	19	1,065,132	3	105,448,084
Substandard	84,898,265	15	8,489,826	25	76,408,439
Doubtful	49,114,039	9	24,557,019	72	24,557,020
Loss	83,594	-	83,594	-	-
Inherent risk provision	315,654	-	3,157	-	312,498
Gross loans to customers	531,928,503	93	34,198,728	100	497,729,776
Interest receivable	40,510,812	7	-	-	-
Total	572,439,315	100	34,198,728	100	497,729,776

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Impairment and provisioning policies

	Loans to customers		Impairment Provision		Net Total
	$	%	$	%	$
At June 30, 2014					
Pass	350,427,424	64	-	-	350,427,424
Special mention	70,242,735	13	702,427	6	69,540,308
Substandard	89,805,528	17	8,980,553	86	80,824,975
Doubtful	991,596	-	495,798	5	495,798
Loss	291,816	-	291,816	3	-
Inherent risk provision	379,518	-	3,795	-	375,723
Gross loans to customers	512,138,617	94	10,474,389	100	501,664,228
Interest receivable	33,425,853	6	-	-	-
Total	545,564,470	100	10,474,389	100	501,664,228

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Impairment and provisioning policies (cont'd)

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

The table below represents a worst case scenario of credit risk exposure to the Group at June 30, 2015 and 2014 without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the consolidated statement of financial position.

As shown below 66% (2014 - 63%) of the total maximum exposure is derived from loans and receivables; 19% (2014 - 23%) represents investment securities.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and receivables portfolio based on the following:

- 75% (2014 - 82%) of the loans and advances portfolio is categorized in the top two grades of the internal rating system;
- Large corporate customer loans, which represent the biggest group in the portfolio, are backed by collateral;
- 73% (2014 - 78%) of the loans and advances portfolio are considered to be neither past due nor impaired;

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Impairment and provisioning policies (cont'd)

Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2015	**2014**
	$	**$**
Credit risk exposure relating to on-statement of financial position assets:		
Treasury bills	32,416,743	32,658,794
Due from other banks	102,026,879	92,844,989
Deposits with non-bank financial institutions	927,408	1,256,769
Loans and receivables		
- Loans and advances to customers	537,869,780	518,775,252
- Bonds	10,213,472	5,908,038
- Syndicated loans and advances	34,130,059	38,803,335
Financial assets at fair value through profit or loss	70,755,315	80,691,138
Investment securities		
- Held-to-maturity	63,389,706	73,306,954
- Available-for-sale	31,648,364	51,003,278
	883,337,726	895,248,547
Credit exposure relating to off-statement of financial position items:		
Loan commitments	86,363,066	92,061,378
Financial guarantees and other financial facilities	2,897,563	5,172,783
	89,260,629	97,234,161
	972,598,355	992,482,708

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iv) Loans and advances to customers

Loans and advances to customers are summarized as follows:

	2015 $	2014 $
Loans and advances to customers		
Neither past due nor impaired	415,955,250	403,287,038
Past due but not impaired	80,693,130	73,635,199
Impaired	75,790,935	68,642,233
	572,439,315	545,564,470
Less: unearned interest	(32,100)	(33,217)
Gross	572,407,215	545,531,253
Less: impairment provision	(34,537,435)	(26,756,001)
Net	537,869,780	518,775,252

The total impairment provisions for losses on loans and advances is $34,537,435 (2014 - $26,756,001) of which $27,812,005 (2014 - $22,299,479) represents the individually impaired loans and the remaining amount of $6,725,430 (2014 - $4,456,522) represents the portfolio provision. Further information on impairment is included in Note 11(a).

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(v) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

	Overdrafts	Term loans	Mortgages	Large Corporate customers	Total loans and advances to customers
	$	$	$	$	$
June 30, 2015					
Loans and advances to customers	53,067,927	68,716,577	99,723,131	194,447,616	415,955,250
Pass	53,067,927	68,716,577	99,723,131	194,447,616	415,955,250
June 30, 2014					
Loans and advances to customers	37,602,912	67,013,098	87,283,609	211,387,419	403,287,038
Pass	37,602,912	67,013,098	87,283,609	211,387,419	403,287,038

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(vi) Loans and advances past due but not impaired

Loans and advances past due but not impaired are those for which contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Group. Gross amount of loans and advances by class to customers that were past due but not impaired net of unearned interest were as follows:

	Term loans	Mortgages	Large Corporate customers	Total loans and advances to customers
	$	**$**	**$**	**$**
June 30, 2015				
Past due up to 30 days	3,786,336	6,352,678	25,302,437	35,441,451
Past due 30 – 60 days	1,459,256	1,452,312	909,847	3,821,415
Past due 60 – 90 days	1,357,109	1,286,208	1,523,005	4,166,322
Over 90 days	8,161,030	6,232,654	22,870,258	37,263,942
Gross	14,763,731	15,323,852	50,605,547	80,693,130
Less unearned interest in discount loans	(32,100)	-	-	(32,100)
	14,731,631	15,323,852	50,605,547	80,661,030
June 30, 2014				
Past due up to 30 days	4,090,963	7,184,805	15,270,088	26,545,856
Past due 30 – 60 days	1,726,727	1,277,517	-	3,004,244
Past due 60 - 90 days	1,850,858	555,328	7,910,251	10,316,437
Over 90 days	9,512,706	4,289,016	19,966,940	33,768,662
Gross	17,181,254	13,306,666	43,147,279	73,635,199
Less unearned interest on discount loans	(33,217)	-	-	(33,217)
	17,148,037	13,306,666	43,147,279	73,601,982

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(vii) Loans and advances individually impaired

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held and unearned interest on discount loans is $75,790,935 (2014 - $68,642,233). The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

	Overdrafts	Term loans	Mortgages	Large Corporate customers	Total loans and advances to customers
	$	$	$	$	$
June 30, 2015					
Individually impaired loans	6,099,656	5,304,375	8,807,908	55,578,996	75,790,935
June 30, 2014					
Individually impaired loans	4,610,606	7,202,626	6,572,805	50,256,196	68,642,233

(viii) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These accounts are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. Renegotiated loans that would otherwise be past due or impaired at June 30, 2015 totaled $15,202,840 (2014 - $2,372,555).

(ix) Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2015, based on Standard & Poor's ratings or their equivalent:

5. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(ix) Debt securities, treasury bills and other eligible bills (cont'd)

	Financial assets at fair value through profit or loss	Treasury bills	Investment securities	Loans and receivables: bonds	Total
	$	$	$	$	$
June 30, 2015					
BB- to AA+	51,745,168	-	-		51,745,168
Un-rated	19,010,147	32,416,743	95,038,069	10,213,472	156,678,431
	70,755,315	32,416,743	95,038,069	10,213,472	208,423,599
June 30, 2014					
BB- to AA+	36,475,002	-	23,133,600	-	59,608,602
Un-rated	44,216,136	32,658,794	101,176,632	5,908,038	183,959,600
	80,691,138	32,658,794	124,310,232	5,908,038	243,568,202

Repossessed collateral

At the end of 2015 and 2014 the Group had no repossessed collateral.

Geographical and sector concentrations of assets and liabilities

The Group's operations are centered in Dominica. Economic sector risk concentrations within the customer loan portfolio are depicted in Note 11(a) to the financial statements.

(b) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads. Market risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposure to market risks arises from its non-trading portfolios. Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of equity risks arising from the Group's held to maturity and available-for-sale investments.

Management of market risk

The Group's policies, processes and controls for trading activities are designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility within a framework of sound and prudent practices. Trading activities are primarily customer focused, but also include a proprietary component.

Market risk arising from the Group's trading activities is managed in accordance with Board-approved policies and limits.

5. Financial risk management (cont'd)

(b) Market risk (cont'd)

(i) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group's exposure to currency risk is reviewed regularly and the necessary steps are taken to minimize the risk when necessary. However, most of the Group's assets and liabilities in foreign currency are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since 1974. The summaries of the Group's exposure to foreign currency exchange rate risk at June 30, 2015 are depicted in the following table. Included in the table are the Group's financial instruments at carrying amounts, categorized by currency.

Concentration of financial assets and financial liabilities

	XCD	USD	BDS	EURO	GBP	CAN	Other	Total
As at June 30, 2015	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Assets								
Cash and balances with Central Bank	106,727,982	999,354	83,951	543,328	113,696	60,096	-	108,525,407
Treasury bills	32,416,743	-	-	-	-	-	-	32,416,743
Due from other banks	66,312,991	24,871,429	158,038	7,128,994	1,403,810	323,800	1,827,817	102,026,879
Deposits with non-bank financial institutions	927,408	-	-	-	-	-	-	927,408
Loans and receivables:								
- Loans and advances to customers	533,179,186	4,690,594	-	-	-	-	-	537,869,780
- Bonds	10,213,472	-	-	-	-	-	-	10,213,472
- Syndicated loans and advances	34,130,059	-	-	-	-	-	-	34,130,059
Investment securities:								
- Held-to-maturity	53,691,078	8,100,000	-	-	-	-	1,598,628	63,389,706
- Available-for-sale	31,648,364	-	-	-	-	-	-	31,648,364
- At Fair Value	-	61,673,142	-	-	-	-	9,082,173	70,755,315
Total financial assets	869,244,283	100,334,519	241,989	7,672,322	1,517,506	383,896	12,508,618	991,903,133

5. Financial risk management (cont'd)

(b) Market risk (cont'd)

(i) *Currency risk (cont'd)*

Concentration of financial assets and financial liabilities (cont'd)

	XCD	USD	BDS	EURO	GBP	CAN	Other	Total
As at June 30, 2015	$	$	$	$	$	$	$	$
Liabilities								
Deposits from customers	841,570,960	20,374,373		5,551,672	78,127	274,047		867,849,179
Commercial paper	37,649,658							37,649,658
Other liabilities	7,635,836	392,617	8,960	178,056	20,131	5,628	594	8,241,822
Total financial liabilities	886,856,454	20,766,990	8,960	5,729,729	98,258	279,675	594	913,740,659
Net currency exposure	(17,612,171)	79,567,529	233,029	1,942,594	1,419,248	104,221	12,508,024	78,162,474
As at June 30, 2014								
Financial assets	843,735,014	120,755,129	413,733	3,318,491	1,025,677	1,060,426	12,879,634	983,188,104
Financial liabilities	881,818,520	21,185,209	-	2,195,927	74,698	335,840	-	905,610,194
Net currency exposure	(38,083,506)	99,569,920	413,733	1,122,564	950,979	724,586	12,879,634	77,577,910

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flows risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. The table below summarizes the Group's exposure to interest rate risks. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

5. Financial risk management (cont'd)

(b) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Maturities of interest sensitive financial assets and financial liabilities

	Up to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
As at June 30, 2015	**$**	**$**	**$**	**$**	**$**
Assets					
Cash and balances with Central Bank	-	-	-	108,525,407	108,525,407
Treasury bills	32,416,743	-	-	-	32,416,743
Due from other banks	53,890,197	-	-	48,136,682	102,026,879
Deposits with non-bank financial institutions	927,408	-	-	-	927,408
Loans and receivables:					
- Loans and advances to customers	130,470,810	87,741,932	319,657,038	-	537,869,780
- Bonds	-	-	10,213,472	-	10,213,472
- Syndicated loans and advances	4,989,390	22,961,485	6,179,184	-	34,130,059
Investment securities:					
- Held-to-maturity	20,268,220	39,660,665	3,460,821	-	63,389,706
- Available-for-sale	6,918,534	11,100,643	-	13,829,187	31,848,364
Total financial assets	249,881,302	161,464,725	339,510,515	170,491,276	921,347,818
Liabilities					
Deposits from customers	578,475,542	102,854,075	71,033,630	115,485,932	867,849,179
Other liabilities	-	-	-	8,241,822	8,241,822
Commercial paper	15,126,639	17,156,708	5,366,312	-	37,649,659
Total financial liabilities	593,602,181	120,010,783	76,399,942	123,757,754	913,740,660
Interest sensitivity gap	(343,720,879)	41,453,942	263,110,573	46,763,522	7,607,158
As at June 30, 2014					
Total financial assets	257,281,545	171,068,347	333,931,734	140,215,340	902,496,966
Total financial liabilities	860,535,522	36,600,000	-	8,474,672	905,610,194
	(603,253,977)	134,468,347	333,928,734	131,740,668	(3,113,228)

5. Financial risk management (cont'd)

(b) Market risk (cont'd)

(iii) Equity price risk

Equity price risk is the possibility that equity prices will fluctuate, affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices. The primary exposure to equity prices arises from trading activities. The Group manages its non-trading equity investments in response to changing market conditions and limits the risk by maintaining a diversified portfolio.

Sensitivity analysis – Equity price risk
If market rates at June 30, 2015 had been 1% higher with all other variables held constant, equity for the year would have been $14,056 June 30, 2014: $43,256) higher as a result of the increase in the fair value of available-for-sale equity investment securities.

For such investments classified as at fair value through profit or loss, the impact on profit or loss and equity would have been and increase or decrease of $36,350 (2014: $43,525)

An equivalent decrease would have resulted in an equivalent amount stated above but with opposite impact.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to daily cash calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, and guarantees. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity risk management

The matching and controlled mismatching of the contractual maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

5. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Maturities of financial assets and financial liabilities

The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities

	Up to 1 year	1 to 5 years	Over 5 years	Total
As at June 30, 2015	**$**	**$**	**$**	**$**
Assets				
Cash and balances with Central Bank	108,525,407	-	-	108,525,407
Treasury bills	32,416,743	-	-	32,416,743
Due from other banks	102,026,879	-	-	102,026,879
Deposits with non-bank financial institutions	927,408	-	-	927,408
Loans and receivables:				
- Loans and advances to customers	130,470,810	87,741,932	319,657,038	537,869,780
- Bonds	-	-	10,213,472	10,213,472
- Syndicated loans and advances	4,989,390	22,961,485	6,179,185	34,130,060
Investment securities:				
- Held-to-maturity	20,268,220	39,660,665	3,460,821	63,389,706
- Available-for-sale	6,918,534	13,535,501	11,194,329	31,648,364
- At fair value	61,673,142	-	9,082,173	70,755,315
Total financial assets	468,216,533	163,899,583	359,787,018	991,903,134
Liabilities				
Deposits from customers	693,961,474	102,854,075	71,033,630	867,849,179
Other liabilities	8,241,822	-	-	8,241,822
Commercial paper	15,126,639	17,156,708	5,366,312	37,649,659
Total financial liabilities	717,329,935	120,010,783	76,399,942	913,740,660
Liquidity sensitivity gap	(249,113,402)	43,888,800	283,387,076	78,162,474
As at June 30, 2014				
Total financial assets	488,158,149	171,068,347	323,961,608	983,188,104
Total financial liabilities	869,010,194	36,600,000	-	905,610,194
	(380,852,045)	134,468,347	323,961,608	77,577,910

5. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Residual contractual maturities relating to off-balance sheet items

Loan commitments

The dates of the contractual amounts of the Group's off-balance sheet instruments that commit it to extend credit to customers and other facilities (Note 36) are summarized in the table below:

Financial guarantees and other financial facilities

Financial guarantee facilities are also included in the table below, based on the earliest contractual maturity date.

Financial guarantees are included below based on the earliest contractual maturity date.

	1 year	1 – 5 years	Total
	$	$	$
June 30, 2015			
Loan commitments	56,363,066	30,000,000	86,363,066
Financial guarantees and other financial facilities	2,897,563	-	2,897,563
	59,260,629	30,000,000	89,260,629
June 30, 2014			
Loan commitments	62,061,378	30,000,000	92,061,378
Financial guarantees and other financial facilities	5,172,783	-	5,172,783
	67,234,161	30,000,000	97,234,161

(d) Operational risk

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Group's standards for the management of operational risk in the following areas:

5. Financial risk management (cont'd)

(d) Operational risk (cont'd)

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective.

Compliance with Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of business unit to which they relate, with summaries submitted to the Board of Directors.

(e) Capital Management

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of consolidated statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the ECCB for supervisory purposes. The required information is filed with the ECCB on a quarterly basis.

The ECCB requires each bank or banking group to hold the minimum level of the regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

The Group's regulatory capital as managed by its Treasury is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), retained earnings and reserves created by appropriations of retained earnings; and
- Tier 2 capital: unrealized gains arising on the fair valuation of equity instruments held as available for sale (limited to 20% of Tier 1 capital), collective impairment allowance.

5. Financial risk management (cont'd)

(e) Capital Management (cont'd)

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of regulatory capital and the ratios of the Group for the years ended June 30, 2015 and 2014. During those two years, the Group complied with all of the externally imposed capital requirements to which they are subject.

	2015 $	2014 $
Tier 1 capital		
Share capital	11,000,000	11,000,000
Statutory reserve	11,000,000	11,000,000
Retained earnings	67,342,732	73,901,182
Total tier 1 capital	89,342,732	95,901,182
Tier 2 capital		
Collective impairment losses	34,537,435	26,756,001
Loan loss reserve	9,000,000	9,000,000
Unrealised gain on investment securities	2,488,251	1,082,674
Total qualifying tier 2 capital	46,025,686	36,838,675
Total regular capital	135,368,418	132,739,857
Risk weighed assets	700,242,000	720,063,000
Basel ratio	19.3%	18.4%

6. Fair values of financial instruments

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

The fair values of cash resources, other assets and liabilities, cheques and other items in transit and due to other banks are assumed to approximate their carrying values due to their short term nature. The fair value of off-statement of financial position commitments is also assumed to approximate the amounts disclosed in Note 36 due to their short term nature.

The fair values of listed securities are assumed to be equal to the estimated market value. The fair values of unlisted securities are estimated at book value.

The estimated fair values of loans reflect changes in interest rates that have occurred since the loans originated and are determined by discounting contractual future cash flows, over the remaining term to maturity, at current interest rates. The estimated fair values of loans are not significantly different from their carrying values.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges such as New York and London.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

6. Fair values of financial instruments (cont'd)

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. Deposits payable on a fixed date are at rates which reflect market conditions and are assumed to have fair values which approximate carrying values.

Financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Total fair values	Total carrying value
	$	$	$	$	$
June 30, 2015					
Financial assets					
Cash and balances with Central Bank	-	108,525,407	-	108,525,407	108,525,407
Due from other Banks	-	102,026,879	-	102,026,879	102,026,879
Deposits with non-bank financial institutions	-	927,408	-	927,408	927,408
Loans and advances to customers					
Large corporate customers	-	272,518,564	-	272,518,564	294,320,050
Term loans	-	81,410,380	-	81,410,380	88,737,314
Mortgages	-	115,752,235	-	115,752,235	123,854,892
Overdrafts	-	59,536,754	-	59,536,754	65,527,060
Syndicated loans and advances	-		-	-	34,130,059
Investment securities: held to maturity	-	63,389,707	-	63,389,707	63,389,707
Investment securities: available for sale	-	22,192,113	-	22,192,113	31,648,363
	-	826,279,447	-	826,279,447	913,087,139
Financial liabilities					
Due to customers	-	867,849,179	-	867,849,179	867,849,179
Commercial papers	-	37,649,658	-	37,649,658	37,649,658
	-	905,498,837	-	905,498,837	905,498,837

6. Fair values of financial instruments (cont'd)

Financial instruments not measured at fair value (cont'd)

	Level 1	Level 2	Level 3	Total fair values	Total carrying value
	$	$	$	$	$
June 30, 2014					
Financial assets					
Cash and balances with Central Bank	-	87,939,557	-	87,939,557	87,939,557
Due from other Banks	-	92,844,989	-	92,844,989	92,844,989
Deposits with non-bank financial institutions	-	1,256,769	-	1,256,769	1,256,769
Loans and advances to customers					
Large corporate customers	-	287,538,577	-	287,538,577	304,790,892
Term loans	-	81,521,697	-	81,521,697	88,043,434
Mortgages	-	100,152,412	-	100,152,412	107,163,080
Overdrafts	-	45,567,064	-	45,567,064	45,567,064
Syndicated loans and advances	-	36,606,920	-	36,606,920	38,803,335
Investment securities: held to maturity	-	70,487,455	-	70,487,455	73,306,954
Investment securities: available for sale	-	19,481,504	-	19,481,504	51,003,378
	-	823,396,944	-	823,396,944	890,719,452
Financial liabilities					
Due to customers	-	851,419,038	-	851,419,038	851,419,038
Commercial papers	-	45,716,484	-	45,716,484	45,716,484
	-	897,135,522	-	897,135,522	897,135,522

6. Fair values of financial instruments (cont'd)

Fair value hierarchy (cont'd)

Financial instruments measured at fair value – fair value hierarchy

	Level 1	Level 2	Level 3	Total
	$	**$**	**$**	**$**
June 30, 2015				
Fair value through profit or loss				
Equity and debt securities	-	70,555,315	-	70,755,315
Financial assets: available-for-sale				
Debt securities	-	2,485,550	-	2,485,550
Equity securities	-	6,970,700	-	6,970,700
	-	9,456,250	-	9,456,250
	-	80,211,565	-	80,211,565
June 30, 2014				
Fair value through profit or loss				
Equity and debt securities	-	80,691,138	-	80,691,138
Financial assets: available-for-sale				
Debt securities	-	24,610,733	-	24,610,733
Equity securities	-	6,911,040	-	6,911,040
	-	31,521,773	-	31,521,773
	-	112,212,911	-	112,212,911

6. Fair values of financial instruments (cont'd)

Fair value hierarchy (cont'd)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, would include active listed equities and certain non-US sovereign obligations. The Group does not adjust the quoted price for these instruments.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are classified as Level 2, unless the measurement of its fair value requires the use of significant unobservable input, in which case it is reclassified as Level 3. For the year ended June 30, 2015, there were no securities transferred between Levels 1 or 2.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs would be classified within Level 2. These include most investment-grade corporate bonds, certain non-US sovereign obligations, thinly traded listed equities and some over-the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

For the year ended June 30, 2015, the Group had no Level 3 securities. There were no securities transferred in or out of Level 3.

7. Cash and balances with Central Bank

(a) Cash and balances with Central Bank

	Note	2015 $	2014 $
Cash in hand		11,788,657	19,845,796
Balances with Central Bank other than mandatory deposits		45,429,750	17,387,189
Included in cash and cash equivalents	7(b)	57,218,407	37,232,985
Mandatory deposits		51,307,000	50,706,572
		108,525,407	87,939,557

The weighted average effective interest rate on interest-bearing deposits with the Central Bank at June 30, 2015 was 0.00% (2014 - 0.00%). Certain deposits with the Central Bank are non-interest bearing.

Mandatory deposits

Section 17 of the Dominica Banking Act No. 16 of 2005, and the Eastern Caribbean Central Bank Agreement Act of 1983, prescribes the maintenance of a required reserve, including marginal required reserves, against deposits and other similar liabilities specified for that purpose. Such reserves shall be maintained either by way of notes and coins, cash holdings with other financial institutions or by way of deposits with the Central Bank. Such mandatory deposits are not available to finance the Group's day-to-day operations.

(b) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances:-

	Notes	2015 $	2014 $
Cash and balances with Central Bank	7(a)	57,218,407	37,232,985
Treasury bills	8	32,416,743	32,658,794
Due from other banks	9	102,026,879	92,844,989
Deposits with non-bank financial institutions	10	927,408	1,256,769
		192,589,437	163,993,537

8. Treasury bills

	Notes	2015 $	2014 $
Treasury bills	7(b)	32,416,743	32,658,794

The weighted average effective interest rate in respect of treasury bills for the year was 6.12% (2014 – 5.20%).

9. Due from other banks

	Notes	2015 $	2014 $
Items in the course of collection		95,506	11,574
Placements with other banks		48,041,176	38,476,950
Interest bearing deposits		53,890,197	54,356,465
	7(b)	102,026,879	92,844,989

The weighted average effective interest rate in respect of interest bearing deposits for the year was 2.11% (2014 - 3.05%).

10. Deposits with non-bank financial institutions

	Notes	2015 $	2014 $
Interest bearing deposits	7(b)	927,408	1,256,769

The weighted average effective interest rate in respect of interest bearing deposits for the year was 6.29% (2014 - 6.29%).

11. Loans and receivables

	Notes	2015 $	2014 $
Loans and advances to customers	11(a)	537,869,780	518,775,252
Bonds	11(b)	10,213,472	5,908,038
Syndicated loans and advances	11(c)	34,130,059	38,803,335
		582,213,311	563,486,625

(a) Loans and advances to customers

	2015 $	2014 $
Mortgage loans	123,854,892	107,163,080
Large corporate	294,320,050	304,790,892
Overdrafts	65,527,060	45,567,064
Credit Cards	4,110,571	4,325,609
Term loans	84,626,742	83,717,825
Gross	572,439,315	545,564,470
Unearned interest on discount loans	(32,100)	(33,217)
Provision for loan impairment	(34,537,435)	(26,756,001)
Net	537,869,780	518,775,252
Current	130,470,810	124,014,747
Non-current	407,398,970	394,760,505
	537,869,780	518,775,252

The weighted average effective interest rate on productive loans stated at amortized cost at June 30, 2015 was 8.01% (2014 – 8.04%) and productive overdrafts stated at amortized cost was $13.26% (2014 - 13.30%).

11. Loans and receivables (cont'd)

(a) Loans and advances to customers (cont'd)

Provision for loan impairment

	2015	**2014**
	$	**$**
At beginning of year	(26,756,001)	(25,482,186)
Bad debts written off	1,752,143	4,098,663
	(25,003,858)	(21,383,523)
Charge for the year	(9,533,577)	(5,372,478)
Total provision for loan impairment	(34,537,435)	(26,756,001)
Charges against profits:		
Increase in provision for impairment	(9,533,577)	(5,372,478)
Impairment recoveries on loans and advances	3,034,753	1,158,166
Net impairment losses on loans and advances	(6,498,824)	(4,214,312)

	Large corporate customers	**Term loans**	**Mortgage loans**	**Overdraft**	**Total**
	$	**$**	**$**	**$**	**$**
At beginning of year 2015	20,542,659	997,802	2,767,266	2,448,274	26,756,001
Bad debts	(983,461)	(52,477)	(179,780)	(536,425)	(1,752,143)
Charge for the year	3,375,373	1,550,595	529,152	4,078,457	9,533,577
At end of year	22,934,571	2,495,920	3,116,638	5,990,306	34,537,435
At beginning of year 2014	17,009,450	2,608,483	3,010,621	2,853,632	25,482,186
Bad debts written off	(1,640,172)	(2,458,491)	-	-	(4,098,663)
Charge for the year	5,173,381	847,810	(243,355)	(405,358)	5,372,478
At end of year	20,542,659	997,802	2,767,266	2,448,274	26,756,001

11. Loans and receivables (cont'd)

(a) Loans and advances to customers (cont'd)

Sectoral analysis

	2015		2014	
	$	**%**	**$**	**%**
Agriculture, fisheries and mining	3,352,811	0.6	11,728,281	2.10
Construction and land development	108,795,757	19.0	101,931,437	18.70
Distribution	51,913,591	9.1	64,263,027	11.80
Durable consumer goods	4,553,650	0.8	5,699,471	1.00
Financial institutions	11,320,975	2.0	14,486,132	2.70
Home construction and renovation	78,240,096	13.7	80,717,354	14.80
House and land purchase	45,614,796	8.0	37,709,443	6.90
Manufacturing	16,384,469	2.9	12,472,410	2.30
Other personal	50,647,736	8.7	33,834,510	6.20
Professional services	18,378,733	3.2	17,309,313	3.20
Public administration	100,337,971	17.5	80,951,943	14.80
Tourism and entertainment	51,447,956	9.0	49,752,236	9.10
Transportation and storage	5,808,021	1.0	7,829,068	1.50
Utilities	25,642,753	4.5	26,879,845	4.90
	572,439,315	100.00	545,564,470	100.00

(b) Bonds

	2015	2014
	$	**$**
Government bonds	10,213,472	5,908,038

Government bonds are purchased from and issued directly by the Government of Dominica. The weighted average effective interest rate for the year in respect of Government bonds was 4.65% (2014 - 3.50%).

11. Loans and receivables (cont'd)

(c) Syndicated loans and advances

The Group, as part of its strategic initiatives has entered into syndicated arrangements for the funding of loan facilities both domestically and regionally. For arrangements where the Bank acts as the lead bank, the amounts advanced by other banks are classified as syndicated liabilities and deducted from the loans to customers for presentation on the statement of financial position.

	2015	2014
	$	$
Syndicated loans and advances	34,130,059	38,803,335

The weighted average effective interest rate for the year in respect of syndicated loans at amortized cost was 5.75% (2014 – 5.75%).

Sectoral analysis

	2015		2014	
	$	%	$	%
Utilities	34,130,059	100.00	38,803,335	100.00

12. Investment securities

	Available-for-sale					
	Listed	**Unlisted**	**Total available-for-sale**	**Held-to-maturity**	**Financial assets at fair value through profit or loss**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Opening balance - 2014	36,706,659	31,813,809	68,520,468	70,630,917	62,758,870	201,910,255
Additions	-	93,944	93,944	3,404,555	13,579,768	17,078,267
Disposals	-	(12,151,698)	(12,151,698)	(573,566)	-	(12,725,264)
Loss on disposal of investment security	-	(1,417,893)	(1,417,893)	-	-	(1,417,893)
Fair value (loss)/gain	(4,325,606)	334,063	(3,991,543)	(154,952)	4,352,500	206,005
Impairment loss on investment securities	-	(50,000)	(50,000)	-	-	(50,000)
	32,381,053	18,622,225	51,003,278	73,306,954	80,691,138	205,001,370
Opening balance - 2015	32,381,053	18,622,225	51,003,278	73,306,954	80,691,138	205,001,370
Additions	-	5,159,646	5,159,646	3,111,842	6,028,333	14,299,821
Disposals	(21,704,228)	(2,111,538)	(23,815,766)	(13,029,089)	(11,149,072)	(47,993,927)
Loss on disposal of investment security	(2,104,372)	-	(2,104,372)	-	-	(2,104,372)
Fair value (loss)/gain	1,405,577	-	1,405,577	-	(4,725,772)	(3,320,195)
Foreign exchange loss on translation	-	-	-	-	(89,312)	(89,312)
	9,978,030	21,670,333	31,648,363	63,389,707	70,755,315	165,793,385

The weighted average effective interest rate for the year in respect of available-for-sale securities at fair value was 5.96% (2014 – 6.01%). The weighted average effective interest rate for the year in respect of held-to-maturity securities at amortized cost was 5.84% (2014 – 6.11%).

In the current year, the Group realized a loss on the disposal of an investment security – that loss was recognized in prior years in profit or loss.

In the prior year, the Group incurred a loss of $1,417,893 on the disposal of a Government of Trinidad and Tobago Zero Coupon Note in September of 2013 when it was traded for equivalent units in a CLICO Mutual Fund.

12. Investment securities (cont'd)

CL Financial Group placements

As at June 30, 2015, the Group held investments with members of the CL Financial Group as follows:

	Maturity date	Investment amount	Provision 2015	Provision 2014	Movement
	$	$	$	$	$
CLICO International Life Insurance Company - Barbados	January 26, 2015	10,000,000	10,000,000	10,000,000	-

13. Other assets

	2015	2014
Prepayments and advances	883,404	949,828
Clearings	308,994	2,773,859
Merchant settlements	3,207,620	4,352,929
Stationery	915,123	1,006,540
	5,315,141	9,083,156

14. Property and equipment

	Land $	Building $	Leasehold improvement $	Computer equipment $	Furniture & equipment $	Motor vehicles $	Total $
As at June 30, 2013							
Cost	4,256,683	8,448,899	1,963,686	6,443,387	14,001,726	895,150	36,009,531
Accumulated depreciation	-	(3,193,132)	(1,498,774)	(5,593,484)	(9,258,715)	(588,798)	(20,132,903)
Net book amount	4,256,683	5,255,767	464,912	849,903	4,743,011	306,352	15,876,628
Year ended June 30. 2014							
Opening net book amount	4,256,683	5,255,767	464,912	849,903	4,743,011	306,352	15,876,628
Additions for the year	-	110,820	-	723,252	567,916	-	1,401,988
Transfer	-	33,610	-		(33,610)	-	-
Depreciation on transfers	-	(14,000)	-		14,000	-	-
Disposals	-	-	-	-	-	(150,000)	(150,000)
Depreciation eliminated on disposals	-	-	-	-	-	82,500	82,500
Depreciation charge for the year	-	(210,972)	(168,207)	(427,658	(1,416,473)	(102,531)	(2,325,841)
Net book amount	4,256,683	5,175,225	296,705	1,145,497	3,874,844	136,321	14,885,275
As at June 30, 2013							
Cost	4,256,683	8,593,329	1,963,686	7,166,639	14,536,032	745,150	37,261,519
Accumulated depreciation	-	(3,418,104)	(1,666,981)	(6,021,142	(10,661,188)	(608,829)	(22,376,244)
Net book amount	4,256,683	5,175,225	296,705	1,145,497	3,874,844	136,321	14,885,275
Year ended June 30, 2015							
Opening book amount	4,256,863	5,175,225	296,705	1,145,497	3,874,844	136,321	14,885,275
Additions for the year	-	134,388	-	46,942	398,491	172,500	752,321
Transfer	-	-	-	-	-	-	-
Depreciation on transfers	-	-	-	-	-	-	-
Disposals	-	-	(760,849)	-	(6,733)	-	(767,582)
Depreciation eliminated on disposals	-	-	686,634	-	6,733	-	693,367
Depreciation charge for the year	-	(218,411)	(165,757)	(497,106)	(1,402,299)	(75,481)	(2,359,054)
Net book amount	4,256,683	5,091,202	56,733	695,333	2,871,036	233,340	13,204,327
As at June 30, 2015							
Cost	4,256,683	8,727,717	1,202,837	7,213,581	14,927,790	917,650	37,246,258
Accumulated depreciation	-	(3,636,515)	(1,146,104)	(6,518,248)	(12,056,754)	(684,310)	(24,041,931)
Net book amount	4,256,683	5,091,202	56,733	695,333	2,871,036	233,340	13,204,327

15. Intangible assets

	$
As at June 30, 2013	
Cost	6,933,602
Accumulated amortisation	(6,365,990)
Net book amount	567,612
Year ended June 30, 2014	
Opening net book amount	567,612
Additions for the year	617,095
Amortization charge for the year	(486,429)
Net book amount	698,278
As at June 30, 2014	
Cost	7,550,697
Accumulated amortisation	(6,852,419)
Net book amount	698,278
Year ended June 30, 2015	
Opening book amount	698,278
Additions for the year	21,600
Amortization charge for the year	(310,074)
Net book amount	409,804
As at June 30, 2015	
Cost	7,572,297
Accumulated amortisation	(7,162,493)
Net book amount	409,804

16. Investment in equity accounted investee

The Group's share of profit in its equity accounted investee for the year was $ Nil - (2014 - $Nil). The Group's equity accounted investee is not a publicly listed entity and consequentially does not have published price quotations. The Group has used the management accounts of the equity accounted investee as at the period ended June 30, 2015 to identify the net assets as the investee's reporting date of December 31, 2014 exceeds the three month limit per IFRS 12 *Disclosure of Interests in Other entities*.

In the prior year, the group purchased an additional 311,750 shares in Caribbean Union bank at a total cost of $124,700.

Summary financial for the equity accounted investee, not adjusted for the percentage ownership held by the Group as at June 30, 2015 is as follows:

	2015	**2014**
Percentage ownership interest	20.69%	20.69%
Total assets	140,236,162	141,510,569
Total liabilities	(134,967,920)	(135,863,456)
Net assets	5,268,242	5,647,113
Group's share of net assets (20.69%)	1,089,999	1,168,388
Carrying amount of interest in associate	1,089,999	1,168,388
Income	5,518,850	4,708,800
Expenses	(5,510,251)	(5,172,973)
Profit/(loss) from continuing operations	8,599	(464,173)
Profit/(loss) from continuing operations (20.69%)	1,779	(96,037)
Group's share of profit/(loss)	1,779	(96,037)

The Group has not recognised profits/losses totaling 2015: $1,779 (2014: $96,037) in relation to its interest in associates.

17. Income tax recoverable

The income tax recoverable recognized in the consolidated statement of financial position represents an overpayment of taxes for periods up to June 30, 2000.

18. Deposits from customers

	2015	**2014**
	$	**$**
Demand deposits	141,649,329	130,954,305
Savings accounts	442,816,235	488,835,997
Term deposits	283,383,615	231,628,736
	867,849,179	851,419,038
Current	686,192,132	751,121,755
Non-current	181,657,047	100,297,283
	867,849,179	851,419,038

The weighted average effective interest rate for the year in respect of customers deposits was 3.06% (2014 - 3.29%).

19. Other liabilities

	2015	**2014**
	$	**$**
Manager’s cheques	1,600,720	1,140,841
Bankers’ payments	1,128,882	295,971
Provision for staff gratuities	2,710,166	2,648,697
Unclaimed dividends	282,210	290,380
Other accounts payable and accrued liabilities	2,519,844	4,098,783
	8,241,822	8,474,672

The provision for staff gratuities is as a result of a union agreement to provide employees with a gratuity. The gratuity is provided by the Group based on a minimum of 10 years of service. The funds are being held by the Group.

20. Commercial paper

The Group entered into syndicated loan arrangements and issued commercial paper in order to fund loan facilities above the Group's tier 1 requirement to be in compliance with the ECCB requirements. These syndicated arrangements are entered into for the term of the loan which they fund whilst the commercial paper is issued for a maximum period of three years with the possibility of renewal. As at June 30, 2015, the Group had commercial paper of:

	2015	**2014**
	$	**$**
Commercial paper	37,649,658	45,716,484

The effective interest rates are 5.54% (2014 - 6.3%).

21. Share capital

	Number of shares	**2015**	**2014**
		$	**$**
Authorized			
40,000,000 ordinary shares of no par value			
Issued and fully paid			
Ordinary shares at beginning and end of year	22,000000	11,000000	11,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

22. Statutory reserve

Pursuant to Section 14 (1) of the Banking Act No. 16 of 2005, the Group shall, out of its net profits of each year transfer to a reserve "not less than 20% of the annual net earnings of the Bank to a reserve fund whenever the fund is less than one hundred percent of the issued and paid-up capital of the Bank". At year end the Group's reserve was 100% of the issued and paid-up capital and as such no transfers were made during the year.

23. Loan loss reserve

In the prior year, the Directors declared the creation of a loan loss reserve as a transfer from retained earnings. The declaration of this reserve is in anticipation of the adoption of IFRS 9 - Financial Instruments in future years – IFRS proposes a change in the framework for provision for loan losses and it is expected that there will be a significant increase in the provision when this IFRS is adopted. Loans and advances currently in the Group's portfolio are expected to contribute to this increase in the loan loss provision, as such the loan loss reserve is designed to give a reasonable estimate of what the true tier capital is in light of these future changes in measurement basis.

24. Available-for-sale reserve

Unrealized gain/(loss) on investment securities reflects the difference between the available-for-sale investments at cost and their fair value. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk

	2015 $	2014 $
Balance at beginning of year	1,082,674	5,408,280
Transfer of prior period unrealized loss to income	1,897,740	-
Loss on changes in fair values	(492,163)	(4,325,606)
Balance at end of year	2,488,251	1,082,674

25. Dividends

The following dividends were declared and paid by the Group:

	Issued and outstanding shares	2015 $	2014 $
Issued and fully paid			
10 cents per qualifying ordinary shares (2014 – 0 cents)		2,200,000	-
Ordinary shares at the beginning of the year	22,000,000	2,200,000	-

26. Net interest income

	2015	2014
	$	$
Interest income		
Loans and overdrafts	41,293,977	42,354,713
Treasury bills, investment securities, bonds and syndicated loans	8,842,124	7,518,161
Deposits with bank	1,804,369	2,849,092
	51,940,470	52,721,966
Interest expense		
Time deposits, commercial paper and syndicated arrangements	12,081,608	10,792,595
Saving deposits	15,761,711	18,642,848
Demand deposits	622,404	531,846
	28,465,723	29,967,289
Net interest income	23,474,747	22,754,677

27. Net commission and other income

	2015	2014
	$	$
Dividend income	565,086	544,330
Foreign currency account commission	414,314	505,088
Loan fees	1,590,935	1,895,864
Net credit card revenue	225,797	364,596
Others	1,056,993	1,052,195
Services charges	1,007,975	884,485
	4,861,100	5,246,558

28. Impairment loss on investment securities

	Note	2015	2014
		$	$
Available-for-sale	12	-	(50,000)
Held-to-maturity	12	-	-
		-	(50,000)

Impairment losses are reflected in the consolidated statement of profit or loss at June 30, 2015 and represent management's assessment of impairment of investments classified as available-for-sale and held-to-maturity, based on the existence of objective evidence of impairment at that date.

See note 12 for the effect of the impairment on the consolidated statement of financial position.

29. Operating expenses

	Note	2015 $	2014 $
Audit fees		211,650	211,600
Audit expenses		50,120	49,057
Depreciation and amortization		2,669,128	2,812,270
Directors' expenses		83,237	56,094
Directors' fees		218,616	296,778
Directors' training and development		31,838	55,634
Employees' benefit expenses	31	11,130,321	11,872,261
Insurance		376,792	429,958
Legal and professional fees		694,363	745,408
Office expenses		882,133	693,604
Other expenses	30	2,100,285	2,278,644
Rental of premises and equipment		1,086,647	1,083,481
Repairs and maintenance:			
- Building		947,076	773,561
- Computer		1,429,354	1,670,888
- Other		405,521	364,945
Utilities			
- Electricity		947,927	888,697
- Telephone		499,911	588,418
		23,764,919	24,871,298

30. Other expenses

	2015 $	2014 $
Advertising and promotions	843,943	1,000,044
Agency fees	409,758	344,689
Collateral revaluation	25,977	40,807
Meetings and conferences	83,541	168,574
Miscellaneous	149,367	55,500
Scholarships expenses	9,453	9,043
Security – cash in transit	144,254	155,676
Subscription and levies	203,373	289,435
Sundry losses	230,619	214,876
	2,100,285	2,278,644

31. Employees' benefit expenses

	Note	2015 $	2014 $
Wages and salaries		8,294,104	8,723,853
Other staff costs		843,527	1,060,023
Training		473,375	574,447
Social security cost		553,297	533,286
Retirement benefit and gratuity		540,739	461,719
Group insurance		298,957	307,147
Staff uniform		126,322	211,786
	29	11,130,321	11,872,261
Key Management Compensation			
Salaries and other short-term benefits		1,346,315	1,593,070
Post-employment benefits		268,351	193,726
		1,614,666	1,786,796
Directors' fees		218,616	296,778

32. Income tax expense

	2015 $	2014 $
Current	-	-
Deferred	-	-
	-	-

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate of 30% on the consolidated accounts as follows:-

	2015 $	2014 $
(Loss)/profit before tax	(4,358,450)	7,335,892
Tax calculated at the applicable tax rate of 30% (2014 – 30%)	(1,307,535)	2,200,768
Non-deductible expenses	3,713,718	2,455,424
Tax exempt of income	(5,797,178)	(6,520,680)
Tax impact of current year tax losses	3,390,995	1,864,488
	-	-

33. Tax losses

At the end of the year, the Group had income tax losses of $50,284,909 (2014 - $59,024,911) to carry forward against future tax liabilities. These losses, which have not been confirmed or agreed by the Inland Revenue Department, will expire as follows if not utilised:

Income year	Expiry year	Losses arising	Losses expired	Losses available	Accumulated losses
		$	$	$	$
2010	2015	20,043,318	(20,043,318)	-	-
2011	2016	18,438,312	-	18,438,312	18,438,312
2012	2017	4,278,854	-	4,278,854	22,717,166
2013	2018	10,049,468	-	10,049,468	32,766,634
2014	2019	6,214,959	-	6,214,959	38,981,593
2015	2020	11,303,316	-	11,303,316	50,284,909

The above tax losses are as computed by the Group in its annual tax returns and have not been confirmed or disputed by the Comptroller of Inland Revenue.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The deferred tax asset has not been recognised since it is uncertain that taxable profits will be available against which the deferred tax asset can be utilised.

34. Basic and diluted earnings per share

The calculation of earnings per share is based on the loss attributable to ordinary shareholders for the year of $4,358,450 (2014: $7,335,892) divided by 22,000,000 (2014 - 22,000,000), being the weighted average number of ordinary shares in issue during the year.

35. Related party transactions and balances

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").
A party is related to the company, if:

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

35. Related party transactions and balances (Cont'd)

Interest income and interest expense with related parties were as follows:

	2015		2014	
	Income $	**Expense $**	**Income $**	**Expense $**
Government of Dominica	3,656,678	334,207	1,810,435	349,035
Statutory bodies	1,554,023	6,318,650	1,736,024	7,200,317
Directors and related entities	684,014	64,977	1,280,275	41,597
Key management	123,103	16,086	83,159	9,713

At June 30, related parties had the following balances with the Group:

	2015		2014	
	Loans $	**Deposits $**	**Loans $**	**Deposits $**
Government of Dominica	67,407,995	17,071,647	46,422,870	19,697,237
Statutory bodies	20,927,233	141,495,082	21,902,597	179,338,912
Directors and related entities	11,044,667	2,547,160	15,563,117	4,443,713
Key management	2,081,269	768,440	1,379,528	368,326

As at the financial year end, the Group's single largest shareholder was the Government of the Commonwealth of Dominica holding directly 48.93% (2014 - 48.93%) of the issued share capital, and 55.09% (2014 - 55.09%) when considered in concert with statutory companies.

Directors' shareholdings as at the end of the financial year are as follows: 6,314 shares or 0.03%.

36. Commitments and contingencies

Loans and advances committed but not yet drawn at the year-end totaled $86.36 million (2014 - $92.06 million).

Sectoral analysis

	2015	**2014**
	$	**$**
Construction and land development	6,590,742	12,600,931
Business financing	40,663,889	29,099,747
Home construction and renovation	5,332,958	6,474,184
Education	-	1,377,646
Other personal	1,412,026	508,870
Tourism	2,363,451	12,000,000
Utilities	30,000,000	30,000,000
	86,363,066	92,061,378

Acceptances, guarantees and letters of credit undertaken at the year-end amounted to $2,897,563 (2014 - $4,111,322). As at the end of the financial year there was no contractual arrangement for capital works.

37. Future lease commitments

There were no capital commitments for properties at year end. However, there were operating lease commitments, of which the minimum future payments are as follows:-

	2015	**2014**
	$	**$**
Within one year	584,314	1,015,329
Within two to five years	608,753	4,670,103
	1,193,067	5,685,432

38. Human capital management

The following data serves to indicate the trends in performance measurement of the Group:-

	2015	**2014**
Number of employees	149	149
Staff costs/total revenue	20.1 %	17.9%
Interest revenue per employee	348,594	353,839
Assets per employee	6,816,527	6,789,222

39. Subsequent events

Subsequent to the balance sheet date, but prior to the signing of these financial statements, the Commonwealth of Dominica was struck by a Tropical Storm. While there was no damage to the Bank's facilities or plant and equipment, the storm caused significant damage to infrastructure throughout the country.

The damage to property, including homes, businesses, land and vehicles may result in an inability of some customers to properly discharge their loans in accordance with their loan agreements.

The Bank is unable to adequately estimate the value of any losses arising from this event in future periods