



Dominica Agricultural Industrial and Development Bank



2024

**ANNUAL
REPORT**

Investing for a Sustainable Future

Designed by Quikprint Inc.

CONTENTS

Acronyms and Abbreviations	03	Part Four	
Chairman's Letter of Transmittal	04	Corporate Social Responsibility	19
Board of Directors	05		
Management	06		
Staff Members	07	Part Five	
Chairman's Statement	09	Financial Performance	20
DAIDB Five Year Highlights at a Glance	12	Net Profit	20
		Income	20
		Expenses	21
		Assets	21
		Liabilities	21
		Shareholders' Equity	21
Part One			
The Economy of Dominica	13		
Part Two			
The Performance of DAIDB	14	Auditor's Report	22
Credit Operations	14	Financial Statements	26
Funding	16		
Human Resources and Administration	17		
Management Information Systems	17		
Industrial Estate Unit (IEU)	17		
Part Three			
Other Activities	19		
Financial Data Systems Limited (FDSL)	19		



OUR MISSION

To create value-added solutions focused on building employee, customer and shareholder confidence and satisfaction by improving quality of life through innovative products and services, facilitating social and economic investments and partnering with all our stakeholders

OUR VISION

To be a leading and sustainable development finance institution in the Caribbean Region, building a resilient community by stimulating economic and social growth in the Commonwealth of Dominica



ACRONYMS AND ABBREVIATIONS

AFS	Available for Sale
AML	Anti Money Laundering
CariCRIS	Caribbean Information & Credit Rating Services Limited
CARICOM	Caribbean Community
CBI	Citizenship By Investment
CDB	Caribbean Development Bank
CDF	CARICOM Development Fund
CTCS	Caribbean Technological Consultancy Services
BANDES	Banco de Desarrollo Económico y Social de Venezuela
DAIDB	Dominica Agricultural Industrial and Development Bank
DFI	Development Finance Institution
DPAC	Development Package for Development Financial Institution
DSC	Dominica State College
DYBT	Dominica Youth Business Trust
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EC\$	Eastern Caribbean Dollar
EIB	European Investment Bank
ERM	Enterprise Risk Management
FEEF	Foreign Exchange Equalization Fund
FDSL	Financial Data Systems Limited
GDP	Gross Domestic Product
IAS	International Accounting Standards
ICT	Information and Communications Technology
IFRS	IFRS Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IEU	Industrial Estate Unit
IMF	International Monetary Fund
IT	Information Technology
MIS	Management Information Systems
MSME	Micro, Small and Medium-sized Enterprises
NBD	National Bank of Dominica
NEP	National Employment Program
NP	Non-performing
OCI	Other Comprehensive Income
OECS	Organisation of Eastern Caribbean States
PAR	Portfolio-at-Risk
SFR-D	Special Fund Resources – Dominica
US\$	United States dollar



CONTACT DETAILS

Dominica Agricultural Industrial & Development Bank
P.O Box 215
Corner of Charles Ave. and Rawles Lane,
Goodwill, Commonwealth of Dominica

Tel. No. 767-255-9400

767-448-2853

E-mail aidbank@cwdom.dm

customerservice@aidbank.com

Website www.aidbank.com

CHAIRMAN'S LETTER OF TRANSMITTAL

Honourable Dr. Irving McIntyre
Minister of Finance, Economic Development,
Climate Resiliency & Social Security
5th Floor, Ministry of Finance
Financial Centre
Kennedy Avenue
Roseau
Commonwealth of Dominica
September 30, 2024

Dear Honourable Minister,

Pursuant to Section 22(1), Chapter 74:03 of the Laws of the Commonwealth of Dominica (1990 Revised Edition), I have the honour to submit to you, on behalf of the Board of Directors, the Annual Report on the operations and Audited Financial Statements of the Dominica Agricultural Industrial and Development Bank for the Financial Year ended June 30, 2024.

Please accept, Honourable Minister, the assurances of my highest consideration.

Yours sincerely,

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK



MARTIN CHARLES
CHAIRMAN
BOARD OF DIRECTORS

BOARD OF DIRECTORS

As at June 30, 2024



MARTIN CHARLES
Chairman



SIMPSON GREGOIRE
Deputy Chairman



LEON LE BLANC
Director



HELEN PASCAL
Director



COLBERT PINARD
Director



EVANNAH EMANUEL
Director



CLEVILLE MILLS
Director



JOY ROBERTS
Director



BENTLEY ROYER
Director

MANAGEMENT

As at June 30, 2024



MATHILDA JOHN-ROSE
General Manager (Ag.)



TAMMY JEAN-JACQUES
Chief Financial Officer



NICHOL AZILLE-FAUSTIN
Head of Credit



HERMINA ALBERT
Senior Manager
Human Resource and Administration



KENNETH ALBERT
Manager Recoveries (Ag.)



PATRICIA SHILLINGFORD-CHAMBERS
Manager Credit (Ag.)



GLENROY ELOI
Manager Industrial Estates (Ag.)



SAUDIA CYRUS
Legal Officer



TABLE 1
STAFF MEMBERS AS AT JUNE 30, 2024

OFFICE OF THE GENERAL MANAGER	
MATHILDA JOHN-ROSE	General Manager (Ag) Executive Manager, Operations
MEKELLE QUAMMIE	Secretary to the General Manager/Board
CREDIT	
NICHOL AZILLE-FAUSTIN	Head of Credit
PATRICIA SHILLINGFORD-CHAMBERS	Manager Credit (Ag)
ADRIAN THOMAS	Credit Officer (Ag)
GEORGINA EDWARDS	Credit Officer (Ag)
NIGEL BREWSTER	Credit Officer (Ag)
SHERNELL VICTOR	Securities Officer (Ag)
NIKITA LAURENT	Loans Administrative Officer (Ag)
SHERNIA SERAPHIN	Intern – Credit Department
RECOVERIES	
KENNETH ALBERT	Manager, Recoveries (Ag)
RUBY XAVIER	Senior Recoveries Officer
KERRY SHILLINGFORD	Recoveries Officer
LESTER FRANK	Intern – Recoveries Department
BUSINESS DEVELOPMENT	
JOSEPHINE DECHAUSAY TITRE	Marketing & Communications Officer
BERTILIA BETHEL-JAMES	Agricultural Development Officer

JOANNE LEATHAM	Receptionist (Temporary)
SHERLYN EDWARDS	Intern – Business Development Unit
FINANCE AND ACCOUNTS	
TAMMY JEAN-JACQUES	Chief Financial Officer
ANDREA DUPIGNY	Accountant
ADRIAN JOSEPH	Accounts Officer (Ag)
CONLEE JNO JULES	Accounting Assistant (Ag)
FRANKA ROYER	Disbursement Representative (Ag)
MIANNA LINTON	Accounting Clerk (Temporary)
MERVIA JOSEPH	Teller (Temporary)
HUMAN RESOURCE AND ADMINISTRATION	
HERMINA ALBERT	Senior Manager Human Resource & Administration
SHARON JNO BAPTISTE	Human Resource Administrative Assistant (Temporary)
GABRIEL NICHOLS	Office Attendant
MANAGEMENT INFORMATION SYSTEMS	
KHAN SYLVESTER	Technical Officer, MIS
LINDA GONZALEZ-PELTIER	Application Support Assistant, MIS/FDSL
IKE BANNIS	Technical Assistant, MIS
LEGAL DEPARTMENT	
SAUDIA CYRUS	Legal Officer
NATASHA WINSTON	Legal Secretary
INDUSTRIAL ESTATES	
GLENROY ELOI	Manager, Industrial Estates (Ag)
SHANIQUE AFRICA	Intern – Industrial Estates Department
KESTAR TOUSSAINT	Intern – Industrial Estates Department
KELVIN COIPEL	Maintenance Attendant



CHAIRMAN'S STATEMENT

as at June 2024

Dear Shareholders,

Overview

The year ended June 30, 2024 marked the end of the Bank's four year Strategic Plan which was themed "Embracing the path to a dynamic and resilient Dominica". Based on the results for the period, it is reasonable to conclude that the Bank performed credibly, achieving and even surpassing a number of targets. This year's Annual Report is presented under the theme, "Investing For A Sustainable Future".

On a national level, economic activity in Dominica expanded in the year 2023 into 2024. According to the ECCB's Annual Economic and Financial Review, economic activity expanded by 4.7% in 2023 with a forecasted strong expansion into 2024, whilst growth is expected to continue in tourism, construction, manufacturing and agriculture.

Globally, according to the July 2024 World Economic Outlook, growth of 3.2% was projected in 2024. The report however pointed to the continued presence of the potential increase in commodity prices due to geopolitical conflicts, the potential impact of the US elections and climate change which could all affect the outlook for inflation, global trade and economic growth.

In his 2024/25 National Budget Address, under the theme, "Partnering to Build the Platform for Sustainable Growth and Development, the Honourable Minister for Finance, Economic Development, Climate Resilience and Social Security, highlighted Government's focus to implement programmes and projects which promote long-term economic growth, enhance social protection and human development, build resilience and preserve the environment.

Consistent with Government's priority objectives for sustainable growth and development, I can report that during the Strategic Period 2020-2024, the Bank approved loans to a total value of \$78 million. Worthy of mention is the significant impact which a US\$10.34 million line of credit obtained from the Caribbean Development Bank through the Government of Dominica in December 2021, has made to Micro, Small and Medium-sized Enterprises (MSMEs). This facility is being on-lent to businesses at an interest rate of 3.5%. By the end of June 30, 2024, an amount of EC\$22.8 million or 82.1% of the amount has been committed to businesses in the productive sectors of agriculture, tourism, manufacturing, transportation and services.

The Bank continues to address the needs of the socially vulnerable segment of the population by tailoring loan packages specific to them. We continue to promote loans to underprivileged students where a maximum of \$100,000.00 is offered with only one guarantor, to pursue tertiary level education at local, regional or international institutions. Special loan packages are also afforded to women, the Kalinago community and the elderly.

The impact of such investment has been seen through the creation of sustainable jobs, enhanced revenue potential, the provision of improved services, and a higher standard of living for our citizens. All of which were articulated by the Honourable Minister of Finance, Economic Development, Climate Resilience and Social Security, during his 2024/25 Budget Presentation.

Climate change is a real phenomenon globally, therefore environmental sustainability continues to be among our top priorities. Through assistance from the Caribbean Development Bank, the AID Bank has in place a Climate Change Policy which is meant to mitigate the impact of climate change in our investment activities.

By June 2025, we will introduce an Environmental, Social and Governance (ESG) Policy to guide the Bank in its assessment and management of environmental, social and governance risks in its investment portfolio.

These policies are intended to promote sustainable land management, encourage resilience building and protection of our marine ecosystem, all in an effort to preserve Dominica's rich ecosystem.

The Bank's Industrial Estate properties located at Canefield, Picard, Geneva and Hertford, continue to add tremendous value to the economy. The concessionary rental rates offered by the Bank have allowed the operating cost of these productive sector enterprises to be greatly reduced. As at June 30, 2024, a total of 1,358 persons were employed in various enterprises within the estates, an increase of 5.2% from the amount of 1,291 registered the previous year. As informed during my remarks last year, the Bank has commenced a major beautification project at the Canefield Industrial Estate, to include landscaping, paved sidewalks, gazebo, food court and proper waste disposal. The result thus far has contributed to an overall market value of the industrial estate properties of \$72 million. This project is currently ongoing.

For the financial year ended June 30, 2024, the Bank's financial performance was mixed. Though the Bank's overall equity position and loan portfolio improved, we realized a marginal total comprehensive income of \$48,497.00.

We continue to be severely challenged by the increasing cost of funds borrowed from the international market. Due to the competitive environment in which we operate, the AID Bank can ill afford to pass on these increasing rates to the sub-borrowers less we be knocked off the market. The result of which is an ongoing diminishing interest rate spread.

Outlook

The Bank has embarked on the execution of a modernized Strategic Plan for the period 2024 – 2028, which is intended to embrace the changing environment and focus on economic, financial, social and environmental sustainability to promote long-term economic growth.

- The Bank will continue to advance the development of the productive and social sectors to facilitate the emergence of new businesses and the expansion of existing ones. Focus will continue to be placed on investments in agriculture and fishing, value added in manufacturing, tourism, renewable energy, services for export, and transportation.
- We will pursue strategic initiatives which will boost visitor arrivals, upgrade tourism attractions and transform the tourism infrastructure.
- We will collaborate with the Ministry of Agriculture towards the development of Climate SMART Agriculture.
- We will utilize a range of products at flexible and unique terms, in an effort to target all segments of the population;
- The Bank will continue to maintain optimal visibility and customer service delivery in order to expand its market share particularly in the areas of renewable energy and energy efficiency;
- We will enhance our portfolio quality by pursuing all delinquent loans with vigour and persistency. Our aggressive recovery drive will continue and we again make a plea to all delinquent customers to make good their promise to pay;
- Given the challenges faced with the increasing interest rates on the international market, we will continue to assess all major expense items with a view to streamline and reduce overall cost;
- We will seek to maintain an effective and efficient human resource pool and continue our corporate responsibility strategy which promotes resilience, economic growth and sustainability.

Acknowledgement

On behalf of the Board of Directors, the AID Bank acknowledges the invaluable support of the Government of Dominica, our key strategic partner, who continues to utilize the bank as a major vehicle towards the accomplishment of investment opportunities in Dominica. We assure you that we will continue to pursue these objectives with dynamism and tenacity.

We commend the Honourable Prime Minister for his vitality and astute leadership towards the growth and development of the economy. We thank you for your continued confidence in the Bank, while you continue to demonstrate that effective leadership is critical to the advancement of the economy.

To the Honourable, Minister for Finance, Economic Development, Climate Resilience and Social Security, Dr. Irving McIntyre, we are grateful for your consistent support and guidance in advancing the objectives of the AID Bank.

The Financial Secretary, Ms. Denise Edwards continues to work closely with the Bank to ensuring that the Bank fulfills its mandate. We recognise your valuable support, oversight and adherence to best practices.

Deepest gratitude is expressed to the Dominica Social Security our minority shareholder for your continued interest and support throughout the years. We look forward to collaborating with the DSS on matters of common interest.

To my fellow Directors, you continue to demonstrate invaluable and dedicated commitment towards the growth and strategic vision of the Bank and the economy by extension. The Bank appreciates your tenacity and steadfast service.

Special thanks to Director Emanuel who served as a director with distinction. She added tremendous value to the Bank for which we are eternally grateful. Director Emanuel, as you leave to pursue other opportunities, we wish you God's continued guidance.

To the management and staff of the Bank, we recognise your loyalty and dedicated service. You continue to demonstrate your commitment and resolve to make the AID Bank, *the Bank of Choice*.

To our customers, you are our greatest asset – we

thank you most sincerely that you continue to partner with us towards the development of Dominica. We appreciate you and affirm our commitment to continue to improve and optimize our service to you whilst offering affordable quality products to meet your changing needs.

We are eternally grateful to God the Almighty, for his blessings upon us as we continue to labour in his vineyard.

Please allow me to reiterate the views of the Government of Dominica, that growth opportunities exist in the Commonwealth of Dominica. With its development mandate, the AID Bank is ready to assist in building a resilient Dominica characterized by inclusivity and abundant of economic prospects.



TABLE 2
DAIDB FIVE-YEAR HIGHLIGHTS AT A GLANCE

INCOME STATEMENT	2024 XCD (‘000)	2023 XCD (‘000)	2022 XCD (‘000)	2021 XCD (‘000) Restated	2020 XCD (‘000) Restated
Interest Income	5,830	6,182	5,946	6,828	8,321
- Interest Expense	3,688	3,749	3,847	3,758	4,446
= Net interest Income	2,142	2,433	2,099	3,070	3,875
+ Other Operating Income Net	2,419	2,461	2,191	2,722	1,770
- Other Operating Expenses					
- Staff Costs	2,717	2,721	2,576	3,010	3,156
- Administrative Costs	2,781	2,789	2,635	2,410	2,466
= Operating Income/(Loss)	(937)	(616)	(921)	372	23
+ Increase/(decrease) in fair value of properties	1,669	3,129	5,806	10,449	(5,029)
- Impairment on properties/loss on disposal	0	0	0	0	334
- Impairment loss/(recovery) on financial assets	683	1,314	3,170	7,045	(4,450)
= Net profit/(Loss)	49	1,199	1,715	3,776	(890)
BALANCE SHEET	2024 XCD (‘000)	2023 XCD (‘000)	2022 XCD (‘000)	2021 XCD (‘000)	2020 XCD (‘000)
Assets					
Cash and Balances with Central Bank	1,619	1,054	1,158	727	148
+ Deposit with Other Banks	4,701	7,509	8,038	4,512	6,382
+ Investments [Net of Impairment]	961	1,009	1,022	1,015	997
+ Investment Properties	74,537	72,822	65,529	63,665	53,496
+ Loans [Net of Impairment]	151,546	149,807	150,445	149,901	153,830
+ Other	12,302	12,191	16,476	12,892	13,061
= Total Assets	245,666	244,392	242,668	232,712	227,914
Liabilities					
Deposits	8,832	7,645	6,358	6,959	6,785
+ Borrowings	119,056	138,550	139,183	131,366	132,017
+ Other Liabilities	12,896	13,563	13,442	14,812	11,500
+ Equity	104,882	84,634	83,685	79,575	77,612
= Total Liabilities and Equity	245,666	244,392	242,668	232,712	227,914
OTHER INFORMATION	2024 XCD (‘000)	2023 XCD (‘000)	2022 XCD (‘000)	2021 XCD (‘000)	2020 XCD (‘000)
Loan Approvals (‘000)	18,837	17,913	14,519	25,649	16,690
Loan Disbursements (‘000)	17,299	14,626	15,646	20,369	12,844
Estimated Number of Jobs Created	2,488	2,286	694	3,096	1,174
Industrial Estate Employment	1,358	1,291	1,265	993	787
Return on Equity (per cent)	0.05	1.42	2.05	4.75	-1.15
Return on Assets (per cent)	0.02	0.49	0.71	1.62	-0.39
Loan Provisions as per cent of Portfolio	8.71	8.59	7.87	10.94	12.81
Loan Provisions as per cent of NP Portfolio	28.05	27.69	25.07	31.39	31.23

PART I

THE ECONOMY OF DOMINICA

According to the Eastern Caribbean Central Bank, Annual Economic and Financial Review for the year ended December 2023, economic activity in the Commonwealth of Dominica grew by 4.7 per cent in 2023, compared to a growth of 5.6 per cent the previous year. Economic expansion in 2023 was largely driven by construction activities due to the implementation of public sector investment projects, continued recovery in the tourism sector and strong growth in the services sector. Other sectors which registered growth were wholesale and retail trade, transportation and communications, and fishing. The report highlighted that economic expansion is expected to continue into 2024 as stayover arrivals return to pre-pandemic levels and the public sector investment projects continue to advance.

Tourism output continued to register healthy growth into 2023 both from air and sea travellers. Total visitor arrivals increased by 37.2 per cent to 339,309 arrivals in 2023. Growth in cruise ship arrivals from 180,125 in 2022 to 259,751 in 2023 contributed significantly to the increase in total visitor arrivals. Visitor arrivals through air travel grew by 12.0 per cent to 67,764. For the period under review, it was reported that the increased stayover arrivals originated mainly from Europe and the French West Indies. It is anticipated that with the extension of the runway at the Douglas-Charles Airport more international carriers particularly from the US and European market will positively impact the stayover market.

Activity in the agricultural sector declined by 2.3 per cent in 2023 compared to growth of 5.4 per cent the previous year. The reduced output was attributed to a shortfall in farm labour support and decreased banana production due to the impact of the black sigatoka disease. Despite the setback, the Government of Dominica recognises agriculture as a major driver of medium term economic growth, therefore has set an ambitious objective of increasing the sector's contribution to GDP to \$700 million by 2030. Initiatives to boost production are on-going and include the implementation of an import substitution strategy, diversifying away from banana production with a focus on climate resilient crops like root crops, the rehabilitation of propagation facilities and the pursuit of new export markets.

Construction activity expanded by 5.9 per cent in 2023 compared to a decline by 3.8 per cent the previous year. The major driver of such growth was the result of the implementation of the Public Sector Investment Program (PSIP). Improvement in private sector activity also supported the sector's growth. Capital expenditure and net lending in the public sector projects increased by 35.9 per cent to \$557.4 million due to construction activity on the international airport, the geothermal development project, road rehabilitation and the extensive resilient housing program. In the private sector, 71.0 per cent increase was registered in the number of residential starts. Additionally, on-going construction of the CBI funded private sector developments also contributed to growth in the sector.

The year 2023 recorded an ease in inflation given a moderate rise in international oil prices. The consumer price index declined to 2.3 per cent in 2023 compared to an increase of 8.4 per cent the previous year. The decline in 2023 contributed to a contraction in prices in housing, fuel, electricity, food and non-alcoholic beverages, alcoholic beverages, tobacco and narcotics and transport.

The fiscal operations of the Government of Dominica for the year 2023 resulted in a widening of the overall deficit (after grants) from \$106.5 million or 6.5 per cent of GDP, recorded in 2022 to \$155.3 million or 8.8 per cent of GDP, at the end of 2023. Current revenue increased by 19.8 per cent to \$958.4 million in 2023 due to improvement in both tax and non-tax revenue. Current expenditure increased by 1.7 per cent to \$577.0 million or 32.7 per cent of GDP. Capital expenditure and net lending also increased by 35.9 per cent to \$557.4 million or 31.6 per cent of GDP due to ongoing Government's priority infrastructure projects.

The debt to GDP ratio at the end of 2023 registered a 7.4 percentage point decline, moving from 105.1 per cent in 2022 to 97.8 per cent in 2023.

According to the ECCB, Economic and Financial Review June 2024, economic activity in Dominica expanded in the first half of 2024, based on continued recovery in tourism, ongoing construction activity and increased manufacturing output. Further, strong economic activity is projected into the second half of 2024, based on increased output in tourism, construction and agriculture.

The report highlighted that strategic interventions by the Government aimed at enhancing the tourism product and strengthening the capacity and effectiveness of the tourism authority are expected to result in increased activity in the sector. Construction activity in public sector projects is expected to maintain its momentum as Government continues to invest in the critical infrastructure projects. The impact of these investments will see a spillover effects in other sectors and the overall economy. Growth in the agriculture sector is anticipated with the implementation of new initiatives as outlined in the 2024/25 National Budget.

The report informed that the projected positive outlook is subject to downside risks, among which are: the risks associated with climate change; heightened geopolitical tensions together with volatile oil prices could disrupt travel activity; an escalation of trade tensions could increase the cost of imported goods; and reduction in CBI revenue could impede the timely completion of major infrastructural projects.



PART II THE PERFORMANCE OF DAIDB

CREDIT OPERATIONS

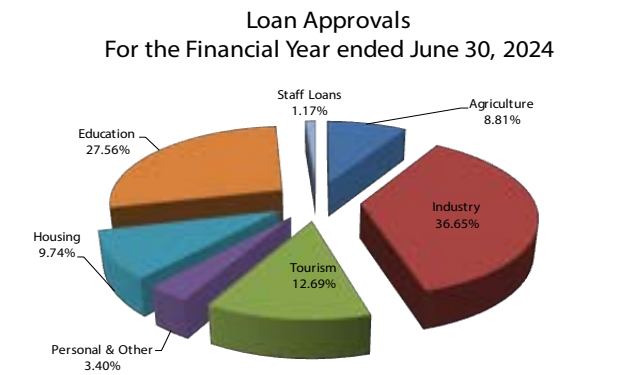
Loan Approvals

For the financial year ended June 30, 2024, three hundred and seventeen (317) loans were approved with a total value of \$18.84 million. Industry loans valued at \$6.90 million or 36.65 per cent and Education loans valued at \$5.19 million or 27.56 per cent combined, accounted for 64.21 per cent of the total approvals for the period.

Loan approvals for the year ended June 30, 2024, were 5.16 per cent higher than the corresponding period ended June 30, 2023, when an amount of \$17.91 million was approved.

The sectoral allocation of approvals is presented in Graph 1 below.

GRAPH 1



Loan Disbursements

For the financial year ended June 30, 2024, loan disbursements totalled \$17.30 million. This amount was higher than the disbursements for the corresponding period ended June 30, 2023, by 18.28 per cent, when an amount of \$14.63 million was disbursed.

Disbursements for the year under review were made primarily in the Industry Sector with a value of \$5.90 million or 34.13 per cent and the Education Sector with a value of \$3.68 million or 21.29 per cent.

The Government of Dominica channels several loan facilities through the AID Bank in order to stimulate economic growth. The Kalinago Development Fund

is one such facility which provides support to the Kalinago community. As at June 30, 2024, a total of \$1.36 million has been approved to 39 beneficiaries. Additionally, Government provides support to students in the form of low cost funds to pursue studies at local, regional or international institutions. As at June 30, 2024, a total of \$8.75 million has been disbursed under this facility which commenced in November 2010.

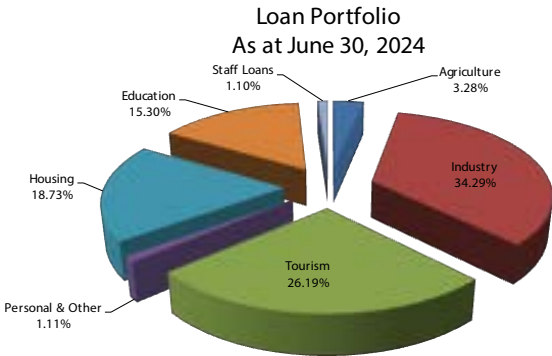
Year on year improvements were recorded in the Tourism, Agriculture and the Personal & Other sectors with the Tourism Sector recording the most significant reduction of 1.87 per cent for the financial year.

Loan Portfolio

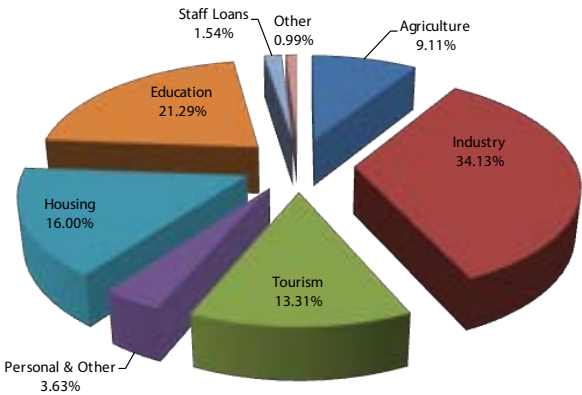
For the financial year ended June 30, 2024, the loan portfolio totalled \$158.68 million compared to \$156.64 million as at June 30, 2023. The loan portfolio represented an increase of 1.34 per cent over the same period last year which was a direct correlation with the Bank’s thrust to increase investments towards the enhancement of the economy.

Graph 3 represents the sectoral distribution of the loan portfolio as at June 30, 2024.

GRAPH 3



Loan Disbursements
For the Financial Year ended June 30, 2024



Loan Rescheduling

The Bank remained committed to fulfilling its social responsibility by continuing to respond to the needs of customers who were impacted by the external shocks which affected the global economy.

For the period under review, one hundred (100) loans valued at \$7.01 million were approved to be rescheduled. In comparison, for the twelve months ended June 30, 2023, one hundred and ten (110) loans valued at \$9.97 million were approved to be rescheduled.

Non-Performing Loans

The Bank continues to focus on the improvement in the quality of its loan portfolio which resulted in a significant reduction of \$19.40 million in the non-performing portfolio over the past four (4) years.

Notwithstanding, for the financial year ended June 30, 2024, the non-performing portfolio evidenced a slight increase of 0.21 per cent when compared to June 30, 2023. With respect to the distribution of the non-performing portfolio, the Tourism Sector accounted for the highest percentage of 43.95 per cent. The Industry sector contributed the second highest of 39.94 per cent.

FUNDING

The Bank continued its role by injecting low cost funds into the productive sectors which reflected growth in the major sectors of the economy into the second half of the 2024.

Government of Dominica

The AID Bank demonstrates its commitment towards the Government of Dominica's investment programmes, by assisting in channeling Government's funds to the productive sectors in an effort to enhance economic development.

Through a line of credit from the Caribbean Development Bank, the AID Bank continued the disbursement of concessionary funds to provide support to Micro, Small and Medium-sized Enterprises (MSMEs). By the financial year ended June 30, 2024, a total of \$22.8 million or 82.1 per cent of the amount approved of \$27.8 million was committed to the productive sectors of agriculture, tourism, manufacturing, transportation and services. The Bank saw the emergence of new businesses and the expansion of existing ones in several communities across Dominica. This has created employment, enhanced productivity and generated foreign exchange.

The Kalinago Development Fund which was introduced in March 2022 continues to show positive results with the development of new and existing businesses in the Kalinago Territory. The funds are being on-lent at 2 per cent to finance residential and commercial development, cultural development, enterprise development, crop production and processing, education, off-shore fisheries, art and craft, tourism and climate resilience and renewable energy development. To date a total of \$1.36 million has been injected towards the development of our indigenous people under this line of credit.

Caribbean Development Bank

The Caribbean Development Bank provides consistent oversight, guidance and financial and technical support to the AID Bank, particularly in the execution of their lines of credit.

AID Bank now has in place a Climate Change Policy and Procedures and Climate Risk Screening Tools which were executed from grant funding from the CDB. The Bank is cognizant of the impact of climate change and has embraced the opportunity provided by the

Caribbean Development Bank towards formalizing its assessment and mitigation measures.

The Bank has commenced consultancy services towards the development of an Environmental and Social Policy, which was made possible from grant assistance from the CDB. This approach is intended to integrate environmental and social considerations into the Bank's Investment Policies and Procedures. It is anticipated that the policy will be in effect by June 2025.

CDB has also provided grant support to the AID Bank to develop a Gender Equality Policy where focus will be placed on addressing the differential needs of male and female clients in order to improve their entrepreneurial opportunities. This process has commenced and should be implemented within the 2025/26 financial year.

During the upcoming financial year the Bank will advance promotional and outreach activities of a concessionary line of credit to underprivileged students. Under this credit facility, a maximum of \$100,000.00 is offered with only one guarantor to pursue tertiary level education at local, regional or international institutions.

European Investment Bank

The European Investment Bank remains our valued partner by providing oversight, financial and technical support to the AID Bank. EIB continued its intervention during the strategic period through the provision of institutional strengthening assistance in the areas of strategic planning support, project appraisal, risk and liquidity management and debt recovery strategies.

CARICOM Development Fund

The CARICOM Development Fund is considered to be a pillar of support to the AID Bank by providing both financial and technical assistance. Through grant assistance, AID Bank will continue its Business Continuity Program which includes risk assessment, development of a Business Continuity Plan, testing, training and implementation of the Plan.

Through support from the CARICOM Development Fund, the Bank has also strengthened several of its internal operations to include its computer operating systems inclusive of upgraded servers, licenses, antivirus and data storage. Assistance was also

provided in the areas of implementation of energy efficient devices, enhanced structural restoration and upgraded policies.

HUMAN RESOURCE AND ADMINISTRATION

The Bank recognizes the importance of effective human resource management in driving organizational success. As such, human resource development continues to be a priority to ensure that its strategic goals and objectives are achieved.

During the year under review, the Bank strengthened its human resource capacity with the necessary skills which aligned with its objectives. Employees benefited from several training programs in the areas of Customer Service, Supervisory Skills, Digital Brand Management, Disaster Resilience and Financing, Building and Housing Data for Resilience and Software.



The Bank continues to underscore the importance of health and wellness of its employees to strengthen staff morale and enhance productivity. The Bank supported several health and wellness initiatives during the year, to include; health assessments, health walks, health education and promotion of healthy lifestyle.

We continue to partner with the National Employment Programme towards the development of our human resource and continued their engagement during the financial year. We also supported training programmes organized by the Youth Development Division through

job attachments during the period.

At the end of the period, the Bank's staff complement totaled thirty-seven (37) employees, inclusive of five (5) interns.

MANAGEMENT INFORMATION SYSTEMS

The Management Information Systems (MIS) Department plays a pivotal role in supporting the Bank's operations by equipping management and staff with the modern tools necessary to make informed decisions and enhance operational efficiency.

During the financial year, the Department expanded its data storage and backup capacity to handle the growing volume of data. By centralizing this data, the MIS Department provides a comprehensive view of the Bank's operations, enabling better analysis of customer trends, risk management and improved operational efficiency.

At the AID Bank, we are committed to delivering value-added solutions to meet our customers' needs. Following the launch of our new website, we are working towards further enhancements by integrating a payment portal that will allow customers to conveniently service their loans from anywhere, thereby overcoming geographical barriers.

The MIS and the Human Resource Department are at the final stages of procuring a Human Resource Information System (HRIS) which will automate and integrate numerous HR processes. This system will significantly improve the management and efficiency of the Bank's human resource functions.

The consultancy for implementing the Bank's Business Continuity Plan including Information Technology, Disaster Recovery Policies and Procedures, is scheduled to commence within the next financial year. The Bank is eager to move forward with the execution and implementation of this Plan.

INDUSTRIAL ESTATES

The Industrial Estates operation plays a key role in supporting the AID Bank's objectives to promote economic development by providing shed and land space to enterprises at concessionary rates, with the objectives of increasing production, creating employment, promoting exports, and generating foreign exchange. These initiatives also align with the Government of Dominica's strategy for sustainable economic growth and development.

The Industrial Estates Department which is strategically located in the Canefield Industrial Estate, manages four (4) estates namely; Canefield, Picard, Geneva, and Hertford (Jimmit). Canefield Industrial Estate, the most developed of the four, consists of seventeen (17) industrial buildings along with land space available for rent.

By the end of the financial year June 30, 2024, there were, one thousand, three hundred and fifty eight (1,358) persons employed within the various enterprises on the estates, with a single employer within the ICT sector contributing 81.44 per cent or one thousand, one hundred and six (1,106) persons to the total work force. When compared to the previous year ended June 30, 2023, there were, one thousand two hundred and ninety one (1,291) persons employed at the estates, an increase of 5.19 per cent over the period.

The Industrial Estates operation continues to demonstrate its viability in terms of its contribution to GDP, increasing investment property value and profitability. By the end of the June 30, 2024 financial year, the property value increased by 2.35 per cent, from \$72.8 million to \$74.5 million. The increase in property value, in addition to operating income resulted in an overall net profit in the Industrial Estate operation of \$1.90 million as at June 30, 2024.

During the financial year the Bank commenced a major beautification project of the Canefield Industrial Estate to include landscaping, hardscaping and beautification. The second phase of the project is ongoing and will include enhancement to other sections of the estate.



PART III OTHER ACTIVITIES

FINANCIAL DATA SYSTEMS LIMITED

Financial Data Systems Limited (FDSL) is a software company established by five Development Banks in the Organization of Eastern Caribbean States (OECS), namely Dominica Agricultural Industrial and Development Bank (DAIDB), St. Kitts Development Bank, Grenada Development Bank, Antigua Development Bank and Bank of St. Lucia. The objectives of the company are to develop, maintain, and market the DPAC loans management software package.

During financial year ended June 30, 2024, FDSL continued the update and development of the software, including creation and testing of new reports and updated database management platforms.

Provision of support to DPAC users is a key function of FDSL. During the financial year, the company continued to provide technical support and training related to the installation and use of the system. Plans for the upcoming financial year include rewriting of all system documentation.



PART IV CORPORATE SOCIAL RESPONSIBILITY

During the financial year ended June 30, 2024, the Bank supported a diverse range of individuals, organizations and programs within our national community, towards the improvement of their quality of life, causes and projects. In this reporting period, the Bank was pleased to contribute towards the advancement of the Agriculture, Agro-Processing, and Education sectors, as well as the public through sponsorships, cash donations and awards.

Equally significant, was the alliance with key charities, partners and stakeholders such as the President's Charities Foundation, the Society for Heritage Architectural Preservation and Enhancement (SHAPE), the Dominica Import Export Agency's, 'Market Day with a Difference,' the Dominica State College Job Fair and Annual Commencement Ceremony, and other educational institutions, to help celebrate their graduation of scholarly achievers at both the secondary and primary school levels.

The Dominica Cancer Society, through its Annual Cancer Walk and contribution to its Annual Cancer Care Programmes, benefitted from the Bank's generosity. Also, the Local Agency Office of the Eastern Caribbean Central Bank, through its Annual Financial Information Month of Activities, collaborated with the AID Bank and others to participate in financial literacy activities. The Bank was also pleased to support the initiatives of the Kensborough United Sports Club, on the occasion of their Golden Jubilee, and the 50th Anniversary of one of Dominica's iconic genre of music - Cadence-Lyppo, on its 50th Anniversary. The Bank also provided support to the 2023 Miss OECS Pageant, among other initiatives.

Besides these noteworthy contributions, the Bank is proudly associated with activities that impact the growth and development of Dominicans.

The AID Bank continues to be proud of its 'Adopt-a-Road' Project, along the Goodwill Highway, between the Pottersville Playing Field and the Woodbridge Bay Port. This long-standing flagship project demonstrates the Bank's contribution to environmental and social enhancement. The Bank engages an individual for the upkeep and maintenance of the beautifully lined palms, plants and well landscaped lawn, which create a scenic visual for the benefit of locals and visitors. To this end, the Bank extends gratitude to SHAPE, for its continued invaluable technical support and collaboration.

PART V FINANCIAL PERFORMANCE

Net Profit

The AID Bank recorded a net profit of \$0.03 million in the financial year ended June 30, 2024. This figure was 97.67 per cent less than the net profit of \$1.17 million recorded in 2023 as indicated in the table below.

Total comprehensive income was \$0.05 million for the year under review or approximately 95.96 per cent less than the total comprehensive income of \$1.20 million recorded for the preceding financial year.

The key contributing factor to this performance was the comparatively smaller increase in the value of the Bank's revalued Investment Properties given that a significant portion of the increase had already been recognized in previous financial years in line with market trends. Additionally, the Bank has been impacted by the increasing cost of funds borrowed from the international market which it continues to absorb given the competitive environment. The result of which is an ongoing diminishing interest rate spread.



Table 3 below presents the Summary of Financial Results for the last two financial years.

TABLE 3
SUMMARY OF FINANCIAL RESULTS

	2024 - XCD	2023 - XCD
Interest income	5,830,419	6,181,736
Other operating income	2,418,834	2,461,359
Total income	8,249,253	8,643,095
Interest Expense	(3,687,823)	(3,748,608)
Staff Costs	(2,716,922)	(2,720,579)
Administrative Expenses	(1,037,643)	(1,167,666)
Factory sheds expenses	(825,600)	(721,290)
Other operating expenses	(641,191)	(578,328)
Depreciation	(276,836)	(321,756)
Total expenses	(9,186,015)	(9,258,227)
Net loss from Operations before the following income/ (charges):	(936,762)	(615,132)
Increase in Fair Value of Investment Properties	1,647,378	3,099,172
Impairment Losses on Loans and Receivables	(683,423)	(1,314,466)
Net Profit	27,193	1,169,574
Revaluation excess on property, plant and equipment	21,304	29,710
Total Comprehensive Income	48,497	1,199,284

Income

Total income recorded for the financial year was \$8.25 million, which was 4.56 per cent lower than the \$8.64 million achieved in 2023.

Interest income decreased by 5.68 per cent and other operating income also decreased by 1.73 per cent from the previous financial year.

Expenses

Financial Expenses of \$3.69 million were 1.62 per cent lower than the previous year's \$3.75 million.

Total Staff Expenses of \$2.72 million increased by only 0.13 per cent and were largely comparable to the previous financial year.

Administrative Expenses of \$1.04 million decreased by 11.14 per cent in comparison to the previous year. The largest portion of the decrease was related to a reduction in Legal and Professional Fees.

Total Operating Expenses of \$9.19 million were 0.78 per cent lower than the \$9.26 million recorded as at June 30, 2023.

Assets

At June 30, 2024, assets totalled \$245.66 million representing a 0.52 per cent increase from the previous year's \$244.39 million.

The major component of assets, net loans and advances valued at \$151.55 million registered a 1.16 per cent increase from the previous year's \$149.81 million and adequately offset total long-term liabilities of \$ 119.06 million.

As at June 30, 2024, Net Loans and Advances comprised of principal outstanding of \$158.68 million, and interest receivable of \$7.33 million less loan provision of \$14.46 million.

The long-term debt to equity ratio of 1.14:1 was within the industry suggested range of 4:1.

Cash in current and operating account, and short-term investments totalled \$4.70 million, which was 37.39 per cent lower than the previous year's \$7.51 million.

Other receivables of \$2.19 million were 8.53 per cent more than last year's \$2.02 million. Other receivables include the Industrial Estate tenants' rental arrears, insurance premiums, legal and other fees paid on behalf of clients, and a short-term loan to Financial Data Systems Limited (FDSL).

Net investments in treasury bills, Government debentures and shares in companies totalled \$75.08 million, of which \$74.54 million represents Investment Properties. Net Investments were 2.27 per cent more than last year's \$73.42 million.

Net total fixed assets of \$10.11 million were 0.60 per cent lower than last year's \$10.17 million.

Liabilities

Total liabilities were \$140.78 million, which was 11.88 per cent less than last year's \$159.76 million.

Due to customers was \$8.83 million which was 15.54 per cent higher than the \$7.64 million in the previous financial year.

Borrowed funds of \$119.06 million registered a net decrease of 14.07 per cent from last year's \$138.55 million.

Shareholders' Equity

Shareholders' Equity of \$104.88 million increased by 23.92 per cent from the previous year's \$84.63 million.

Retained Earnings of \$5.50 million decreased by 2.68 per cent for the financial year ended June 30, 2024 when compared to \$5.65 million in 2023.



DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK



AUDITOR'S REPORT AND FINANCIAL STATEMENTS

June 30, 2024

[Expressed in Eastern Caribbean dollars]



PKF St. Lucia

Tel. (758) 453 - 2340
Tel. (758) 450 - 7777
Fax (758) 451 - 3079
Email: admin@pkf.lc

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dominica Agricultural Industrial and Development Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Dominica Agricultural Industrial and Development Bank** (the "Bank"), which comprise the statement of financial position as at June 30, 2024, and the statement of changes in equity, statement of comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Financial Reporting Standards Board.

Basis for Opinion

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

Other information included in the Bank's 2024 Annual Report

Other information consists of the information included in the Bank's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Bank's 2024 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Dominica Agricultural Industrial and Development Bank

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Dominica Agricultural Industrial and Development Bank

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

A handwritten signature in black ink, appearing to be "JW-".

Chartered Accountants
Castries, Saint Lucia
February 24, 2025

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Statement of Financial Position

As at June 30, 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
Assets			
Cash and balances with Central Bank	6	1,619,184	1,053,927
Treasury bills	7	410,000	410,000
Deposits with banks and other financial institutions	8	4,701,313	7,509,323
Financial assets measured at amortised cost	9	135,778	183,728
Loans and advances to customers	10	151,546,360	149,806,866
Financial assets measured at FVTPL	12	414,899	414,899
Investment properties	13	74,536,873	72,822,070
Property and equipment	14	10,111,828	10,173,103
Other assets	15	2,189,734	2,017,656
Total assets		245,665,969	244,391,572
Liabilities			
Bank overdraft	16	74,798	167,769
Due to customers	17	8,832,247	7,644,624
Borrowed funds	18	119,056,410	138,550,271
Provisions	19	89,187	59,225
Other liabilities	20	12,731,840	13,335,434
Total liabilities		140,784,482	159,757,323
Equity			
Share capital	22	50,000,000	47,970,205
Contributed capital	23	22,679,317	4,260,371
Revaluation surplus	24	8,244,068	8,301,259
Reserves	25	18,461,872	18,455,074
Retained earnings		5,496,230	5,647,340
Total equity		104,881,487	84,634,249
Total liabilities and equity		245,665,969	244,391,572

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS


 Director



 Director

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Statement of Comprehensive Income

As at June 30, 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
Interest income	26	5,830,419	6,181,736
Interest expense	26	(3,687,823)	(3,748,608)
Net interest income		2,142,596	2,433,128
Other operating income	27	2,418,834	2,461,359
Other operating expenses	28	(5,498,192)	(5,509,619)
Net interest and other operating income		(936,762)	(615,132)
Increase in fair value of investment properties	13	1,647,378	3,099,172
Net impairment loss on financial assets	11	(683,423)	(1,314,466)
Net (loss)/profit for the year		27,193	1,169,574
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Revaluation of land and buildings	14, 24	21,304	29,710
Total comprehensive income for the year		48,497	1,199,284

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

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Statement of Changes in Equity
For the Year Ended June 30, 2024
(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital \$	Contributed Capital \$	Revaluation Surplus \$	Reserves \$	Retained Earnings \$	Total \$
Balance as July 1, 2023		47,970,205	4,260,371	8,301,259	18,455,074	5,647,340	84,634,249
Additions during the year	22, 23	2,029,795	18,418,946	-	-	-	20,448,741
Net profit for the year		-	-	-	-	27,193	27,193
		50,000,000	22,679,317	8,301,259	18,455,074	5,674,533	105,110,183
Other comprehensive income							
Revaluation of land and bilings		-	-	21,304	-	-	21,304
Dividends	31	-	-	-	-	(250,000)	(250,000)
Transfer to statutory reserve	25	-	-	-	6,798	(6,798)	-
Amortization of revaluation surplus	24	-	-	(78,495)	-	78,495	-
		-	-	(78,495)	6,798	(178,303)	(250,000)
Balance at June 30, 2024		50,000,000	22,679,317	8,244,068	18,461,872	5,496,230	104,881,487

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

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Statement of Changes in Equity (Cont'd)

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital \$	Contributed Capital \$	Revaluation Surplus \$	Reserves \$	Retained Earnings \$	Total \$
Balance as July 1, 2022		47,970,205	4,260,371	8,351,646	18,162,680	4,940,063	83,684,965
Additions during the year		-	-	-	-	-	-
Net loss for the year		-	-	-	-	1,169,574	1,169,574
		47,970,205	4,260,371	8,351,646	18,162,680	6,109,637	84,854,539
Other comprehensive income							
Revaluation of land and buildings	24	-	-	29,710	-	-	29,710
Dividends							
Transfer to statutory reserve	31	-	-	-	-	(250,000)	(250,000)
Amortization of revaluation surplus	25	-	-	-	292,394	(292,394)	-
	24	-	-	(80,097)	-	80,097	-
		-	-	(80,097)	292,394	(462,297)	(250,000)
Balance at June 30, 2023		47,970,205	4,260,371	8,301,259	18,455,074	5,647,340	84,634,249

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

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Statement of Cash Flows

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

	Notes	2024 \$	2023 \$
Cash flow from operating activities			
Net profit for the year		27,193	1,169,574
Adjustments for:			
Net impairment loss on loans and receivables	11	683,423	1,314,466
Increase in fair value of investment properties	13	(1,647,378)	(3,099,172)
Depreciation	14	276,836	321,756
Interest income on investments	26	(55,690)	(75,578)
Interest expense and similar charges	26	3,583,937	3,648,006
Foreign exchange loss	28	41,588	27,467
Cash flows before changes in operating assets and liabilities		2,909,909	3,306,519
Increase in loans and advances to customers		(2,276,907)	(665,193)
Decrease in fixed deposits and investments		47,950	13,593
(Decrease)/increase in other assets		(170,578)	23,643
Increase in due to customers		1,187,623	1,286,684
Increase/(decrease) in provisions		29,962	(257,117)
Decrease in other liabilities		(1,226,816)	(324,749)
Cash generated from operations		501,143	3,383,380
Interest income (paid)/received		(90,320)	64,171
Interest expenses paid		(2,962,215)	(3,114,733)
Net cash (used in)/generated from operating activities		(2,551,392)	332,818
Cash flows from investing activities			
Purchase of investment property	13	(67,425)	(193,980)
Purchase of property and equipment	14	(194,257)	(29,352)
Net cash used in investing activities		(261,682)	(223,332)
Cash flows from financing activities			
Proceeds from borrowed funds		10,743,200	9,360,304
Repayment of borrowed funds		(9,829,908)	(10,020,992)
Dividends paid		(250,000)	(250,000)
Net cash generated from/(used in) financing activities		663,292	(910,688)
Net decrease in cash and cash equivalents		(2,149,782)	(801,202)
Cash and cash equivalents - beginning of the year	6	8,805,481	9,606,683
Cash and cash equivalents - end of the year	6	6,655,699	8,805,481

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

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Index to Notes to the Financial Statements

Note 1	Corporate Information
Note 2	Summary of Significant Accounting Policies
Note 3	Financial Risk Management
Note 4	Segment Analysis
Note 5	Critical Accounting Estimates and Judgements
Note 6	Cash and Cash Balances with Central Banks
Note 7	Treasury Bills
Note 8	Deposits with Banks and Other Financial Institutions
Note 9	Financial Assets measured at Amortized Cost
Note 10	Loans and Advances to Customers
Note 11	Allowance for Impairment Losses on Loans and Advances
Note 12	Financial Assets measured at FVTPL
Note 13	Investment Properties
Note 14	Property and Equipment
Note 15	Other Assets
Note 16	Bank Overdraft
Note 17	Due to Customers
Note 18	Borrowed Funds
Note 19	Provisions for Loan Commitments
Note 20	Other Liabilities
Note 21	Fiduciary Activities
Note 22	Share Capital
Note 23	Contributed Capital
Note 24	Revaluation Surplus

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Index to Notes to the Financial Statements (cont'd)

Note 25	Reserves
Note 26	Net Interest Income
Note 27	Other Operating Income
Note 28	Other Operating Expenses
Note 29	Staff Cost
Note 30	General and Administrative Expenses
Note 31	Dividends
Note 32	Related Party Transactions
Note 33	Contingent Liabilities and Commitments
Note 34	Taxation

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

1. Corporate Information

The Dominica Agricultural Industrial and Development Bank (the “Bank”) is a corporate body established under Chapter 74:03 of the revised laws of the Commonwealth of Dominica, with its principal objectives being to promote and influence the economic development of the Commonwealth of Dominica and to mobilize funds for the purpose of such development. The Bank manages lands and buildings at four industrial estates in Canefield, Geneva, Picard, Hertford/Jimmit. The Estates collectively comprise 19 buildings with one each in Geneva and Picard and seventeen (17) in Canefield. The industrial estates are managed by the Industrial Estate Unit (the “IEU”) which is separate from the core lending functions of the Bank. The core lending function and the management of the industrial estate units together constitutes the Bank referred to above.

The Bank’s principal place of business and registered office is located at the corner of Charles Avenue and Rawles Lane, Goodwill, Commonwealth of Dominica.

The financial statements were approved by the Board of Directors and authorized for issue on February 24, 2025.

2. Summary of material accounting policies

(a) Overall policy

The principal accounting policies adopted in the presentation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

The **Dominica Agricultural Industrial and Development Bank’s** financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

Basis of preparation

The financial statements of **Dominica Agricultural Industrial and Development Bank** have been prepared on the historical cost convention, except for the following material items that are measured at fair value:

- Building
- Investment properties

Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Eastern Caribbean dollars, which is the Bank’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 the statement of comprehensive income.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(a) Uses of Estimate and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(b) New standards, amendments to standards and interpretations

(i) *New standards, amendments to standards and interpretation effective in the 2023 financial year are as follows:*

In the current year, the Bank has adopted a number of amendments to IFRS standards and interpretations issued by the IASB that are effective for annual periods that begins on or after January 1, 2023. The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(c) New standards, amendments to standards and interpretations (cont'd)

(ii) *New standards, amendments to standards and interpretation effective in the 2023 financial year are as follows:*

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

Amendments to IAS 8 - Definition of Accounting Estimates (cont'd)

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(c) New standards, amendments to standards and interpretations (cont'd)

- (ii) *New standards, amendments to standards and interpretation effective in the 2023 financial year are as follows: (cont'd)*

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities.
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(c) New standards, amendments to standards and interpretations (cont'd)

- (ii) *New standards, amendments and interpretations that are issued but not effective and have not been early adopted are as follows:*

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (effective January 1, 2024)

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

The amendments are effective for reporting periods beginning on or after January 1, 2024, with early application permitted.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting, however, remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The amendments are effective for reporting periods beginning on or after January 1, 2024, with early application permitted.

- (iii) *Annual Improvements 2018-2020 Cycle - Published May 14, 2020*

Certain limited improvements, which primarily consist of classifications to existing standards, were made to the following standards:

- IFRS 1, First time adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter.
- IFRS 9, Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities.
- IAS 16, Leases - Lease incentives.
- IAS 41, Agriculture - Taxation in fair value measurements.

These amendments had no impact on the Bank.

(c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash and non-restricted balances with the Central Bank, treasury bills, deposits with other banks and other short-term securities.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(d) Financial instruments

The Bank classifies financial assets based on the following IFRS 9 measurement categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income ("FVTOCI").
- Debt instruments at fair value through profit or loss ("FVTPL").
- Equity instruments designated as measured at FVTOCI.
- Equity instruments at FVTPL.

IFRS 9 classification is based on the business model in which a financial asset is managed and its contractual cash flows. As at the reporting date, no financial instruments were measured at FVTOCI.

On initial recognition, financial assets are classified by the Bank as follows:

Debt Instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- FVTOCI; and
- FVTPL

Investments in debt instruments are measured at amortized cost if it meets both of the following conditions and is not designated as fair value through profit or loss ("FVTPL"):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the outstanding principal balance.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Debt Instruments (cont'd)

Business model assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Bank's business model assessment is based on the following categories:

- *Hold to Collect* - The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- *Hold to collect and sell* - both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- *Other Business model – this business model is neither hold-to-collect nor hold-to-collect and sell.* The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. The model is not assessed on an instrument-by-instrument basis, but rather at a portfolio level and based on factors such as:
 - How the performance of the financial assets held within that business model are evaluated and reported to the Bank's management personnel.
 - The risks that affect the performance of the assets held within a business model (and, in particular, the way those risks are managed).
 - The expected frequency, value and timing of sales activity.

The stated policies and objectives for the portfolio and the operation are those in practice, in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the financial liabilities that are funding those assets or realizing cash flows through the sale of the assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Assessment of contractual cash flows

As a second step in the classification process the Bank assesses the contractual terms of the financial assets to identify whether they meet the solely payments of principal and interest ("SPPI") test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

Debt instruments measured at amortized cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these investments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss ("ECL") approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit loss ("ACL") in the statement of financial position.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Debt instruments measured at fair value through other comprehensive income

Investments in debt instruments are measured at fair value through other comprehensive income where they meet the following two conditions and they have not been designated at FVTPL:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

These debt instruments are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

Impairment on debt instruments at FVOCI is calculated using the expected credit loss ("ECL") approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Statement of Financial Position, which remains at fair value.

Equity instruments

All equity securities are measured at fair value. On initial recognition the Bank may make an irrevocable decision to present in OCI gains and losses from changes in fair value of certain equity instruments. When insufficient information is available to measure fair value, then the instrument is measured at cost when it represents the best estimate of fair value. When an equity instrument classified at FVOCI is sold the cumulative profit or loss recorded in OCI is not recycled to profit or loss. Dividends recorded from securities measured at FVOCI are recognized in profit or loss.

A financial instrument with a reliably measurable fair value can be designated at FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the selling or repurchasing.

Financial liabilities

At initial recognition financial liabilities are measured at fair value plus or minus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Financial liabilities other than loan commitments, financial guarantees and derivatives are subsequently measured at amortized cost.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Impairment of financial assets

Scope

The adoption of IFRS 9 has fundamentally changed the Bank's impairment model by replacing IAS 39's incurred loss approach with a forward looking three-stage expected credit loss ("ECL") approach. As of July 1, 2018, the Bank has recorded the allowance for expected credit losses for the following categories of financial assets:

- Debt instruments measured at amortized cost; and
- Off-balance sheet loan commitments.

No impairment loss is recognized on equity instruments.

Expected credit loss impairment model

The three stage ECL allowance model is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss ("LTECL"), unless there has been no significant increase or deterioration in credit risk since origination, in which case, the allowance is based on the 12 months expected credit loss (12m ECL). The 12m ECL is the portion of the LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime expected credit losses and 12 month expected credit losses are calculated on an individual basis but for purposes of determining the probability of default and loss given default financial assets are grouped according to common characteristics.

The three-stage approach applied by the Bank is as follows:

Stage 1: 12-months ECL

The Bank assesses ECLs on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Bank recognizes a provision on the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. Stage 1 loans include those instruments that are in arrears for 30 days or less and those facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: Lifetime ECL-not credit impaired

The Bank assesses ECLs on exposures where there has been a significant increase in credit risk since initial recognition but is not credit impaired. This category includes loans which are over 30 days but less than 90 days in arrears. For these exposures, the Bank recognizes as a provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Expected credit loss impairment model (cont'd)

Stage 3: Lifetime ECL- credit impaired

The Bank identifies, individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental effect on the estimated future cash flows of that asset have occurred. Loans that are overdue for 90 days or more are considered credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Measurement of ECL

ECLs are probability weighted estimates of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Bank expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* the present value of the difference between contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

The inputs used to estimate the expected credit losses are as follows:

- *Probability of Default ("PD")* – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
- *Exposure at default ("EAD")* – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- *Loss Given Default ("LGD")* – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of EAD.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Forward looking information

The standard requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk. It considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

The standard also requires incorporation of macroeconomic factors in models for ECLs. In its models, the Bank conducted an assessment of a range of forward-looking economic information as possible inputs, such as GDP growth, non-performing loans ratios, consumer price index and inflation and interest rates.

The standard recognizes that the inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be used as temporary adjustments using expert credit judgement.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers both quantitative and qualitative information and analysis based on its historical experience and credit risk assessment. The Bank considers as a backstop that significant increase in credit risk occurs when an asset is more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECLs to 12- months.

Expected life

For instruments in Stages 2 or 3, loss allowances reflect expected credit losses over the expected remaining life of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

Presentation of allowances for ECLs

Loss allowances for ECLs are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Undrawn loan commitments and financial guarantees generally as a provision in other liabilities.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Presentation of allowances for ECLs (cont'd)

- Debt instruments measured at fair value through OCI and the ECLs are not recognized in the Statement of Financial Position because the carrying amounts of these assets remain their fair values. However, the loss allowance is disclosed and is recognized in the fair value reserve in equity with a corresponding charge to profit and loss. The accumulated loss recognized in OCI is recycled to profit or loss upon derecognition of the assets.

Restructured financial assets

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 the assessment is made of whether the financial asset should be derecognized in ECLs and measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discontinued from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit impaired financial assets

At each reporting date the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVTOCI are credit impaired (referred to as "Stage 3 financial assets"). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower;
- A breach of contract such as default or past due events;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Credit impaired financial assets (cont'd)

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group; or
 - National or economic conditions that correlate with defaults on the assets in the group.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are overdue for 90 days or more are considered credit impaired.

Definition of default

The Bank considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the borrower;
- Default or delinquency of principal and interest by a borrower;
- Restructuring of a loan or advance by the Bank on terms that the Bank would not normally consider;
- Measurable decrease in the estimated cash flows from the loan or the underlying assets that secure the loan; or
- The disappearance of an active market for a security because of financial difficulties.

The Bank considers that default has occurred and classifies the financial asset as credit impaired when it is more than 90 days past due.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(e) Financial instruments (cont'd)

Write-offs

The write-off of a financial asset is a derecognition event. Loans and related impairment losses are either written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realisation of collateral. In circumstances where the new realisable value on any collateral has been determined and there is no reasonable expectation of recovery, write-off may be earlier.

(e) Renegotiated loans

During the normal course of business financial assets carried at amortized cost may be restructured with the mutual agreement of the Bank and the counterparty. When this occurs for reasons other than those which could be considered indicators of impairment, the Bank assesses whether the restructured or renegotiated financial asset is significantly different from the original one by comparing the present value of the restructured cash flows discounted at the original instruments interest rate. If the restructured terms are significantly different the Bank derecognizes the original financial asset and recognizes a new one at fair value with any difference recognized in the statement of comprehensive income. 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.

(f) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(g) Property and equipment

(i) Initial measurement

Property and equipment are initially stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributed to the acquisition of items.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(h) Property and equipment (cont'd)

(ii) *Subsequent measurement*

Land and building

After recognition, land and building, whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

When a building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Land is not depreciated.

Motor vehicle, furniture and equipment and computer equipment

After recognition, an item of property and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(h) Property and equipment (cont'd)

(iii) Depreciation

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

Buildings	2%
Motor vehicles	20%
Furniture and equipment	20% - 33 1/3%
Computer equipment	20% - 33 1/3%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

(h) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Bank and/or the Industrial Estate Unit (IEU), are classified as investment properties. Investment properties comprise freehold land and buildings.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the position. Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the year in which they arise.

(i) Impairment of other non-financial assets

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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(j) Prepayments

Prepayments represent expenses not yet incurred but are already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the statement of profit or loss and other comprehensive income as they are consumed in the operations or expire with passage of time.

(k) Borrowings

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

(l) Grants

Grants are recognized at the fair value where there is a reasonable assurance that the grant will be received, and the Bank will comply with all attached conditions. Grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(m) Share capital

Ordinary shares are classified as equity. 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.

(n) Contributed capital

Contributed capital is reported as part of shareholders' equity and represents:

- The land vested by the Government of the Commonwealth of Dominica to the Bank.
- An equity conversion of loans in the amount of \$18.4M payable to the Government of the Commonwealth of Dominica.

(o) Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends that are declared after the reporting date are disclosed as a subsequent event.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(p) Retained earnings

Retained earnings include all current and prior period results of operations as disclosed in the statement of comprehensive income.

(q) Interest income and expense

Interest income and expense for all financial instruments are recognized within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset 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 or 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 financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and 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.

(r) Fees and other income

Fees and other income are recognized to the extent that it is probable that future economic benefits will flow to the Bank and the income can be measured reliably. Income is generally recognized on an accrual basis when the service has been provided.

Loan commitment fees are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

(s) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

2. Summary of material accounting policies (cont'd)

(t) Leases

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(u) Financial liabilities

The Bank's financial liabilities are at amortized cost. Financial liabilities are derecognized when extinguished. Financial liabilities measured at amortized cost are due to customers and other liabilities.

(v) Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of a past event, it is more likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(w) Rental income

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease of the respective Industrial Estate Units.

(x) Financial instruments

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

(y) Comparatives

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current year.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management

(a) Financial risk factors

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework, and it also assesses financial and control risks to the Bank.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Bank's Board of Directors oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Bank.

Strategy in using financial instruments

By its nature, the Bank's activities are principally related to the use of financial instruments. The Bank secures funds from various lending agencies at both fixed and variable interest rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that may fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standings. Such exposures involve loans and advances to customers.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk

The Bank 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 Bank'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.

Cash and balances with Central Bank

Credit risk from balances with banks and financial institutions is managed by the Bank in accordance with the Bank's policy. Balances are held with reputable financial institutions and limits are set to minimise the concentration of risks and financial loss through potential counterparty's failure to meet their obligations.

Debt securities and other bills

For debt securities and treasury bills, external ratings such as CariCRIS or its equivalent are used by senior management 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.

Loans and advances to customers

The Bank 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 industry segments. Such risks are monitored on a revolving basis and subject to monthly reviews. The Bank also undertakes supervised credit of large projects whereby loans are disbursed in tranches. A progress report is completed after each tranche is disbursed to ascertain the project value. The Bank is exposed to potential loss only in the amount of loan disbursed. Exposure to credit risk is 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. Exposure to credit risk is also managed in part by obtaining collateral, corporate guarantees and personal guarantees.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Industrial Estate Unit ("IEU")

Credit risk also arises from the possibility that counterparties may default on their rental obligations to the Bank's industrial estate operations. The Industrial Estate Unit deals primarily in the rental industry which potentially exposes that operation to concentrations of credit risk. Policies are in place to ensure that rental of properties are made to customers with an appropriate credit history. Management also performs periodic credit evaluations of its customers' financial condition.

(i) *Credit risk measurement – Loans and advances*

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparties. They have been developed based on the Eastern Caribbean Central Bank guidelines. Customers of the Bank are segmented into five rating classes. The Bank's rating scale, which is shown below, 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.

Bank's rating	Description of the grade
1	Pass
2	Special mention
3	Sub-standard
4	Doubtful
5	Loss

(ii) *Risk limit control and mitigation policies*

The Bank manages limits and controls concentrations of credit risk wherever they are identified - in particular, to individual counterparties groups, and to industries. The Bank structures the level 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.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on-and-off statement of financial position exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored. 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.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(iii) *Collateral*

The Bank 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 Bank 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, property and equipment and motor vehicles;
- Charges over financial instruments such as debt securities' and equities;
- Assignment to the Bank of key-man, life, homeowners and motor vehicle insurances.

Long-term lending to customers is generally secured. In order to minimize the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed. Collateral held as security will depend on the nature of the instrument. Debt securities, treasury and other eligible bills are usually unsecured.

(iv) *Credit-related commitments*

Commitments to extend credit represent undisbursed portions of approved loans. With respect to credit risk on commitments to extend credit, the Bank 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 Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(v) *Impairment and provisioning policies*

The internal and external rating systems described under "credit risk measurement" focus 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.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

		2024	
	Loans and Advances (%)	Collective Impairment (%)	Individual Impairment (%)
Bank's rating			
1. Pass	60.32	-	4.72
2. Special mention	8.61	-	6.01
3. Sub-standard	0.37	-	2.16
4. Doubtful	0.63	-	2.60
5. Loss	30.07	-	84.51
		2023	
	Loans and Advances (%)	Collective Impairment (%)	Individual Impairment (%)
Bank's rating			
1. Pass	60.68	-	5.16
2. Special mention	8.31	-	10.03
3. Sub-standard	0.13	-	0.22
4. Doubtful	0.50	-	2.41
5. Loss	30.38	-	82.18

The internal rating tool assists management to determine whether objective evidence of impairment exists under IFRS 9, based on the following criteria set out by the Bank:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income as a 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.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The Bank'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 expected loss at 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.

Maximum exposure

	Maximum credit risk exposure	
	2024	2023
	\$	\$
Treasury bills	410,000	410,000
Deposits with banks and other financial institutions	4,701,313	7,509,323
Financial assets measured at amortised cost	135,778	183,728
Loans and advances to customers:		
Demand loans	123,882,104	120,086,256
Mortgage loans	27,664,256	29,720,610
Other assets	2,189,734	2,017,656
	158,983,185	159,927,573
Credit risk exposure relating to financial assets off the statement of financial position		
Loan commitments	5,425,511	3,359,241
	164,408,696	163,286,814

The above table represents a worst-case scenario of credit risk exposure to the Bank at June 30, 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. For financial assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position at the reporting date.

As shown above, 92.18% (2023 - 91.74%) of the total maximum exposure is derived from loans and advances to customers.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

- 68.93% (2023 - 68.99%) of the loans and advances portfolio is categorised in the top two grades of the internal rating system;
- 29.07% (2023 - 30.00%) of the loans and advances portfolio are considered to be neither past due nor impaired; and
- the Bank has introduced a more stringent selection process upon granting loans and advances.

Loans and advances

Loans and advances are summarised as follows:

	2024	2023
	\$	\$
Neither past due nor impaired	48,258,728	49,156,995
Past due but not impaired	66,177,097	63,900,139
Impaired	51,575,867	50,819,652
	166,011,692	163,876,786
Less: Allowance for impairment losses	(14,465,332)	(14,069,920)
	151,546,360	149,806,866

The total impairment provision for loans and advances is \$14,465,332 (2023 - \$14,069,920) of which \$12,913,079 (2023 - \$11,933,714) represents the Stage 3 ECL and the remaining amount of \$1,552,253 (2023 - \$2,136,206) represents the Stages 1 and 2 ECLs. Further information on the allowance for impairment losses on loans and advances to customers is provided in Notes 10 and 11.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)**(b) Credit risk (cont'd)***(i) 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 Bank.

	Demand Loans	Mortgage Loans	Total
	\$	\$	\$
June 30, 2024			
Grades			
1. Pass	36,013,810	12,244,918	48,258,728
June 30, 2023			
Grades			
1. Pass	35,735,989	13,421,006	49,156,995

(ii) Loans and advances past due but not impaired

Loans and advances less than ninety (90) days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers net of unearned interest that were past due but not impaired were as follows:

	Demand Loans	Mortgage Loans	Total
	\$	\$	\$
June 30, 2024			
Past due up to 30 days	47,261,051	12,387,425	59,648,476
Past due 30-60 days	466,485	53,991	520,476
Past due 60-90 days	594,882	47,632	642,514
Past due over 90 days	4,968,974	396,657	5,365,631
Total	53,291,392	12,885,705	66,177,097
June 30, 2023			
Past due up to 30 days	45,372,193	12,968,650	58,340,843
Past due 30-60 days	466,938	47,450	514,388
Past due 60-90 days	482,941	72,168	555,109
Past due over 90 days	3,728,007	761,792	4,489,799
Total	50,050,079	13,850,060	63,900,139

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Upon initial recognition of loans and advances, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets.

(iii) *Loans and advances individually impaired*

The table below shows the individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held.

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

	Demand Loans \$	Mortgage Loans \$	Total \$
June 30, 2024			
Stage - 3			
individually impaired loans	46,789,195	4,786,672	51,575,867
June 30, 2023			
Stage - 3			
individually impaired loans	46,065,962	4,753,689	50,819,651

(iv) *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 current status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of the Bank's management, indicate that payment will most likely continue. These policies 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 totaled \$7,007,024 as of June 30, 2024 (2023 - \$9,928,925).

(v) *Repossessed collateral*

At the end of 2024, the Bank had repossessed collateral totaling \$53,732 (2023 - \$145,549).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(vi) *Geographical Sectors*

The Bank operates primarily in the Commonwealth of Dominica and the exposure to credit risk is concentrated in this area.

(vii) *Industry Sectors*

The following table breaks down the Bank's credit risk exposures at gross amounts by industry sectors:

		2024		2023
	%	\$'000	%	\$'000
Industrial	32.78	54,428	32.37	53,045
Tourism	29.07	48,254	28.64	46,940
Mortgage	18.02	29,917	19.54	32,025
Education	14.85	24,651	14.67	24,047
Agricultural	3.34	5,545	2.99	4,906
Other consumers	1.94	3,217	1.79	2,915
Total before deduction for allowance for losses on loans and advances	100.00	166,012	100.00	163,878

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(c) Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 Bank's exposure to market risks arise from its non-trading portfolios.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of equity risks arising from the Bank's available-for-sale investments.

(i) Price risk

The Bank is exposed to price risk because of investments in FVTPL. To manage its price risk arising from investments in equity securities, the Bank diversifies its portfolio as particularised in Note 12.

At June 30, 2024, if equity securities prices had been 10% higher/lower with all other variables held constant, post-tax profit for the year would have been \$16,533 (2023 - \$16,533) higher/lower as a result of the increase/decrease in fair value of available-for-sale equity securities.

(ii) Currency risk

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows, primarily with respect to the United States dollar (US\$). The Board of Directors sets limits on the level of exposure by currency and in total which are monitored daily. The Bank's exposure to currency risk is minimal with respect to the US\$ since the exchange rate of the Eastern Caribbean dollar (EC\$) to the US\$ has been formally pegged at EC\$2.70 = US\$1.00 since 1974.

(iii) 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 Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow 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 repricing that may be undertaken.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(c) Market risk (cont'd)

(iii) Interest rate risk (cont'd)

The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier contractual repricing or maturity dates.

As at June 30, 2024	1 year \$	2-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Cash	-	-	-	1,619,184	1,619,184
Treasury bills	410,000	-	-	-	410,000
Deposits with the banks and other financial institutions	4,436,729	-	-	264,584	4,701,313
Financial assets measured at amortised cost	-	-	136,000	-	136,000
Loans and advances to customers	24,271,784	53,130,563	74,144,013	-	151,546,360
Financial assets measured at FVTPL	-	-	-	414,899	414,899
Other assets	-	-	-	2,189,734	2,189,734
Total financial assets	29,118,513	53,130,563	74,280,013	4,488,401	161,017,490
Bank overdraft	74,798	-	-	-	74,798
Due to customers	431,236	1,339,601	-	7,061,410	8,832,247
Borrowed funds	32,208,474	33,227,854	53,620,082	-	119,056,410
Other liabilities	-	-	-	12,821,027	12,821,027
Total financial liabilities	32,714,508	34,567,455	53,620,082	19,882,437	140,784,482
Net interest repricing gap	(3,595,995)	18,563,108	20,659,931	(15,394,036)	20,233,008

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(c) Market risk (cont'd)

(iii) Interest rate risk (cont'd)

As at June 30, 2023

	1 year \$	2-5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Cash	-	-	-	1,053,927	1,053,927
Treasury bills	410,000	-	-	-	410,000
Deposits with the banks and other financial institutions	7,429,308	-	-	80,015	7,509,323
Financial assets measured at amortised cost	-	-	184,000	-	184,000
Loans and advances to customers	22,877,377	53,345,637	73,583,852	-	149,806,866
Financial assets measured at FVTPL	-	-	-	414,899	414,899
Other assets	-	-	-	2,017,656	2,017,656
Total financial assets	30,716,685	53,345,637	73,767,852	3,566,497	161,396,671
Bank overdraft	167,769	-	-	-	167,769
Due to customers	523,065	1,100,147	-	6,021,412	7,644,624
Borrowed funds	27,548,800	42,067,896	48,956,205	19,977,370	138,550,271
Other liabilities	-	-	-	13,394,659	13,394,659
Total financial liabilities	28,239,634	43,168,043	48,956,205	39,393,441	159,757,323
Net interest repricing gap	2,477,051	10,177,594	24,811,647	(35,826,944)	1,639,348

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(c) Market risk (cont'd)

(iii) Interest rate risk (cont'd)

The table below summarises the effective interest rate by major currencies for monetary financial instruments not carried at fair value through profit or loss:

	EC\$ %	US\$ %
As at June 30, 2024		
Assets		
Treasury bills	5.60	-
Deposits with banks and other financial institutions	2.27	-
Financial assets measured at amortized cost	3.71	-
Loans and advances to customers	3.62	-
Liabilities		
Due to customers	1.32	-
Borrowed funds	3.14	2.21
As at June 30, 20223		
Assets		
Treasury bills	7.00	-
Deposits with banks and other financial institutions	1.27	-
Financial assets measured at amortized cost	3.04	-
Loans and advances to customers	3.86	-
Liabilities		
Due to customers	1.47	-
Borrowed funds	2.19	2.41

(iv) Sensitivity analysis

Cash flow interest rate risks arise from borrowings at variable rates. At June 30, 2024 if variable interest rates had been 1% higher/lower with all other variables held constant, profit for the year would have been \$265,953 (2023 - \$268,921) higher/lower.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(d) Liquidity risk

The Bank is exposed to daily calls on its available cash resources from maturing deposits and loan disbursements. The Bank 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 sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of other borrowing facilities that should be placed to cover withdrawals at unexpected levels of demand.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and different types. An unmatched position potentially enhances profitability, but also increases the risks of losses.

The maturities 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 Bank and its exposure to changes in interest rates.

(i) Non-derivative cash flow

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

	1 year \$	2-5 years \$	Over 5 years \$	Total \$
As at June 30, 2024				
Financial liabilities				
Bank overdraft	74,798	-	-	74,798
Due to customers	6,845,403	2,014,036	-	8,859,439
Borrowed funds	37,228,908	42,980,699	61,342,232	141,551,839
Other liabilities	3,415,121	4,215,493	5,190,413	12,821,027
Total financial liabilities	47,564,230	49,210,228	66,532,645	163,307,103
As at June 30, 2023				
Financial liabilities				
Bank overdraft	167,769	-	-	167,769
Due to customers	5,923,138	1,743,972	-	7,667,110
Borrowed funds	31,807,181	61,973,753	63,777,987	157,558,921
Other liabilities	3,461,124	4,223,908	5,709,627	13,394,659
Total financial liabilities	41,359,212	67,941,633	69,487,614	178,788,459

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

(ii) Loan commitments

The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extended credit to customers and other facilities are summarised in the table below.

	1 year \$	2-5 years \$	Total \$
As at June 30, 2024			
Loan commitments	5,000,000	5,979,439	10,979,439
As at June 30, 2023			
Loan commitments	5,000,000	3,868,584	8,868,584

(e) Fair value of financial assets and liabilities

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, fixed deposits, debentures, 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.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair values of loans and advances represent the discounted amount of estimated future cash now expected to be received. Expected cash flows are discounted at current market rate to determine fair value.

Investment securities

Assets classified as FVTPL are measured at fair value.

Borrowed funds

The estimated fair value of borrowed funds is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(e) Fair value of financial assets and liabilities (cont'd)

Due to other banks and customers, and other liabilities

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 that reflect market conditions and are assumed to have fair values which approximate carrying values.

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value.

	2024	Carry value	2024	Fair value
	\$	2023	\$	2023
		\$		\$
Financial assets				
Loans and advances to customers	151,546,360	149,806,866	187,139,454	180,293,482
Financial liabilities				
Borrowed funds	119,056,410	138,550,271	120,939,034	132,259,027

(f) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchange.
- 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.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(f) Fair value hierarchy (cont'd)

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

Assets measured at fair value:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at June 30, 2024				
Financial assets				
Financial assets at FVTPL	-	82,000	332,899	414,899
Non-financial assets				
Investment properties	-	-	74,536,873	74,536,873
Land and building	-	-	9,878,288	9,878,288
	-	-	84,415,161	84,415,161
	-	82,000	84,748,060	84,830,060
As at June 30, 2023				
Financial assets				
Financial assets at FVTPL	-	82,000	332,899	414,899
Non-financial assets				
Investment properties	-	-	72,822,070	72,822,070
Land and building	-	-	10,041,139	10,041,139
	-	-	82,863,209	82,863,209
	-	82,000	83,196,108	83,278,108

The financial assets at FVTPL classified as Level 3 as at June 30, 2024 and 2023 relates to unquoted equity investments measured at cost.

The fair value of the Bank's non-financial assets was carried out using a market approach that reflects observed rental rates for similar properties and incorporates adjustments for factors specific to the property in question, including plot size, location, current use, and estimated amount of accumulated depreciation for buildings.

The fair value is estimated based on appraisals performed by an independent professionally qualified valuer who holds a recognized and relevant professional qualification. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board and Finance and Audit Committee at each reporting date.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(f) Fair value hierarchy (cont'd)

Assets for which fair values are disclosed (cont'd):

There were no transfers between levels in the fair value hierarchy in 2024 and 2023.

There were no gains or losses for the period included in the statement of comprehensive income for assets held at Level 3 as at June 30, 2024 and 2023.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at June 30, 2024				
Financial assets				
Loans and advances to customers	-	-	187,139,454	187,139,454

As at June 30, 2023				
Financial assets				
Loans and advances to customers	-	-	180,293,482	180,293,482

Liabilities for which fair values are disclosed:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at June 30, 2024				
Financial liabilities				
Borrowed funds	-	-	120,939,034	120,939,034

As at June 30, 2023				
Financial liabilities				
Borrowed funds	-	-	132,259,027	132,259,027

The valuation technique and unobservable quantitative input for receivables and liabilities classified as Level 3 as of June 30, 2024 and 2023 are summarized below:-

	Valuation Techniques	Unobservable Inputs	Range 2024 %	Range 2023 %
Loans and advances to customers	Discounted cash flows	Discount rates	0 to 13	0 to 13
Borrowed funds	Discounted cash flows	Discount rates	0 to 5.05	0 to 5

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

3. Financial risk management (cont'd)

(g) Capital Management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial positions, are:

- To comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- To safeguard the Bank'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 by the Bank's management.

4. Segment analysis

In the financial years 2024 and 2023, segment reporting by the Bank was prepared in accordance with IFRS 8, 'Operating segments'. Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Bank's Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assessing their performance. During the year, the Bank had two operating segments, which meet the definition of reportable segment under IFRS 8. The Bank's segment operations are its core financial lending with a majority of revenues being derived from interest income and from the rental income from the IEU. The Bank's Board of Directors relies primarily on net interest income and rental income to assess the performance of the segments. The revenue from external parties reported to the Bank's Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

Revenue from external customers is recorded as such and can be directly traced to each business segment. The Bank's management reporting is based on a measure of operating profit comprising net interest income and rental income. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Bank's Board of Directors. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position. Transactions between business segments are on an arm's length basis and are eliminated on combination of their financial information. There were no revenues derived from transactions with a single external customer that amount to 10% or more of the Bank's revenue.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

4. Segment analysis (cont'd)

Total assets and liabilities by segment are as follows:

	AID Bank \$	Industrial Estate \$	Total \$
As at June 30, 2024			
Total assets	199,940,144	45,725,825	245,665,969
Total liabilities	138,791,607	1,992,875	140,784,482
As at June 30, 2023			
Total assets	200,957,246	43,434,326	244,391,572
Total liabilities	157,341,347	2,415,976	159,757,323

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

4. Segment analysis (cont'd)

2024 and 2023 Segment reporting:

	AID Bank \$	Industrial Estate \$	Total \$
For the year ended June 30, 2024			
External revenue	605,232	1,813,602	2,418,834
Interest income	5,830,419	-	5,830,419
Interest expense	(3,663,561)	(24,262)	(3,687,823)
Net operating income	2,772,090	1,789,340	4,561,430
Depreciation	(251,002)	(25,834)	(276,836)
Impairment loss on loans and advances	(395,532)	(257,979)	(653,511)
Impairment loss on loan commitments	(29,962)	-	(29,962)
Impairment recovery on investments	50	-	50
Other operating expenses	(3,966,101)	(1,255,255)	(5,221,356)
Changes in fair value of investment properties	-	1,647,378	1,647,378
Total operating (expenses)/income	(4,642,547)	108,310	(4,534,237)
Net (loss)/income for the year	(1,870,457)	1,897,650	27,193
For the year ended June 30, 2023			
External revenue	655,333	1,806,026	2,461,359
Interest income	6,181,736	-	6,181,736
Interest expenses	(3,718,124)	(30,484)	(3,748,608)
Net operating income	3,118,945	1,775,542	4,894,487
Depreciation	(294,222)	(27,534)	(321,756)
Impairment loss on loans and advances	(1,291,536)	(282,454)	(1,573,990)
Impairment recovery on loan commitments	257,117	-	257,117
Impairment recovery on investments	2,407	-	2,407
Other operating expenses	(3,986,034)	(1,201,829)	(5,187,863)
Changes in fair value of investment properties	-	3,099,172	3,099,172
Total operating (expenses)/income	(5,312,268)	1,587,355	(3,724,913)
Net (loss)/income for the year	(2,193,323)	3,362,897	1,169,574

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

5. Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Going concern*

The Bank's management is satisfied that it has the resources to continue in business for the foreseeable future. The Bank's management is not aware of any material uncertainties that may cast significant doubt upon its ability to continue as a going concern.

(b) *Impairment losses on loans and advances*

The Bank reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

(c) *Impairment of assets carried at fair value*

The Bank determines that equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank 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. The Bank individually assesses debt securities for objective evidence of impairment. If an impaired instrument has been renegotiated, interest continues to be accrued on the reduced carrying amount of the asset and is recorded as part of "interest income". If the fair value of the instrument increases in a subsequent year, the impairment loss is reversed through the statement of comprehensive income.

(d) *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental cost of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for DCF model as well as the future cash inflows.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

5. Critical accounting estimates and judgements (cont'd)

(e) *Revaluation of land and buildings and investment property*

The Bank measures its land and buildings and investment property at revalued amounts with changes in fair value being recognized in other comprehensive income and in the statement of comprehensive income respectively. The Bank engages independent valuation specialists to determine fair value of its land and buildings. The valuer uses judgment in the application of valuation techniques such as the income approach, replacement cost, capitalisation of potential rentals and the market price of comparable properties, as applicable in each case.

6. Cash and balances with Central Bank

	2024 \$	2023 \$
Balances with Central Bank	1,617,799	1,052,542
Cash on hand	1,385	1,385
	<u>1,619,184</u>	<u>1,053,927</u>

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

	Notes	2024 \$	2023 \$
Cash and balances with Central Bank		1,619,184	1,053,927
Treasury bills	7	410,000	410,000
Placement with banks	8	4,701,313	7,509,323
Bank overdraft	16	(74,798)	(167,769)
		<u>6,655,699</u>	<u>8,805,481</u>

7. Treasury Bills

	2024 \$	2023 \$
Treasury bills	<u>410,000</u>	<u>410,000</u>

Treasury bills are debt securities issued by the Government of the Commonwealth of Dominica for a term of three (3) months. The weighted average effective interest rate in 2024 is 5.60% (2023 – 7.00%).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

8. Deposits with banks and other financial institutions

	2024	2023
	\$	\$
Placements with banks	4,701,313	7,509,323

The weighted average effective interest rate in respect of interest-bearing deposits in 2024 is 2.27% (2023 – 1.27%).

There were no certificates of deposit included in placements with banks and other financial institutions.

9. Financial assets measured at amortized cost

	2024	2023
	\$	\$
Financial assets measured at amortized cost:		
3.50% debenture expiring on June 1, 2034	136,000	184,000
Less: Allowance for ECL	(222)	(272)
	135,778	183,728

Movement of the Bank's allowance for ECL is as follows:

	2024	2023
	\$	\$
At the beginning of the year	272	2,679
Recovery during the year	(50)	(2,407)
At the end of the year	222	272

Financial assets measured at amortized cost are debentures and debt securities, issued by the Government of the Commonwealth of Dominica for a term of five (5) to thirty (30) years. The weighted average effective interest rate in 2024 is 3.71% (2023 – 3.04%).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

10. Loans and advances to customers

	2024 \$	2023 \$
Demand loans	136,094,396	131,852,030
Mortgage loans	29,917,296	32,024,756
	166,011,692	163,876,786
Less: Allowance for impairment losses	(14,465,332)	(14,069,920)
	151,546,360	149,806,866
Current	24,271,784	22,877,377
Non-current	127,274,576	126,929,489
	151,546,360	149,806,866

The weighted average effective interest rate on productive loans at June 30, 2024 is 3.62% (2023 – 3.86%).

11. Allowance for impairment losses on loans and advances

The movement in allowance for impairment losses per loan category is as follows:

	Demand Loans \$	Mortgage Loans \$	Total \$
As at June 30, 2024			
At the beginning of the year	11,765,774	2,304,146	14,069,920
Provisions expensed/(recovered) for the year	446,518	(51,106)	395,412
At the end of the year	12,212,292	2,253,040	14,465,332
As at June 30, 2023			
At the beginning of the year	10,769,642	2,080,153	12,849,795
Provisions expensed for the year	996,132	223,993	1,220,125
At the end of the year	11,765,774	2,304,146	14,069,920

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

11. Allowance for impairment losses on loans and advances (cont'd)

Analysis of allowance for impairment losses on loans and advances to customers is as follows:-

	Stage 1 & 2 \$	Stage 3 \$	Total \$
As at June 30, 2024			
At the beginning of the year	2,136,206	11,933,714	14,069,920
Provisions expensed/(recovered) for the year	(583,953)	979,365	395,412
At the end of the year	1,552,253	12,913,079	14,465,332
As at June 30, 2023			
At the beginning of the year	2,080,742	10,769,053	12,849,795
Provisions expensed for the year	55,464	1,164,661	1,220,125
At the end of the year	2,136,206	11,933,714	14,069,920

Impairment (recovery)/loss on financial assets recognized in the statement of profit or loss and other comprehensive income is as follows:

	2024 \$	2023 \$
Expense for the year	395,412	1,220,125
Increase in provision during the year	257,979	282,454
Expense/(recovery) on loan commitments during the year	29,962	(257,117)
Recovery on investments during the year	(50)	(2,407)
Loans written-off during the year	120	71,411
	683,423	1,314,466

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

12. Financial assets measured at FVTPL

	2024 \$	2023 \$
Financial assets measured at FVTPL:		
Equity securities at fair value		
- Listed	82,000	82,000
- Unlisted	332,899	332,899
	414,899	414,899

13. Investment properties

	Land and Buildings \$
As at June 30, 2023	72,822,070
Net additions during the year	67,425
Increase in fair value	1,647,378
As at June 30, 2024	74,536,873
As at June 30, 2022	65,528,918
Net additions during the year	4,193,980
Increase in fair value	3,099,172
As at June 30, 2023	72,822,070

The investment properties are industrial sheds being held for long and short-term rental for use in the production or supply of goods or services, administrative purposes or for sale in the ordinary course of business; and lands held for capital appreciation or sale in the ordinary course of business.

An independent valuation of the Bank's investment properties was performed by an independent professionally qualified valuer who holds a recognized and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. The valuation was carried out using a market-based income approach that reflects observed rental prices for similar properties and incorporates adjustments for factors specific to the property in question, including plot size, location and current use.

Rental income from investment properties recognized in the statement of profit or loss and other comprehensive income was \$1,774,917 (2023 - \$1,770,386) and is further particularised in Note 27, while direct operating expenses arising from these investment properties during the year was \$825,600 (2023 - \$721,290) and is further particularised in Note 28. Rent is charged below market rates.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

14. Property and equipment

	Notes	Land	Building	Motor Vehicle	Furniture and Equipment	Computer Equipment	Total
		\$	\$	\$	\$	\$	\$
As at June 30, 2022							
Cost or valuation		6,358,697	9,178,034	215,747	1,987,009	1,299,799	19,039,286
Accumulated depreciation		-	(1,341,741)	(199,401)	(1,805,420)	(1,256,929)	(4,603,491)
Net book value		6,358,697	7,836,293	16,346	181,589	42,870	14,435,795
Year Ended June 30, 2023							
Opening net book value		6,358,697	7,836,293	16,346	181,589	42,870	14,435,795
Transfer to investment properties		(4,000,000)	-	-	-	-	(4,000,000)
Additions		-	-	-	26,056	3,298	29,354
Revaluations	24	-	29,710	-	-	-	29,710
Depreciation	28	-	(183,561)	(9,977)	(97,813)	(30,405)	(321,756)
Closing net book value		2,358,697	7,682,442	6,369	109,832	15,763	10,173,103
As at June 30, 2023							
Cost or valuation		2,358,697	9,207,744	215,747	2,013,065	1,303,097	15,098,350
Accumulated depreciation		-	(1,525,302)	(209,378)	(1,903,233)	(1,287,334)	(4,925,247)
Net book value		2,358,697	7,682,442	6,369	109,832	15,763	10,173,103
Year Ended June 30, 2024							
Opening net book value		2,358,697	7,682,442	6,369	109,832	15,763	10,173,103
Additions		-	-	-	56,500	137,757	194,257
Revaluations	24	-	21,304	-	-	-	21,304
Depreciation	28	-	(184,155)	(6,369)	(59,486)	(26,826)	(276,836)
Closing net book value		2,358,697	7,519,591	-	106,846	126,694	10,111,828
As at June 30, 2024							
Cost or valuation		2,358,697	9,229,048	215,747	1,532,249	942,157	14,277,898
Accumulated depreciation		-	(1,709,457)	(215,747)	(1,425,403)	(815,463)	(4,166,070)
Net book value		2,358,697	7,519,591	-	106,846	126,694	10,111,828

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

14. Property and equipment (cont'd)

An independent valuation of the Bank's land and buildings was performed by a professionally qualified property valuer in 2024 to determine the fair value. The valuation was carried out using a market value that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property in question. The revaluation surplus was credited to other comprehensive income and is shown in 'revaluation surplus' in equity.

15. Other assets

	2024 \$	2023 \$
Rent receivable	1,647,490	1,393,236
Less: allowance for impairment losses	(1,635,271)	(1,377,293)
	12,219	15,943
Other receivable	1,990,855	1,815,053
Due from Financial Data Services Limited	186,660	186,660
	2,189,734	2,017,656

Analysis of allowance for impairment losses on other assets is as follows:

	2024 \$	2023 \$
At the beginning of the year	1,377,293	1,255,922
Written-off rent receivable during the year	-	(161,083)
Provision during the year	257,978	282,454
At the end of the year	1,635,271	1,377,293

16. Bank overdraft

	2024 \$	2023 \$
National Bank of Dominica	74,798	167,769

The overdraft facility was guaranteed by the Government of Dominica in accordance with the provision of the Loans Act, Chapter 64:05 Section 3(1) of the 2017 Revised Laws of the Commonwealth of Dominica. Interest is charged on the facility at a rate of 5% (2023 – 5%) per annum.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

17. Due to customers

	2024	2023
	\$	\$
Fixed deposits	1,770,837	1,623,212
Refundable deposits	2,012,417	1,939,226
Loan prepayments	5,048,993	4,082,186
	8,832,247	7,644,624
Current	6,845,403	5,923,138
Non-current	1,986,844	1,721,486
	8,832,247	7,644,624

All cash collateral carries fixed interest rates. The weighted average effective interest rate of cash collaterals at June 30, 2024 is 1.32% (2023 - 1.47%).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

18. Borrowed funds

	2024	2023
	\$	\$
Caribbean Development Bank	52,453,292	45,610,567
European Investment Bank	2,149,325	3,699,069
Development Bank of Venezuela	18,812,542	18,812,542
Dominica Social Security	16,448,158	18,273,352
PetroCaribe Fund	6,589,966	7,060,156
National Bank of Dominica	8,431,023	9,237,228
CARICOM Development Fund	1,547,103	2,743,837
Government of the Commonwealth of Dominica	8,565,384	29,042,753
Dominica National Petroleum Company Ltd.	1,146,538	1,249,108
Republic of China	-	530,302
	116,143,331	136,258,914
Interest payable	2,913,079	2,291,357
	119,056,410	138,550,271
Current	28,706,978	27,548,800
Non-current	90,349,432	111,001,471
	119,056,410	138,550,271

Interest on the above borrowings ranges from 0% to 5.05% (2023 – 0% to 5%) and are guaranteed by the Government of the Commonwealth of Dominica.

The National Bank of Dominica loan is secured by certificate of titles to land and building, stamped to cover \$35,562,000 along with and the assignment of insurance cover over the building.

19. Provisions for loan commitments

The Bank is required to allocate a provision for expected credit losses related to loan commitments issued as a result of the implementation of IFRS 9. As at the year end the provision was \$89,187 (2023 - \$59,225).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

20. Other liabilities

	2024 \$	2023 \$
Others	3,322,355	3,406,416
Agency liabilities	6,204,228	6,246,926
Dividends payable	2,398,510	2,898,510
Grants	432,363	432,363
Deferred income	374,384	351,219
	12,731,840	13,335,434
Current	3,415,121	3,461,124
Non-current	9,316,719	9,874,310
	12,731,840	13,335,434

Deferred income relates to the unearned portion of appraisal fees from loans and advances to customers.

Agency liabilities are funds issued to the Bank by the Government of the Commonwealth of Dominica and other local agencies to be used for qualifying purposes. The Bank earns agency fees as prescribed by contractual agreements.

Others relates to accrued liabilities comprised as follows:

	2024 \$	2023 \$
Gratuity payable	1,644,615	1,665,912
Vacation leave and salaries payable	292,734	312,185
IEU tenant's security deposits	287,774	298,814
Other payable	1,097,232	1,129,505
	3,322,355	3,406,416

21. Fiduciary activities

The Bank acts as executing and collecting agent for funds used for specific purposes issued to the Bank by the Government of the Commonwealth of Dominica and other local agencies. The Bank earns agency fees as prescribed by the contractual agreement.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

22. Share capital

	2024 \$	2023 \$
Authorized		
10,000,000 ordinary shares with a \$5 par value	50,000,000	50,000,000
Issued and fully paid		
At the beginning of the year	47,970,205	47,970,205
Issued during the year	2,029,795	-
At the end of the year	50,000,000	47,970,205

Section 16A of Chapter 74:03 of the 2017 Revised Laws of the Commonwealth of Dominica empowers the Bank to redeem its shares at any time after the expiration of ten years from the date of issue. Shares issued to the Government of Dominica are not redeemable.

Based on the statutory rules and orders No. 57 of 1993 of the Government of the Commonwealth of Dominica titled, Dominica Agricultural Industrial and Development Bank (Subscription and Holdings of Shares) Regulations 1993, the Dominica Social Security may subscribe for one million ordinary shares at \$5 par value and be entitled to an annual dividend of not less than 5% of the par value of the shares subscribed.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements
For the Year Ended June 30, 2024
(Expressed in Eastern Caribbean Dollars)

23. Contributed capital	2024		2024		2023		2023	
	Land Vested by the Government of Dominica \$	Equity Conversion of loan \$	Land Vested by the Government of Dominica \$	Equity Conversion of loan \$	Land Vested by the Government of Dominica \$	Equity Conversion of loan \$	Total \$	Total \$
At the beginning of the year	1,616,030	2,644,341	1,616,030	-	1,616,030	-	4,260,371	1,616,030
Additions during the year	-	18,418,946	-	18,418,946	-	2,644,341	2,644,341	2,644,341
At the end of the year	1,616,030	21,063,287	1,616,030	22,679,317	1,616,030	2,644,341	4,260,371	4,260,371
24. Revaluation surplus	2024		2024		2023		2023	
	\$		\$		\$		\$	
At the beginning of the year								
Unrealized gain on revaluation of land and buildings								
Amortization for the year								
At the end of the year								

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

25. Reserves

	2024 \$	2023 \$
General reserve	88,234	88,234
Statutory reserve	15,278,186	15,271,388
Loan loss reserve	2,654,330	2,654,330
Special reserve	441,122	441,122
	<u>18,461,872</u>	<u>18,455,074</u>

Movements in reserves were as follows:

	2024 \$	2023 \$
General reserve		
At the beginning and end of the year	<u>88,234</u>	<u>88,234</u>

Prior to July 1, 1978, the Government of the Commonwealth of Dominica paid certain administrative expenses on behalf of the Bank. The Government decided to waive the amount of \$88,234 due to it and instructed the Bank to create a general reserve for this amount.

	2024 \$	2023 \$
Statutory reserve		
At the beginning of the year	15,271,388	14,978,994
Transfer to retained earnings	6,798	292,394
At the end of the year	<u>15,278,186</u>	<u>15,271,388</u>

This represents 25% of the net earnings of the Bank for each financial year allocated to the reserve account as required by Section 20 of Chapter 74:03 of the 2017 Laws of Dominica Revised Edition.

	2024 \$	2023 \$
Loan loss reserve		
At the beginning and end of the year	<u>2,654,330</u>	<u>2,654,330</u>

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

25. Reserves (cont'd)

The loan loss reserve was set up in compliance with the provision of the European Investment Bank ("EIB") loan agreement, which requires the Bank to set aside provision to cover potential loan losses, which shall not be less than 40% of the Portfolio at Risk.

	2024	2023
	\$	\$
Special reserves		
Caribbean Development Consolidated Entity Provision		
At beginning and end of the year	441,122	441,122

Under the provision of the Caribbean Development Bank ("CDB") loan I6/SFR-D Section 9 (9) for agricultural production, the Bank is required to set aside an amount representing 1/3 of earned interest per annum on each sub-loan. This amount is to be used in such a manner as the CDB may from time to time determine.

Special reserves include accumulated transfers from retained earnings based on the European Investment Bank Loan Agreement Section 6.07 requiring interest received by the Bank on sub-loans in excess of 8% per annum to be credited on a special account called Foreign Exchange Equalization Fund ("FEEF"). The balance on the FEEF shall attract interest at an annual rate corresponding to the monthly rate payable by the Bank, for deposits in Eastern Caribbean Dollars of equivalent size. The loan to EIB was closed in the financial year ended June 30, 2016.

26. Net interest income

	2024	2023
	\$	\$
Interest income		
Loans and advances	5,774,729	6,106,158
Investments	55,690	75,578
	5,830,419	6,181,736
Interest expense		
Borrowings	(3,583,937)	(3,648,006)
Interest on deposits	(21,861)	(15,612)
Bank charges	(82,025)	(84,990)
	(3,687,823)	(3,748,608)
Net interest income	2,142,596	2,433,128

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

27. Other operating income

	Note	2024 \$	2023 \$
Rental income from IEU operations	13	1,774,917	1,770,386
Other		251,308	295,509
Recovery on written-off loans		220,901	220,863
Commitment fees		171,580	159,384
Agency fees		128	15,217
		2,418,834	2,461,359

28. Other operating expense

	Notes	2024 \$	2023 \$
Staff costs	29	2,716,922	2,720,579
General and administrative expenses	30	1,037,643	1,167,666
Factory sheds expenses	13	825,600	721,290
Building occupancy expenses		599,603	550,861
Depreciation	14	276,836	321,756
Foreign exchange loss		41,588	27,467
		5,498,192	5,509,619

29. Staff costs

	Note	2024 \$	2023 \$
Salaries and wages		2,093,632	2,067,895
Other staff costs		452,675	477,354
Social security costs		130,544	133,548
Group insurance		40,071	41,782
	28	2,716,922	2,720,579

During the year, the number of employees at the Bank was 36 (2023 - 35).

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

30. General and administrative expenses

	Note	2024 \$	2023 \$
Legal and professional fees		303,077	320,208
Directors' emoluments and expenses		165,969	192,795
Telephone, postage and fax		111,206	119,015
Repair and maintenance of furniture and equipment		91,644	127,623
Printing, stationery, and office supplies		88,091	92,762
Subscriptions and donations		70,450	83,751
Advertising		54,582	74,891
Annual report expenses		44,328	27,008
Insurance		40,225	40,225
Bad debt expenses		35,603	39,491
Motor vehicle expenses		24,619	34,167
Miscellaneous expenses		7,849	15,730
	28	1,037,643	1,167,666

31. Dividends

On February 16, 2024, the Shareholders of the Bank declared a 5% dividend amounting to \$250,000 with respect to the ordinary shares held by the Dominica Social Security for the year ended June 2023. The amount of dividends declared in 2022 was \$250,000 for the Dominica Social Security.

32. Related party balances and transactions

A party is related to the Bank, if:

- (i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Bank that gives it significant influence over the Bank; or has joint control over the Bank;
- (ii) the party is an associate of the Bank;
- (iii) the party is a joint venture in which the Bank is a venture;
- (iv) the party is a member of the key management personnel of the Bank or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v);
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

32. Related party balances and transactions (cont'd)

Loans and advances outstanding from related parties are as follows:

	2024 \$	2023 \$
Financial Data Services Limited	844,019	844,019

At year-end, Directors of the Bank and companies in which they have an interest had no fixed deposits with the Bank (2023 - \$Nil) and had loans and guaranteed loans with outstanding balances of \$69,214 (2023 - \$69,222).

In 2024, the total remuneration paid to Directors and key management personnel was \$1,166,355 (2023 - \$1,130,166).

The Bank's outstanding obligations to its related parties are as follows:

	Note	2024 \$	2023 \$
Dominica Social Security	18	16,448,158	18,273,352
Government of the Commonwealth of Dominica	18	8,565,384	29,042,753
		25,013,542	47,316,105
Interest payable		-	4,527
		25,013,542	47,320,632

A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions, at market rates.

The Bank had the following related party transactions during the year:

Name of Related Party	Description	2024 \$	2023 \$
Dominica Social Security	Principal repayments	1,825,194	1,879,527
Government of the Commonwealth of Dominica	Principal repayments	500,000	1,000,000
Key management	Principal repayments	28,795	10,525
Key management	Loan advances	136,028	-
Directors	Remuneration	132,000	132,000
Key management	Salaries	1,034,355	998,166
Directors	Principal repayments	-	1,165

DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Notes to the Financial Statements

For the Year Ended June 30, 2024

(Expressed in Eastern Caribbean Dollars)

33. Contingent liabilities and commitments

Loans and advances

As at year-end, loans and advances approved by the Bank but not yet disbursed, amounted to approximately \$10,979,439 (2023 - \$8,868,584).

Litigation

There is an ongoing legal matter for approximately \$967,500 against the Bank. The Bank has disclaimed liability and is defending the action. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of issuance of these financial statements.

34. Taxation

Under the provision of Chapter 74:03 Sections 32 of the 2017 Revised Laws of the Commonwealth of Dominica, the Bank is exempted from the payment of income tax.