DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

ANNUAL REPORT · 2009

OUR MISSION

To be a leader and catalyst in the economic and social development of the Commonwealth of Dominica, by being a facilitator for investments, a financer and a partner with the private sector while adhering to the highest principles of good corporate governance, exercising prudent and responsible financial management and promoting environmental sustainability.

OUR VISION

To be a top rated development finance institution in three years.

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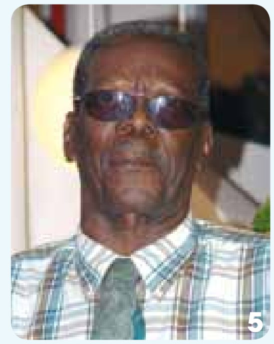
ACRONYMS AND ABBREVIATIONS

CDB	Caribbean Development Bank
BANDES	Banco de Desarrollo Económico y Social de Venezuela
DAIDB	Dominica Agricultural Industrial & Development Bank
DBPL	Dominica Banana Producers Ltd.
EC	Eastern Caribbean
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EU	European Union
EURO	Monetary unit of the European Union
FDSL	Financial Data Systems Limited
FEEF	Foreign Exchange Equalization Fund
GDP	Gross Domestic Product
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
NBD	National Bank of Dominica, formerly National Commercial Bank
SFR-D	Special Fund Resources - Dominica
SMP	Special Mortgage Programme
SPA	Systems and Process Assurance Review
US$	United States dollar

$ represents Eastern Caribbean dollars throughout unless stated otherwise



MEMBERS OF THE BOARD OF DIRECTORS

As at June 30, 2009

1. Mr. Ambrose M.J. Sylvester - CHAIRMAN
2. Mrs. Joyce Dear - DEPUTY CHAIRMAN
3. Mr. Kertist Augustus - DIRECTOR
4. Mr. Martin Charles - DIRECTOR
5. Mr. Elford Henry - DIRECTOR
6. Mr. Hubert Joseph - DIRECTOR
7. Mr. Leon LeBlanc - DIRECTOR
8. Ms. Bernadette Philbert - DIRECTOR (until March 7, 2009)
9. Mr. Colbert Pinard - DIRECTOR (from March 8, 2009)
10. Mr. Reuben Thomas - DIRECTOR

CONTACT DETAILS

Dominica Agricultural Industrial & Development Bank
Corner of Charles Ave and Rawles Lane,
Goodwill, Commonwealth of Dominica

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Website	www.aidbank.com
SOLICITORS	Alick Lawrence, Chambers, Roseau
AUDITORS	PricewaterhouseCoopers
BANKERS	National Bank of Dominica

CHAIRMAN'S LETTER OF TRANSMITTAL

Honourable Roosevelt Skerrit
Prime Minister and Minister for Finance,
Social Security and National Security
Prime Minister's Office
Financial Centre
Kennedy Avenue
Roseau
Commonwealth of Dominica

September 30, 2009

Dear Prime 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 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, 2009.

Yours faithfully,
DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK

Mr. Ambrose M.J. Sylvester
Chairman
Board Of Directors

CHAIRMAN'S STATEMENT 2008/09

INTRODUCTION

It is a pleasure to report that the financial year ended June 30, 2009 can be assessed as a rather productive one for the Bank. Positive financial results were achieved and major advances made towards transforming the Bank into a more effective institution.

OPERATIONAL PERFORMANCE

Net profit of $1.22 million increased by 48.70 percent over that attained in 2008. In addition, the return on assets was 0.93 percent, which compared favourably with the previous year's ratio of 0.63 percent. Non-performing loans were reduced to 18.66 percent of total outstanding principal from 20.02 percent in the previous year.

Loan approvals amounted to $13.51 million and disbursements to $14.25 million, respectively 34.99 percent and 24.97 percent lower than the previous year's totals. Delays experienced in finalizing a new line of credit during the year limited the Bank's ability to fund new projects.

In December 2008, the DAIDB engaged a General Manager/Consultant who has over 20 years experience in the financial sector of Jamaica and the wider Caribbean region. He served as Managing Director of the Region's largest national development bank, the Development Bank of Jamaica Limited, for over 16 years.

The new General Manager/Consultant was mandated to achieve a number of targets over a two year period including mobilizing funds, restructuring the organization, reducing the level of non-performing loans and repositioning the Bank to take a more proactive and leadership role in the social and economic development of the Commonwealth of Dominica.

With these goals in view a number of measures and initiatives have been taken.

THESE INCLUDE:

1. Pursuing actively several new lines of credit from both traditional and non-traditional lending agencies.

2. Taking the decision to be the first national development bank in the Region to be rated by an independent credit rating agency, CariCRIS. In May 2009 the Bank obtained a Credit Rating of "BB+" and also took the decision to publish the rating.

3. Establishing strategic partnerships with a number of development agencies and other key stakeholders, including setting up of a special committee with Discover and Invest Dominica Authorities and the Ministry of Tourism for the purpose of identifying and implementing projects which can make a substantial impact on national growth and development primarily in the Tourism sector.

   Tourism was identified in Government's Growth and Social Protection Strategy 2006-2009 as one of the lead agents of growth.

4. Preparing and presenting to Shareholders and Lenders a five year strategic plan which was approved by the Board of Directors in May 2009.

   Highlights of the Strategic and Operational Plan of the Bank for the five-year period 2009 to 2014 include:

- The new mission statement of the Bank which was defined as follows:

  "To be a leader and catalyst in the economic and social development of the Commonwealth of Dominica, by being a facilitator for investments, a financer and a partner with the private sector while adhering to the highest principles of good corporate governance, exercising prudent and responsible financial management and promoting environmental sustainability."

- A new organizational structure formulated to improve the operational efficiency and efficacy of the Bank.

- The adoption of a Charter of Corporate Governance for the Bank making its operations more transparent and in keeping with internationally accepted Best Practices.

- A number of the key goals and specific targets to be achieved over the next five years, which include the following:

- To mobilize funding on appropriate terms of US$80 million.
- To fund projects to a total value of US$75 million over five years, including infrastructural projects.
- To reduce non-performing loans to 10 per cent of the portfolio by year ended June 2010, 7.5 percent by June 2011 and 5 percent thereafter.
- To introduce new products including risk sharing with other financial institutions.
- To improve the Bank's profitability; and
- To establish an effective environmental policy relating to projects.

While at this time these may be considered mere projections, there are indeed positive signs for achievement of these targets, as funding agencies and other key state holders continue to express confidence in the Bank and its operations. This point is of paramount importance when one considers that over the last seven or eight years, the Bank has not received a new line of credit from its traditional lenders.

OUTLOOK

The Bank's re-strategizing is taking place in a period of unprecedented global market failure within the financial sector dominated by the private sector. These extraordinary events have brought to the forefront the need for financial institutions such as Development Banks to fill the gaps and to spearhead counter-cyclical investment activity in the real economy to stimulate recovery and growth.

This view is supported by a leading economist in the USA, Jeffery D. Sachs who in a March 2009 article in the New York Times, "Transition to Sustainability", stated:

"Governments should thus strengthen their ministries of infrastructure (including power, roads, water and sanitation, and information and communication technologies), as well as their national development banks, so that they can properly design long-term infrastructure projects and programmes. The ability to offset the crisis in a constructive manner through expanded public-private partnerships will determine the subsequent success of countries and regions. Interestingly, the US is about to create a National Infrastructure Bank for the first time"

The Board is pleased to report that the Bank has already identified a robust pipeline of projects amounting to over US$25 million including infrastructural and large tourism projects as well as SMEs and social sector loans.

Based on advances made with potential lending agencies, it is expected that within the first nine months of the next financial year commencing July 1, 2009, the Bank will have mobilized up to US$40 million in new lines of credit to facilitate its lending activities.

Given the uncertainty regarding global economic recovery the Bank faces serious challenges in meeting its targets in the coming year. Nonetheless, we are confident that the efforts exerted in this financial year will produce significant rewards in the next.

ACKNOWLEDGEMENTS

I take the opportunity, on behalf of the Board, to express our gratitude to the Honourable Prime Minister in his capacity of Minister of Finance for his continued support, in particular his support for the Bank's new strategic direction and business model.

Our sincerest appreciation and gratitude is also expressed to all customers and shareholders , the Government of the Commonwealth of Dominica and the Dominica Social Security, the Ministry of Finance and Social Security and our Regional and international funding partners for their continued confidence and support.

The achievements of the Bank during the financial year could not have been realised without the commitment, hard work and dedication of the Management and Staff, who despite a challenging global, regional and international environment enabled the institution to record gains in a number of critical areas of its operations.

We remain ever thankful for God's blessings on the Bank and on the Commonwealth of Dominica.

Mr. Ambrose M.J. Sylvester
Chairman

DAIDB HIGHLIGHTS AT A GLANCE

CATEGORY	2009	2008	2007	2006	2005
APPROVALS					
No. of Loans Approved	487	615	650	650	562
No. of Technical Assistance	0	0	1	12	50
Estimated No. of Jobs	487	701	780	675	924
Total Loans Approved ($mn)	13.5	20.7	20.6	16.1	17.3
Total grants Approved ($mn)	0	0	0.01	0.20	0.74
DISBURSEMENTS					
Total Loans Disbursed ($mn)	14.3	19.0	16.2	16.0	17.20
Total grant Disbursed ($mn)	0	0.04	0.15	0.52	0.91
PORTFOLIO					
Gross Loans & Advances Outstanding ($mn)	121.8	121.6	122.9	119.5	118.3
Gross Loans and advances net of impairment losses ($mn)	112.7	114.2	111.8	106.4	107.1
OPERATING RESULTS					
Operating income ($mn)	7.00	7.85	8.22	6.42	5.94
Net Profit (loss) for the year ($mn)	1.22	0.82	1.76	0.84	(1.57)

PART I
THE ECONOMY OF DOMINICA

In 2008 the economy experienced expansion, recording growth of 3.2 percent, which was the second highest growth rate in the countries of the Organisation of Eastern Caribbean States (OECS), after Grenada.

The global economic crisis which started in the United States, has adversely affected Dominica's economy compounding the economic difficulties that resulted from the ravages of two hurricanes (Dean and Omar) in the last two years. This crisis has manifested itself in the OECS through declines in tourism arrivals, remittances from persons residing overseas and the inflow of foreign direct investments.

AGRICULTURE

The agricultural sector experienced expansion as a result of its recovery from the effects of Hurricane Dean in 2007. For the period July 2008 to March 2009 banana production rose by 250.83 percent to 7,864.09 tonnes from 2,241.54 tonnes in the comparative period of the previous year.

The value of total agricultural exports rose by 93.63 percent to $33.15 million for the period July 2008 to March 2009 from $17.12 million in the same period of the previous year. The figure of $33.15 million comprised $14.18 million earned from bananas and export revenue of $18.97 million earned from other agricultural exports.

MANUFACTURING

The manufacturing sector recorded a decline in production during the period July 2008 to March 2009. There was a decline in beverage production by 3.98 percent to 463,843 cases from 483,053 cases in the previous year. This decline was attributed mainly to increased competition in the local market.

The production of chemicals and related products declined by 11.03 percent; from 7,846.11 tonnes in the comparative period of the previous year to 6,980.86 tonnes in the year under review. This was mainly as a result of the closure of one factory, a decline in regional demand for soaps and the shortage of raw materials for a new product line.

There was a decline of 4.10 percent in the export value of beverages in the period July 2008 to March 2009 in relation to the comparative period in the previous year. Export earnings from chemicals and related products also declined by 15.76 percent to $29.72 million from $35.28 million in the previous year.

CONSTRUCTION ACTIVITY

There was a decline in the number of construction starts to 75 in the period of July 2008 to March 2009 from 105 in the comparative period of the previous year. Nonetheless, there was a significant increase by 106.66 percent in the value of starts which rose to $104.22 million from $50.43 million in the previous period. Construction activity included both private and public structures.

TOURISM

In the last two quarters of 2008 there was an increase in stay-over visitors by 11.70 percent to 49,527 from 44,339

Sources: Government of Dominica, Central Statistical Office, Quarterly Economic Indicators – September and December 2008, March, 2009; Government of Dominica, Prime Minister's Budget Presentation 2009-2010.

IRISH POTATO FARM

for the comparative period of the previous year. However, for the first quarter of 2009 stay-over visitors declined by 15.27 percent to 17,209 from 20,310 reported in the same period of 2008.

In respect of cruise-ship passenger arrivals, no immediate impact of the economic crisis was experienced, since cruise-ship passengers book in advance. Arrivals increased by 8.70 percent in the last two quarters of 2008 and by 28.61 percent in the first quarter of 2009. The combined total for the period July 2008 to March 2009 was 374,333, which was 18.84 percent higher than 314,987 passenger arrivals for the comparative period in the previous year.

Total visitor expenditure rose by 17.07 percent in the last two quarters of 2008 to $101.11 million from $86.37 million the previous year. However, there was a decline of 13.1 percent in tourism receipts in the first quarter of 2009 to $46.28 million from $53.28 million in the previous period.

VISIBLE TRADE BALANCE

The value of total exports increased by 20.44 percent over the period of July 2008 to March 2009, to $79.89 million from $66.33 million the previous year. However, the value of imports increased also by 14.99 percent to $460.91 from $400.81 in the previous period. As a result the visible trade deficit deteriorated to $381.1 million from $334.49 million in the previous period.

CONSUMER PRICES

The consumer price index increased by 4.16 percent over the period.

CENTRAL GOVERNMENT

Central Government's current revenue increased by 5.92 percent to $241.9 million in the period July 2008 to March 2009 from $228.37 in the comparative period of the previous year. There was also an increase in current expenses by 9.78 percent to $210.41 million from $191.67 million the previous year. This led to a current account surplus of $31.49 million which was 14.17 percent lower than the previous period's balance of $36.69 million.

OUTLOOK

As a result of the global economic downturn it has been estimated that total tourism receipts could decline by about US$18 million (3.6 percent of GDP). Remittances from overseas residents have also declined sharply.

Real output growth is projected at about 1 percent in 2009 despite ongoing post-hurricane reconstruction. The external current account deficit is also expected to deteriorate further despite the fall in international fuel prices, as tourism receipts fall and reconstruction imports continue to increase.

PART II
THE PERFORMANCE OF DAIDB

LENDING OPERATIONS

The Bank approved loans of $13.51 million and disbursed loans amounting to $14.25 million as indicated in Tables 1 and 2. Economic sector lending accounted for $3.75 million or 27.72 percent of total approvals, while social sector lending for Housing and Education accounted for $8.39 million or 62.16 percent of total approvals.

Disbursements of $4.46 million or 31.27 percent of total disbursements were for economic sectors, and included projects approved in the previous financial year. Social sector disbursements to Housing and Education amounted to $8.31 million or 58.34 percent of total disbursements.

Table 3 shows that the Bank approved 487 loans. Of these 140, the highest number of loans was for education followed by 81 for agriculture, 63 for housing, 52 for manufacturing, services and transportation and 8 for tourism.

With regard to gender distribution 54 percent or 264 were for men and 45 percent or 222 for women, though the distribution varied widely by sector.

With respect to spatial distribution, 322 loans were approved for rural applicants while 165 were for urban applicants.

An estimated 487 jobs were created in the economic sectors.

AGRICULTURE

Agricultural sector lending of $1.05 million increased marginally by 4.15 percent over the previous year's total of $1.01 million. The breakdown of loans by sub-sector is presented in Table 4.

The value of loans for banana cultivation of $74,510 was only marginally higher than the previous year. Loans of $77,507 for mixed crops declined by 49.58 percent from the previous year. Poultry loans of $63,501 increased by 173.12 percent and land purchase of $171,751 by 561.95 percent.

MANUFACTURING, SERVICES AND TRANSPORTATION

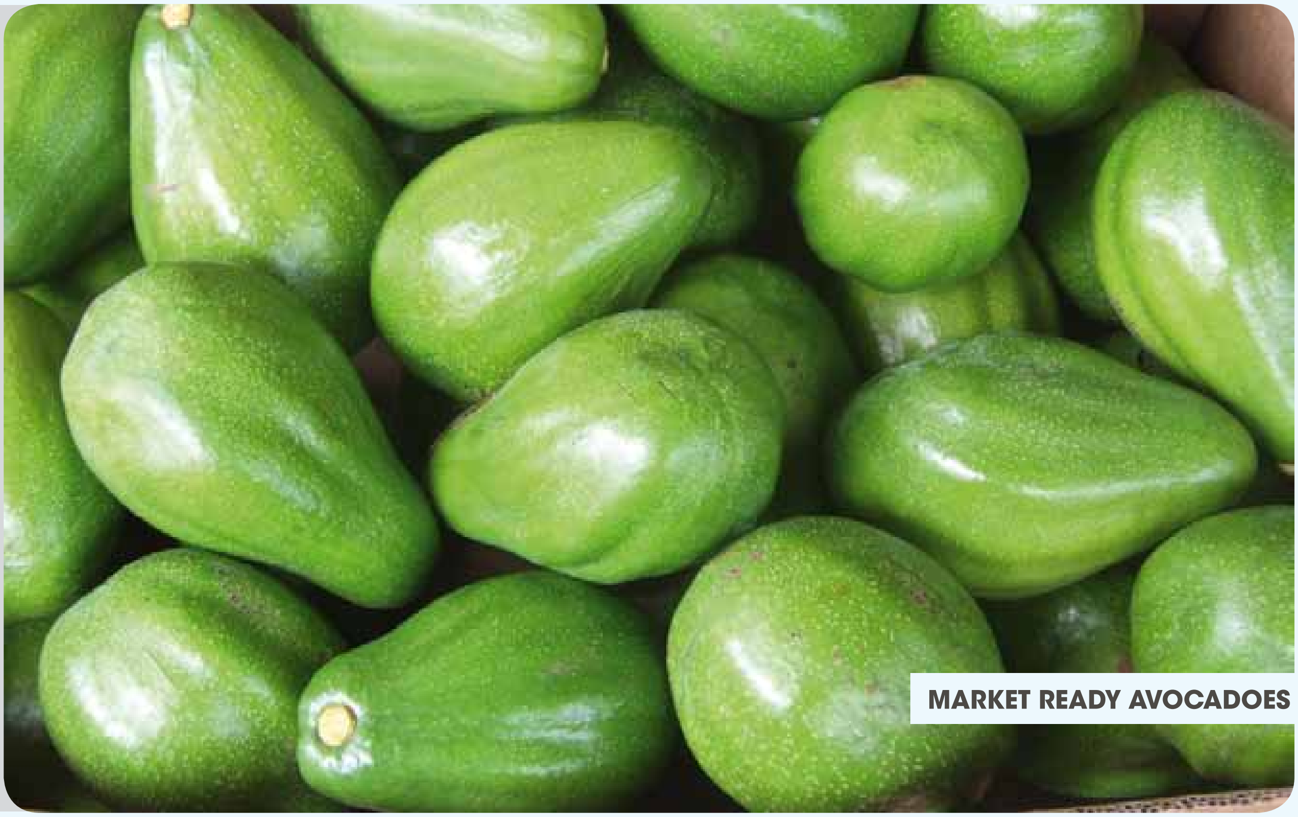
Details on loans for these sectors are presented in Table 5. For the second consecutive year there were no loans for manufacturing.

The services sector accounted for 75 percent of lending amounting to $1.54 million, reflecting a small decline of 4.5 percent from the previous year.

Transportation loans of $515,481 increased by 31.23 percent over the previous year's total.

TOURISM

This sector experienced a substantial decline of $2.33 million or 78.51 percent from the previous year. This decline was related to the fact that no new accommodation facilities for students of the Ross University School of Medicine were funded during the year.



MARKET READY AVOCADOES

HOUSING

Approvals of $4.21 million, though the highest among sectors, represented a sharp decline by 49.65 percent from the previous year's total of $8.37 million. The main reason for this decline was that special concessionary funds for housing were fully committed during the year and the Bank did not receive a new line of credit as had been expected.

EDUCATION

The education sector experienced a decline of 18.31 percent to $4.18 million in the period under review from $5.21 million in the previous year.

It was observed that the level of scholarships offered by the Government of Dominica has been increasing over the years. This may account for the decline in demand for loans from the Bank.

The five top subject areas pursued by students during the year, both in terms of value and number of loans, were Management and Administration, Accounting, Marketing, Medicine and Information Technology.

DISBURSEMENTS

For the twelve-month period to June 30, 2009, disbursement of loans totalled $14.25 million. This was 24.97 per cent below the level of disbursements of $19.00 million recorded for the same period in 2008 and 26.53 percent below the budgeted figure of $19.40 million.

Housing Loans at $4.68 million, Education Loans at $3.63 million and industry loans at $1.91 million accounted for the major portion of disbursements for the period.

LOAN PORTFOLIO

At the end of June 2009, the net loans and advances of the Bank totalled $112.69 million. This compares with $114.17 million as at June 30, 2008. The net loans and advances as at June 30, 2009 represents an increase of 1.30 percent over the same period last year.

In terms of distribution of the portfolio among the various sectors, educational loans at $37.02 million were the largest beneficiary of loans accounting for 30.39 percent of the total. This sector was followed by housing with 25.44 percent and tourism with 19.28 percent.

Of this amount, principal arrears totalled $15.93 million or 14.14 percent of the outstanding principal. Of the total principal in arrears, $12.50 million represented principal arrears on non-performing loans while the remainder of $ 3.43 million represented principal arrears on loans in arrears for periods less than three months.

FUNDING

The Bank experienced another year – the eighth - without obtaining a new line of credit.

Financing activities were therefore funded in the main from internally generated funds and from net reflows [after repayment] of earlier lines of credit.

In addition, advances totalling $7.00 million were negotiated with the DSS with $6.00 million received during the financial year.

An application for a line of credit of US$10.0 million to BANDES, the development bank of the Bolivarian Republic of Venezuela, which was made during the preceding financial year, is expected to be finalised during the second quarter of the next financial year.

An enquiry to the Caribbean Development Bank for a line of credit in the region of between US$ 10 and $ 15 million resulted in a supervision visit being undertaken by the CDB to the Bank in February of 2008.

It is expected that an application for a line of credit of US$ 15.0 million will be considered by the CDB during the second quarter of the next financial year.

The Bank has contacted a number of other Multilateral Financial Institutions [MFIs] and it is expected that funding in the region of between US$ 15 and 25 million will be obtained during the next financial year based on these initiatives.

MANAGEMENT INFORMATION TECHNOLOGY

In its quest to achieve a high level of Information Communication Technology, The Bank purchased two new servers and a storage area network as activities continue to upgrade our management information systems.

Laptop computers have been purchased for the projects officers with the aim of improving their efficiency and effectiveness. These mobile computers will allow them to more effectively carry out field assessments. New desktops were also purchased as the Bank continues to phase out its old equipment.

The Network bandwidth will be upgraded by switching to fibre optic cabling and smarter switches.

Communication with clients has also been improved as mobile phones have been provided for all projects staff. Telephone access has improved as our clients residing in the US, UK and Canada can now call us on our US telephone number.

The annual Systems and Process Assurance (SPA) review was carried out in June 2009 by PricewaterhouseCoopers. The results of that audit indicated that the information system is generally compliant with industry standards and policies and also with established policies and procedures. The SPA review is done annually to ensure that our system remains protected and that our bank software generates accurate and reliable information.

The policies and procedures guiding the use of information technology are being revised and formalized. These will provide instructions on how all aspects of technology will be used. These policies cover a comprehensive list of areas from email and internet use to IT disaster and recovery.

HUMAN RESOURCES

STAFFING

At the end of the financial year, the staff complement totalled thirty-four (34).

During the year the Bank lost three staff members two through resignations and one long serving member, Mr. Charles Samuel, died.

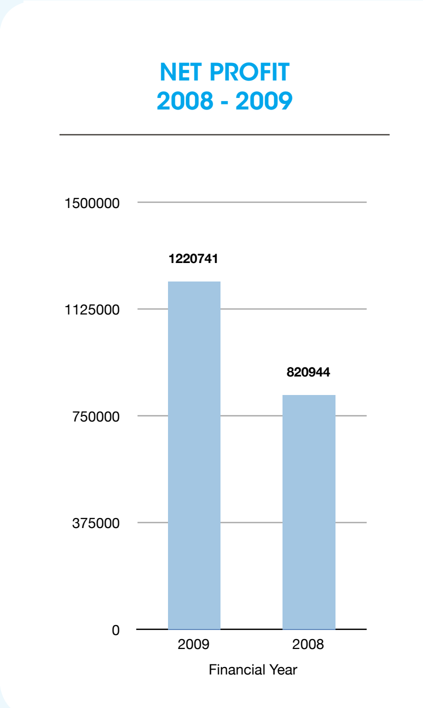
The condolences of the Bank go out to his family and friends.

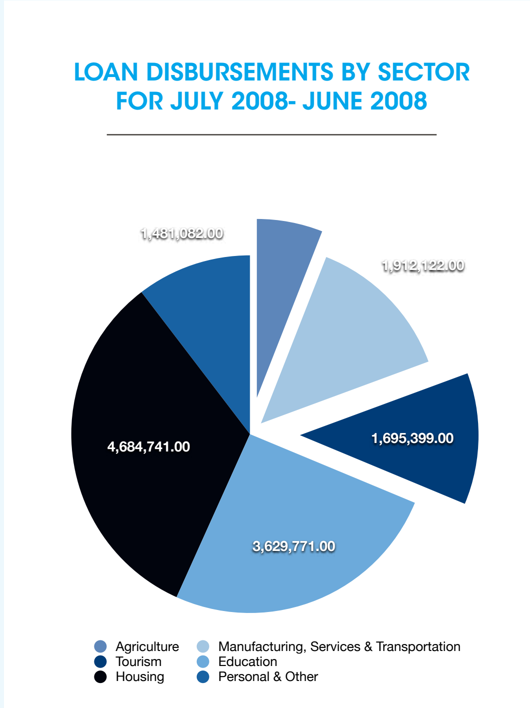
A General Manger/Consultant joined the Bank in December 2008 with his assignment made possible by the Commonwealth Fund for Technical Cooperation of the Commonwealth Secretariat headquartered in the United Kingdom.

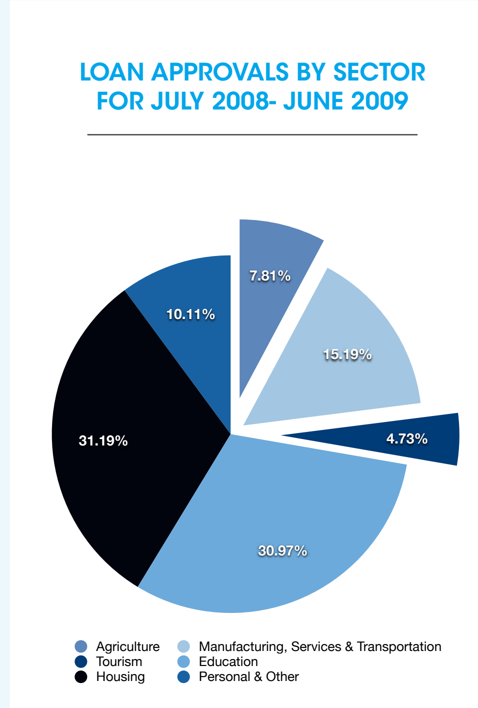
TRAINING

In its commitment to improve the level of skills and competencies within the organisation, the Bank has provided support for six members of staff who are currently pursuing their Bachelor's degrees in Management, Business Administration, Information Technology and Marketing.

In addition fifteen members of staff benefitted from short term courses during the year as indicated in the following table:







SHORT COURSES PURSUED DURING THE YEAR		
COURSE	**DIVISION**	**NUMBER IN ATTENDANCE**
ACCPAC	Finance & Accounts	1
Risk Management	Projects; IEU	3
Credit Appraisal	Projects	2
Loan Administration	Projects; Recoveries	4
Corporate Governance	Projects	1
Accounting Seminar	Finance & Accounts	1
Seminar on Organic Agriculture	Projects	2
Preparation of Business		
Plans (3 days)	Projects	1
Enterprise Rating and		
Upgrading	Projects	1
Landbank Management	Projects	1
Project Appraisal	Projects	All Project Staff
Motivation and Self Esteem	All Staff	

During the year, Mrs. Mathilda John Rose, Manager Projects lectured Unit 5 on Risk Management in the Eastern Caribbean Central Bank (ECCB) Savings and Investments course for business persons in both the public and private sectors.

GENEVA INDUSTRIAL ESTATE FACTORY BUILDING

PART III OTHER ACTIVITIES

Industrial Estate Unit [IEU]

The objective of the Industrial Estate Unit is to contribute to the promotion of industry and to assist investors in the provision of suitable locations along with necessary services for their business without having to incur heavy start-up costs associated with factory construction.

The IEU makes a positive contribution to national development by creating employment, enhancing export capabilities for foreign exchange earnings and encouraging both local and foreign entrepreneurs.

The IEU is managed by the AID Bank under an agency agreement with the Government of Dominica for an annual fee.

The Unit employs three individuals including a Manager, Administrative Officer and Building Inspector and all expenses of the Unit including salaries are paid from IEU's Account.

The accounts of the IEU are maintained by the Bank and audited separately from those of the AID Bank. They are not consolidated with the Bank's accounts.

At present the Industrial Estate has nineteen (19) buildings with a total floor area of 146,937 sq. ft.

The Industrial Estate now has an occupancy level of 93 percent with only Shed #5 and the new building at Geneva being vacant.
10,866 sq. ft. is presently occupied by the Government of Dominica to assist in the implementation of social projects.

This year a 6,400 sq ft factory building was completed at the Geneva Industrial Estate to provide support and assistance to local enterprises in Grand Bay and environs. This we hope will create new jobs and assist in the economic development of the area.

Despite several challenges faced by the Industrial Estate Unit and Tenants on the Industrial Estate, over 450 persons are employed and no major job loss has been experienced.

The IEU improved its Rental collections this year by collecting $1.30 million for the financial year ended June 2009 an increase of 17 percent over the financial year ended June 2008 when an amount of $1.12 million was collected.

The Industrial Estate is now undertaking a project to improve the general ambience of the Industrial Estate and is seeking to further increase the employment rate on the IEU in the areas of informatics and manufacturing.

Approximately $1.00 million dollars has been spent on the preliminary works for the development of an ICT Park in Picard. Further development will continue in the next financial year on this project

Financial Data Systems Limited [FDSL]

The Bank has controlling interest in Financial Data Systems Limited (FDSL), the only software development company in Dominica.

The company maintains the Bank's Loans Management Software, which is used by several institutions in the region. During the financial year, the company has gained one client, the St. Lucia Development Bank but has lost one client, the National Development Foundation of Dominica.

The company continues to upgrade the software and is planning to release an upgrade of its Loans Management Module during the next financial year.

PART IV
FINANCIAL PERFORMANCE

NET INCOME FROM OPERATIONS

The Bank generated a net profit of $1.22 million which was 48.60 percent higher than the previous year. This net profit was achieved after providing for impairment losses on loans and advances of $1.92 million and a foreign exchange gain of $0.70 million.

INCOME

The income earned for the year in review totalled $11.08 million, which was 10.05 percent lower than the comparative figure of $12.31 million earned in the previous year.

Interest and similar income of $10.61 million comprised 95.79 percent of total income and was 9.21 percent lower than the previous year's total of $11.69 million.

Other operating income amounted to $0.47 million and was derived mainly from agency fees, appraisal fees and legal fees. This figure declined by 25.59 percent from the previous year's total of $0.63 million.

EXPENSES

Total operating expenses other than the foreign exchange gain amounted to $8.14 million which decreased by 3.17 percent from the previous year's $8.41 million.

Interest expense and similar charges of $4.08 million decreased by 8.60 percent over last year's $4.46 million.

With exclusion of foreign exchange gain, other operating expenses of $4.06 million increased marginally by 2.96 percent over the previous year's $3.95 million.

ASSETS

Total assets as at June 30, 2009 had a net book value of $130.65 million which declined marginally by 0.53 percent from the previous year's $131.34 million.

Loans and advances to customers amounted to $112.69 million which declined by 1.30 percent in comparison with the previous year's $114.17 million.

Available for sale financial investments of $1.27 million, decreased by 1.55 percent over the previous year's $1.29 million.

Net fixed assets of $4.86 million represented a 2.99 percent decline over the previous year's $5.01 million.

LIABILITIES

Total liabilities of $99.01 million decreased by 2.08 percent from the previous year's $101.11 million.

Long-term loans of $84.09 million represented 84.93 percent of total liabilities, and reflected a marginal increase of 0.14 percent over the previous year's balance of $83.98 million.

SHAREHOLDERS EQUITY

The Bank's net worth or shareholder's equity was $31.64 million, an increase of 4.65 percent from the previous year's $30.23 million. Retained earnings recorded an increase of 10.20 percent, moving to $6.47 million from $5.87 million in the previous year.

AUDITOR'S REPORT AND FINANCIAL STATEMENTS 2009

[Expressed in Eastern Caribbean Dollars]

PricewaterhouseCoopers
Pointe Seraphine
P.O. Box 195
Castries
St. Lucia, West Indies
Telephone (758) 456-2600
Facsimile (758) 452-1061

October 20, 2009

Independent Auditors' Report

To the Shareholders of
Dominica Agricultural Industrial and Development Bank

Report on the Financial Statements

We have audited the accompanying financial statements of **Dominica Agricultural Industrial and Development Bank** (the Bank) which comprise the balance sheet as of June 30, 2009 and the statements of income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Dominica Agricultural Industrial and Development Bank** as of June 30, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants

Dominica Agricultural Industrial And Development Bank

BALANCE SHEET

AS OF JUNE 30, 2009
[expressed in Eastern Caribbean Dollars]

	2009 $	2008 $
Assets		
Cash and balances with Central Bank (Note 5)	**3,111,602**	1,038,716
Treasury bills (Note 6)	**2,430,548**	2,428,538
Deposits with banks and other financial institutions (Note 7)	**5,910,456**	7,011,173
Loans and advances to customers (Note 8)	**112,686,451**	114,169,230
Available-for-sale investments (Note 10)	**1,267,340**	1,287,340
Property, plant and equipment (Note 11)	**4,863,260**	5,013,006
Other assets (Note 12)	**382,336**	395,458
Total assets	**130,651,993**	131,343,461
Liabilities		
Due to customers (Note 13)	**10,167,138**	13,181,695
Borrowed funds (Note 14)	**84,094,446**	83,978,706
Other liabilities (Note 15)	**4,751,505**	3,950,801
Total liabilities	**99,013,089**	101,111,202
Equity		
Share capital (Note 16)	**17,547,631**	17,547,631
Reserves (Note 17)	**7,623,397**	6,815,208
Retained earnings	**6,467,876**	5,869,420
Total equity	**31,638,904**	30,232,259
Total liabilities and equity	**130,651,993**	131,343,461

Approved by the Board of Directors on October 9, 2009

Director

Director

STATEMENT OF INCOME

FOR THE YEAR ENDED JUNE 30, 2009
[expressed in Eastern Caribbean Dollars]

	2009 $	2008 $
Interest income (Note 18)	**10,608,894**	11,685,412
Interest expense (Note 18)	**(4,075,777)**	(4,459,329)
Net interest income	**6,533,117**	7,226,083
Other operating income (Note 19)	**466,146**	626,414
Other operating expenses (Note 20)	**(3,360,222)**	(5,083,148)
Impairment losses on loans and advances (Note 9)	**(1,918,310)**	(1,948,405)
Impairment losses on available-for-sale investments (Note 17)	**(499,990)**	–
Net profit for the year	**1,220,741**	820,944

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009
[expressed in Eastern Caribbean Dollars]

	Share capital (Note 16) $	Reserves (Note 17) $	Retained earnings $	Total equity $
Balance at June 30, 2007	17,547,631	6,661,826	5,613,954	29,823,411
Net profit for the year	–	–	820,944	820,944
Transfer from retained earnings to reserves	–	315,478	(315,478)	–
Foreign exchange loss utilization (Note 17)	–	(162,096)	–	(162,096)
Dividends on ordinary shares (Note 23)	–	–	(250,000)	(250,000)
Balance at June 30, 2008	**17,547,631**	**6,815,208**	**5,869,420**	**30,232,259**
Balance at June 30, 2008	17,547,631	6,815,208	5,869,420	30,232,259
Net profit for the year	–	–	1,220,741	1,220,741
Transfer from retained earnings to reserves	–	372,285	(372,285)	–
Foreign exchange loss utilization (Note 17)	–	(44,086)	–	(44,086)
Unrealized loss on available-for-sale investments (Notes 10 and 17)	–	(20,000)	–	(20,000)
Impairment losses on available-for-sale investments (Note 17)	–	499,990	–	499,990
Dividends on ordinary shares (Note 23)	–	–	(250,000)	(250,000)
Balance at June 30, 2009	**17,547,631**	**7,623,397**	**6,467,876**	**31,638,904**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009
[expressed in Eastern Caribbean Dollars]

	2009 $	2008 $
Cash flows from operating activities		
Net profit for the year	**1,220,741**	820,944
Adjustments for:		
Depreciation (Notes 11 and 20)	**340,911**	333,302
Gain on disposal of property, plant and equipment (Note 19)	**(255)**	(20,050)
Impairment losses on loans and advances (Note 9)	**1,918,310**	1,948,405
Impairment losses on available-for-sale investments (Note 17)	**499,990**	–
Unrealized foreign exchange (gain)/loss (Note 20)	**(703,326)**	1,136,312
Interest and similar income (Note 18)	**(10,608,894)**	(11,685,412)
Interest expense and similar charges (Note 18)	**4,075,777**	4,459,329
Cash flows before changes in operating assets and liabilities	**(3,256,746)**	(3,007,170)
Increase in loans and advances to customers	**(636,727)**	(3,993,789)
Decrease in deposits with banks and other financial institutions	**2,858,424**	716,953
Decrease in other assets	**13,122**	173,463
(Decrease)/increase in due to customers	**(3,014,557)**	349,583
Increase in other liabilities	**1,050,704**	460,748
Cash used in operations	**(2,985,780)**	(5,300,212)
Interest received	**10,810,091**	11,315,741
Interest paid	**(3,420,024)**	(4,509,743)
Net cash generated from operating activities	**4,404,287**	1,505,786
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**325**	20,050
Purchase of property, plant and equipment (Note 11)	**(191,235)**	(228,388)
Net cash used in investing activities	**(190,910)**	(208,338)
Cash flows from financing activities		
Repayment of borrowings - net	**163,312**	(2,261,691)
Foreign exchange utilization (Note 17)	**(44,086)**	(162,096)
Dividends paid	**(500,000)**	–
Net cash used in financing activities	**(380,774)**	(2,423,787)
Net increase/(decrease) in cash and cash equivalents	**3,832,603**	(1,126,339)
Cash and cash equivalents, beginning of year	**5,094,382**	6,220,721
Cash and cash equivalents, end of year (Note 24)	**8,926,985**	5,094,382

1 General information

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

2 Summary of significant accounting policies

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

Basis of preparation
The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards and amendments to existing standards that are not yet effective but relevant to the Bank
The following standards and amendments to existing standards have been published and are mandatory for the Bank's accounting periods beginning on or after January 1, 2009 or later periods:

- *IAS 1 (Revised), Presentation of financial statements* (effective from January 1, 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Bank will apply IAS 1 (Revised) from January 1, 2009.

- *IAS 36 (Amendment), Impairment of assets* (effective from January 1, 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Bank will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from January 1, 2009.

2 Summary of significant accounting policies*...continued*

Cash and cash equivalents
Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with other banks, treasury bills and other short-term securities.

Financial assets
The Bank classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

(b) *Available for sale*
Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of available-for-sale investments are recognised on trade-date - the date on which the Bank commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit and loss. However, interest calculated using the effective interest method is recognised in the statement of income. Dividends on available-for-sale equity instruments are recognised in the statement of income when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, and other valuation techniques commonly used by market participants.

2 Summary of significant accounting policies*...continued*

Impairment of financial assets

Assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) 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 local economic conditions that correlate with defaults on the assets in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. If a loan has variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using the observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may or may not result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

2 Summary of significant accounting policies*...continued*

Impairment of financial assets*...continued*

Assets carried at amortised cost*...continued*
For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the asset being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for the loan impairment in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

Assets carried at fair value
The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss, is removed from equity and recognised in the statement of income. Impairment losses recognised in the statement of income on equity instruments are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss is reversed through the statement of income.

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

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies...*continued*

Property, plant and equipment
All property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost of the following assets 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 balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

Impairment of other non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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).

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

Grants
Grants are recognised at their 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 recognised in the statement of income over the period necessary to match them with the costs that they are intended to compensate.

2 Summary of significant accounting policies...*continued*

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.

Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividends for the year that are declared after the balance sheet date are disclosed as a subsequent event.

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

The effective interest method is a method of calculating the amortised 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.

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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and other income
Fees and other income are generally recognised on an accrual basis when the service has been provided.

Foreign currency translation
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 recognised in the statement of income.

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

3 Financial risk management

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 standing. Such exposures involve on balance sheet loans and advances to customers.

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 balance sheet 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 balance sheet date. Management therefore carefully manages its exposure to credit risk.

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 and corporate and personal guarantees.

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 counterparty. They have been developed based on the East 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

3 Financial risk management*...continued*

Credit risk*...continued*

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 and groups, and to industries.

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 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-balance sheet 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.

(a) 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, plant and equipment and motor vehicles;
- Charges over financial instruments such as debt securities and equities;
- Assignment to the Bank of key-man, life, home owners, and motor vehicle insurances.

Longer-term finance and lending to corporate customers and individuals are generally secured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

(b) 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.

3 Financial risk management*...continued*

Credit risk*...continued*

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 recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

The impairment provision shown in the balance sheet at year-end is derived from each of the five internal rating grades. However, the majority of the impairment provision comes from the bottom three gradings. The table below shows the percentage of the Bank's on- and off-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

	2009		2008	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
Bank 's rating				
1 Pass	76.77	13.99	74.71	9.26
2 Special mention	5.79	1.05	6.05	0.80
3 Sub-standard	5.86	8.74	1.44	7.87
4 Doubtful	10.69	64.21	17.51	77.35
5 Loss	0.90	12.01	0.29	4.72

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

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

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 incurred loss at balance-sheet 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.

3 Financial risk management*...continued*

Credit risk*...continued*

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

	2009 $	2008 $
Credit risk exposures relating to on-balance sheet assets:		
Treasury bills	**2,430,548**	2,428,538
Deposits with banks and other financial institutions	**5,910,456**	7,011,173
Loans and advances to customers:		
− Demand loans	**81,687,374**	85,494,894
− Mortgage loans	**30,999,077**	28,674,336
Other assets	**378,035**	386,979
	121,405,490	123,995,920
Credit risk exposures relating to off-balance sheet items:		
Loan commitments	**5,364,087**	7,447,953
	126,769,577	131,443,873

The above table represents a worse case scenario of credit risk exposure to the Bank at June 30, 2009 and 2008, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 88.89% of the total maximum exposure is derived from loans and advances to customers (2008 – 86.85%).

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

- 82.37% (2008 – 75.83%) of the loans and advances portfolio is categorised in the top two grades of the internal rating system;
- 33.52% (2008 – 39.22%) 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.

3 Financial risk management...*continued*

Credit risk...*continued*

Loans and advances

Loans and advances are summarised as follows:

	2009 $	2008 $
Neither past due nor impaired	**40,828,719**	47,698,279
Past due but not impaired	**59,507,750**	44,516,466
Impaired	**21,469,329**	29,392,532
Gross	**121,805,798**	121,607,277
Less allowance for impairment losses on loans and advances	**(9,119,347)**	(7,438,047)
Net	**112,686,451**	114,169,230

The total impairment provision for loans and advances is $9,119,347 (2008 – $7,438,047) of which $7,747,624 (2008 – $6,689,741) represents the individually impaired loans and the remaining amount of $1,371,723 (2008 – $748,306) represents the portfolio provision. Further information of the allowance for impairment losses on loans and advances to customers is provided in Notes 8 and 9.

(a) 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, 2009			
Grades			
1. Pass	26,607,529	14,221,190	**40,828,719**
2. Special mention	–	–	**–**
3. Sub-standard	–	–	**–**
Total	**26,607,529**	**14,221,190**	**40,828,719**
June 30, 2008			
Grades			
1. Pass	33,346,341	14,351,938	47,698,279
2. Special mention	–	–	–
3. Sub-standard	–	–	–
Total	33,346,341	14,351,938	47,698,279

3 Financial risk management*...continued*

Credit risk*...continued*

(b) Loans and advances past due but not impaired

Loans and advances less than 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 $
At June 30, 2009			
Past due up to 30 days	43,182,187	13,298,965	**56,481,152**
Past due 30 - 60 days	345,947	63,512	**409,459**
Past due 60 - 90 days	342,448	55,592	**398,040**
Past due over 90 days	1,936,863	282,236	**2,219,099**
	45,807,445	**13,700,305**	**59,507,750**
At June 30, 2008			
Past due up to 30 days	31,506,823	10,238,882	41,745,705
Past due 30 - 60 days	297,319	49,448	346,767
Past due 60 - 90 days	314,762	42,403	357,165
Past due over 90 days	1,876,884	189,945	2,066,829
	33,995,788	10,520,678	44,516,466

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

(c) 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 $
At June 30, 2009			
Individually impaired loans	18,401,632	3,067,697	**21,469,329**
At June 30, 2008			
Individually impaired loans	24,263,169	5,129,363	29,392,532

3 Financial risk management*...continued*

Credit risk*...continued*

Loans and advances renegotiated
Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of 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 $6,360,578 at June 30, 2009 (2008 – $8,060,838).

Repossessed collateral
At the end of 2009 and 2008 the Bank had no repossessed collateral.

Geographical and economic concentrations of assets and liabilities

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

Economic sector risk concentrations within the customer loan portfolio were as follows:

	%	2009 $ (000's)	%	2008 $ (000's)
Education	**30.39**	**37,019**	**31.05**	**37,764**
Mortgage	**25.44**	**30,990**	**24.67**	**30,002**
Tourism	**19.28**	**23,481**	**19.29**	**23,463**
Industrial	**13.66**	**16,644**	**13.18**	**16,030**
Agricultural	**5.75**	**6,999**	**6.11**	**7,429**
Other consumers	**5.21**	**6,340**	**5.29**	**6,435**
Distribution and commerce	**0.27**	**333**	**0.41**	**484**
Total before deduction for allowance for losses on loans and advances		**121,806**		**121,607**

Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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 exposures 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.

3 Financial risk management...*continued*

Price risk

The Bank is exposed to equity securities price risk because of investments held by the Bank and classified on the balance sheet as available for sale. To manage its price risk arising from investments in equity securities, the Bank diversifies its portfolio.

At June 30, 2009, if equity securities prices had been 10% higher/lower with all other variables held constant, equity for the year would have been $14,333 higher/lower as a result of the increase/decrease in fair value of available-for-sale equity securities.

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$) and Euro. The Board of Directors sets limits on the level of exposure by currency and in total which are monitored daily. The Bank's exposure to currency risk is minimal with respect to the US$ 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.

At June 30, 2009, if the Currency had weakened/strengthened by 5% against the Euro with all other variables held constant, profit for the year would have been $35,166 lower/higher as a result of foreign exchange losses/gains on translation of Euro-denominated borrowings.

The following table summarises the Bank's exposure to foreign currency exchange rate risk at June 30, 2009. Included in the table are the Bank's assets and liabilities at carrying amount, categorised by currency.

3 Financial risk management*...continued*

Currency risk*...continued*

Concentration of currency risk – on- and off-balance sheet financial instruments

	EC$	US$	EURO	Total
As at June 30, 2009				
Assets				
Cash and balances with Central Bank	3,111,602	–	–	**3,111,602**
Treasury bills	2,430,548	–	–	**2,430,548**
Deposits with banks and other financial institutions	5,910,456	–	–	**5,910,456**
Loans and advances to customers	112,686,451	–	–	**112,686,451**
Available-for-sale investments	1,267,340	–	–	**1,267,340**
Other assets	378,035	–	–	**378,035**
Total financial assets	125,784,432	–	–	**125,784,432**
Liabilities				
Due to customers	10,167,138	–	–	**10,167,138**
Borrowed funds	25,290,665	52,737,400	6,066,381	**84,094,446**
Other liabilities	4,751,505	–	–	**4,751,505**
Total financial liabilities	40,209,308	52,737,400	6,066,381	**99,013,089**
Net on-balance sheet financial position	**85,575,124**	**(52,737,400)**	**(6,066,381)**	**26,771,343**
Credit commitments	**5,364,087**	**–**	**–**	**5,364,087**
As at June 30, 2008				
Total financial assets	126,330,455	–	–	126,330,455
Total financial liabilities	35,609,639	57,670,364	7,831,199	101,111,202
Net on-balance sheet financial position	90,720,816	(57,670,364)	(7,831,199)	25,219,253
Credit commitments	7,447,953	–	–	7,447,953

3 Financial risk management...*continued*

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.

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 of contractual repricing or maturity dates.

	1 Year $	1-5 Years $	Over 5 years $	Non-interest bearing $	Total $
As at June 30, 2009					
Cash and balances with Central Bank	844,555	–	–	2,267,047	**3,111,602**
Treasury bills	2,430,548	–	–	–	**2,430,548**
Deposits with banks and other financial institutions	5,323,797	386,659	200,000	–	**5,910,456**
Loans and advances to customers	18,752,496	41,898,169	52,035,786	–	**112,686,451**
Available-for-sale investments	–	–	–	1,267,340	**1,267,340**
Other assets	–	–	–	378,035	**378,035**
Total financial assets	27,351,396	42,284,828	52,235,786	3,912,422	**125,784,432**
Due to customers	5,048,862	5,118,276	–	–	**10,167,138**
Borrowed funds	10,137,895	33,836,612	40,119,939	–	**84,094,446**
Other liabilities	–	–	–	4,751,505	**4,751,505**
Total financial liabilities	15,186,757	38,954,888	40,119,939	4,751,505	**99,013,089**
Net interest repricing gap	**12,164,639**	**3,329,940**	**12,115,847**	**(839,083)**	**26,771,343**
As at June 30, 2008					
Total financial assets	28,882,197	44,417,037	51,131,795	1,899,426	126,330,455
Total financial liabilities	14,233,937	43,755,769	39,170,695	3,950,801	101,111,202
Net interest repricing gap	14,648,260	661,268	11,961,100	(2,051,375)	25,219,253

3 Financial risk management*...continued*

Interest rate risk*...continued*
The table below summarizes the effective interest rate by major currencies for monetary financial instruments not carried at fair value through profit or loss:

	EC$	US$	EURO
As at June 30, 2009			
Assets			
Treasury bills	6.03	–	–
Deposits with banks and other financial institutions	1.73	–	–
Loans and advances to customers	8.74	–	–
Liabilities			
Due to customers	4.95	–	–
Borrowed funds	4.24	4.46	2.00

Sensitivity analysis
Cash flow interest rate risk arises from borrowings at variable rates. At June 30, 2009 if variable interest rates had been 1% higher/lower with all other variables held constant, profit for the year would have been $340,710 higher/lower.

Liquidity risk
The Bank is exposed to daily calls on its available cash resources from maturing deposits and loan draw downs. 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 and controlled mismatching 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 of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates.

3 Financial risk management*...continued*

Liquidity risk*...continued*

Non-derivative cash flows
The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the balance sheet 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, 2009				
Financial liabilities				
Due to customers	5,048,862	5,118,276	–	**10,167,138**
Borrowed funds	13,212,286	44,083,684	49,827,168	**107,123,138**
Other liabilities	4,751,505	–	–	**4,751,505**
Total financial liabilities	23,012,653	49,201,960	49,827,168	**122,041,781**
As at June 30, 2008				
Financial liabilities				
Due to customers	4,700,200	8,481,495	–	**13,181,695**
Borrowed funds	12,499,748	46,581,769	50,926,420	**110,007,937**
Other liabilities	3,950,801	–	–	**3,950,801**
Total financial liabilities	21,150,749	55,063,264	50,926,420	**127,140,433**

Off-balance sheet items

(a) Loan commitments
The dates of the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (Note 26), are summarised in the table below.

	1 Year $	2-5 Years $	Total $
As at June 30, 2009			
Loan commitments	5,364,087	–	**5,364,087**
At June 30, 2008			
Loan commitments	7,447,953	–	**7,447,953**

3 Financial risk management*...continued*

Fair values 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, 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 flow expected to be received. Expected cash flows are discounted at current market rate to determine fair value.

Investment securities
Assets classified as available for sale are measured at fair value.

Due to other banks and customer, other deposits and other borrowed funds
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

Deposits payable on a fixed date are at rates, which reflect market conditions and are assumed to have fair values which approximate carrying values.

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

	Carrying value		Fair value	
	2009	2008	2009	2008
	$	$	$	$
Financial assets				
Loans and advances to customers	**112,686,451**	114,169,230	**112,686,451**	112,725,036
Financial liabilities				
Due to customers	**10,167,138**	13,181,695	**11,166,699**	14,509,109
Borrowed funds	**84,094,445**	83,978,706	**84,094,445**	92,893,279

3 Financial risk management*...continued*

Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, 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 daily by the Bank's management.

4 Critical accounting estimates, and judgements in applying accounting policies

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) 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 income, the Bank makes judgement 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. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%, the provision would be estimated $407,198 lower or higher.

b) Impairment of available-for-sale equity investments

The Bank determines that available-for-sale 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, 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. There were no declines in fair value below cost considered significant or prolonged as at June 30, 2009.

5 Cash and balances with Central Bank

	2009 $	2008 $
Cash in hand	**1,100**	1,100
Balances with Central Bank	**3,110,502**	1,037,616
Included in cash and cash equivalents (Note 24)	**3,111,602**	1,038,716

6 Treasury bills

	2009 $	2008 $
Treasury bills (Note 24)	**2,430,548**	2,428,538

Treasury bills are debt securities issued by the Government of Dominica for a term of three months. The weighted average effective interest rate in 2009 is 6.03% (2008 – 6.03%).

7 Deposits with banks and other financial institutions

	2009 $	2008 $
Items in the course of collection with other banks (Note 24)	**3,384,835**	1,627,128
Placements with banks and other financial institutions	**2,525,621**	5,384,045
	5,910,456	7,011,173

The weighted average effective interest rate in respect of interest bearing deposits in 2009 is 4.28% (2008 – 5.26%).

8 Loans and advances to customers

	2009 $	2008 $
Demand loans	**90,215,564**	91,605,299
Mortgage loans	**31,590,234**	30,001,978
	121,805,798	121,607,277
Less allowance for impairment losses on loans and advances (Note 9)	**(9,119,347)**	(7,438,047)
	112,686,451	114,169,230
Current	**18,752,496**	19,533,519
Non-current	**93,933,955**	94,635,711
	112,686,451	114,169,230

The weighted average effective interest rate on productive loans stated at amortised cost at June 30, 2009 is 8.74% (2008 – 9.42%).

9 Allowance for impairment losses on loans and advances

	2009 $	2008 $
Demand loans		
At beginning of year	**6,110,405**	9,640,956
Provision for impairment losses	**1,918,310**	1,948,405
Amounts recovered during the year	**78,691**	51,595
Transfer from mortgage loans	**580,249**	–
Written-off during the year as uncollectible	**(159,465)**	(5,530,551)
At end of year	**8,528,190**	6,110,405
Mortgage loans		
At beginning of year	**1,327,642**	1,594,506
Transfer to demand loans	**(580,249)**	–
Amounts recovered during the year	**4,671**	–
Written-off during the year as uncollectible	**(160,907)**	(266,864)
At end of year	**591,157**	1,327,642
	9,119,347	7,438,047

10 Available-for-sale investments

	2009 $	2008 $
Equity securities - at fair value:		
- Listed	**143,330**	163,330
- Unlisted	**1,124,010**	1,124,010
	1,267,340	1,287,340

Movements of the Bank's available-for-sale financial assets follow:

	2009 $	2008 $
At beginning of year	**1,287,340**	1,287,340
Unrealized loss from changes in fair value (Note 17)	**(20,000)**	–
	1,267,340	1,287,340

11 Property, plant and equipment

	Land $	Buildings $	Motor vehicles $	Furniture and equipment $	Computer equipment $	Total $
At June 30, 2007						
Cost or valuation	184,275	5,983,310	138,950	1,075,585	1,227,503	8,609,623
Accumulated depreciation	–	(1,379,642)	(138,950)	(865,227)	(1,107,884)	(3,491,703)
Net book amount	184,275	4,603,668	–	210,358	119,619	5,117,920
Year ended June 30, 2008						
Opening net book amount	184,275	4,603,668	–	210,358	119,619	5,117,920
Additions	–	–	61,000	14,068	153,320	228,388
Disposals	–	–	(66,950)	(242,916)	(562,924)	(872,790)
Accumulated depreciation on disposals	–	–	66,950	242,916	562,924	872,790
Depreciation	–	(119,667)	(12,200)	(76,167)	(125,268)	(333,302)
Closing net book amount	184,275	4,484,001	48,800	148,259	147,671	5,013,006
At June 30, 2008						
Cost or valuation	184,275	5,983,310	133,000	846,737	817,899	7,965,221
Accumulated depreciation	–	(1,499,309)	(84,200)	(698,478)	(670,228)	(2,952,215)
Net book amount	184,275	4,484,001	48,800	148,259	147,671	5,013,006
Year ended June 30, 2009						
Opening net book amount	184,275	4,484,001	48,800	148,259	147,671	5,013,006
Additions	–	–	–	148,243	42,992	191,235
Disposals	–	–	–	(1,841)	–	(1,841)
Accumulated depreciation on disposals	–	–	–	1,771	–	1,771
Depreciation	–	(119,667)	(12,200)	(98,160)	(110,884)	(340,911)
Closing net book amount	184,275	4,364,334	36,600	198,272	79,779	4,863,260
At June 30, 2009						
Cost or valuation	184,275	5,983,310	133,000	993,139	860,891	8,154,615
Accumulated depreciation	–	(1,618,976)	(96,400)	(794,867)	(781,112)	(3,291,355)
Net book amount	184,275	4,364,334	36,600	198,272	79,779	4,863,260

The cost of the land where the office building is situated is not yet reflected in the books since the title is still being discussed with other government agencies.

12 Other assets

	2009 $	2008 $
Other receivables	**474,918**	487,640
Less allowance for impairment losses on other receivables	**(96,883)**	(100,661)
	378,035	386,979
Prepayments	**4,301**	8,479
	382,336	395,458
Current	**382,336**	395,458

13 Due to customers

	2009 $	2008 $
Fixed deposits	**7,373,030**	10,332,653
Refundable deposits	**1,798,173**	1,746,393
Loan prepayments	**995,935**	1,102,649
	10,167,138	13,181,695
Current	**5,048,862**	3,972,796
Non-current	**5,118,276**	9,208,899
	10,167,138	13,181,695

All fixed deposits carry fixed interest rates. The weighted average effective interest rate of fixed deposits at June 30, 2009 is 4.95% (2008 – 5.29%).

14 Borrowed funds

	2009 $	2008 $
Caribbean Development Bank	**49,800,403**	54,297,329
Dominica Social Security	**20,290,665**	13,391,938
European Investment Bank	**6,066,380**	7,831,200
Government of Dominica	**5,000,000**	5,000,000
Republic of China	**2,485,098**	2,786,102
Caisse Centrale De Co-operation Economique	**451,900**	672,137
	84,094,446	83,978,706
Current	**10,137,896**	9,486,720
Non-current	**73,956,550**	74,491,986
	84,094,446	83,978,706

These loans earn interest at rates ranging from 2% to 8% and are guaranteed by the Government of Dominica.

15 Other liabilities

	2009 $	2008 $
Agency liabilities	**2,469,543**	1,304,816
Dividends payable	**500,000**	750,000
Grants	**230,230**	382,666
Others	**1,551,732**	1,513,319
	4,751,505	3,950,801
Current	**4,751,505**	3,950,801

Grants include funds received from European Development Fund amounting to $8,078 (2008 – $154,331) for institutional strengthening and funds from European Union $222,152 (2008 – $228,335) for the benefit of the Bank's customers.

Agency liabilities are funds issued to the Bank by the Government of Dominica and other local agencies to be used for specific purposes, and for which the Bank acts as executing and collecting agent. The Bank earns agency fees as prescribed by contractual agreement. The funds belong to the Government of Dominica and local agencies.

16 Share capital

	2009 $	2008 $
Authorized:		
5,000,000 ordinary shares with a $5 par value		
Issued and fully paid:		
3,509,526 ordinary shares	**17,547,631**	17,547,631

Section 16A of Chapter 74:03 of the Laws 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 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.

17 Reserves

	2009 $	2008 $
General reserve	**88,234**	88,234
Statutory reserve	**6,142,929**	5,837,744
Special reserves	**1,372,234**	1,349,220
Revaluation reserve – available-for-sale investments	**20,000**	(459,990)
	7,623,397	6,815,208

Movements in reserves were as follows:

	2009 $	2008 $
General reserve		
At beginning and end of year	**88,234**	88,234

Prior to July 1, 1978, the Government of Dominica paid certain administrative expenses 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.

17 Reserves...*continued*

	2009 $	2008 $
Statutory reserve		
At beginning of year	**5,837,744**	5,632,508
Transfer from retained earnings	**305,185**	205,236
At end of year	**6,142,929**	5,837,744

This represents twenty-five percent (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 Laws of Dominica Revised Edition.

	2009 $	2008 $
Special reserves		
Caribbean Development Bank provision		
At beginning and end of year	**441,122**	441,122
Foreign exchange equalization		
At beginning of year	**908,098**	959,952
Foreign exchange loss utilization	**(44,086)**	(162,096)
Transfers from retained earnings	**67,100**	110,242
At end of year	**931,112**	908,098
	1,372,234	1,349,220

Under the provision of Caribbean Development Bank (CDB) loan 16/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. Total amount of reserve under this category as at June 30, 2009 is $441,122 (2008 – $441,122).

Special reserves include accumulated transfers from retained earnings based on 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. Total amount of reserve under this category as at June 30, 2009 is $931,112 (2008 – $909,098).

17 Reserves...*continued*

	2009 $	2008 $
Revaluation reserve - available-for-sale investments		
At beginning of year	**(459,990)**	(459,990)
Transfer of losses to statement of income	**499,990**	–
Unrealized loss from changes in fair value (Note 10)	**(20,000)**	–
At end of year	**20,000**	(459,990)

The Bank removed losses from changes in fair value of $499,990 (2007 – nil) from equity into the statement of income due to impairment.

18 Net interest income

	2009 $	2008 $
Interest income		
Loans and advances	**10,235,876**	11,100,198
Deposits with banks	**373,018**	585,214
	10,608,894	11,685,412
Interest expense		
Long-term debt	**(3,643,687)**	(3,928,701)
Interest on deposits	**(432,090)**	(530,628)
	(4,075,777)	(4,459,329)
	6,533,117	7,226,083

19 Other operating income

	2009 $	2008 $
Agency fees	**139,361**	148,458
Administrative fees	**30,000**	30,000
Gain on disposal of property, plant and equipment	**255**	20,050
Others	**296,530**	427,906
	466,146	626,414

20 Other operating expenses

	2009 $	2008 $
Staff costs (Note 21)	**2,547,989**	2,359,983
(Gain)/loss on foreign exchange	**(703,326)**	1,136,312
Administrative expenses (Note 22)	**679,575**	668,477
Building occupancy expenses	**495,073**	585,074
Depreciation (Note 11)	**340,911**	333,302
	3,360,222	5,083,148

21 Staff costs

	2009 $	2008 $
Salaries and wages	**1,839,606**	1,756,433
Social security costs	**99,551**	104,678
Group insurance	**59,534**	46,443
Other staff costs	**549,298**	452,429
	2,547,989	2,359,983

22 Administrative expenses

	2009 $	2008 $
Legal and professional fees	**205,350**	88,408
Directors emoluments	**150,234**	170,659
Printing, stationery, and office supplies	**80,164**	114,175
Telephone, postage and fax	**75,153**	86,178
Advertising	**41,556**	73,466
Motor vehicle expenses	**37,195**	27,157
Repairs and maintenance of furniture and equipment	**28,961**	51,794
Subscriptions and donations	**25,620**	28,131
Insurance	**10,355**	7,805
Annual report	**7,728**	9,660
Miscellaneous expenses	**17,259**	11,044
Total administrative expenses	**679,575**	668,477

23 Dividends

The Bank declared 5% dividends amounting to $250,000 (2008 – $250,000) with respect to the ordinary shares held by the Dominica Social Security.

24 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than 3 months maturity:

	2009 $	2008 $
Cash and balances with Central Bank	**3,111,602**	1,038,716
Treasury bills	**2,430,548**	2,428,538
Deposits with banks and other financial institutions	**3,384,835**	1,627,128
	8,926,985	5,094,382

25 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. 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.

At year-end, Directors of the Bank and companies in which they have an interest had no loans or fixed deposits with the Bank but had loans approved by the Bank but not yet disbursed amounting to $46,840.

In 2009, the total remuneration paid to Directors and key management personnel was $993,177 (2008 – $939,153).

The Bank's outstanding obligation to Dominica Social Security, a stockholder, amounts to $20,290,665 (2008 – $13,391,938).

26 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 $5,364,087 (2008 – $7,447,953).

27 Taxation

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

MEMBERS OF STAFF
AS AT JUNE 30, 2009

OFFICE OF THE GENERAL MANAGER

Mr. Kingsley Charles Thomas	-	General Manager/Consultant (joined the Bank in December 2008)
Ms. R. Thomas, M.B.A., B.Sc.	-	Executive Secretary
Ms. G. Edwards	-	File Clerk
Mr. G. Nicholls	-	Office Attendant

LEGAL DIVISION

Mr. A. Commodore, Cert. P.A., LL.M., L.E.C., LL.B.	-	Legal Counsel
Ms. N. Winston	-	Bank Officer

INVESTMENTS DIVISION

Mrs. M. John Rose, M.Sc., B.Sc.	-	Manager Projects
Mr. M. Paul, MBA	-	Manager Recoveries (resigned April, 2009)
Mrs. M. Abel, B.Sc.	-	Asst. Manager, Projects
Mrs. J. Dechausay Titre, B.Sc.	-	Senior Projects Officer
Mrs. P. Shillingford Chambers, B.Sc.	-	Project Officer I
Mr. F. Fabien, Dip. Agriculture	-	Project Officer I
Mr. A. H. LeBlanc, BSc.	-	Project Officer I
Mrs. N. Faustin, B.Sc	-	Loans Officer
Ms. P. Etienne, B.Sc.	-	Admin Officer/ Securities
Ms. M. Royer	-	Securities Officer
Ms. E. Alfred, B.Sc.	-	Bank Officer, Projects
Mr. C. Lloyd	-	Recoveries Officer III
Ms. G. Shillingford	-	Recoveries Officer II
Mrs. R. Xavier	-	Recoveries Officer II
Mr. C. Samuel	-	Recoveries Officer I (died in March 2009)
Mr. A. Thomas	-	Bank Officer, Projects
Ms. M. Robinson	-	Customer Service Rep.
Ms. S. Victor	-	Receptionist

MANAGEMENT OF DAIDB
Left to Right

Mrs. A. Coipel, Mrs. M. John Rose,
Mrs. U. Mc Dowell Job,
Dr. E. Harris Charles,
Ms. V. E. Abraham, Mrs. M. Abel

Missing: Mr. I. Williams, Mr. A. Commodore, Mr. M. Paul (resigned April, 2009)

ACCOUNTS AND FINANCE DIVISION

Ms. V. E Abraham, C.G.A., B.A.	-	Manager Finance
Mrs. I. Bruno, Cert. Bus. Admin.	-	Assistant Accountant
Ms. A. Dupigny, Cert. Bus. Admin.	-	Senior Bank Officer, Accounts
Mr. K. Shillingford	-	Senior Bank Officer, Accounts
Mr. K. Albert	-	Bank Officer, Accounts
Ms. H. Sylvester, Dip. Bus, Mang't	-	Bank Officer, Accounts
Mr. M. Allan, Assoc. Deg. Bus. Admin.	-	Bank Officer, Accounts

CORPORATE SERVICES

Dr. E. Harris Charles, Ph.D., M.Sc., M.A., B.A.	-	Manager Corporate Services
Mrs. A. Coipel, M.Sc., B.Sc.	-	Manager Information Systems
Mrs. L. Gonzalez Peltier John,B.Sc.	-	Administrative Officer, MIS
Mr. K. Sylvester, M.C. P.	-	Senior Bank Officer, MIS

HUMAN RESOURCE DIVISION

Mrs. U. McDowell-Job, M.Sc., B.A.	-	Human Resource Manager

INDUSTRIAL ESTATE UNIT

Mr. I. Williams, Dip. Q. S.	-	IEU Manager
Mr. Gregory Christian	-	Building Inspector (resigned Sept. 2008)
Mrs. R. Hyacinth, Dip. Admin.	-	Administrative Officer
Mr. John O'garro	-	Maintenance Officer

SUMMARY OF LOAN APPROVALS BY SECTOR 2005 - 2009

SECTOR	2009		2008		2007		2006		2005	
	$	%	$	%	$	%	$	%	$	%
LOANS										
AGRICULTURE	1,054,922	7.8%	1,012,903	4.9%	999,691	4.9%	1,400,463	8.7%	1,375,543	8.0%
MANUF, SERVICES & TRANSP.	2,051,638	15.2%	1,959,235	9.4%	3,208,350	15.6%	1,008,749	6.3%	3,086,731	17.9%
TOURISM	638,970	4.7%	2,974,002	14.3%	3,467,824	16.8%	2,382,052	14.8%	4,608,137	26.7%
EDUCATION	4,184,314	31.0%	5,122,256	24.7%	5,121,446	24.9%	6,070,673	37.8%	3,916,675	22.7%
HOUSING	4,213,647	31.2%	8,368,381	40.3%	6,029,596	29.3%	3,638,161	22.6%	2,955,530	17.1%
PERSONAL & OTHER	1,366,200	10.1%	1,342,790	6.5%	1,754,945	8.5%	1,563,645	9.7%	1,337,376	7.7%
TOTAL	**13,509,692**	**100.0%**	**20,779,567**	**100.0%**	**20,581,852**	**100.0%**	**16,063,744**	**100.0%**	**17,279,991**	**100.0%**

Table 1

SUMMARY OF LOAN DISBURSEMENTS BY SECTOR 2005 - 2009

SECTOR	2009		2008		2007		2006		2005	
	$	%	$	%	$	%	$	%	$	%
AGRICULTURE	849,651	6.0%	1,071,385	5.6%	746,432	4.6%	1,254,569	7.5%	925,386	5.4%
MANUF, SERVICES & TRANSP.	1,912,122	13.4%	2,737,227	14.4%	3,815,263	23.6%	1,118,366	6.7%	3,322,207	19.4%
TOURISM	1,695,399	11.9%	2,158,159	11.4%	622,727	3.9%	3,343,375	20.1%	3,019,808	17.6%
EDUCATION	3,629,771	25.5%	4,334,768	22.8%	5,242,277	32.5%	5,493,374	33.0%	5,461,699	31.8%
HOUSING	4,684,741	32.9%	7,430,606	39.1%	3,844,600	23.8%	3,823,031	23.0%	2,945,507	17.2%
PERSONAL & OTHER	1,481,082	10.4%	1,264,902	6.7%	1,881,767	11.6%	1,615,689	9.7%	1,480,827	8.6%
TOTAL	**14,252,766**	**100.0%**	**18,997,047**	**100.0%**	**16,153,066**	**100.0%**	**16,648,404**	**100.0%**	**17,155,434**	**100.0%**

Table 2

SECTOR PERFORMANCE INDICATORS 2009

ITEM	AGRICULTURE	MANUF. SERV & TRANSP.	TOURISM	HOUSING	EDUCATION	PERSONAL & OTHER	TOTAL
No.of Loans Granted	81	52	8	63	140	143	487
Value of Loans (EC$)	1,054,922	2,051,638	638,970	4,213,647	4,184,314	1,366,200	13,509,692
Estimated No. of Jobs Created	180	94	14	199	-	-	487
Average Loan Size (EC$)	13,024	39,455	79,871	66,883	29,888	9,554	27,741
No. Of Loans:							
Women	9	13	1	31	99	69	222
Men	72	38	7	32	41	74	264
Groups	0	0	0	0	0	0	0
Partnership	0	0	0	0	0	0	0
Cooperative	0	0	0	0	0	0	0
Company	0	1	0	0	0	0	1
No. Of Loans to:							
Roseau & Environs	15	21	5	23	45	56	165
Rural Areas	66	31	3	40	95	87	322

Table 3

AGRICULTURE & FISHING LOAN APPROVALS BY SUBSECTOR • 2008 - 2009

LOAN SCHEME	2009			2008		
	NO.	AMOUNT	%	NO.	AMOUNT	%
CROPS						
Bananas	12	74,510	7	7	73,000	7
Passion Fruit	1	1,867	0	1	7,000	1
Plantain	0	0	0	1	2,211	0
Mixed crops	13	77,507	7	24	153,726	15
Sub-Total	26	153,884	15	33	235,937	23
ROOT CROPS						
Dasheen	2	6,000	1	3	10,159	1
Sweet Potatoes	0	0	0	1	3,000	0
Mixed Root Crops	1	5,000	0	0	0	0
Sub-Total	3	11,000	1	4	13,159	1
TREE CROPS	0	0	0	0	0	0
VEGETABLES	3	21,659	2	3	13,200	1
FISHING						
Marine Fishing	16	262,405	25	11	324,704	32
Sub-Total	16	262,405	25	11	324,704	32
LIVESTOCK						
Pigs	3	29,022	3	11	68,607	7
Poultry	4	63,501	6	5	23,250	2
Small Stock	0	0	0	3	8,462	1
Bees	1	30,000	3	0	0	0
Sub-Total	8	122,523	12	19	100,319	10
OTHER						
Land Purchase	2	171,751	16	1	25,946	3
Farm Equipment	2	6,224	1	0	0	0
Farm Building	0	0	0	1	5,000	0
Farm Road	3	13,627	1	2	11,281	1
Farm Vehicle:						
Purchase	7	203,084	19	7	226,842	22
Insurance	0	0	0	3	9,333	1
Repair	5	18,718	2	8	41,329	4
Greenhouse	0	0	0	1	782	0
Marketing	6	70,049	7	2	5,070	1
Sub-Total	25	483,452	46	25	325,584	32
TOTAL	**81**	**1,054,922**	**100**	**95**	**1,012,903**	**100**

Table 4

MANUFACTURING, SERVICES & TRANSPORTATION LOAN APPROVALS BY SECTOR • 2005 - 2009

PURPOSE	2009			2008			2007			2006			2005		
	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
25	483,452	46	25	325,584	32	0	1	5,000	0	4	82,870	8	3	16,000	1
81	1,054,922	100	95	1,012,903	100	18	5	108,353	3	5	204,132	20	1	70,000	2
Services	42	1,536,157	75	39	1,604,725	82	49	3,094,997	96	31	721,747	72	34	3,000,731	97
TOTAL	**52**	**2,051,638**	**100**	**46**	**1,959,235**	**100**	**55**	**3,208,350**	**100**	**40**	**1,008,749**	**100**	**38**	**3,086,731**	**100**

Table 5

TOURISM LOAN APPROVALS BY PURPOSE 2005 - 2009

PURPOSE	2009			2008			2007			2006			2005		
	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
Accommodations	1	195,000	31	5	2,757,573	93	4	3,177,413	92	6	855,660	36	5	4,233,000	92
Tour Bus	7	443,970	69	5	216,428	7	7	290,412	8	8	326,392	14	8	375,137	8
Other Services	0	0	0	0	0	0	0	0	0	1	1,200,000	50	0	0	0
TOTAL	**8**	**638,970**	**100**	**10**	**2,974,002**	**100**	**11**	**3,467,824**	**100**	**15**	**2,382,052**	**100**	**13**	**4,608,137**	**100**

Table 6

HOUSING LOAN APPROVALS BY PURPOSE 2005 - 2009

PURPOSE	2009			2008			2007			2006			2005		
	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
New Construction	29	2,624,513	62	31	3,199,774	38	26	2,327,958	39	17	1,157,512	32	19	924,295	31
Home Improvement	25	641,421	15	39	680,208	8	40	838,939	14	58	1,042,330	29	40	545,452	18
Home Purchase	2	220,244	5	8	1,371,818	16	8	481,989	8	5	416,411	11	4	868,403	29
Special Mortgage Proj.	1	53,000	1	12	422,642	5	14	556,503	9	19	1,021,908	28	22	617,380	
Special Housing Facility	6	674,469	16	32	2,693,939	32	20	1,728,861	29						
TOTAL	**63**	**4,213,647**	**100**	**122**	**8,368,381**	**100**	**108**	**5,934,251**	**100**	**99**	**3,638,161**	**100**	**85**	**2,955,530**	**79**

Table 7

STUDENT LOAN APPROVALS BY COURSE OF STUDY 2005 - 2009

PURPOSE	2009			2008			2007			2006			2005		
	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
Accounting	16	559,991	13	11	239,996	5	17	632,103	12	17	603,249	10	12	466,501	12
Agricultural Science	5	227,928	5	3	25,282	0	3	12,500	0	8	88,450	1	4	57,100	1
Animal Science	0	0	0	1	16,300	0	1	15,000	0	0	0	0	0	0	0
Architecture	4	143,600	3	2	82,805	2	2	134,000	3	4	93,990	2	0	0	0
Banking & Finance	4	168,913	4	5	272,000	5	1	57,000	1	2	46,760	1	4	165,982	4
Biology/Marine Biology	4	124,300	3	1	72,000	1	3	192,000	4	2	190,000	3	2	21,300	1
Building Surveying	0	0	0	3	113,015	2	0	0	0	2	23,800	0	2	154,000	4
Business & Management	16	597,169	14	29	818,395	16	38	1,023,337	20	36	945,584	16	34	757,511	19
Chemical Engineering	1	16,300	0	1	95,000	2	0	0	0	5	283,920	5	0	0	0
Chemistry/Bio-chemistry	1	80,000	2	4	174,275	3	3	117,105	2	0	0	0	0	0	0
Civil Engineering	2	23,050	1	3	203,600	4	0	0	0	2	100,500	2	4	74,885	2
Computer Science	0	0	0	8	355,633	7	4	239,965	5	16	471,797	8	7	296,992	8
Construction engineering	1	95,000	2	0	0	0	0	0	0	0	0	0	0	0	0
Development Leadership	1	16,300	0	0	0	0	0	0	0	0	0	0	0	0	0
Economics	1	6,000	0	2	111,300	2	2	23,050	0	3	139,300	2	7	143,023	4
Education	7	61,292	1	22	349,278	7	8	166,403	3	11	141,440	2	9	222,203	6
Electric/Electronic/ Energy Eng.	3	102,200	2	3	23,750	0	1	16,300	0	6	195,050	3	4	49,750	1
Entertainment Technology	1	80,000	2	1	10,742	0	0	0	0	1	70,000	1	1	7,000	0
Environmental Studies	0	0	0	2	80,000	2	0	0	0	1	18,495	0	3	147,500	4
Fashion Design	2	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Geography/Geology	0	0	0	2	120,000	2	2	28,170	1	1	10,000	0	0	0	0
Health Technology/ Services Admin.	5	81,173	2	3	48,900	1	2	125,000	2	4	240,000	4	1	63,000	2
History	0	0	0	1	95,000	2	1	16,300	0	0	0	0	0	0	0
International Relations	0	0	0	0	0	0	0	0	0	1	11,000	0	1	41,800	1
IT/Telecommunications	5	267,000	6	1	95,000	2	5	156,900	3	1	25,334	0	3	69,942	2
Journalism/Mass Com.	2	33,520	1	1	78,000	2	2	37,552	1	4	186,050	3	1	34,000	1
Language/Linguistics	0	0	0	2	77,300	2	2	60,001	1	2	107,412	2	3	123,000	3
Law/Criminal Justice	10	235,980	6	12	460,778	9	10	357,801	7	11	518,819	9	3	75,600	2
Liberal arts	1	5,000	0	4	84,500	2	1	30,000	1	1	30,000	0	0	0	0
Maritime Training	0	0	0	0	0	0	2	111,000	2	2	9,700	0	0	0	0
Marketing	9	322,758	8	3	115,300	2	4	82,866	2	2	34,286	1	1	16,300	0
Mechanical/Industrial Engineering	0	0	0	4	168,050	3	0	0	0	3	82,450	1	3	24,017	1
Medicine/para/pre-med	8	303,953	7	6	156,550	3	5	100,843	2	10	447,300	7	10	400,300	10
Natural/Applied Science	1	2,677	0	1	35,000	1	5	273,085	5	4	97,800	2	3	106,136	3
Nursing	10	245,950	6	25	389,554	8	39	666,267	13	27	479,509	8	10	220,214	6
Pharmacy	1	4,200	0	0	0	0	0	0	0	1	90,000	1	0	0	0
Political Science	2	31,300	1	2	13,500	0	0	0	0	0	0	0	0	0	0

Table 8

Table 8 Continued

PURPOSE	2009			2008			2007			2006			2005		
Psychology	5	136,350	3	4	114,350	2	6	180,696	4	6	62,750	1	3	84,250	2
Public Health	1	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Rural Development	0	0	0	0	0	0	1	2,800	0	0	0	0	1	6,750	0
Secretarial Studies	1	3,000	0	1	6,250	0	1	6,750	0	2	10,909	0	5	23,820	1
Social Science	2	13,750	0	0	0	0	2	73,302	1	1	50,000	1	0	0	0
Social Work	1	5,000	0	1	6,750	0	0	0	0	0	0	0	0	0	0
Theology	1	16,300	0	1	3,600	0	0	0	0	1	12,500	0	2	19,500	0
Tourism/Hospitality	6	154,360	4	2	10,501	0	6	183,350	4	17	152,520	3	4	44,300	1
TOTAL	**140**	**4,184,314**	**100**	**177**	**5,122,256**	**100**	**179**	**5,121,446**	**100**	**217**	**6,070,673**	**100**	**147**	**3,916,675**	**100**

PERSONAL LOAN APPROVALS BY PURPOSE 2005 - 2009

PURPOSE	2009			2008			2007			2006			2005		
	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%	No.	Amount	%
Furniture	0	0	0	2	16,500	1	4	102,612	6	2	10,940	1	3	18,297	1
Vehicle	18	466,754	34	11	158,374	12	19	267,291	15	14	341,976	22	14	380,400	28
Vehicle Repair	7	40,361	3	18	191,870	14	15	91,283	5	18	139,999	9	15	122,277	9
Commercial	5	70,500	5	5	26,868	2	18	122,350	9	14	123,974	9	8	66,859	5
Residential Land	5	94,943	7	1	49,848	4	16	548,465	40	12	239,308	18	3	143,555	11
Personal expenses	50	355,173	26	48	284,960	21	45	244,347	18	38	241,007	18	50	275,074	21
Refinancing	8	83,471	6	8	175,123	13	9	137,285	10	7	95,915	7	3	35,395	3
School supplies	3	20,373	1	4	8,562	1	5	16,717	1	4	15,052	1	7	49,587	4
Computers	2	11,500	1	3	14,381	1	0	0	0	2	22,500	2	3	12,241	1
Travel	7	38,943	3	9	46,444	3	5	19,820	1	13	99,300	7	8	25,644	2
Medical	2	11,000	1	5	38,920	3	10	56,308	4	0	0	0	3	10,500	1
Miscellaneous	36	173,182	13	51	330,940	24	31	148,467	11	32	233,674	17	33	197,549	15
TOTAL	**143**	**1,366,200**	**100**	**165**	**1,342,790**	**99**	**177**	**1,754,945**	**121**	**156**	**1,563,645**	**110**	**150**	**1,337,376**	**100**

Table 9

FINANCIAL PROFILE 2005 - 2009

Authorised Capital: $25,000,000

OWNERSHIP AT JUNE 30, 2008	PAID-UP CAPITAL			% TOTAL	
Government of Dominica	$12,547,630			72	
Dominica Social Security	$5,000,000			28	
Operations	**2009**	**2008**	**2007**	**2006**	**2005**
Return on Average Assets (%)	0.93	0.63	1.37	0.67	-1.25
Debt/Equity	2.66:1	2.78:1	2.86:1	3.76:1	4.07:1
Return on Equity (%)	3.86	2.72	5.91	3.61	-7.07
Return on Share Capital (%)	6.96	4.68	10.05	4.81	-8.97
Gross Loan Interest Yield (%)	8.91	9.68	9.90	8.30	7.88
Expense/Income Ratio	0.84	0.93	0.86	0.92	1.15
Total Income Yield on Assets (%)	8.48	9.36	9.69	8.82	8.31
Non-performing loans as a percentage of total loans	18.66	20.02	25.5	33.95	32.46
Provision as a % of non-performing loans	42.48	32.4	37.85	32.75	29.62
Net Loans ($mn)	105.96	107.24	105.19	106.40	107.08
Financial Position					
Total Assets ($mn)	130.67	131.34	131.05	125.32	125.80
Long-term Debt ($mn)	83.27	83.98	85.15	87.88	90.56
Net Worth ($mn)	31.64	30.23	29.23	23.39	22.24

Table 10

DOMINICA AGRICULTURAL INDUSTRIAL
AND DEVELOPMENT BANK