



**KINGSTOWN  
CO-OPERATIVE  
CREDIT UNION**

# 60<sup>th</sup> Annual General Meeting

**Reports and Accounts for 2021**

**THEME**

# Together Towards Tomorrow

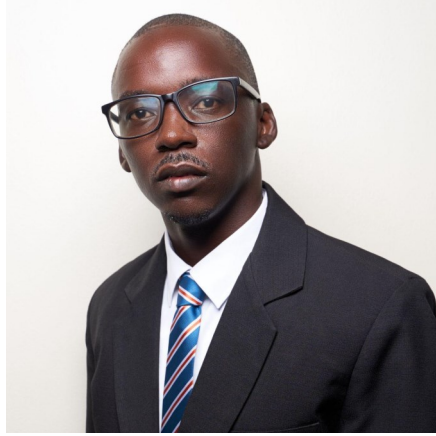
**Thursday July 14th 2022**

**Methodist Church Hall  
(Upstairs Room)**

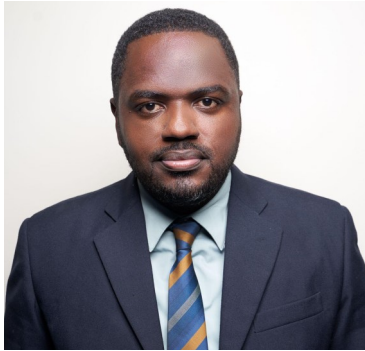




**BOARD OF DIRECTORS**



**Terral Mapp- President**



**Laurent Hadley- Treasurer**



**Bernard John- Vice President**



**Martin Sheen- Secretary**



**Sabita Jacobs- Assistant  
Secretary/Treasurer**



**Jerome De Shong- Director**



**Cynthia Hope-Browne  
Director**

## **PRESIDENT'S MESSAGE**

### ***“Together Towards Tomorrow”***

Brothers and Sisters, welcome to our 60<sup>th</sup> Annual General Meeting. Words cannot express how truly humbled I am to stand before you as President of the Kingstown Co-operative Credit Union Limited (KCCU), mindful of the fact that just over a decade ago, I, too, was a staff member of this very institution. Koffee once said “Gratitude is a must” so permit me to thank my fellow Directors, for their confidence in me, and you, dear members, for electing me to serve on this multi-talented Board. I endeavor to do my best. Indeed, the challenges we’ve faced over the last two years and continue to face today, demand nothing but the best.

To be specific, in the first quarter of 2021, our nation was impacted by a spike in COVID-19 cases which devastated workplace productivity and sadly, caused the loss of lives. Then, on April 9, 2021, La Soufriere began the first (1<sup>st</sup>) of thirty-two (32) explosive eruptions, triggering an evacuation of over 22,400 persons from varying communities. These eruptions ejected over 500,000 tonnes of ash on our blessed islands, causing in excess of \$635M in loss and damages to critical services, infrastructure, and agriculture. The agricultural industry, in particular, was brought to its knees, as the eruptions damaged over 4,200 acres of arable land and displaced 2,875 registered farmers and 308 fisherfolk.

Moreover, Hurricane Elsa struck on July 2, 2021, with a comparable devastating impact on the Vincentian populace, displacing over two hundred (200) Vincentians. Preliminary assessments placed loss and damages from the hurricane in excess of \$40M dollars.

Through it all – the pandemic, the volcanic eruptions, Hurricane Elsa, droughts, dengue fever, and supply chain challenges, your credit union, KCCU, has stood and will continue to stand together with you. We recognize that together, as a united people, we can build the resilience to overcome any challenge – which brings me to the Theme of our AGM *“Together Towards Tomorrow”*. Since the pandemic started, your credit union has:

- Extended payment deferrals to over 200 persons with loans valuing \$15.8M
- Contributed to national recovery by investing \$4M in the Government’s Stimulus Bonds
- Facilitated, through our Western Union Services at the Marriaqua Branch, the processing of \$16M in remittances, which, with its multiplier effect, has helped to sustain our economy
- Built on the \$900K in dividends and interest rebates in 2020, with a record \$1.3M payout in 2021
- Supported the Health Care Workers Appreciation Day Initiative which benefited over 600 nurses
- Purchased and donated twenty-two (22) 600-gallon water tanks to farmers across the island
- Purchased and donated fourteen (14) 1000-gallon water tanks to schools, prior to the volcanic eruptions

- Established the annual Ciclyn Joseph Academic Bursary Programme through which bursaries valuing \$3K are awarded to six (6) tertiary level students
- Increased the number of scholarships and bursaries awarded to students who successfully completed CPEA
- Increased the number of hampers and gifts distributed during Christmas.

Additionally, we rolled out the most affordable and comprehensive Christmas Loan product “X-mas” in November, which provided \$3.2M in credit to our membership; \$600K more than the 2020 Christmas loan promotion. This enabled our members to have a comfortable Christmas in a most trying time. Rest assured, we at KCCU will continue to assist you, our members and by extension, the economy, through leveraging financial tools available to support and capitalize on economic recovery. We will be together with you towards a better tomorrow!

Permit me to place on record my tremendous appreciation for the two Directors retiring today - Sis. Cynthia Hope-Browne and Bro. Jerome De Shong. These individuals have contributed immensely to the advancement of KCCU over the last decade and have shaped the professional that I am today. I wish you both well in your journey ahead.

On behalf of the Board of Directors, I also wish to thank you the members, our committee volunteers, the Financial Services Authority (FSA), all stakeholders and the Management and Staff for your commitment to the viability of this awesome institution – “Our KCCU”. May God bless us all and may he bless this 60<sup>th</sup> Annual General Meeting.

A handwritten signature in black ink, appearing to read "Terral Mapp", with a long horizontal line extending to the right.

*Bro. Terral Mapp*

*President*

## **STANDING ORDERS**

1. a. A member to stand when addressing the Chair.  
b. Speeches to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his or her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak on the subject twice except:
  - a. The Mover of a motion – who has the right to reply.
  - b. He/she rises to object or explain (with the permission of the Chair).
5. The Mover of a Procedural Motion – (Adjournment lay on the table, Motion to Postpone) to have no right to reply.
6. No speeches to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”).
8. A member should not “Call” another member “To Order” but may draw the attention of the Chair to a (“Breach of Order”).
  - b. In no event shall a member call the Chair to order.
9. A “Question” should not be put to the vote if a member desires to speak on it or move an amendment to it except, that a Procedural Motion, the “Previous Question”.
10. “Proceed to the next Business” or the Closure: “That the Question be Now Put”, may be moved at any time.
11. When a motion is withdrawn any amendment to it falls.
12. The Chairman to have the right to a “Casting Vote”.
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is “lost”.
14. Provision to be made for protection by the Chairman from vilification (Personal Abuse).
15. No member shall impute improper motives against another member

# **NOTICE AND AGENDA OF THE 60<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 60th Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on Thursday, July 14, 2022, at the Methodist Church Hall, Kingstown at 4:00 pm.

## **AGENDA**

### **OPENING SESSION**

1. Ascertainment of Quorum
2. Call to Order and Welcome
3. Prayer
4. National Anthem
5. Credit Union Song
6. Apologies for Absence
7. Silent Tribute
8. Greetings

### **BUSINESS SESSION**

1. Call to Order
2. Adoption of Standing Orders
3. Minutes of the 59th Annual General Meeting
  - (a) Amendments and Confirmation
  - (b) Matters arising from the Minutes
4. Reports – Presentation and Adoption
  - (a) Board of Directors
  - (b) Treasurer and Auditor
  - (c) Credit Committee
  - (d) Supervisory Committee
  - (e) Education Committee
5. Election of
  - (a) Officers
  - (b) Auditors
6. New Business
7. Adjournment

Co-operatively yours



Bro. Martin Sheen

**Secretary**

**Board of Directors**

## CREDIT UNION PRAYER

LORD, Make me an instrument of thy peace  
Where there is hatred, Let me sow Love,  
Where there is injury Pardon;  
Where there is doubt Faith;  
Where there is despair Hope;  
Where there is darkness Light;  
Where there is sadness Joy.  
O divine Master, grant that I may not so much seek  
To be consoled, as to console;  
To be understood, as to understand;  
To be loved, as to love;  
For it is in giving, that we receive;  
It is in pardoning, that we are pardoned;  
It is in dying, that we are born to eternal life,  
Bless, O Lord our deliberations and grant that  
whatever  
We may say and do will have Thy blessing and  
Guidance through Jesus Christ our Lord.

Amen.

## THE NATIONAL ANTHEM OF ST.VINCENT AND THE GRENADINES

St Vincent, Land so beautiful  
With Joyful hearts we pledge to thee  
Our Loyalty and Love and Vow  
To keep you ever free.

Hairoun Our fair and Blessed Isles  
Your mountains high so clear and green  
Are home to me though I may stray  
A haven calm serene.

Our little sister Islands are  
Those gems, the lovely Grenadines  
Upon their seas and golden sands  
The sunshine ever beams.

### Refrain

Whate'er the future brings  
Our faith will see us through  
May peace reign from shore to shore

## BROTHERS IN CO-OPERATION

Men and Women of the nation,  
Join us in co-operation  
For our social elevation  
Hasten to the call  
The present is the time for action  
Let no selfish class or faction  
Here among you spread distraction,  
Come one and all.

Refrain:

Hand in hand on pressing,  
All our wrongs redressing,  
Work and we right soon shall see  
Wide scattered many a blessing  
Ernest true Co-operation,  
Be our glorious aspiration  
Till we see among the nation,  
Love for one and all.  
Be our efforts never tiring,  
Each success a new inspiring,  
Here's a cause your aid requiring  
Here's work for you.  
Come and make each man a brother,  
If you're strong come help another,  
Strong and weak can aid each other  
If their hearts be true.  
See the banner waving o'er us,  
Hear the men who've gone before us,  
Sending back the shouting chorus  
Keep the flag unfurled,  
Their's the seed that now upspringing,  
Hope to many a heart is bringing  
All our moans we'll change to singing  
Aye, throughout the world.



## **CORPORATE PROFILE 2021**

### **DATE OF REGISTRATION**

12<sup>th</sup> April 1958

### **REGISTERED OFFICE**

K.C.C.U. Financial Centre  
P.O Box 1533  
Granby Street  
Kingstown  
St. Vincent and the Grenadines

### **Board of Directors**

Bro.	Terral Mapp	-	President
Bro.	Bernard John	-	Vice President
Bro.	Laurent Hadley	-	Treasurer
Bro.	Martin Sheen	-	Secretary
Sis.	Sabita Jacobs	-	Assistant Secretary/Treasurer
Bro.	Jerome De Shong	-	Director
Sis.	Cynthia Hope-Browne	-	Director

### **Credit Committee**

Bro.	Timothy Scott	-	Chairman
Sis.	Licia Nero	-	Secretary
Sis.	Elthia George	-	Member
Sis.	Juanika Joseph	-	Member
Sis.	Ingrid Clarke	-	Member

### **Supervisory and Compliance Committee**

Bro.	Kazon Simmons	-	Chairman
Sis.	Moureeze Franklyn	-	Secretary
Sis.	Daniella Henry	-	Member
Bro.	Elvis Dublin	-	Member
Sis.	Akisha Yearwood	-	Member

### **Education Committee**

Sis.	Joselle Joslyn-White	-	Chairman
Sis.	Joslyn Craig	-	Secretary
Sis.	Betty Crosby-Medford	-	Member
Sis.	Kolene Thomas-Williams	-	Member
Bro.	Danville Toney	-	Member

### **Banker**

Bank of St. Vincent & the Grenadines

### **Auditor**

Grant Thornton

### **Solicitor**

Saunders & Huggins

## **STAFF PROFILE 2021**

Mr.	Clement Lynch	-	Chief Executive Officer
Mrs.	Alice Adams-Francois	-	C.E.O. Secretary
Mrs.	Hadasha Butcher-Cruickshank	-	Compliance Officer
Ms.	Ruth Stowe	-	Marketing Officer
Mrs.	Oszette Glasgow-Providence	-	Human Resource Officer

### **CUSTOMER SERVICES AND ADMIN DEPARTMENT**

Mr.	Alonso Munroe	-	Head of Customer Service and Administration
Mrs.	Clairiesa Anderson-Pierre	-	Member Services – Senior Representative
Mr.	Joshua Romeo	-	Customer Service Representative
Ms.	Corina Arrindell	-	Customer Service Representative
Ms.	Michka Charles	-	Receptionist
Ms.	Maureen Wells	-	Office Attendant

### **CREDIT DEPARTMENT**

Ms.	Marcelle Alexander	-	Head of Credit
Ms.	Sharlene Antoine	-	Senior Loans Officer
Mrs.	Sharol-Rose Gregg-Abbott	-	Loans Officer
Ms.	Sherry-Ann Parsons	-	Loans Officer
Mr.	Troy Bullock	-	Loans Officer
Ms.	Theresa John	-	Securities Officer
Ms.	Phylisha Shearman	-	Loans Administration Clerk

### **LOANS RECOVERIES DEPARTMENT**

Ms.	Judith Seaman	-	Recoveries Manager
Ms.	Zada Stephens	-	Recoveries Officer
Mr.	Devorn Walker	-	Recoveries Officer

### **ACCOUNTS DEPARTMENT**

Mr.	Eronne Evans	-	Chief Accountant
Ms.	Allisa Barnum	-	Accounts Supervisor
Ms.	Koriene Chance	-	Accounts Clerk
Mrs.	Monique Springer-Cupid	-	Head Teller
Ms.	Shana Cunningham	-	Teller
Ms.	Makini St. Hilaire	-	Teller
Ms.	Kristel Craig	-	Teller
Mr.	Sobato McDowall	-	Teller

### **BRANCH OFFICES**

#### **MARRIAQUA**

Ms. Cara Hunter  
Ms. Jasmine Woods  
Ms. Rhonel John  
Ms. Ariel Bulze  
Mr. Carlos Ryan  
Mr. Arthneil Baker  
Mrs. Senica Williams-Spencer

#### **BEQUIA**

Ms. Shemica Hazell  
Ms. April Small  
Mr. Jared James

#### **UNION ISLAND**

Ms. Rachel Phillips  
Mr. Asean Craigg  
Ms. Kezanny Williams

#### **CANOUAN**

Ms. Shirlon Ashton  
Ms. Wendella Richards

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**MINUTES OF THE 59<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)**

**OF THE**

**KINGSTOWN CO-OPERATIVE CREDIT UNION LTD (KCCU)**

**HELD ON ZOOM ON THE 18 OCTOBER, 2021 BEGINNING AT 3:00PM**

**OPENING SESSION**

**1. ASCERTAINMENT OF A QUORUM**

The Financial Services Authority (FSA) ascertained there was a quorum.

**2. CALL TO ORDER AND WELCOME**

Sis. Cynthia Hope-Browne, President of the Board of Directors, offered commendations for the efforts of all relevant KCCU personnel and thanked the membership for her time as President.

The meeting was called to order by Bro. Jerome De Shong, Director on the Board of Directors (BOD) and Chairman of the Opening Session of the AGM.

**3. PRAYER**

Bro. Jerome De Shong offered a word of prayer.

**4. NATIONAL ANTHEM AND CREDIT UNION SONG**

The National Anthem was rendered via digital pre-recording

The Credit Union song was rendered by Sis. Judith Seaman

## 5. SILENT TRIBUTE

A one-minute silence was observed for the members who died within the reporting period and whose names were read by Bro. Jerome De Shong.

Lorna Williams	Marlene S. Williams	Kelvin Pierre
Jeanette Lee	Janice Haywood	Jeshura Sandy
Elmina Mc Nicholls-Tesheira	Denease Barker	Louis Boucher
Gleen Lynch	Vernette Mason	Dillon Pierre
Jefeth Lewis	Ivan Bynoe	Deborah Daniel- Williams
Thadius Adams	Claton Young	Winston C. Snagg
Elca Walker	Pamella Toney	Elma Greeta Charles
Alpheus Dowers	Audrey Pope-King	Patricia R. John
Olney King	Thelita Paul	Bonnie John
David Noel Howell	Bonnie Bacchus	Jean Payne-Lucas
Frederick Franklyn	Sylvenia Deane	Elise Pompey
Faustina Joseph-Clarke	Walter Richards	Emily Phillips
Martin Roberts	Randolph Tannis	Noel Gilbert
Berkley Charles	Una Nicholls	Stanley Lewis
Seymour Stewart	Dahlia Hanson- Ollivierre	Randolph Browne
Jenna Layne	Lester Davis	Jennifer Davis
Gloria R. Ollivierre	Martin Samuel	Shirley John
Irma Audrie Morris-Simmons	Kimani Williams	Henry Neverson

Rudolph Burgin	Leslie Bobb	Wilberforce James
Sharon Pemberton	Secquwond Jacobs	Angus Nero
Edwin Payne	Zipha John	Darrel Baptiste
Merle Clarke-Butler	Juan Alexander-Foster	Roddan Lee
Jennifer Baptiste	Dominic Moses	Martha John
Shawn Nero	Denys Patrick	Randolph Thomas
Althea Cuffy	Cheryl-Ann Smith	Brian Gould

## 6. **GREETINGS**

Greetings were received from the following organizations in attendance;

- SVG Co-operative Credit Union League
- St. Vincent Automotive Co-operative (SAC)
- St. Vincent and the Grenadines Teachers Co-operative Credit Union Ltd (SVGTCCU)
- General Employees Credit Union Ltd (GECCU)
- St, Vincent and the Grenadines Police Co-operative Credit Union Ltd (SVGPCCU)
- Financial Services Authority (FSA).

## **BUSINESS SESSION**

### **1. CALL TO ORDER**

The business session was called to order by Sis. Cynthia Hope-Browne, President of the Board of Directors (BOD) and Chairman of the Business Session of the AGM.

### **2. ADOPTION OF THE AGENDA AND STANDING ORDERS**

The President suggested item 5 of the agenda be amended to allow the elections of each Committee to be done after the presentation of each Committee's report.

A motion was moved and seconded, for the acceptance of this amendment, by Bro. Jerome De Shong and Bro. Terral Mapp respectively. The motion was carried.

Motion was moved for the adoption of the standing orders on Page 3 by Sis. Angelita Miller and seconded by Bro. Bernard John. The motion was carried.

### **3. MINUTES OF THE 58<sup>TH</sup> ANNUAL GENERAL MEETING**

#### ***3.1 Amendments and Confirmation***

There were no amendments arising from the minutes.

#### ***3.2 Matters Arising***

No matters arose from the minutes.

A motion was moved for the adoption of the minutes by Sis. Marcelle Burgin and seconded by Sis. Denise Prescod. The motion was carried.

### **4. REPORTS – PRESENTATION AND ADOPTION**

#### **4.1 BOARD OF DIRECTORS' REPORT**

A motion was moved to adopt the report as read by Bro. Timothy Scott and seconded by Bro. Steve Millington. The motion was carried.

#### **4.1.1 Discussion on the BOD Report**

Page 19 – words were missing on the last line under “economic environment” and should have read “... further, recovery in the... developed economies has kick-started the cruise industry and the return of international flights from North America”.

Meeting and Attendance – in answer to Sis. Nicki’s inquiry of Bro. Martin Sheen’s attendance of one BOD meeting, the President clarified that he was copped on the BOD in November’s last Annual General Meeting.

Page 24 - Human Resource Development and Staff Training – staff training should total Male (10) and Female (32).

Page 25- To delete - “this plan was well” – it should read “However, due to COVID 19 challenges, we were unable to call a special meeting to approve the reviewed and redrafted byelaws.”

Bro. Carlos James inquired whether an assessment of savings was done to ascertain the effect the Solar Energy investment had on the Credit Union’s electricity bill. The President answered that a 48% savings was achieved and referred him to the financial statements on Page 79 for further specifics on the figures.

She further outlined electricity costs decreased in 2020 from 2019, moving from \$90,113 to \$16,790.

Investment Securities - correction was made to the 2<sup>nd</sup> paragraph and 2<sup>nd</sup> sentence to read “an additional 11.8KW system was installed at the Marriaqua Branch.”

A motion was moved for the adoption of the BOD report by Sis. Marcelle Burgin and seconded by Sis. Ingrid Susan Clarke. The motion was carried.

#### **4.2 TREASURER’S AND AUDITOR’S REPORT**

Bro. Bernard Scott, Treasurer on the BOD invited Bro. Floyd Patterson of Grant Thornton Accounting Firm to present the Auditor’s Report after which he presented the Treasurer’s Report.

##### **4.2.1 AUDITOR’S REPORT**

Bro. Patterson thanked members for his retention as Auditor for the period. He spoke on the smooth transition of information from previous Auditors KPMG.

He highlighted communication with previous auditors was good and Grant Thornton was provided with all relevant information needed for the audit assessment. There were no limitations in scope to the provision and assessment of KCCU’s financial records and he was pleased to report that all relevant financial aspects were satisfactory.



## 4.2.2 TREASURER'S REPORT

Bro. Bernard John indicated that the theme of Resilience was embodied in KCCU's ability to adapt to the economic state caused by the COVID 19 pandemic and highlighted key points from his report.

Travel and Tourism Industry members' loans were greatly affected due to the pandemic, causing the Investment Committee to seek alternative income for the Credit Union while increased competition from banks and non-banking institutions also caused the need for updated marketing strategies. This resulted in the employment of a Marketing Officer.

Assets grew to 12.2M by the end of 2020; mortgages dominated the loan portfolio, accounting for 49.3 mil / 61% increase on previous year.

Cash resources grew by 56% while investment securities had a 6% decline. This was caused by the maturing and redemption of these investments. Some were redeemed while others were re-invested in longer term bonds offered by the Government.

Several assets grew such as share capital by 3%, members' redeemable share savings by 6% and term deposits by 12%. Increase in monthly membership indicated the confidence of the general public in being shareholders of KCCU.

In 2020, interest on loans grew by 3%, valued at \$224,190 while investment income increased by 27%, reflective of the maturity of several securities.

Death Benefit income declined by 27% as well as a decline of commissions and miscellaneous income by 2%.

Net Profit increased by 103% valued at \$2.9M, 1.4M more than 2019.

### **Dividends and Interest Rebates were proposed as follows:**

Permanent Shares –	7%
Redeemable Shares –	2%
Loan Interest Rebates –	2.5%

A motion to accept the proposed rates was moved by Sis. Ingrid Clarke and seconded by Sis. Joselle Joslyn. The motion was carried.

In answer to an inquiry from Bro. Jerome De Shong on the value amount of the proposed dividend and rebates, Bro. John indicated it to be 1.1M, a 200K increase from the previous period.

Bro. John encouraged membership to save and make their loan investments at KCCU for the excellent rates offered along with having to pay little to no fees.

Bro. John further highlighted that donation of tanks were made to farmers, schools, and other membership as aid in the aftermath of the Volcanic Eruption.

He concluded by emphasizing popular loan packages, Diamond Deal Vehicle Loan and KCCU Protect that were patronized by membership while thanking them for their continued support towards the development of KCCU.

A motion was moved to adopt the Treasurer's Report by Sis. Akeisha Yearwood and seconded by Sis. Daniella Henry. The motion was carried.

#### **4.2.3 Discussion on the Treasurer's and Auditor's report**

Bro. Carlos James questioned the value of the moratorium loans for those members affected by the COVID 19 pandemic. Bro. John clarified 12.5M was approved and interest of 100K was suspended up to December 2020.

Sis. Nicky Boyea inquired on the significant increase of the overdraft facility. Bro. John and Bro. Clement Lynch, CEO of the Credit Union, clarified that it was due to a timing issue that was being addressed by the Chief Account of the Credit Union, where the discrepancy resulted from unrepresented cheques that remained outstanding/ not yet received by the bank at the end of the reporting period. The timing difference alluded to the dates the cheques were issued versus when they were presented to the bank.

Bro. Gordon Hinds asked for further detail on the types of securities in which funds were being invested. He noted an increase of risk on the debt security investments and offered that as such, more information was needed.

He further spoke of the length of time between AGM meetings lending itself to the discussion of information that was almost a year old and inquired when the next AGM would be held.

Bro. Hinds lastly noted that the increased profits originated from the recovery efforts on delinquent loans and not so much on the generation of new loan business.

The Treasurer responded by offering information on some of the investment securities being Government bonds, the investment in which was geared towards aiding in the economic security of the country and that the increased risk of these investments was attributable to the risky financial environment in which the Credit Union operates.

He highlighted that under PEARLS Ratio standards, Financial Investments over Assets ratio was 5%, well within range of the stipulated  $\leq 10\%$ . He also emphasized that due diligence was done when investment security risks were considered.

Bro. Floyd Patterson further clarified that the information offered in the financial notes on Investment Securities were in accordance with international accounting standards. The increased debt securities were also a way for financial institutions to employ excess cash resources so as to earn more on the value of their money and as a way to diversify their portfolio.

The Treasurer attributed the lateness of the AGM to both the constraints on public gatherings due to COVID 19 protocols and the volcanic eruption that followed after.

### **4.3 CREDIT COMMITTEE REPORT**

A motion was moved for the report to be accepted as read by Bro. Jerome De Shong and seconded by Bro. Martin Sheen, the motion was carried.

Presented by the Chairperson of the Credit Committee, Bro. Timothy Scott highlighted several key points.

The number of loans received in 2020 were reduced by 2% but loans approved increased by 6% over 2020, representing a value of 162K. The main loan drivers were Mortgage, Consumer, XMAS and Diamond Deal.

The loan categories of Agriculture, XMAS, KCCU Protect and Diamond Deal saw positive improvements contributing to the loan portfolio exceeding 2019 by 2.74M.

Delinquency stood at 12.8% and had increased from 5.94% in the previous year. This was due to Mortgage/Property loans. Comparative to other financial institutions, the loans function was not performing out of range of the financial situation at the time.

#### **4.3.1 Discussion on the Credit Committee Report**

Answering an earlier question on Moratorium loans, greater detail was offered. 288 members applied for moratoriums at a value of \$14.5M were granted, valued at \$12.5M.

Sis. Akeisha Yearwood moved a motion for the Credit Committee report to be adopted, seconded by Sis. Betty Crosby Medford, the motion was carried.

#### **4.4 SUPERVISORY COMMITTEE REPORT**

Bro. Elvis Dublin, chairperson of the Supervisory Committee presented the report.

A motion was moved by Bro. Timothy Scott to accept the report as read and it was seconded by Sis. Juanika Joseph. The motion was carried.

##### **4.4.1 Discussion on the Supervisory Committee Report**

No questions were asked, or comments made.

A motion was moved to adopt the report by Bro. Renford Byam and seconded by Sis. Ingrid Susan Clarke. The motion was carried.

#### **4.5 EDUCATION COMMITTEE REPORT**

Sis. Joselle Joslyn-White chairperson of the Education Committee presented the Education Committee Report.

Reporting on key activities that happened in the period, Secondary School Scholarship Awards was first to be highlighted. At the 27<sup>th</sup> ceremony, 6 students were awarded \$1,500 scholarships and 2 students received \$800 bursaries. Other applicants were granted \$150 each to aid in the purchase of school supplies.

Scholarship holders' reports were reviewed to ensure the 75% pass mark was being maintained. Most students struggled with maintaining the required percentage as a result of the online class environment implemented due to the COVID situation and thus, recommendations were made to review the percentage. Exemptions were also granted to facilitate continued sponsorships of the scholarship holders.

After presentation to the BOD, the pass percentages were approved and adjusted to 75% from Forms 1 - 3 and 65% from Forms 4 – 5. These would run to the period September 2021.

Sis. White also highlighted the Annual School Quiz where cash prizes, trophies and school supplies were winners' incentives and the Development Training Sessions for members that were done via zoom.

Christmas hampers were distributed to 30 families in need at a value of \$250 each along with Food Vouchers sourced from CK Greaves and Massy Supermarkets, at a value of \$7K for 50 members in need during the COVID 19 pandemic.

A look at the COVID 19 Vaccine was the title of a program held for members to educate them on the vaccine. This was moderated by Bro. Harvey Farrell and facilitated by Dr. Jerrol Thompson – past Minister of Health and Wellness.

The Bequia schools of Bequia Seventh Day Primary, Bequia Anglican Primary and the Stephanie Browne Primary School were adopted and assisted through the provision of any materials needed during that period.

#### **4.5.1 Discussion on the Education Committee Report**

No questions were asked, or comments made.

Sis. Ingrid Susan Clarke, seconded by Bro. Timothy Scott, moved a motion to adopt the report. The motion was carried.

### **5. ELECTIONS AND NOMINATIONS**

A motion was moved and carried earlier to have each election held after the adoption of each report.

#### **5.1 Board of Directors**

##### **Retired:**

Sis. Angelita Miller

##### **Retired but eligible for re-election:**

Bro. Colin John

##### **Nominated from Nominations Committee**

Bro. Laurent Hadley

Sis. Sabita Jacobs

##### **Nominated from the Floor**

None

Motion was moved, seconded and carried to close nominations.

##### **The votes were as follows:**

Bro. Colin John - 51

Bro. Laurent Hadley - 71

Sis. Sabita Jacobs - 80

The two available positions were filled by Bro. Hadley and Sis. Jacobs.

## **5.2 Auditor**

The BOD proposed the retention of Grant Thornton

### **Nominated from the Floor**

BDO

#### **The votes were as follows:**

Grant Thornton - 76

BDO - 31

Grant Thornton was retained as Auditors.

## **5.3 Credit Committee**

### **Retired:**

Osneith Cato

### **Retired but eligible for re-election**

Sis. Ingrid Susan Clarke

### **Nominated from Nominations Committee**

Sis. Ingrid Susan Clarke

Sis. Elthia George

### **Nominated from the Floor**

Sis. Kolene Thomas Williams

Motion was moved, seconded and carried to close nominations.

#### **The votes were as follows:**

Sis. Ingrid Susan Clarke - 88

Sis. Elthia George - 57

Sis. Kolene Thomas Williams - 56

The two positions were filled by Sis. Clarke and George.

## **5.4 Supervisory Committee**

### **Retired:**

Bro. Steve Millington

### **Retired but eligible for re-election**

Sis. Akeisha Yearwood

### **Nominated from Nominations Committee**

Bro. Danville Toney

### **Nominated from the Floor**

Sis. Betty Medford

Sis. Moureeze Franklyn

Bro. Alaine Weekes

Motion was moved, seconded and carried to close nominations.

### **The votes were as follows:**

Sis. Akeisha Yearwood - 54

Bro. Danville Toney - 50

Sis. Betty Crosby Medford - 32

Sis. Moureeze Franklyn - 52

Bro. Alaine Weekes - 22

The two positions were filled by Sis. Akeisha Yearwood and Sis. Moureeze Franklyn.

## **5.5 Education Committee**

No elections

**6. KCCU SHARE CAPITAL AUGMENTATION PLAN AND REVIEWED BYELAWS**

Sis. Cynthia Hope-Browne appealed to the members to set a date for the special meeting agreed upon at the last AGM to address the Share Augmentation Plan and to review the Byelaws. The special meeting was unable to happen due to COVID 19 restrictions.

Sis. Nyasha Browne of the FSA advised that the Credit Union should first await the completion of the amendments of the Co-operatives Societies Act, an activity being undertaken by the Co-operative League and the FSA, before embarking on the special meeting.

Her suggestion was accepted with the understanding that the special meeting would be announced in the newspapers at the appropriate time.

**7. OTHER BUSINESS**

A member indicated the need for a coin counting machine to aid in the efficient transacting of coin deposits. His suggestion was noted.

**8. ADJOURNMENT OF MEETING**

A motion was moved and seconded for the close of the AGM. The motion was carried.



*Bro. Terral M app*

*President*



*Bro. Martin Sheen*

*Secretary*



# **BOARD OF DIRECTOR'S REPORT TO THE 60TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

## **9 Background and Introduction**

The Board of Directors of the Kingstown Co-operative Credit Union Limited (KCCU) is pleased to present to you, our members, the annual report for the period ended December 31, 2021. This report comes on the background of the most challenging year endured by our nation in modern history. The Covid-19 Pandemic, La Soufriere eruptions, and Hurricane Elsa created tremendous economic fallout and uncertainties.

In solidarity with our membership and nation at large, KCCU answered the call to action and provided needed relief to Vincentians in a number of ways. The provision of moratoria on loans for affected members, investments in Government Bonds, donations of water tanks to schools and farmers, and the roll-out of a tertiary bursary program are among the key initiatives undertaken. Further, in the peak of the eruptions, our Western Union Service at the Marriaqua branch was opened for extended hours to enable the accessing of remittances from family and friends abroad. In April 2021, a record 2,086 transactions, valuing \$1.2M, were processed compared to 952, at a value of \$546K in April 2020.

The Pandemic and the Eruptions highlighted the urgent need for technologically driven solutions. As such, KCCU undertook the following initiatives:

- Finalized the recruitment of an Information Technology Officer

- Fully implemented the Bamboo Human Resources System

- Increased the use of social media and online platforms to communicate effectively with members and staff across the various branches

- Partnered with the Eastern Caribbean Central Bank (ECCB) to fully roll out the D-Cash pilot (Digital Currency)

- Implemented user pinning to our ATM service and commenced testing for the addition of Point-of-Sale services

### **9.1 Economic Environment**

Based on midyear post-eruption data, the International Monetary Fund (IMF), the World Bank, and the ECCB projected a decline of 6.1% for the Vincentian economy in 2021. According to data from the ECCB, the economy experienced a rapid uptick in activity in the second half of the year, resulting in a growth of 0.8%. This was propelled by the reopening of global economies, increased visitor arrivals, and a significant rise in construction activity. Increased international funding from multilateral donors enabled the government to begin the post volcanic clean-up exercise fairly quickly. Additionally, the efficient collection of taxes related to property sales in the Grenadines allowed the Government to maintain recurrent expenditure levels without adversely affecting the public sector.

Preliminary data from the Ministry of Finance, Economic Planning, and Information Technology show that the Central Government fiscal operations improved when compared to the same period in 2020. Current Revenue grew by 12.1% to \$679.5M, while Current Expenditure expanded by 6.3%, to \$682.5M. Consequently, the Current Balance recorded a reduced deficit of \$3.0M compared to \$35.6M in 2020.

The Overall Balance also improved, as it moved from a deficit of \$124.5M in 2020 to a deficit of \$100.7M in 2021. This improvement was largely on account of higher receipts from taxes on property (Stamp Duties and Alien Landholding License) which amounted to \$100.7M in 2021 relative to the \$40.8M in 2020.

A prolonging of the pandemic from the emergence of more highly transmissible variants of the covid virus, the likelihood of an active hurricane season, supply chain problems, and a rapid rise in prices, globally, pose significant downside risks to growth prospects. Notwithstanding, the outlook for the Vincentian economy is positive. The IMF predicts growth of 8.3% in 2022, while the Ministry of Finance, Economic Planning, and Information Technology anticipates an expansion of 5-6%. This positive outlook is predicated on a rapid recovery of the tourism industry, as global economies reopen, as well as the successful implementation of several major capital projects by the public and private sectors. These projects encompass the construction of a modern cargo port, new hotels to increase the room stock, and an Acute Referral Hospital.

This positive trajectory means that numerous persons who previously worked in the tourism industry and the cruise sector, in particular, will return to their jobs. Furthermore, the construction industry will play a leading role in job creation and poverty alleviation. These sectors will drive an increase in the demand for loans. KCCU must continue to be vigilant to capitalize on these opportunities while ensuring it builds sufficient buffers to mitigate the associated risks.

## **9.2 Strategic Agenda**

### Strategic Agenda

Our mission “*to promote and provide affordable high-quality financial services principally geared towards the needs and development of its members and the people of St Vincent and the Grenadines*” illustrates that our overarching purpose is to serve the membership to achieve perpetual sustainability. With this mission as our guide, we have articulated and commenced the implementation of a strategic business plan (2020-2023) that seeks to propel KCCU further along while navigating the increasing challenges.

Specifically, our strategic business plan aims to:

1. Enable KCCU to break through growth constraints and continue to drive towards customer penetration
2. Differentiate KCCU meaningfully from competitors
3. Attract and retain the younger generation and articulate a value proposition that secures sustainability
4. Ensure a high potential recruitment, retention, and enablement in our HR practices.

To do so, we have adopted the following strategic actions:

1. Market Expansion
2. Alignment of operations to support a larger customer base. (e.g., technology, physical space)
3. Incorporate our values into our brand and marketing activities.
4. Incorporate our values into our operations and finance activities.

The first two strategic actions are directed at market expansion and growth of KCCU while the latter two are directed at integrating values in our operations. Each action area includes a number of tasks that seek to operationalize the plan. Progress is monitored through monthly review of the management accounts at the Board of Directors meeting.

### **9.3 Board of Directors Elections, Meetings, and Attendance**

The present Board of Directors, as elected by the AGM, is an inclusive and diverse one, comprising skill sets encompassing Information Technology, Accounting, Customs and Border Operations, Public Sector Administration, Public Finance, Public Policy, Banking and Finance, Investment and Wealth Management, and Economics.

In the pursuit of good governance, the Board of Directors is assisted by five committees. Of these five committees, there are two statutory committees - the Supervisory and Compliance Committee and the Credit Committee, and three sub-committees of the Board – the Education Committee, the Human Resource Committee, and the Investment and Building Committee. The functions of the Supervisory and Compliance Committee and the Credit Committee are enshrined in the Co-operative Societies Act 2012 and detailed in the respective report of each committee.

The mandate of the Education Committee is to maintain an active program of co-operative education and promote the best interest of the co-operative movement. The Human Resource committee reviews, creates, and recommends policies and strategies relating to employees while the Investment Committee is tasked with ensuring that KCCU has an optimal investment portfolio.

The full Board of Directors comprised of:

- Bro. Terral Mapp – President
- Bro. Bernard John – Vice-President
- Bro. Laurent Hadley – Treasurer
- Bro. Martin Sheen - Secretary
- Sis. Sabita Jacobs - Director
- Sis. Cynthia Hope-Browne - Director
- Bro. Jerome De Shong - Director

Bro. Jerome De Shong and Sis. Cynthia Hope-Browne will retire at this Annual General Meeting.

On behalf of the Board of Directors, management committees, management, and staff, I wish to thank these two (2) directors for their tenure on the Board and years of service to KCCU.

#### 9.4 Meetings and Attendance

At the 59th Annual General Meeting, two (2) persons were elected to serve on the Board of Directors: -

- Sis. Sabita Jacobs
- Bro. Laurent Hadley

At the inaugural meeting held to elect the executive, the Board of Directors elected the following persons: -

- Bro. Terral Mapp – President
- Bro. Bernard John – Vice-President
- Bro. Martin Sheen – Secretary
- Bro. Laurent Hadley – Treasurer

Meetings of the Board were held monthly in addition to special meetings as deemed necessary. During 2021, due to the COVID-19 pandemic and in keeping with the Ministry of Health protocols, meetings were held virtually.

Twelve (12) board meetings were held as well as the convening of three (3) special meetings, making a total of fifteen (15) meetings for the period under review.

**Table 1: Summary of Attendance of Board Members**

Names	Regular Total (12)	Regular Special (3)	Cumulative Total (15)
Bro. Terral Mapp	12	3	15
Bro. Bernard John	12	3	15
Bro. Martin Sheen	12	3	15
Bro. Jerome De Shong	12	3	15
Sis. Cynthia Hope-Browne	12	3	15
Bro. Laurent Hadley (Tenure commenced November 2021)	2	0	2
Sis. Sabita Jacobs (Tenure commenced November 2021)	2	0	2
Sis. Angelita Miller ((Tenure ended October 2021)	10	2	12
Bro. Colin John (Tenure ended October 2021)	10	2	12

- The Human Resource Committee comprised:-
- Sis Phyllis Allen-James - Chairman
- Sis. Cynthia Hope-Browne - Member
- Sis. Angelita Miller - Member
- Sis. Wendie Wilson - Member
- Bro. Jerome De Shong - Member

The Investment and Building Committee comprised:-

- Bro. Bernard John - Chairman
- Bro. Laurent Hadley - Secretary
- Bro. Terral Mapp - Member
- Bro. Jeremy Jackson - Member
- Bro. Cole Debique - Member

## 9.5 Membership

Despite another challenging economic year brought on by the COVID-19 pandemic, KCCU is elated to say that we continued to experience growth in our membership.

The organization continued to appeal to the citizens of this country through the use of a number of marketing strategies. Our brand was promoted through all social media platforms and telecommunication mediums. The strategy of listening to the needs and wants of citizens was also utilized in the creation of new products and services, therefore encouraging them to become members.

During the reporting period, there was a growth in membership of 1076 members. Our total membership as of 31st December 2021 was 20,105.

### **New members comprised:**

542 Males

534 Females

**Table 2: Breakdown of New Members by age:**

<b>Age Group</b>	<b>New Members</b>	<b>%</b>
20 and below	293	27
21 - 25 years	143	14
26 - 35 years	276	26
36 - 40 years	111	10
41- 50 years	127	11
Over 50 year	126	12

## **9.6 Human Resource Development**

“Companies don’t succeed, People do!” (Bob Nelson). An effective and collaborative workforce is the bed-rock for success, sustainable value, and happier employees. It is for this reason that KCCU remains committed to effective recruitment, employment, training, and retention processes.

## **9.7 Recruitment**

As part of our commitment to building an efficient, nimble, and collaborative workforce, the following positions were filled: -

Recoveries Officer - March 1, 2021

Teller (Kingstown) – May 10, 2021

Customer Service Representative (Canouan) - October 21, 2021.

## **9.8 Terminations/Resignations**

The resignation of the Loans Data Entry Clerk on December 28, 2021 represents the only reduction in staff during the reporting period.

## 9.9 Staffing

At the end of December 2021, there were a total of forty-four (44) staff members, as shown in the table below, and one (1) intern on the Loans Data Entry Project. In addition, an Auxiliary Officer was hired through the Royal St. Vincent and the Grenadines Police Force (RSVGPF) Services to provide security for the Canouan Office in December 2021.

**Table 3: Staff Count**

Location	Actual Count		
	Male	Female	Total
Kingstown	6	23	29
Mespo	2	5	7
Bequia	1	2	3
Canouan	0	2	2
Union Island	1	2	3
Total	10	34	44

## 9.10 Staff training and Development

The Board of Directors and Management are pleased to see an increasing number of staff pursuing advanced studies. This, indeed, will augur well for KCCU as it definitely places the future of our credit union in safe hands. During the reporting period, three (3) staff members were enrolled in undergraduate studies in Psychology with minor in Human Resources, Banking and Finance and Financial Management. Four (4) members continued studies in Management Studies, Banking and Finance and French. Bro. Troy Bullock completed his BSc. Banking and Finance (special) in May 2021. On behalf of the Board of Directors, committees, and management I wish to extend congratulations on this remarkable achievement.

## 9.11 Training

In today's ever-evolving, hypercompetitive and hyperconnected world, knowledge can never be enough. KCCU is committed to the philosophy of learning, re-learning, and unlearning. During 2021, Board and staff members

*Table 4: Staff training, consultations, workshops, and seminar*

Name of Training	Date	Name of Persons in Attendance
Volcano Preparedness & Credit Union Business Continuity	February 11, 2021	Oszette Glasgow-Providence Angelita Miller Cynthia Hope-Browne Martin Sheen Sherry-Ann Parsons Timothy Scott
Board of Director Orientation: Governance/Leadership Training	February 18-29, 2021	Cynthia Hope-Browne Other Board Members
Shared- Branching: Disaster Recovery Solutions	March 24, 2021	Oszette Glasgow-Providence Cynthia Hope-Browne and other Board Members
D-Cash Merchant Training	June 24, 2021	All Staff
D-Cash Onboarding Training	September-November 2021	Clement Lynch Eronne Evans Marcelle Alexander Hadasha Butcher-Cruickshank Monique Springer-Cupid Kristel Craig Shana Cunningham Makini St. Hilaire Sobato McDowald Allisa Barnum Koriene Chance
AML Training: Plugging Money Laundering Vulnerabilities in the Credit Union Movement	October 13, 2021	Oszette Glasgow-Providence Hadasha Butcher Cruickshank Board Members
Bamboo HR: Training and Implementation	November 17, 2021 – December 14, 2021	Oszette Glasgow-Providence



## 10.12 Awards

### Other Initiatives

Implementation of Bamboo HR System – In December 2021, the Bamboo HR. Software was implemented and became fully functional. The software enhances the efficiency of a core set of HR tasks including recruiting and onboarding processes to the offboarding processes. It assists in documenting staff records, vacation policies and tracking, documenting change in salaries, training, as well as appraisals and peer feedback assessments. In this regard, the Bamboo system provides a rich amount of qualitative and quantitative information that makes decision-making with respect to HR much easier.

Due to the Covid-19 pandemic, KCCU was unable to host our usual Staff Dinner and Awards for the year 2019 -2021. However, awards were given for years of service and top performers in 2021. The recipients of these awards are as follows:

**Table 5 (a)- 2019 Awardees**

<b>Top Performers (PAR 2019)</b>		
Department	Job Title	Employee Name
Loans	Loan Officer	Troy Bullock
<b>Service Recognition</b>		
Years of Service	Job Title	Employee Name
10	Teller	Shana Cummingham
		Allisa Barnum
15	CEO	Clement Lynch
20	CEO's Secretary	Alice Adams-Francois
	Recoveries Manager	Judith Seaman

**Table 5 (b)- 2020 Awardees**

<b>Top Performers (PAR 2020)</b>		
Department	Job Title	Employee Name
Loans	Loan Officer	Troy Bullock
Customer Services	Member Services- Senior Representative	Clairiesa Anderson- Pierre
<b>Service Recognition</b>		
Years of Service	Job Title	Employee Name
10	Canouan Branch Representative	Shirlon Ashton
15	Member Services- Senior Representative	Clairiesa Anderson- Pierre
	Loan Officer	Sherry-Ann Parsons
	Loan Officer	Sharol-Rose Gregg-Abbott
	Senior Loans Officer	Sharlene Antoine

## 9.12 Branch Offices

KCCU is dedicated to serving the communities in which we have established operations. The delivery of financial services is pivotal to economic viability and poverty alleviation. The challenges of 2021 faced by our nation resulted in reduced significant face-to-face interaction with our branch offices. Consequently, we utilized several technological platforms to maintain valuable contact with our sub-branches. Branch performance statistics are provided below.

**Table: 6 Branch statistics**

BRANCH DATA 2021			
	MEMBERS	SHARES (EC\$000's)	LOANS (EC\$000's)
Marriaqua	2277	4,625	3,672
Bequia	633	1,236	1,356
Union Island	369	659	1,403
Canouan	180	449	583

## 9.13 Corporate Governance

Embedded in the institutionalization of KCCU is the ideal of good corporate governance. We continue to be guided by the Corporative Societies Act 2012 and all other policies, regulations and laws under which we are governed.

## 9.14 Customer Services, Marketing and Public Relations Community Development

Customer service impacts all areas of our business. The nature of our organization is vested in the provision of financial services. During 2021, we continued to observe the Covid-19 protocols in all branches as a means of protecting and safeguarding the health and wellbeing of our members. We continue to stay true to hallmarks of our mission in the provision of high-quality service.

This year has witnessed a dual assault of the continued COVID-19 Pandemic and the explosive eruption of the La Soufriere Volcano, which has significantly exposed the vulnerabilities of the economy of St. Vincent and the Grenadines. As a result, these challenges have enabled us to further utilize more digital means of doing business and strengthen our Corporate Social Responsibility initiatives when the Vincentian community needs it the most. As such, the following marketing and public relations initiatives were employed:

- **Marketing (promotional):**

- Further promotion of our ATM services via Billboard placement and video advertising
- Launch of YouTube channel and series “Questions that need Answers”.
- Greater utilization of social media sponsored advertising and radio advertising for the promotion of our products and services.
- Repackaging of our loan products with reduction in interest rates and fees (X-Mas, EDUCATE)
- Placement of an illuminated office sign at main office (Kingstown)
- Reintroduction of the Dip N Win Christmas promotion.
- Introduction of D-Cash services
- Dissemination of KCCU branded tokens to members.
- Conceptualization of the AIA Bus Terminal Project

- **Public Relations:**

- The introduction of the Cicyn Joseph Academic Bursary. This was conceptualized to assist tertiary (higher degree or professional certification) level students on their educational journey. This initiative ultimately results in the identification of six (6) students who meet the qualifying requirements. The names of the recipients are *Zascha Robertson, Rhealyn Burke, Philique Anthony, Feona Cabral, Zoiesha Henry and Shanna Edwards- Thomas*. The selected students are eligible for a one-time award of Three Thousand Eastern Caribbean Dollars (EC\$3K). This initiative will be made available yearly to new applicants.
- Developmental Seminars- Turning Skills into Bill (seminar geared towards entrepreneurship) and A Global look at the COVID-19 Vaccines (webinar geared towards membership education on vaccination).
- Full sponsorship of the Department of Culture’s Dance Showcase 2021
- “Giving Tanks” Initiative- This encompassed the donation of thirty-six 36 water tanks to both Agricultural and Educational Sector in SVG as a means of offsetting the challenges faced due to the explosive eruption of the La Soufriere Volcano.
- Tanks and furniture donation to school in the Grenadines (Bequia, Union Island)

## **9:15 Co-operative Movement**

At KCCU, we are mindful of the fact that a strong credit union movement locally and regionally is paramount to our viability and sustainability. Partnerships are important to our success. During 2021, we continued to partner and support the SVG Credit Union League and the Co-operative Division. We maintain a close working relationship on regulatory matters with the Financial Services Authority. At the regional and international level, due to the Covid -19 pandemic, the OECS Summit and the CCCU/WOCCU Conventions did not take place. During the year under review, KCCU participated in the governance of the League by Directorship representation from Bro. Jerome De Shong and Sis Ingrid Clarke.

## 9:16 **Investment and Lending**

### *Investment Securities*

As part of our thrust to diversify our income stream and support national recovery efforts, additional investments were made in the Government of St. Vincent and the Grenadines Treasury Bonds. As such, total investments grew by 31.1% or \$1.8M in 2021. At the same time, investment income moved to \$819K in 2021 from \$708K in 2020, representing a rise of 15.7% or \$111K.

Our investment in Solar Photovoltaic (PV) generation represents one of our hallmark initiatives and is a testament to our bold efforts of diversifying our income stream. Such investment appears even more critical when one considers the high level of vulnerability that exists in the oil market. We are at the mercy of a handful of oil-producing countries that collude in a “Cartel” to control prices. The data shows that our investment in Solar PV generation has contributed to a 53.2% or a \$31K decline in our electricity expense from \$90K in 2019 to \$59K in 2021.

### *Lending*

Despite the challenges created by the Covid-19 pandemic, Volcanic Eruptions, and Hurricane Elsa, KCCU registered a commendable performance in 2021. Our loan portfolio, which represents our core business, expanded by 8.2% or \$6.5M to \$87M. This expansion was driven by increased demand for mortgages, Diamond Deals, KCCU Educate, and Christmas loans and compares favourably to the 4.7% or \$3.7M growth recorded in 2020.

Following the guidance of the Financial Services Authority (FSA), KCCU extended the moratoria program throughout 2021. The improved economic activity in the second half of 2021 resulted in numerous persons returning to their jobs. The number of loans on the moratoria program declined from 208, valuing \$15.9M, at the end of December 2020 to 173, at a value of \$8M. for the same period in 2021.

## 9:17 Condolences

It is with profound sadness that we recognize the passing of some of our members. KCCU takes this opportunity to extend deepest condolences to all who mourn the loss of their loved ones. May their soul rest in peace.

List of members who passed during 2021

Paul A. James	Abigail Prince	Yvette Nichols-Barnwell
Noel Cyrus	Cyril Harry	Pearline Richardson
Samuel Robertson	Augustus Priam	Kyron King
Winston Roberts	George Francis	Keziah Ashton
Janice Bacchus-Weekes	Insford Kydd	Reynold Campbell
Norman Matthias	Moulton Mayers	Rosetta Shephard
Lynette Frederick	Stanley Richards	Bereford King
Dorothy Derrick	Hermelitha Mc Phy	Eldon Richards
Orneicho Burke	Tropheua Williams	Ivsow Shallow
Jemina John	Lester Smart	Silas Hamilton
Rudolph John	Irvin Jackson	Leroy Jackson
Collin Primus		

## 9:18 Acknowledgements

The Board of Directors takes this opportunity to thank the Almighty God for his sparing mercies and for giving us the wisdom and understanding to see the value of togetherness towards overcoming the challenges faced today. We thank the general membership for their continued support throughout our 64 years of growth and advancement.

Special appreciation goes out to our management committees, management, and staff, for their tireless and dedicated work which enabled KCCU Offices to remain open even beyond normal working hours during the eruptions. Your tenacity and drive helped to ensure that members received critical services when they were most in need.

We thank our Regulator, the Financial Services Authority (FSA), for their guidance and enhanced monitoring during the pandemic and volcanic eruptions. Your oversight helped to keep our credit union stable in a period of significant external shocks, and for that, we are grateful.

We thank the Co-operative League, the Co-operative Department, Fellow Credit Unions, Co-Operatives, and the Auditors, for your support and partnership through the years. Special thanks go out to all past Board of Directors, Committee members, Management and Staff, volunteers, and well-wishers for your investment of time and skillset.

The Board of Directors thanks you for choosing KCCU as your financial partner. We appreciate the opportunity to serve you and for the invaluable role, you have played in our 64 years of existence. We are proud of our past, and prepared for the future, 64 years and beyond.

Thank you and may God bless us all.

Presented by and on behalf of the Board of Directors.

Yours sincerely

A handwritten signature in black ink, appearing to read "Terral Mapp", written over a light gray rectangular background.

Terral Mapp

President

# **TREASURER’S REPORT TO THE 60TH ANNUAL GENRAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

## **INTRODUCTION**

In what can be described as a uniquely challenging year for St. Vincent and the Grenadines, KCCU remained resilient, returning a profit of \$1.7M. Further, growth in assets of \$10.2M or 8% was realized over the same period. We continued to support our members in spite of these challenges, by way of the loan moratoria program for those who were affected by the pandemic and the volcanic eruptions. Notwithstanding, whilst our operations existed in an environment where interest rates are suppressed and liquidity and the cost of doing business is increasing, we find innovative solutions to deliver profitable returns to members. Further, the non-bank financial sector remains competitive hence, KCCU is compelled to have a robust marketing strategy to stay relevant and continue providing value to our members as we move forward together.

It is with pleasure, I present you with this report, which provides highlights of the performance of the KCCU for the year ended December 31, 2021.

## **Financial Results**

The following table presents a synopsis of the key financial performance indicators for the financial year ended 2021, with a comparison of the financial year 2020.

### **Assets**

*Table 1: Assets of KCCU*

Assets	2021	2020	Difference	% Change
Total Assets	133,136,639	122,924,815	10,211,824	8
Loans (net)	86,823,443	80,280,520	6,542,923	8
Cash Resources	24,556,196	22,987,662	1,568,534	7
PPE	10,120,052	9,949,427	170,625	2
Investment Securities	7,506,321	5,721,868	1,784,453	31
Investment Property	2,842,668	2,682,811	159,857	6

Total assets grew by \$10.2M or 8% from \$122.9M at December 31<sup>st</sup>, 2020, to 133.1M at December 31<sup>st</sup>, 2021. This increase can be attributed to an increase in the following: (i) Loans - \$ 6.5M, (ii) Investments - \$1.8M and (iii) Cash - \$1.6M.

The demand for loans to members continued with the upward trend of growth (8%) in 2021. The total loan portfolio as at December 2020 stood at \$87M. Mortgages continue to dominate the loan portfolio, and accounts for \$45.6M or 52%.

Cash resources grew by 7%, primarily as a result of increased share capital contribution and term deposits, consistent with the liquidity trends in the local and regional financial sector.

Investment Securities grew by 31% as the KCCU continued efforts to diversify the income streams.

**Share capital and members deposits**

*Table 2: Share Capital and Members’ Deposits at KCCU*

Share Capital and Member Deposits	2021	2020	Difference	% Change
Share Capital*	2,464,484	2,385,489	78,995	3
Members’ Share Savings**	58,829,116	55,592,671	3,236,445	6
Term Deposits	50,289,084	44,162,229	6,126,855	14

\*The Share Capital category is representative of Permanent Shares

\*\*Members Share Savings represents Redeemable Shares.

The table above shows that growth was experienced in all categories of members savings: Share Capital grew by 3%, Members Share Savings up by 6% and Term Deposits increased by 14%. The members of the public continue to place confidence in the KCCU brand as indicated by the increased monthly membership.

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

*Table 3: Statement of Profit and Loss and Other Comprehensive Income at KCCU*

Income	2021	2020	Difference	% Change
Interest on Loans	6,778,572	6,630,879	147,693	2
Investment Income	819,335	707,947	111,388	16
Income from Death Benefit	276,174	247,505	28,669	12
Commission and Miscellaneous Income	340,916	303,943	36,973	12

Given the growth in the loans and investment portfolios consequently, interest income and investment income grew by \$148K or 2% and \$111K or 16%, respectively.



There was also growth in income on Death Benefit (12%) and Commission and miscellaneous income (12%).

**Net Profit**

*Table 4: Net Profit at KCCU*

Net Profit	2021	2020	Difference	% Change
Profit for the year	1,704,437	2,882,533	- 1,178,096	-41%

It must be noted Net profit for 2020 was abnormally high given the recovery of a significant amount of bad debts and the unwinding of some provision. As such, profitability in 2021 was normalized to \$1.7M at December 31<sup>st</sup>, 2021, down by \$1.2M or 41% from \$2.9M at December 31, 2020. Additionally, higher rebates and interest to members (36%) and an increase in interest expense (30%) also contributed to the decline in profitability over the period.

**DIVIDENDS AND REBATES**

The following dividends and rebates are being proposed for the financial year:

- Permanent Shares                7%
  
- Redeemable Shares            1.5%
  
- Rebates on loan interest      2.25%

## CONCLUSION

KCCU performed commendably given the extraordinary circumstances of the period under review. Coupled with the lingering effects of the COVID-19 pandemic, the already fragile socio-economic conditions in St. Vincent and the Grenadines were aggravated by the destruction caused by the La Soufriere volcanic eruptions of April 2021. However, KCCU responded to these challenges through moratoria to borrowers, reduced interest rates and special loan packages and products to cater to the needs of the members.

Despite the challenges being faced by a number of our members, such as loss of employment or reduced income, the membership continued to place confidence in the credit union as evidenced by continuous growth in membership, savings and borrowing. KCCU is mindful of this commitment and is resolved to continue monitoring the economic environment so we can capitalize on any opportunities to ultimately deliver value to the members.

Brothers and sisters, I thank you for your continued support and contribution towards the development of this credit union.



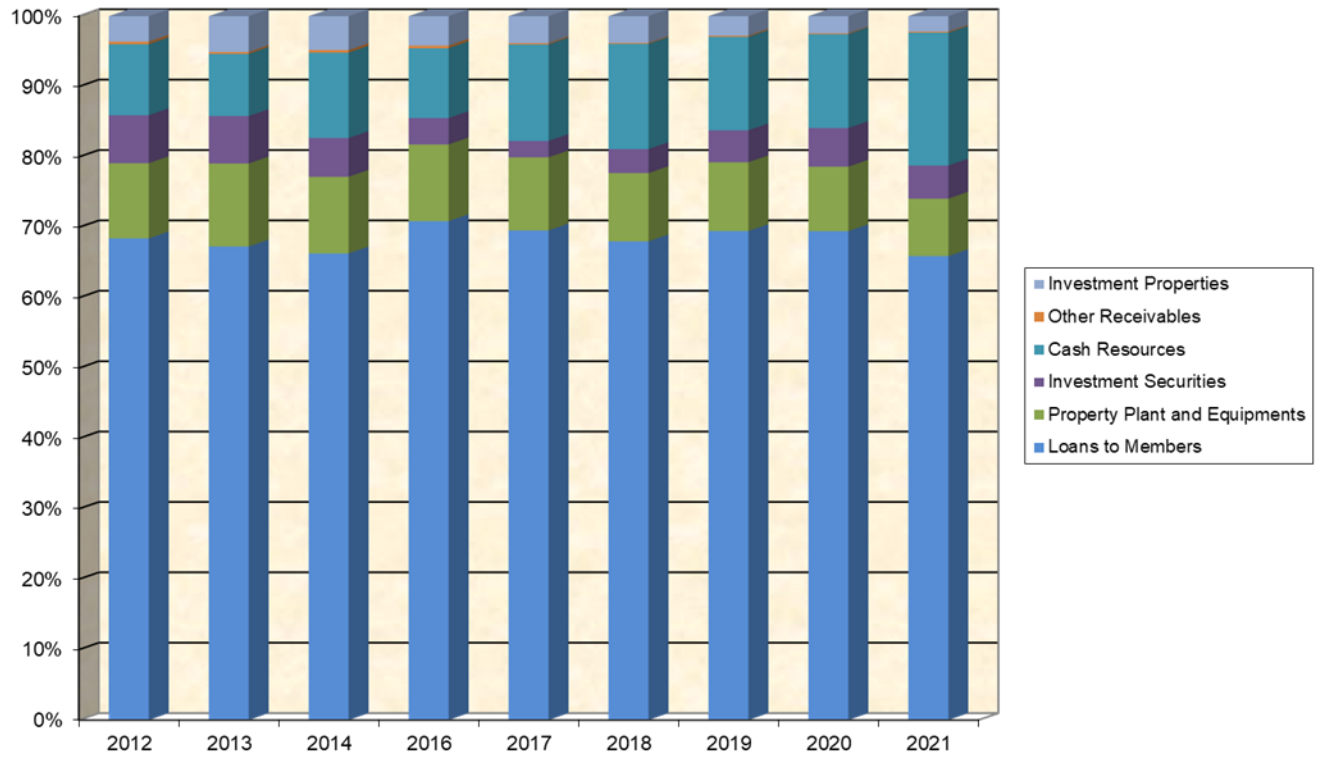
Laurent Hadley

Treasurer

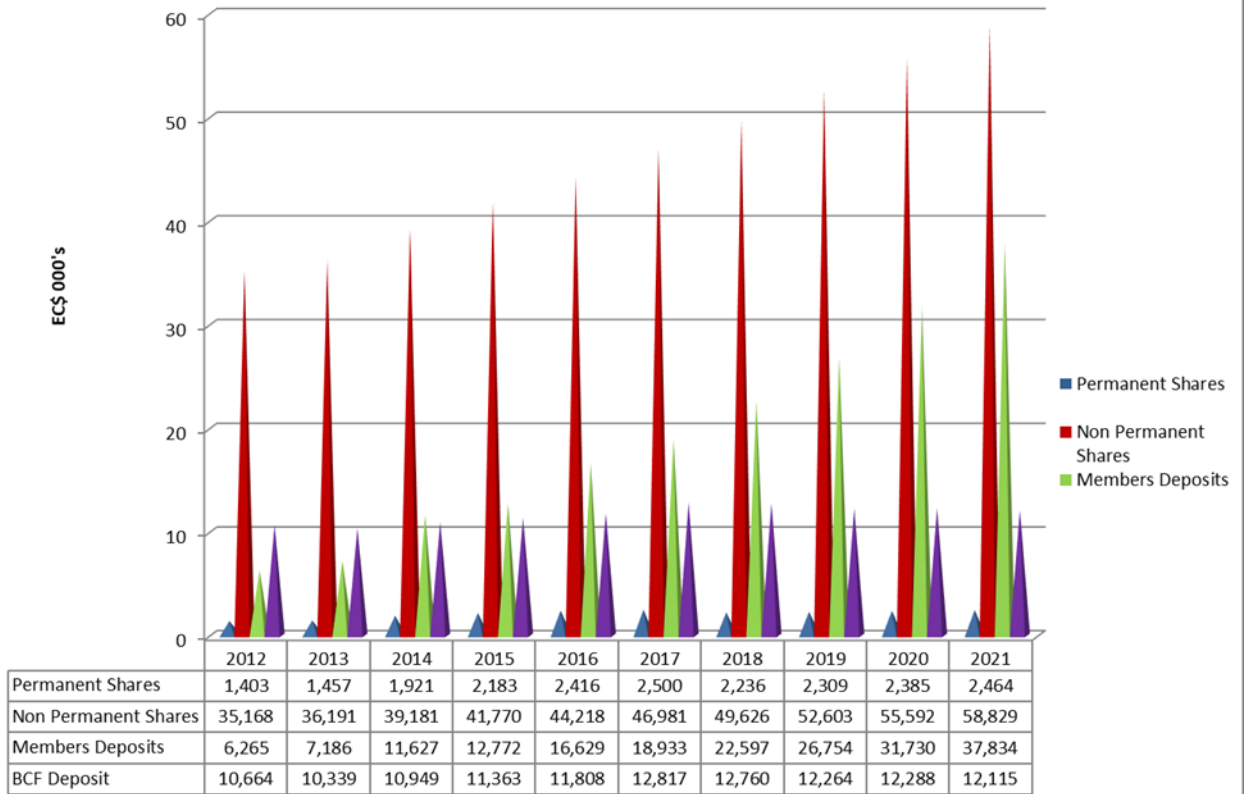
# PEARLS RATIOS

	Financial Ratios	Working 2020	Working 2021	Actual 2020	Actual 2021	Standard
P1	<u>Allowance for loan Losses</u>	3,908,150	3,239,870			
	Delinquency >12mths	3,547,776	3,448,833	110%	94%	100%
E1	<u>Net Loan</u>	80,280,520	86,823,443			
	Total Assets	122,924,815	133,136,639	65%	65%	70-80%
E3	<u>Financial Investment</u>	5,721,868	7,506,321			
	Total Assets	122,924,815	133,136,639	5%	6%	<10%
A1	<u>Total Loan Delinquency</u>	7,185,373	5,010,988			
	Total Loan Portfolio	82,961,686	88,472,500	8.7%	5.7%	<=5%
A2	<u>Non Earning Assets</u>	4,384,054	4,567,178			
	Total Assets	122,924,815	133,136,639	3.6%	3.4%	<=5%
R1	<u>Net Loan Income</u>	5,353,564	5,501,257			
	Average Net Loan Portfolio	78,449,107	83,551,982	6.8%	6.6%	10%
R9	<u>Operating Expense</u>	4,420,027	4,698,849			
	Average Total Assets	117,175,629	128,030,727	3.8%	3.7%	5.0%
L1	<u>Net Liquidity</u>	20,684,321	22,937,004			
	Savings	99,754,900	109,118,200	20.7%	21.0%	>15%
S9	<u>Increase in Loans</u>	2,539,292	5,510,814			
	Total Loan portfolio of Previous Year	80,422,394	82,961,686	3%	7%	Not Specified
S10	<u>Increase in Total Assets</u>	11,498,372	10,211,824			
	Total Assets of Previous year	111,426,443	122,924,815	10%	8%	Not Specified

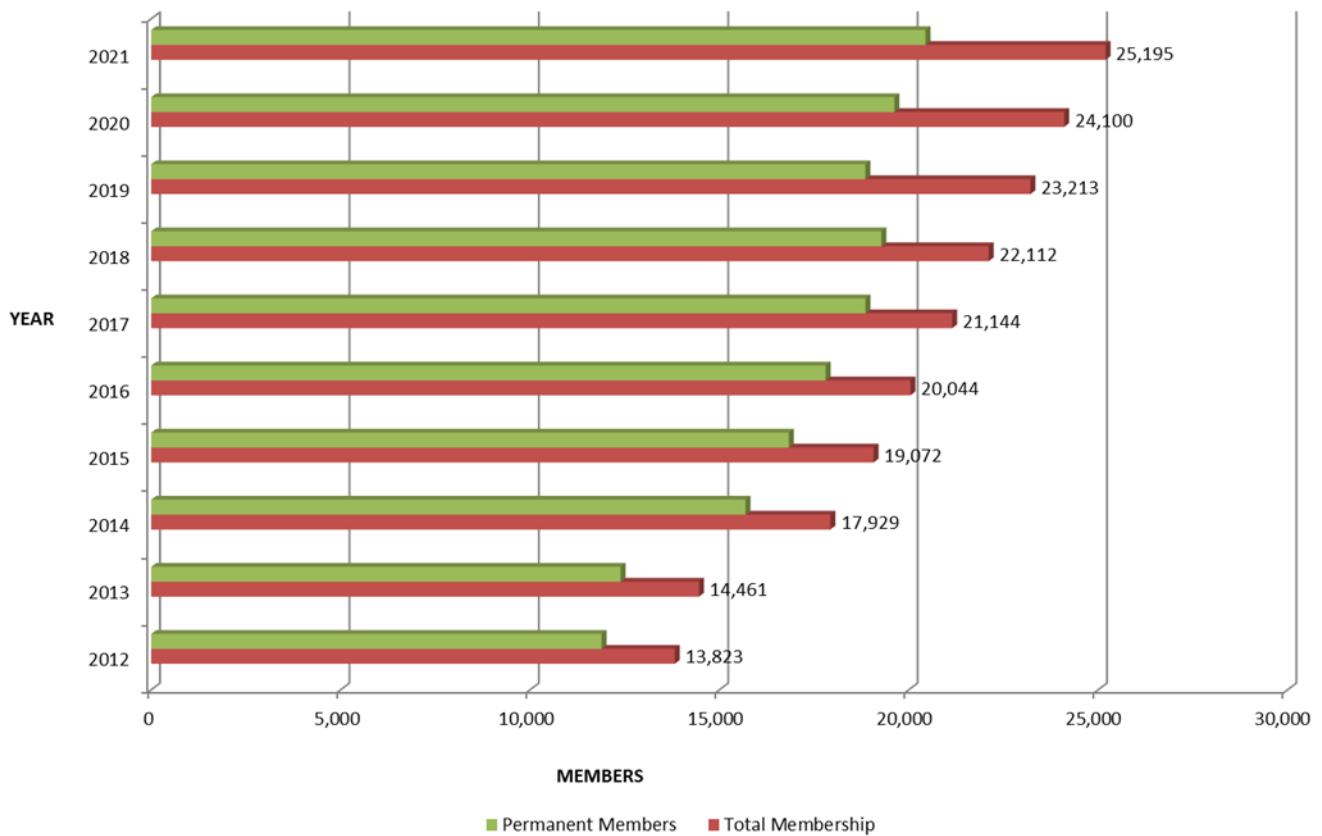
## ASSETS



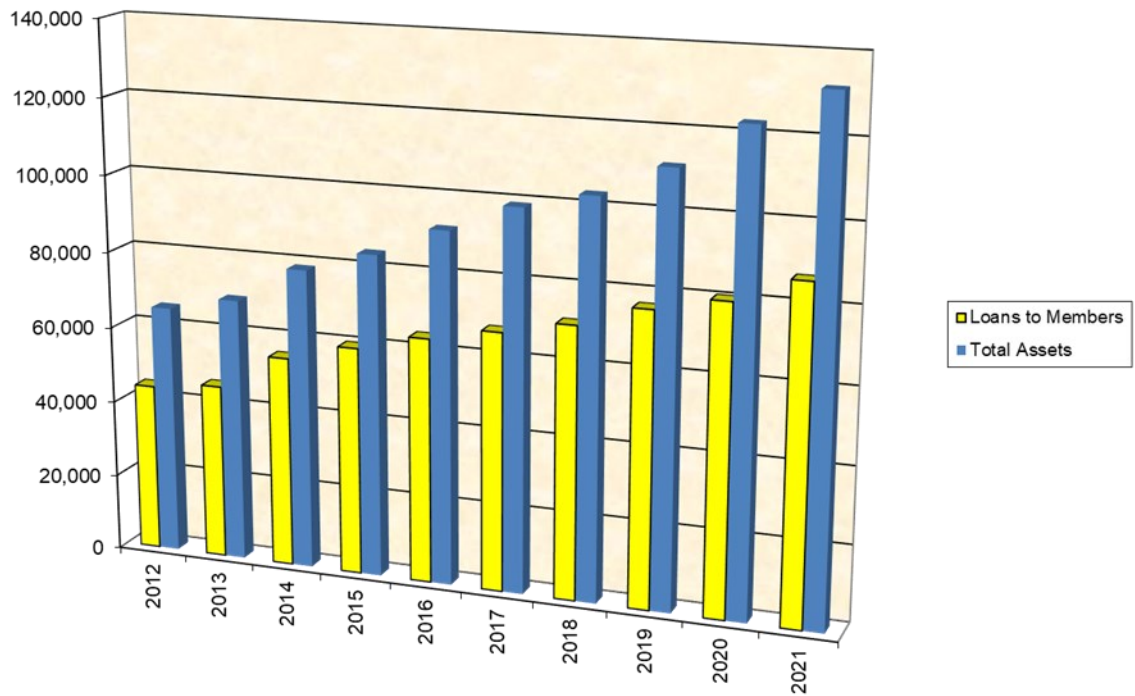
### SHARE CAPITAL AND MEMBERS' DEPOSIT



### MEMBERSHIP GROWTH

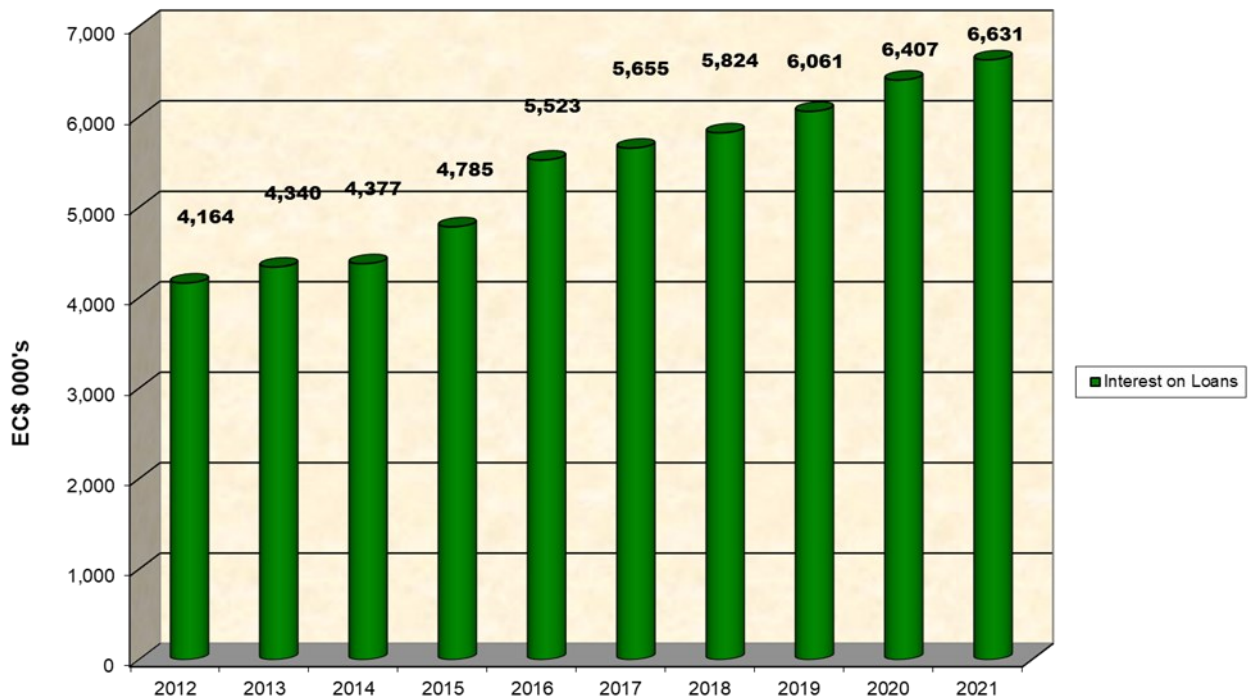


### TOTAL ASSETS AND LOANS



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Loans to Members	43,949	45,775	55,180	59,672	63,970	67,396	70,963	76,618	80,281	86,823
Total Assets	65,332	69,053	78,660	84,174	91,846	99,082	103,275	111,426	122,925	132,025

### INTEREST INCOME ON LOANS



# Kingstown Co-operative Credit Union Limited

Financial Statements  
**Year Ended December 31, 2021**  
(in Eastern Caribbean dollars)



# Contents

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<b>Page 9</b>	Statement of Cash Flows
<b>Pages 11- 49</b>	Notes to the Financial Statements



# Corporate Information

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## **REGISTERED OFFICE**

Granby Street  
Kingstown  
St. Vincent and the Grenadines

## **DIRECTORS**

Mr. Terral Mapp - President  
Mr. Bernard John - Vice President  
Mr. Laurent Hadley - Treasurer  
Mrs. Cynthia Hope-Browne  
Mr. Jerome De Shong  
Ms. Sabita Jacobs

## **SECRETARY**

Mr. Martin Sheen

## **SOLICITORS**

Saunders & Huggins

## **BANK**

Bank of St. Vincent and the Grenadines Ltd.

## **AUDITORS**

Grant Thornton  
Chartered Accountants  
Sergeant-Jack Drive  
Arnos Vale  
St. Vincent

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of  
Kingstown Co-operative Credit Union Limited

**Grant Thornton**  
Sergeant-Jack Drive, Arnos Vale  
P.O. Box 35  
Kingstown, St. Vincent  
West Indies  
T +1 784 456 2300  
F +1 784 456 2184

**Report on the Audit of the Financial Statements**

[www.grantthornton.lc](http://www.grantthornton.lc)

**Opinion**

We have audited the financial statements of **Kingstown Co-operative Credit Union Limited**, which comprise the statement of financial position as at December 31, 2021, and the statement of changes in equity, statement of profit or loss and other comprehensive income, and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Kingstown Co-operative Credit Union Limited** as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters, that in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the audit of the financial statements section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the financial statements. The results of our audit procedures, including the procedures to address the matters below, provide a basis for our audit opinion on the accompanying financial statements.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters	How Our Audit Address the Key Audit Matter
<p><b>Allowance for impaired loans</b></p> <p>The allowance for impaired loans is considered a significant matter as it requires the application of judgement and use of subjective assumptions by management. The identification of impairment and the determination of the recoverable amounts are an inherently uncertain processes involving various assumptions and factors including the financial condition of the counterparty and the timing of amounts of expected future cash flows.</p> <p>The Credit Union records both collective and specific allowances for losses on loans and advances to customers. In accordance with IFRS 9 Financial Instruments: Impairment, impairment allowances are recognized at each reporting date at amounts equal to the <u>12-month expected credit losses</u> or the <u>lifetime expected credit losses</u> if the credit risk on the loan has increased significantly since initial recognition. The recoverable amounts of impairment loans are assessed on an individual basis and is primarily based on the realization of the underlying collateral security. An assessment is made on the market value of the collateral and the time and cost of realization in determining the expected cash flows.</p> <p>Management is continuously assessing the assumptions used in determining the allowance for loan losses process, and estimates are changed to account for current market and economic conditions, including the state of the real estate market.</p> <p>During the current year, management reassessed and amended the loan loss allowance policy based on their forward-looking expectations on foreclosing and realizing the underlying collateral security and based on current economic environment.</p>	<p>We assessed and tested the design and operating effectiveness of controls over:</p> <ul style="list-style-type: none"> <li>➤ Management’s process for making lending decisions inclusive of the approval, disbursement and monitoring of the loan portfolio.</li> <li>➤ Data used to determine the provisions for loan impairment, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations.</li> </ul> <p>In addition, we assessed the adequacy of the provision for loan losses by testing the key assumptions used in the Bank’s specific and collective loan loss allowance calculations, including the identification of impairment, forecast of future cash flows, valuation of underlying collateral and estimates of recovery on default.</p> <ul style="list-style-type: none"> <li>➤ We reviewed the accounting for the allowance for loan impairment policy and assessed the reasonableness of the change in estimates based on the Credit Union’s historical experience of the realization of security, actual collection of cash flows and the current market conditions. We assessed the model and inputs and assumptions for the inherent risk allowances.</li> </ul> <p>In addition, we assessed the adequacy of the disclosures in the financial statements.</p>

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

The Engagement Partner on the audit resulting in this independent auditors' report is Floyd A. Patterson.

A handwritten signature in blue ink that reads 'Grant Thornton'.

June 27, 2022

# Kingstown Co-operative Credit Union Limited

## Statement of Financial Position

For the Year Ended December 31, 2021

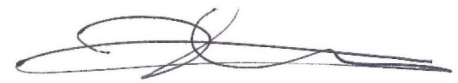
(in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
Cash and cash equivalents	7	24,556,196	22,987,662
Investment securities	8	7,506,321	5,721,868
Loans to members	9	86,823,443	80,280,520
Other assets	10	176,165	190,733
Investment in associates	11	1,111,794	1,111,794
Investment properties	12	2,842,668	2,682,811
Property and equipment	13	10,120,052	9,949,427
<b>Total Assets</b>		<b>133,136,639</b>	<b>122,924,815</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	7	-	961,709
Accounts payable and accrued liabilities	14	1,619,192	1,341,632
Deposits	15	50,289,084	44,162,229
Redeemable member shares	16	58,829,116	55,592,671
<b>Total Liabilities</b>		<b>110,737,392</b>	<b>102,058,241</b>
<b>Shareholders' Equity</b>			
Share capital	16	2,464,484	2,385,489
Statutory reserve fund	17	6,354,347	6,009,232
Development fund	18	5,000	5,000
Revaluation surplus		5,610,510	5,610,510
Retained earnings		7,964,906	6,856,343
		<b>22,399,247</b>	<b>20,866,574</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>133,136,639</b>	<b>122,924,815</b>

APPROVED BY THE BOARD OF DIRECTORS ON JUNE 27, 2022.



Mr. Terral Mapp  
President



Mr. Laurent Hadley  
Treasurer

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

# Kingstown Co-operative Credit Union Limited

## Statement of Changes in Equity For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

Notes	Share Capital \$	Statutory Reserve Fund \$	Development Fund \$	Revaluation Surplus \$	Retained Earnings \$	Total \$
<b>Balance at January 1, 2020</b>	2,308,847	5,355,701	10,000	5,610,510	4,854,198	18,139,256
Profit for the year	0	0	0	0	2,882,533	2,882,533
Appropriation to statutory reserve	0	649,642	0	0	(649,642)	0
Issuance of shares	76,642	0	0	0	0	76,642
Dividends paid on permanent shares	0	0	0	0	(225,746)	(225,746)
Transfer to the National League	0	0	(10,000)	0	0	(10,000)
Appropriation to development fund	0	0	5,000	0	(5,000)	0
Entrance fees	0	3,889	0	0	0	3,889
<b>Balance at December 31, 2020</b>	<b>2,385,489</b>	<b>6,009,232</b>	<b>5,000</b>	<b>5,610,510</b>	<b>6,856,343</b>	<b>20,866,574</b>
Profit for the year	-	-	-	-	1,704,437	1,704,437
Appropriation to statutory reserve	-	340,900	-	-	(340,900)	-
Issuance of shares	78,995	-	-	-	-	78,995
Dividends paid on permanent shares	-	-	-	-	(249,974)	(249,974)
Transfer to the National League	-	-	(5,000)	-	-	(5,000)
Appropriation to development fund	-	-	5,000	-	-	-
Entrance fees	-	4,215	-	-	-	4,215
<b>Balance at December 31, 2021</b>	<b>2,464,484</b>	<b>6,354,347</b>	<b>5,000</b>	<b>5,610,510</b>	<b>7,964,906</b>	<b>22,399,247</b>

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

# Kingstown Co-operative Credit Union Limited

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
<b>Income</b>			
Interest income	19	6,778,572	6,630,879
Investment income	20	819,335	707,949
		<u>7,597,907</u>	<u>7,338,828</u>
Interest expense		(1,339,374)	(1,032,863)
Rebates and interest to members		(1,225,288)	(902,579)
<b>Net Interest Income</b>		<u>5,033,245</u>	<u>5,403,386</u>
Recovery (allowance for) of impairment on financial assets	21	675,632	1,347,390
		<u>5,708,877</u>	<u>6,750,776</u>
Rental income		242,700	244,788
		<u>5,951,577</u>	<u>6,995,564</u>
Selling expenses	22	(325,238)	(244,452)
General and administrative expenses	23	(4,698,849)	(4,420,027)
		<u>927,490</u>	<u>2,331,085</u>
<b>Other Income</b>			
Income on death benefit plan – net	24	276,174	247,505
Commissions and miscellaneous income		340,916	303,943
Increase in fair value of investment properties	12	159,857	-
		<u>776,947</u>	<u>551,448</u>
Share of loss of associates accounted for using the equity method	11	-	-
<b>Profit for the Year</b>		<u>1,704,437</u>	<u>2,882,533</u>
<b>Other Comprehensive Income</b>			
<b>Items that will never be Reclassified Subsequently to Profit or Loss</b>			
Appreciation on revaluation of property and equipment	13	-	-
<b>Other Comprehensive Income for the Year</b>		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the Year</b>		<u>1,704,437</u>	<u>2,882,533</u>

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



# Kingstown Co-operative Credit Union Limited

## Statement of Cash Flows

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
<b>Operating Activities</b>			
Profit before income tax		1,704,437	2,882,533
<b>Adjustments for</b>			
Interest income		(7,594,816)	(7,322,620)
Interest expense		1,339,374	1,032,863
Depreciation	13	382,607	385,390
(Increase) decrease in fair value of investment properties	12	(159,857)	-
Share of loss (profit) of associates	11	-	-
(Recovery of) allowance for impairment on financial assets	21	(675,632)	(1,347,390)
<b>Net Loss before Changes in Operating Assets and Liabilities</b>		<b>(5,003,887)</b>	<b>(4,369,224)</b>
Other assets		14,568	(57,939)
Loans to members, net of recoveries		(5,510,814)	(1,908,096)
Accounts payable and accrued liabilities		277,560	96,794
Deposits		5,930,161	4,999,504
Net redeemable member shares		3,236,445	2,989,234
Interest paid		(1,142,680)	(1,223,070)
Interest received		7,210,811	6,956,471
<b>Net Cash Generated from Operating Activities</b>		<b>5,012,164</b>	<b>7,483,674</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property and equipment	13	(553,232)	(224,533)
Redemption (purchase) of investment securities		(1,760,810)	299,102
<b>Net Cash (Used in) Generated from Investing Activities</b>		<b>(2,314,042)</b>	<b>74,569</b>
<b>Cash Flows from Financing Activities</b>			
Net proceeds from issuance (redemption) of shares	16	78,995	76,642
Dividends paid		(249,974)	(225,746)
Entrance fees received		8,100	3,889
Development fund contributions paid to the National League		(5,000)	(10,000)
<b>Net Cash Used in Financing Activity</b>		<b>(167,879)</b>	<b>(155,215)</b>
<b>Net Movement in Cash Resources</b>		<b>2,530,243</b>	<b>7,403,028</b>
<b>Cash Resources - Beginning of Year</b>		<b>22,025,953</b>	<b>14,622,925</b>
<b>Cash Resources - End of Year</b>	7	<b>24,556,196</b>	<b>22,025,953</b>

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

# Kingstown Co-operative Credit Union Limited

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<b>Note 2</b>	Basis of Preparation
<b>Note 3</b>	Summary of Significant Accounting Policies
<b>Note 4</b>	Financial Risk Management
<b>Note 5</b>	Capital Risk Management
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<b>Note 30</b>	Co-operative Societies Act Compliance Requirements
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# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 1. Incorporation and Principal Activities

The Kingstown Co-operative Credit Union Limited (“the Credit Union”) was registered on April 12, 1958, as a Co-operative Society. The Credit Union’s operations are subject to the provisions of the Co-operative Societies Act 2012 of St. Vincent and the Grenadines and supervision by the Financial Services Authority. The Credit Union’s principal activities are to promote thrift among its members, to receive the savings of and to provide a source of credit to members.

#### 2. Basis of Preparation

##### a. Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

##### b. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Credit Union’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

In the process of applying the Credit Union’s accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognized in the financial statements have been disclosed in **Note 6**.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Credit Union based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Credit Union. Such changes are reflected in the assumptions when they occur.

##### c. New Standards, Interpretations and Amendments Effective During the Year

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after January 1, 2020 and have been applied in preparing these financial statements.

Except for the changes below, the Credit Union has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

##### d. New Standards, Interpretations and Amendments Effective from January 1, 2021

The Credit Union applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021. The Credit Union has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Management anticipates that all the relevant pronouncements will be adopted in the Credit Union’s accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted or listed below are not expected to have a material impact on the Credit Union’s financial statements.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 2. Summary of Significant Accounting Policies .....*Cont'd*

### d. New and Amended Standards and Interpretations Issued but not yet Effective .....*Cont'd*

#### *Amendments to IFRS 16 Covid-19 Related Rent Concessions*

On May 28, 2020, the IASB issued Covid-19 Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. This amendment had no impact on the consolidated financial statements of the Credit Union.

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Credit Union. The Credit Union intends to use the practical expedients in future periods if they become applicable.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Credit Union's financial statements are disclosed below. The Credit Union intends to adopt these standards, if applicable, when they become effective. The new and amended standards and interpretations are not expected to have a significant impact on the Credit Union's consolidated financial statements.

#### *Amendments to IAS 1: Classification of Liabilities as Current or Non-Current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Credit Union does not expect any effect on its consolidated financial statements.

#### *Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 2. Summary of Significant Accounting Policies .....*Cont'd*

##### d. New and Amended Standards and Interpretations Issued but not yet Effective .....*Cont'd*

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

##### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit and loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Credit Union.

##### *Onerous Contracts – Costs of Fulfilling a Contract – amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a ‘directly related cost approach’. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Credit Union will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

##### *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted.

##### *IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 2. Summary of Significant Accounting Policies .....*Cont'd*

### d. New and Amended Standards and Interpretations Issued but not yet Effective .....*Cont'd*

The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Credit Union will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

#### *Definition of Accounting Estimates – Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Credit Union.

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

In February 2021, The IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, with earlier adoption permitted. Since the amendments to the Practice Statement 2 provide for non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Credit Union is currently assessing the impact of the amendments to determine the impact they will have on the Credit Union's accounting policy disclosures.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies

#### a. Cash, Cash Equivalents and Short-term Investment Securities

Cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of ninety (90) days or less at the date of purchase. Investments with maturities between ninety (90) days and one year at the date of purchase are considered to be short-term investment securities. Short-term investment securities consist primarily of investment grade commercial paper, bankers' acceptances, and certificates of deposit.

#### b. Loans to Members

Loans to members are initially recognized at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Subsequently, loans are carried at amortized cost less allowance for impairment.

#### c. Interest Income and Expense

Interest income and expense are recognized in profit or loss for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability when calculated. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument 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.

#### d. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

#### e. Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses except land and building which are stated at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land and buildings are included in other comprehensive income and ultimately credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation of other assets is calculated using a straight-line method as to allocate their cost less their residual values over the estimated useful lives, as follows: -

Furniture and equipment	-	10 – 20%
Building	-	2%

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### e. Property and Equipment .....Cont'd

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income/expenses in profit or loss. Any gains or losses arising on the remeasured value of the Credit Union's property are included in other comprehensive income.

Repairs and maintenance are charged to profit or loss when the expenditure is incurred.

#### f. Investment Properties

Investment properties are accounted for by the fair value model. Accordingly, gains or losses arising from changes in the fair value of investment properties are included in profit or loss.

The Credit Union carries its investment properties at fair value, with changes in fair value being recognized in other comprehensive income (OCI). The Credit Union engaged an independent valuation specialist to assess fair value for investment properties, land and buildings.

#### g. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between the net proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

##### Borrowing Costs

Generally, borrowing costs are recognized as an expense in the period in which they are incurred; except where such costs are directly attributable to the acquisition, production or construction of an asset which takes a substantial period of time to get ready for its intended use.

#### h. Foreign Currency Translation

These financial statements are expressed in Eastern Caribbean dollars, which is the Credit Union's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized through other comprehensive income.

Translation differences on non-monetary items, such as equities held a fair value through profit or loss are recognized through profit or loss and are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income financial assets, are included in the fair value in other comprehensive income and ultimately accounted for under reserves in equity.



# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### i. Financial Instruments

#### (i) *Recognition, Initial Measurement and Derecognition*

##### *Recognition and Initial Measurement*

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Credit Union commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category is presented in profit or loss within the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss as part of investment income when the Credit Union’s right to received payments is established.

##### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the asset have expired;
- the Credit Union retains the right to received contractual cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Credit Union has transferred its rights to receive contractual cash flows from the asset and either (a) has transferred substantially all of the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

When the Credit Union has transferred its rights to receive contractual cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Credit Union’s continuing involvement of the asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

#### (ii) *Measurement Categories of Financial Assets*

Financial assets are categorized and measured based on the Credit Union’s business model for managing their contractual cash flows, as follows: -

- Amortized cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### i. Financial Instruments .....Cont'd

#### (iii) *Deposits with Other Institutions, Treasury Bills, Loans and Advances to Members*

The Credit Union measures deposits with other institutions, treasury bills and loans and advances to members at amortized cost if the following criteria are met:

- the financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### (iv) *Equity Instruments*

Equity instruments under IFRS 9 are always reported at fair value since they fail the SPPI test. Where the Credit Union's management has elected to present fair value gains or losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains or losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as investment income when the Credit Union's right to receive payment is established.

The Credit Union's equity instruments are classified as at FVTPL and therefore changes in the fair value of these financial assets at fair value through profit or loss are recognized in other gain (loss) in the statement of profit or loss as applicable.

#### (v) *Debt Instruments*

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

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

Investments in debt instruments are measured at amortized cost if they meet both of the following conditions and are not designated at FVTPL:

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

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### i. Financial Instruments .....Cont'd

#### (vi) *Business Model Assessment*

The Credit Union makes an assessment of the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes: -

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

#### (vii) *Assessment of whether Contractual Cash Flows are solely Payments of Principal and Interest (SPPI)*

As a second step of the classification process, the Credit Union assesses the contractual terms of financial assets to identify whether they meet the SPPI criteria.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal).

The most significant elements of interest within a lending arrangement are typically the consideration for the value of money and credit risk. To make the SPPI assessment, the Credit Union applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast, the contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL or FVOCI.

#### (viii) *The SPPI Test*

##### *Debt Instruments Measured at Amortized Cost*

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

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

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### i. Financial Instruments .....Cont'd

#### (ix) Debt Instruments Measured at Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in profit or loss. Foreign exchange gains and losses that related to the amortized cost of the debt instrument are recognized in the statement of profit or loss and other comprehensive income.

Premiums, discounts and related transactions costs are amortized over the expected life of the instrument to interest income in profit or loss using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognized in OCI with a corresponding charge to provision for credit losses in profit or loss. The accumulated allowance recognized in OCI is recycled to profit or loss upon derecognition of the debt instrument.

#### (x) Debt Instruments Measured at Fair Value through Profit or Loss (FVTPL)

Debt instruments are measured at FVTPL for assets:

- held for trading purposes;
- held as part of a portfolio managed on a fair value basis; or
- whose cash flows do not represent payments that are SPPI.

These instruments are measured at fair value in the statement of financial position, with transaction costs recognized immediately in profit or loss as part of the non-interest income. Realized and unrealized gains or losses are recognized as part of non-interest income in profit or loss.

#### (xi) Debt Instruments Designated at FVTPL

Financial assets classified in this category are those that have been designated by the Credit Union upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimated of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminate or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognized in non-interest income in profit or loss.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### i. Financial Instruments .....Cont'd

#### (xii) Impairment of Financial Assets

The Credit Union recognizes expected credit losses (ECLs) on the following financial assets that are not measured at FVTPL:

- debt instruments measured at amortized cost and fair value through other comprehensive income;
- lease receivables; and
- loan commitments.

The measurement of expected credit loss involves increased complex judgement that includes:

#### *Determining a Significant Increase in Credit Risk since Initial Recognition*

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12 months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on financial assets as at the date of initial recognition. The Credit Union applies a three-stage approach based on the change in credit quality since initial recognition.

#### *Expected Credit Loss Impairment Model*

The Credit Union's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either:

- over the following twelve months; or
- over the expected life of a financial instrument depending on credit deterioration since origination.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. This impairment model measures credit loss allowances using a three-stage based on the extent of credit deterioration since origination.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### i. Financial Instruments .....Cont'd

#### (xii) Impairment of Financial Assets .....Cont'd

To assess whether there is significant increase in credit risk, the Credit Union compares the risk of default occurring on the asset at the reporting date with the risk of default at initial recognition. It considers available reasonable and supportable forward-looking information. A summary of the assumptions underpinning the assessment of significant increase in credit risk are as follows:

Category	Credit Union Definition of Category	Basis of Recognition of Expected Credit Loss
Stage 1: Performing	Customers who have low risk of default and strong capacity to meet contractual cash flows	12 month expected credit loss. Where the expected lifetime of an asset is less than 12 months, expected losses are measured over its expected lifetime.
Stage 2: Non-Performing	Loans for which there is significant increase in credit risk is evidenced by: <ul style="list-style-type: none"> <li>- absence of up-to-date financial information on file</li> <li>- inadequate credit documentation to support borrowing which may result in losses if not corrected</li> <li>- breach of loan covenant</li> <li>- other potential weakness that deserves management's attention but do not expose the Credit Union to significant risk</li> </ul>	Lifetime expected losses.
Stage 3: Credit Impaired	All or most of the weaknesses on 'non-performing' in stage 2. <ul style="list-style-type: none"> <li>- Full liquidation of collection of debt improbable</li> <li>- Significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due;</li> <li>- The restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;</li> <li>- It is probable that the borrower will enter bankruptcy or other financial reorganization; or</li> <li>- The disappearance of an active market for a security because of financial difficulties.</li> </ul>	Lifetime expected losses.
Write-off	Cases in which the Credit Union determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount subject to write-off.	Asset is written off.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 3. Summary of Significant Accounting Policies .....Cont'd

##### i. Financial Instruments .....Cont'd

##### (xiii) Impairment of Financial Assets .....Cont'd

###### *Measurement of Expected Credit Losses*

Expected credit losses are computed as unbiased, probability weighted amounts determined by evaluating a range of reasonably possible outcomes, incorporating the time value of money, and considering all reasonable and supportable information including that which is forward looking.

ECLs are measured as follows:

- Financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Credit Union in accordance with the contract and the cash flows that the Credit Union expects to receive.
- Financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- For undrawn loan commitments, the Credit Union estimates the expected portion of the loan commitment that will be drawn down over its expected life and calculates the ECL as the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn and the cash flows that the Credit Union expects to receive.
- Financial guarantee contracts as the expected payments to reimburse the holder less any amounts the Credit Union expects to recover.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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

###### *Incorporation of Forward-Looking Information*

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

###### *Assessment of Significant Increase in Credit Risk (SICR)*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that was available.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### i. Financial Instruments .....Cont'd

#### (xiii) Impairment of Financial Assets .....Cont'd

##### *Assessment of Significant Increase in Credit Risk (SICR)....Cont'd*

The assessment of an increase in credit risk includes macroeconomic outlook, management judgement, and delinquency and monitoring. With regards to delinquency and monitoring, there was a rebuttable presumption that the credit risk of the financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days overdue.

Some of the indicators which were incorporated include:

- (i) Internal credit rating
- (ii) External credit rating (as far as available)
- (iii) Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. This includes but is not limited to evidence of one or more of the following:
  - a. Delinquency in contractual payments of principal or interest;
  - b. Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
  - c. Breach of loan covenants or conditions;
  - d. Initiation of bankruptcy proceedings;
  - e. Deterioration of the borrower's competitive position;
- (iv) Actual or expected changes in the operating results of the borrower;
- (v) Significant increase in credit risk on other financial instrument of the same borrower;
- (vi) Significant change in the value of the collateral supporting the obligation;
- (vii) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Credit Union and changes in the operating result of the borrower;
- (viii) Deterioration in the value of the collateral.

Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime determined PD by comparing the remaining lifetime PD at reporting date with the remaining lifetime PD at the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The quantitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Credit Union still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances, there is particular focus on assets that are included on a 'watch list' once there is a concern that the creditworthiness of the specific counterparty has deteriorated; events such as unemployment, bankruptcy or death are also considered.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. Financial assets that are 30 or more days past due and are not credit impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or churn rate approach is applied to compute expected credit losses, significant increase in credit risk is primarily based on 3 days past due on the contractual payment.



# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 3. Summary of Significant Accounting Policies .....Cont'd

### i. Financial Instruments .....Cont'd

#### (xiii) Impairment of Financial Assets .....Cont'd

##### *Improvement in Credit Risk/Curing*

A period may elapse from the point at which financial instruments enter lifetime expected credit losses (Stage 2 and Stage 3) and are reclassified back to 12 months expected credit losses (Stage 1). For financial assets that are credit impaired (Stage 3), a transfer to Stage 2 or Stage 1 is only permitted where the instrument is no longer considered to be credit impaired. An instrument will no longer be considered credit impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within Stage 2, these can only be transferred to Stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to Stage 1 when the original transfer criteria are no longer valid. Where instruments were transferred to Stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to Stage 1.

A forbore loan can only be removed from the category (cured) if the loan is performing (Stage 1 or 2) and a further one-year probation is met.

In order for a forbore loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default upon the forbore contract terms
- The customer is likely to repay its obligations in full without realizing security
- The customer has no accumulated impairment against amounts outstanding

Subsequent to the criteria above being met, probation continues to assess if regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

##### *Expected Life*

When measuring expected credit loss, the Credit Union considers the maximum contractual period over which the Credit Union is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayments, extension and rollover options.

##### *Presentation of Expected Credit Losses in the Statement of Financial Position*

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income; no allowance is recognized in the statement of financial position because the carrying values of these assets is their fair values. However, the allowance determined is presented in accumulated other comprehensive income;
- Off-balance sheet credit risks including undrawn lending commitments, letters of credit and letters of guarantee; as a provision in other liabilities.

##### *Offsetting Financial Instruments*

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

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 3. Summary of Significant Accounting Policies .....*Cont'd*

##### j. Financial Liabilities

Accounts payable and accrued liabilities, interest payable, deposits, dividend and rebates payable, and redeemable member shares are measured at amortized cost.

During the ordinary course of business, the Credit Union issues deposit contracts that expose the Credit Union to financial risk. Deposits are recognized initially at fair value and are subsequently stated at amortized cost using the effective interest method.

##### k. Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

##### l. Share Capital

###### *Share Capital Costs*

The proceeds from the issue of new shares, except shares redeemable at the option of the holder, are accounted for as equity, net of transaction costs. Shares which are redeemable at the option of the holder are accounted for as financial liabilities.

###### *Dividends*

Dividends on shares, other than those redeemable at the option of the holder, are recognized in equity in the period in which they are approved by the directors. Dividend on shares, which are redeemable at the option of the holders, are accounted for as a charge in profit or loss in the period they are approved by the directors.

###### *Revaluation Reserve*

Gains/losses arising on the revaluation of property (other than investment property)

###### *Retained Earnings*

All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

##### m. Leases

###### *Policy Applicable from January 1, 2019*

At inception of a contract, the Credit Union assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Credit Union uses the definition of a lease in IFRS 16.

###### *As a Lessee*

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Credit Union has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 3. Summary of Significant Accounting Policies .....Cont'd

#### m. Leases .....Cont'd

##### *As a Lessee .....Cont'd*

The Credit Union recognizes a right-of-use and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Credit Union by the end of the lease term.

In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Credit Union's incremental borrowing rate. Generally, the Credit Union uses its incremental borrowing rate as the discount rate.

The Credit Union determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Credit Union is reasonably certain to exercise, lease payments in an optional renewal period if the Credit Union is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Credit Union is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Credit Union's estimate of the amount expected to be payable under a residual value guarantee, if the Credit Union's changes in assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Credit Union presents right-of-use assets and lease liabilities separately in the statement of financial position.

##### ***Short-Term Leases and Leases of Low-Value Assets***

The Credit Union has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The Credit Union recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 3. Summary of Significant Accounting Policies .....*Cont'd*

##### m. Leases .....*Cont'd*

###### *Policy Applicable before January 1, 2019*

###### i. Leased Assets

Assets held under leases are classified as operating leases and are not recognized in the Credit Union's statement of financial position.

###### ii. Lease Payments

Payment made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

#### 4. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Credit Union's risk management policies are established to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls and to monitor risks and adherence to limits and controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Credit Union's activities. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Compliance Officer undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Supervisory Committee and the Board of Directors.

The Credit Union's activity of accepting funds risks including members and of investing deposit receipts in loans and other investments exposes the Credit Union to various financial risks. Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

##### 4.1. Credit Risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's cash resources, loans and advances to members and investment securities.

The exposure to credit risk is dependent on the degree of failure of counterparties, including its customers, banks and other debtors, to honour their obligations to the Credit Union. The Credit Union's credit risk is spread primarily over a diversity of private customers, commercial entities, and government's securities.

The Credit Union manages limits and controls concentrations of credit risk whenever they are identified, in particular to individual counterparties and groups, and to industries. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

The Credit Union 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.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

### 4. Financial Risk Management .....*Cont'd*

#### 4.1 Credit Risk .....*Cont'd*

##### *Collateral*

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

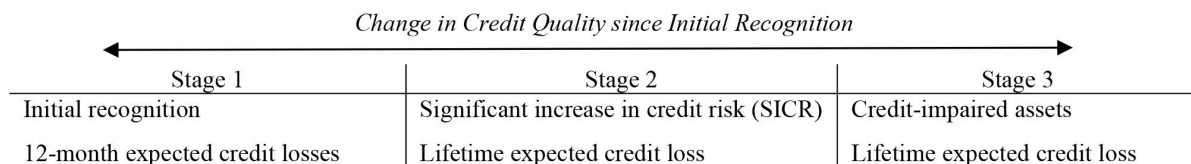
- (i) Mortgages over real properties; and
- (ii) Charges over members' deposits and ordinary savings.

The Credit Union's risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and request additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Credit Union's credit exposure.

In addition, in order to minimize the credit loss, the Credit Union will seek additional credit collateral from the counterparty as soon as impairment indicators are notices for the relevant individual loans and advances.

##### *Impairment and Provisioning Policies*

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes an expected loss model using a three-stage approach. This impairment model measures credit loss allowance using a three-stage approach based on the extent of credit deterioration since initial recognitions as summarized in the diagram below:



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

Financial instruments that are not already credit impaired or originated into Stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in Stage 1 until they are repaid, unless they experience significant credit deterioration (Stage 2) or they become credit impaired (Stage 3).

Instruments will transfer to Stage 2 and a lifetime expected credit loss provision recognized when there was been a significant increase in credit risk compared with what was expected at origination.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 4. Financial Risk Management .....Cont'd

#### 4.1 Credit Risk .....Cont'd

##### *Impairment and Provisioning Policies .....Cont'd*

##### *Collective Impairment on Advances*

Inherent provisions on advances are calculated on an estimate of impairment incurred but not existing in assets as at the reporting date. Estimated impairment incurred is determined by applying against performing loan balances, the average loan default rates and adjusting this balance for current economic factors that affect loan performance. An anticipated recovery rate (determined from historical average) is then applied to determine the value that is recoverable. This calculation is computed by product type.

##### *Financial Investments*

The credit quality of financial institutions holding the Credit Union's investments and cash resources is assessed according to the level of their credit worthiness and by comparison to other financial institutions. The Credit Union places its cash resources with reputable financial institutions.

IFRS 9 provides that cost can be used as a basis for estimating fair value where, there are limitations on supportable information to do otherwise. There is currently insufficient trading information from published sources to measure the fair market value of the corporate term deposits. Any application based on the insufficiency of this data would therefore result in a wide range of possible fair value measurements and cost therefore represent the best estimate of fair value within the relevant range.

The following summarizes the maximum credit risk:

	2021	2020
	\$	\$
Deposits with commercial banks	<b>23,450,611</b>	21,950,550
Investment securities	<b>7,506,321</b>	5,721,868
Loans to members	<b>86,823,443</b>	80,280,520
Other assets	<b>68,580</b>	111,879
	<b><u>117,848,955</u></b>	<u>108,064,817</u>

The exposures set out above are based on net carrying amounts as reported in the statement of financial position and represent a worst-case scenario of credit risk exposure as at December 31, 2021 and 2020, without taking account of any collateral held or other credit enhancements attached.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

## 4. Financial Risk Management .....Cont'd

### 4.1 Credit Risk .....Cont'd

#### Loans and Advances to Members

Loans and advances to members are summarized as follows:

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-Business	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At December 31, 2021</b>							
Gross loans	45,552,735	15,022,983	9,493,790	3,054,538	7,763,395	7,585,059	88,472,500
Less: ECL allowance on gross loans	(909,457)	(1,051,075)	(219,957)	(142,723)	(792,765)	(123,893)	(3,239,870)
	44,643,278	13,971,908	9,273,833	2,911,815	6,970,630	7,461,166	85,232,630
Add: interest receivable	812,222	281,509	60,157	89,164	187,986	159,775	1,590,813
	<b>45,455,500</b>	<b>14,253,417</b>	<b>9,333,990</b>	<b>3,000,979</b>	<b>7,158,816</b>	<b>7,620,941</b>	<b>86,823,443</b>
	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-Business	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At December 31, 2020</b>							
Gross loans	42,260,174	19,452,753	5,764,987	2,776,310	4,571,760	8,135,702	82,961,686
Less: ECL allowance on gross loans	(1,066,580)	(1,617,679)	(316,375)	(143,760)	(75,317)	(688,439)	(3,908,150)
	41,193,594	17,835,074	5,448,612	2,632,550	4,496,443	7,447,263	79,053,536
Add: interest receivable	644,367	330,561	44,651	67,328	29,040	111,037	1,226,984
	<b>41,837,961</b>	<b>18,165,635</b>	<b>5,493,263</b>	<b>2,699,878</b>	<b>4,525,483</b>	<b>7,558,300</b>	<b>80,280,520</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

### 4. Financial Risk Management .....Cont'd

#### 4.1 Credit Risk .....Cont'd

##### Loans and Advances to Members .....Cont'd

The quality of the portfolio of loans and advances can be assessed by reference to the internal rating system adopted by the Credit Union.

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>As at December 31, 2021</b>				
Mortgage	42,873,317	1,244,889	1,434,529	45,552,735
Consumer	14,000,637	33,729	988,617	15,022,983
Vehicle	9,305,603	-	188,187	9,493,790
Education	2,523,279	298,129	233,130	3,054,538
Promotional	6,965,614	91,171	706,610	7,763,395
Micro-business	7,509,372	-	75,687	7,585,059
	<b>83,177,822</b>	<b>1,667,918</b>	<b>3,626,760</b>	<b>88,472,500</b>
Add: interest receivable	813,369	195,514	581,930	1,590,813
	<b>83,991,191</b>	<b>1,863,432</b>	<b>4,208,690</b>	<b>90,063,313</b>
Less: ECL allowance	(805,632)	(57,981)	(2,376,257)	(3,239,870)
	<b>83,185,559</b>	<b>1,805,451</b>	<b>1,832,433</b>	<b>86,823,443</b>

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>As at December 31, 2020</b>				
Mortgage	39,605,010	626,950	2,028,214	49,260,174
Consumer	17,858,970	81,842	1,511,941	19,452,753
Vehicle	5,420,892	12,303	331,792	5,764,987
Education	2,371,076	48,157	357,077	2,776,310
Promotional	4,510,038	2,802	58,920	4,571,760
Micro-business	5,990,576	-	2,145,126	8,135,702
	<b>75,756,562</b>	<b>772,054</b>	<b>6,433,070</b>	<b>82,961,686</b>
Add: interest receivable	541,967	30,375	654,642	1,226,984
	<b>76,289,529</b>	<b>802,429</b>	<b>7,087,712</b>	<b>84,188,670</b>
Less: ECL allowance	(657,304)	(24,545)	(3,226,301)	(3,908,150)
	<b>75,641,225</b>	<b>777,884</b>	<b>3,861,411</b>	<b>80,280,520</b>

#### 4.2 Liquidity Risk

Liquidity risk is the exposure that the Credit Union may encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns.

The contractual maturities of assets and liabilities, and the ability of the Credit Union to meet payment obligations associated with financial liabilities when they fall due and to replace funds when they are withdrawn, are important factors in assessing the liquidity of the Credit Union.

Projections and examination of the Credit Union's asset and liability maturity structure to facilitate the matching of asset and liability maturity dates as far as possible and providing for any shortfall or excess cash situations is a fundamental part of the Credit Union's liquidity risk management.



# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 4. Financial Risk Management .....Cont'd

##### 4.2 Liquidity Risk .....Cont'd

Management undertakes continuous review of cash inflows and outflows and seeks to maintain a loans-to-savings ratio not exceeding 85%. For this purpose of this ratio, savings include deposits from members and shareholder balances.

The table below presents the cash flows payable by the Credit Union for financial liabilities by remaining contractual maturity dates at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1 Year \$	1 and 5 Years \$	After 5 Years \$	Total \$
<b>December 31, 2021</b>				
Accounts payable and accruals	1,619,192	-	-	1,619,192
Deposits	50,289,084	-	-	50,289,084
Redeemable member shares	58,829,116	-	-	58,829,116
	<b>110,737,392</b>	<b>-</b>	<b>-</b>	<b>110,737,392</b>
<b>December 31, 2020</b>				
Accounts payable and accruals	1,341,632	0	0	1,341,632
Bank overdraft	961,709	0	0	961,709
Deposits	44,162,229	0	0	44,162,229
Redeemable member shares	55,592,671	0	0	55,592,671
	<b>102,058,241</b>	<b>0</b>	<b>0</b>	<b>102,058,241</b>

The Credit Union holds a diverse portfolio of cash and investments to support payment obligation. Assets held for managing liquidity comprise cash and balances with banks, certificates of deposit and government bonds that are readily acceptable. The Credit Union would also be able to meet unexpected cash flows by selling investments.

##### 4.3 Interest Rate Risk

Interest rate risk arises when changes in the market rates of interest affect either the cash flows arising from interest or the fair value of the entity's financial instruments. Generally, interest rates on the Credit Union's financial instruments are fixed for the contractual term. As of reporting date, the Credit Union is exposed to interest rate risk to the extent that the market rate of interest impacts on the fair value of its financial instruments and the replacement of maturing financial instruments.

The following summarizes, as of reporting date, the materiality horizon of the Credit Union's interest-bearing financial instruments.

The table below summarizes the Credit Union's exposures to interest rate risks on its financial instruments whose carrying amounts are categorized by the earlier of contractual re-pricing or maturity dates.

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
<b>December 31, 2021</b>					
<b>Financial Assets</b>					
Cash	23,430,611	-	-	1,125,585	24,556,196
Investment securities	808,016	6,240,320	-	457,895	7,506,231
Other assets	-	-	-	68,580	68,580
Loans to members	2,065,151	35,180,785	49,577,507	-	86,823,443
	<b>26,303,778</b>	<b>41,421,105</b>	<b>49,577,507</b>	<b>1,652,060</b>	<b>118,954,450</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 4. Financial Risk Management .....*Cont'd*

##### 4.3 Interest Rate Risk .....*Cont'd*

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	1,619,192	1,619,192
Deposits	43,549,316	6,739,768	-	-	50,289,084
Redeemable member shares	58,829,116	-	-	-	58,829,116
	<b>102,378,432</b>	<b>6,739,768</b>	<b>-</b>	<b>1,619,192</b>	<b>110,737,392</b>
<b>Total Interest Sensitivity Gap</b>	<b>(76,074,654)</b>	<b>34,681,337</b>	<b>49,577,507</b>	<b>32,868</b>	<b>8,217,058</b>

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
<b>December 31, 2020</b>					
<b>Financial Assets</b>					
Cash	21,950,550	-	-	1,037,113	22,987,663
Investment securities	553,030	3,533,900	1,177,043	457,895	5,721,868
Other assets	-	-	-	110,879	110,879
Loans to members	1,974,453	31,666,112	46,639,955	-	80,280,520
	<b>24,478,033</b>	<b>35,200,012</b>	<b>47,816,998</b>	<b>1,606,887</b>	<b>109,100,930</b>
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	1,341,632	1,341,632
Bank overdraft	961,709	-	-	-	961,709
Deposits	38,475,267	5,686,962	-	-	44,162,229
Redeemable member shares	55,592,671	-	-	-	55,592,671
	<b>95,029,647</b>	<b>5,686,962</b>	<b>-</b>	<b>1,341,632</b>	<b>102,058,241</b>
<b>Total Interest Sensitivity Gap</b>	<b>(70,551,614)</b>	<b>29,513,050</b>	<b>47,816,998</b>	<b>265,259</b>	<b>7,043,689</b>

#### Sensitivity Analysis

Cash flow interest rate risk arises from loans and advances to members at variable rates.

#### 4.4 Foreign Currency Risk

Currency risk arises from changes in currency exchange rates and the impact of those changes on the entity's cash flows from trading in foreign currencies and the fair value measurement on its financial instruments. Generally, the Credit Union transacts in its functional currency and its financial instruments, are denominated in its functional currency.

The Credit Union is exposed to currency risk on financial instruments which are denominated in currencies other than its functional currency. As of reporting date, the Credit Union was exposed to currency risk on financial instruments having a fair value of \$210,017 (2020: \$210,017), which are denominated in Barbados currency. Had the Barbados currency either increased or decreased by 5% at reporting date, other comprehensive income would have increased or decreased respectively by \$10,501.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 4. Financial Risk Management .....*Cont'd*

##### 4.5 Fair Value Risk

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used as the best evidence of the fair value of a financial instrument. Where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

Fair value risk is the risk that the fair value of a financial instrument may vary in response to changes in interest rates, equity prices, currency exchange rates or other market factors.

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Unobservable inputs for the asset or liability

The Credit Union's financial assets and financial liabilities are disclosed in the statement of financial position approximate their fair value.

#### 5. Capital Risk Management

The Credit Union's objectives when managing capital are:

- To comply with the statutory capital requirements of the Co-operative Societies Act of St. Vincent and the Grenadines;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders; and
- To maintain a strong capital base to maintain members, creditors and other parties' confidence and to sustain future development of the Credit Union.

The Board of Directors monitors the return on capital, which is defined as surplus for the year divided by total shares, as well as the level of dividends to members.

Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10% of its liabilities. The Credit Union is in compliance as at December 31, 2021 (see **Note 30**).

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

#### 6. Critical Accounting Estimates and Judgements

Judgements and estimates 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.

The Credit Union makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual result. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a. Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- **Note 3 (i)** – classification of financial instruments: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.
- **Notes 3 (i) and 4.1** – measurement of expected credit losses: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward looking information into measurement of ECL and selection and approval of the models used to measure ECL.

##### b. Assumptions and Estimates

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ended December 31, 2020 is included in the following notes:

- Note 3 (e) - Valuation of land and building
- Note 3 (f) - Valuation of investment property
- Note 3 (i) - Impairment of financial assets and measurement of expected credit losses: determining the inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 4.5 - Determination of the fair value of financial instruments.

#### 7. Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	<b>1,105,585</b>	1,037,112
Deposits and special savings	<b>23,450,611</b>	21,950,550
<b>Cash and Cash Equivalents in Statement of Financial Position</b>	<b>24,556,196</b>	22,987,662
Bank overdraft	-	(961,709)
<b>Cash and Cash Equivalents in Statement of Cash Flows</b>	<b>24,556,196</b>	22,025,953

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including: cash on hand, deposits with banks and non-bank financial institutions and overdraft facilities.

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

## 8. Investments Securities

	2021	2020
	\$	\$
<b>Amortized Cost</b>		
Debt securities	7,524,293	5,763,483
Interest receivable	98,118	74,475
	<u>7,622,411</u>	<u>5,837,958</u>
Less: expected credit losses	(573,985)	(573,985)
<b>Total Debt Securities</b>	<u>7,048,426</u>	<u>5,263,973</u>
<b>Fair Value through Profit or Loss</b>		
Equities	457,895	457,895
	<u>7,506,321</u>	<u>5,721,868</u>

The movements in the expected credit loss are as follows: -

	2021	2020
	\$	\$
<b>At December 31</b>		
Balance beginning of year	573,985	573,985
	<u>573,985</u>	<u>573,985</u>
Charge for the year	-	-
	<u>573,985</u>	<u>573,985</u>

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

## 9. Loans to Members

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-Business	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At December 31, 2021</b>							
Gross loans	45,552,735	15,022,983	9,493,790	3,054,538	7,763,395	7,585,059	88,472,500
Less: expected credit losses	(909,457)	(1,051,075)	(219,957)	(142,723)	(792,765)	(123,893)	(3,239,870)
	44,643,278	13,971,908	9,273,833	2,911,815	6,970,630	7,460,166	85,232,630
Add: interest receivable	812,222	281,509	60,157	89,164	187,986	159,775	1,590,813
	<b>45,455,500</b>	<b>14,253,417</b>	<b>9,333,990</b>	<b>3,000,979</b>	<b>7,158,616</b>	<b>7,620,941</b>	<b>86,823,443</b>

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-Business	Total
	\$	\$	\$	\$	\$	\$	\$
<b>At December 31, 2020</b>							
Gross loans	42,260,174	19,452,753	5,764,987	2,776,310	4,571,760	8,135,702	82,961,686
Less: expected credit losses	(1,066,580)	(1,617,679)	(316,375)	(143,760)	(75,317)	(688,439)	(3,908,150)
	41,193,594	17,835,074	5,448,612	2,632,550	4,496,443	7,447,263	79,053,536
Add: interest receivable	644,367	330,561	44,651	67,328	29,040	111,037	1,226,984
	<b>41,837,961</b>	<b>18,165,635</b>	<b>5,493,263</b>	<b>2,699,878</b>	<b>4,525,483</b>	<b>7,558,300</b>	<b>80,280,520</b>

The average yield on loans for the year was 8.0% (2020: 8.0%).

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

## 9. Loans to Members ..... *Cont'd*

The Credit Union's loan portfolio was categorized in the following credit groupings at year end:

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>As at December 31, 2021</b>				
Mortgage	42,873,317	1,244,889	1,434,529	45,552,735
Consumer	14,000,637	33,729	988,617	15,022,983
Vehicle	9,305,603	-	188,187	9,493,790
Education	2,523,279	298,129	233,130	3,054,538
Promotional	6,965,614	91,171	706,610	7,763,95
Micro-business	7,509,372	-	75,687	7,585,059
	<b>83,177,822</b>	<b>1,667,918</b>	<b>3,626,760</b>	<b>88,472,500</b>
Add: interest receivable	813,369	195,514	581,930	1,590,813
	<b>83,991,191</b>	<b>1,863,432</b>	<b>4,208,690</b>	<b>90,063,313</b>
Less: expected credit losses	(805,632)	(57,981)	(2,376,257)	(3,239,870)
	<b>83,185,559</b>	<b>1,805,451</b>	<b>1,832,433</b>	<b>86,823,443</b>
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>As at December 31, 2020</b>				
Mortgage	39,605,010	626,950	2,028,214	49,260,174
Consumer	17,858,970	81,842	1,511,941	19,452,753
Vehicle	5,420,892	12,303	331,792	5,764,987
Education	2,371,076	48,157	357,077	2,776,310
Promotional	4,510,038	2,802	58,920	4,751,760
Micro-business	5,990,576	-	2,145,126	8,135,702
	75,756,562	772,054	6,433,070	82,961,686
Add: interest receivable	541,967	30,375	654,642	1,226,984
	76,289,529	802,429	7,087,712	84,188,670
Less: expected credit losses	(657,304)	(24,545)	(3,226,301)	(3,908,150)
	75,641,225	777,884	3,861,411	80,280,520

# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

9. Loans to Members ..... *Cont'd*

**At December 31, 2021**

Balance – beginning of year  
 Charge for the year  
 Balance – end of year

	Mortgage \$	Consumer \$	Vehicle \$	Education \$	Promotional \$	Micro- Business \$	Total \$
Balance – beginning of year	1,066,580	1,617,679	316,375	143,760	75,317	688,439	3,908,150
Charge for the year	(157,123)	(566,604)	(96,418)	(1,037)	717,448	(564,546)	(668,280)
Balance – end of year	909,457	1,051,075	219,957	142,723	792,765	123,893	3,239,870

At December 31, 2020

Balance – beginning of year  
 Charge for the year  
 Balance – end of year

	Mortgage \$	Consumer \$	Vehicle \$	Education \$	Promotional \$	Micro- Business \$	Total \$
Balance – beginning of year	1,296,915	1,773,662	301,541	73,787	214,614	963,825	4,624,344
Charge for the year	(230,335)	(155,983)	14,834	69,973	(139,297)	(275,386)	(716,194)
Balance – end of year	1,066,580	1,617,679	316,375	143,760	75,317	688,439	3,908,150



# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 10. Other Assets

	2021	2020
	\$	\$
Interest receivable	33,982	78,098
Prepaid expenses	72,369	78,852
Other receivables	69,814	33,783
	<b>176,165</b>	<b>190,733</b>

#### 11. Investment in Associates

	2021	2020
	\$	\$
Investments at the beginning of the year	1,111,794	1,111,794
Additional investment in St. Vincent and the Grenadines Credit Union League Limited	-	-
Share of (loss) profit for the year	-	-
	<b>1,111,794</b>	<b>1,111,794</b>

The investment in associates comprise the Credit Union's proportional share of its holdings in the St. Vincent and the Grenadines Credit Union League Limited and SVG Micro-Finance Co-operative Limited.

During 2017, SVG Small Business and Micro-Finance Co-operative Limited (COMFI) was placed in voluntary liquidation. The liquidator is in the process of determining the residual value of the stakeholders' interest in SVG Small Business and Micro-Finance Co-operative Limited. Consequently, the Credit Union has fully provided for impairment losses anticipated on the investment.

The Credit Union's investment in St. Vincent and the Grenadines League is accounted for by the equity method.

#### 12. Investment Properties

	Land at Canouan \$	Land and Building at Kingstown Park \$	Land at Bequia \$	Land at Brighton \$	Total \$
December 31, 2019	188,926	435,050	78,148	1,980,687	2,682,811
Change in fair value	-	-	-	-	-
December 31, 2020	188,926	435,050	78,148	1,980,687	2,682,811
Change in fair value	-	62,150	5,582	92,125	159,857
<b>December 31, 2021</b>	<b>188,926</b>	<b>497,200</b>	<b>83,730</b>	<b>2,072,812</b>	<b>2,842,668</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 13. Property and Equipment

	Land \$	Building \$	Furniture & Equipment \$	Total \$
<b>At December 31, 2019</b>				
Cost or valuation	2,831,910	6,996,861	3,223,398	13,052,169
Accumulated depreciation	-	(673,253)	(2,268,632)	(2,941,885)
Net book amount	2,831,910	6,323,608	954,766	10,110,284
<b>Year Ended December 31, 2020</b>				
Opening net book amount	2,831,910	6,323,608	954,766	10,110,284
Additions	-	-	224,533	224,533
Depreciation charge	-	(139,995)	(245,395)	(385,390)
Closing net book amount	2,831,910	6,183,613	933,904	9,949,427
<b>At December 31, 2020</b>				
Cost or valuation	2,831,910	6,996,861	3,447,931	13,276,702
Accumulated depreciation	0	(813,248)	(2,514,027)	(3,327,275)
Net book amount	2,831,910	6,183,613	933,904	9,949,427
<b>Year Ended December 31, 2021</b>				
Opening net book amount	<b>2,831,910</b>	<b>6,183,613</b>	<b>933,904</b>	<b>9,949,427</b>
Additions	-	<b>426,568</b>	<b>126,664</b>	<b>553,232</b>
Depreciation charge	-	<b>(139,612)</b>	<b>(242,995)</b>	<b>(382,607)</b>
Closing net book amount	<b>2,831,910</b>	<b>6,470,569</b>	<b>817,573</b>	<b>10,120,052</b>
<b>At December 31, 2021</b>				
Cost or valuation	<b>2,831,910</b>	<b>7,423,429</b>	<b>3,574,595</b>	<b>13,829,934</b>
Accumulated depreciation	-	<b>(952,860)</b>	<b>(2,757,022)</b>	<b>(3,709,882)</b>
Net book amount	<b>2,831,910</b>	<b>6,470,569</b>	<b>817,573</b>	<b>10,120,052</b>

On May 27, 2019, the Credit Union's land and building were valued, on a market basis, by Christopher Browne, independent Chartered Valuation Surveyor. The combined appraisal value was \$9,240,000.

Depreciation expenses of \$382,607 (2020: \$385,390) was charged to general and administrative expenses.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 14. Accounts Payable and Accrued Liabilities

	2021	2020
	\$	\$
Accounts payable	522,554	384,101
Payroll obligations	907,095	834,272
Other accruals	189,543	123,259
	<b>1,619,192</b>	<b>1,341,632</b>

#### 15. Deposits

	2021	2020
	\$	\$
Members' demand deposits	37,796,155	31,692,972
Building capitalization fund shares	12,152,811	12,325,833
	<b>49,948,966</b>	<b>44,018,805</b>
Interest payable	340,118	143,424
	<b>50,289,084</b>	<b>44,162,229</b>

The building capitalization fund shares have varying maturity dates.

The effective interest rate at the reporting date were as follows:

	2021	2020
	%	%
Members' demand deposits	2.80	2.12
Building capitalization fund shares	3.03	3.08

All deposits are denominated in Eastern Caribbean currency.

#### 16. Share Capital

	2021	2020
	Share Numbers	Share Numbers
	\$	\$
Redeemable \$5 par value member shares	11,118,534	10,520,687
Non-redeemable fully paid \$5 par value member shares	477,098	461,769

	2021	2020
	\$	\$
<b>Paid-up Capital</b>		
<b>Reported as Financial Liabilities</b>		
Redeemable \$5 par value member shares	58,829,116	55,592,671
<b>Reported as Equity</b>		
Permanent fully paid \$5 par value member shares	2,383,329	2,301,184
Subscription for permanent \$5 par value member shares	81,155	84,305
	<b>2,464,484</b>	<b>2,385,489</b>
	<b>61,293,600</b>	<b>57,978,160</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 16. Stated Capital .....*Cont'd*

Each member, notwithstanding the number of shares held, is entitled to one vote. Further, each member is required to hold a minimum of 20 permanent \$5 par value shares.

The Credit Union shall not pay a dividend if its institutional capital is less than 10% of its assets. Institutional capital is currently 16.82% (2020: 16.98%).

#### Redemption of Shares

In relation to the Marriaqua acquisition in 2014, the Credit Union repurchased shares from the General Employees Co-operative Credit Union in 2018 and from the St. Vincent and the Grenadines Teachers' Co-operative Credit Union Ltd. in 2019. This was completed under an agreement which allowed the Credit Unions to redeem shares at any time.

### 17. Statutory Reserve

Pursuant to Article 16.1 of the Credit Union's By-Laws entrance fees and fines collected from members, and at least 20% of net profits shall be credited to a Reserve Fund which is to meet bad debts and other extra-ordinary losses. The Reserve Fund shall be maintained in a liquid form to the satisfaction of the Registrar. During the year, the Board approved an appropriation of \$340,900 (2020: \$649,642) to the statutory reserve fund.

### 18. Development Fund

In accordance with Section 125 of the Co-operative Societies Act 2012, the Credit Union shall appropriate such sums, not exceeding ten percent of net profit, to a Fund, which shall be administered by the National Leagues, for the development of registered societies. During the year, the Board approved an appropriation of \$5,000 (2020: \$5,000) to the development fund, and \$5,000 was transferred to the National League.

### 19. Interest on Loans

	2021	2020
	\$	\$
Mortgage loans	3,181,654	3,209,891
Consumer loans	2,610,435	2,553,178
Vehicle loans	801,850	703,080
Education loans	184,633	164,730
	<b>6,778,572</b>	<b>6,630,879</b>

### 20. Investment Income

Investment income comprises:

	2021	2020
	\$	\$
Interest earned on bank deposits and fixed deposits	479,714	372,410
Interest earned on securities at amortized cost	336,530	319,331
Dividends	3,091	16,208
	<b>819,335</b>	<b>707,949</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 21. Impairment Allowance (Recovery)

	2021	2020
	\$	\$
Increase (reduction) in impairment allowance on loans (Note 9)	(668,280)	(716,194)
Recoveries on loans previously written off	(7,352)	(631,196)
Write-offs	-	-
Impairment charge – investments (Note 8)	-	-
	<b>(675,632)</b>	<b>(1,347,390)</b>

#### 22. Selling Expenses

	2021	2020
	\$	\$
Donations	86,628	33,439
Publicity, promotions and sponsorship	176,060	154,263
Scholarship funds	62,550	56,750
	<b>325,238</b>	<b>244,452</b>

#### 23. General and Administrative Expenses

The following summarises the Credit Union's administrative expenses by their nature.

	2021	2020
	\$	\$
Annual general meeting expenses	44,375	45,408
Annual licence fees	207,881	64,093
ATM fees	31,740	14,851
Audit fees	75,400	82,250
Bank charges	59,052	54,355
Board and committee meetings	156,315	171,936
Communication expenses	185,659	181,621
Conventions and summits	-	53,032
Depreciation expense (Note 13)	382,607	385,390
Electricity	41,939	46,790
General insurance	58,811	56,595
Insurance on loans and shares	564,734	512,739
League dues	90,398	70,590
Other operating expenses	12,685	13,775
Professional fees	43,719	55,812
Rental expense	90,114	89,108
Repairs and maintenance – buildings	87,753	95,905
Repairs and maintenance – equipment	136,449	121,679
Security	200,229	164,542
Staff costs (Note 25)	1,974,171	1,909,214
Stationery and office supplies	211,008	191,923
Travel	29,410	25,001
Water	14,400	13,418
	<b>4,698,849</b>	<b>4,420,027</b>

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

### 24. Income on Death Benefit Plan - Net

	2021	2020
	\$	\$
Death benefit contributions	587,924	557,675
Death benefit claims paid	(311,750)	(310,170)
	<u>276,174</u>	<u>247,505</u>

### 25. Staff Costs

	2021	2020
	\$	\$
Bonus	63,972	6,610
Staff medical insurance	38,347	34,993
National Insurance contributions	72,336	75,296
Salaries and wages	1,666,683	1,630,473
Severance payment	918	-
Staff training and education	33,027	3,832
Staff uniforms	26,064	47,012
Retirement benefit	6,964	68,050
Vacation	65,860	42,948
	<u>1,974,171</u>	<u>1,909,214</u>

### 26. Related Party Transactions

#### a. Definition of Related Party

A related party is a person or entity that is related to the Credit Union.

1. A person or a close member of that person's family is related to the Credit Union if that person:
  - (i) has control or joint control of the Credit Union;
  - (ii) has significant influence over the Credit Union; or
  - (iii) is a member of the key management personnel of the Credit Union.
2. An entity is related to the Credit Union if any of the following conditions applies:
  - (i) The entity and the Credit Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associated or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third party and the other entity is an associate of the third party.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Credit Unions or an entity related to the Credit Union.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Credit Union.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

### For the Year Ended December 31, 2021

(in Eastern Caribbean dollars)

#### 26. Related Party Transactions .....Cont'd

##### a. Definition of Related Party

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouses or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

##### b. Identity of Related Parties

The Credit Union has a related party relationship with its Directors, Committee Members and Management Staff.

##### c. Related Party Transactions and Balances

A number of transactions have been entered into with related parties in the normal course of business.

##### i. Key Management Compensation

	Transaction Values for the Year Ended December 31	
	2021	2020
	\$	\$
Salaries and wages	646,497	621,764
National Insurance contributions	22,878	22,848
	<b>669,375</b>	<b>644,612</b>

##### ii. Loans and Deposits

##### a. Loans

	Balance Outstanding as at December 31	
	2021	2020
	\$	\$
Directors and Committee Members	403,933	1,084,074
Management staff	1,402,449	779,934
	<b>1,806,382</b>	<b>1,864,008</b>

##### b. Deposits

	Balance Outstanding as at December 31	
	2021	2020
	\$	\$
Directors and Committee Members	559,205	366,085
Management staff	902,802	532,070
	<b>1,462,007</b>	<b>898,155</b>

No specific allowances have been made for impairment losses on loans with related parties at the reporting date.

# Kingstown Co-operative Credit Union Limited

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

**27. Income Tax**

Section 25 (1) (n) of the Income Tax Act exempts Co-operative Societies from income tax.

**28. Commitments**

Undrawn loan commitments at year end amounted to \$4,307,370 (2020: \$6,445,962).

**29. Subsequent Events**

**a. COVID-19**

*Overall Risk to Operations*

Since December 31, 2019, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Government and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. KCCU has granted moratoriums to members who were directly impacted by job losses. This was done on a case-by-case basis and will continue to be monitored. Operationally, we have taken the health of our staff seriously and have implemented various precautions in alignment with health protocols issued by government and professional institutes. This along with other tailored approaches adopted by management demonstrated a notable effort to reduce the spread of Covid-19. KCCU has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020, have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.

This disclosure assumes there is no significant doubt about the entity's ability to continue as a going concern.

**b. Dividends**

On June 27, 2022, the directors declared dividends of 7% and 1.5% on permanent and redeemable shares, as of June 27, 2022, respectively, and approved a rebate of 2.5% on loans of records as of June 27, 2022.

**30. Co-operative Societies Compliance Requirements**

	2021	2020
	\$	\$
Fixed deposits	<b>257,149</b>	254,624
Cash	<b>24,556,196</b>	22,025,953
	<b>24,813,345</b>	22,280,577
Members deposits and ordinary shares	<b>109,118,200</b>	99,754,900
Liquid investments to shares and deposits ration	<b>23%</b>	22%

Section 119 (3) of The Co-operative Societies Act requires that not less than 15% of the Members' shares and deposits be kept in liquid reserve. Liquid reserves of the Credit Union represented 23% (2020: 22%) of members' shares and deposits.



# Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2021

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(in Eastern Caribbean dollars)

**30. Co-operative Societies Compliance Requirements .....Cont'd**

	2021	2020
	\$	\$
Statutory and other reserves	<u>11,969,857</u>	<u>11,624,742</u>
Total liabilities	<u>110,737,392</u>	<u>102,058,241</u>
Reserves to liabilities ratio	11%	11%

Section 124 (3) of The Co-operative Societies Act provides that statutory and other reserves shall not be less than 10% of its total liabilities. Statutory and other reserves of the Credit Union represented 11% (2020: 11%) of its total liabilities.

**31. Comparative Figures**

Certain of the comparative amounts have been reclassified to conform with the current year's presentation.

# **CREDIT COMMITTEE REPORT TO THE 60TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

## **INTRODUCTION**

On this occasion of the 60<sup>th</sup> Annual General Meeting of the Kingstown Co-operative Credit Union Limited, the Credit Committee takes this opportunity to present its report to the members of this noble institution, having served for the year 2021.

The 2021 period witnessed the following members serving:

- Bro. Timothy Scott - Present Chairman
- Sis. Licia Nero - Secretary
- Sis. Elthia George - Committee Member
- Sis. Ingrid Susan Clarke - Committee Member
- Sis. Juanika Joseph - Committee Member

At the 59<sup>th</sup> Annual General Meeting held virtually on 18<sup>th</sup> October 2021; Sis Elthia George was elected as a member.

## **CREDIT COMMITTEE ATTENDANCE REPORT 2021**

Volunteers/Members	Position	Attendance
Bro. Timothy Scott	Chairman	46
Sis. Licia Nero	Secretary	46
Sis Ingrid Susan Clarke	Member	46
Sis Elthia George	Member	10
Sis Juanika Joseph	Member	46

## **FUNCTIONS AND OPERATIONS OF THE CREDIT COMMITTEE**

Credit is the engine of growth for the organization and the Credit Committee plays a pivotal role in the execution of this function. As in previous years, meetings of the Committee were held, mainly on Tuesdays, to conduct review of loan applications made by members, in accordance with the Co-operatives Society Act 2012 and the KCCU Bye-laws.

The Committee also conducted periodic checks on loans granted by internal management to ensure that the loans were in compliance with the lending regulations and the Credit Union’s loan policy, as approved by the Board. Additionally, periodic house construction site visits were conducted in an effort to investigate if the work done was in sync with funds dispersed and expended.

The Chairperson, on a monthly basis, presented progress reports to the Board of Directors. These reports summarized weekly activities the Credit Committee undertook for the period under review; it included a breakdown of the number of loans approved/ disapproved and the purpose and collateral of each loan presented.

**OVERVIEW**

KCCU continues to survey the financial market with a view to design products that best suit its members’ pockets and needs. It is for this and other reasons that KCCU maintains its offering of loans such as the Diamond Deal, the KCCU Protect and the Save Ya (debt consolidation) product, in an attempt to help provide members, who are desirous of such a product, with some financial relief.

KCCU Credit Committee remains dedicated to providing financial counseling to members and encourages members, who have not sought such counselling, to make use of this free service.

KCCU continues to focus on developing new and innovative loan products. The organization hopes that these products would actually meet the needs of its members while it continues the prudent management of its delinquency level.

**LOAN ANALYSIS**

**Table 1: Loan Activities 2020 & 2021**

YEAR	NO. REVIEWED	NO. APPROVED	NO. DISBURSED		VALUE REVIEWED	VALUE APPROVED	VALUE DISBURSED
2020	2,658	2,614	6,329		21,765,445	18,029,532	19,389,617
2021	2,850	2,820	2,610		22,384,805	15,803,172	25,298,510
% CHANGE	7.22	7.88	-58.76		2.85	-12.35	30.47

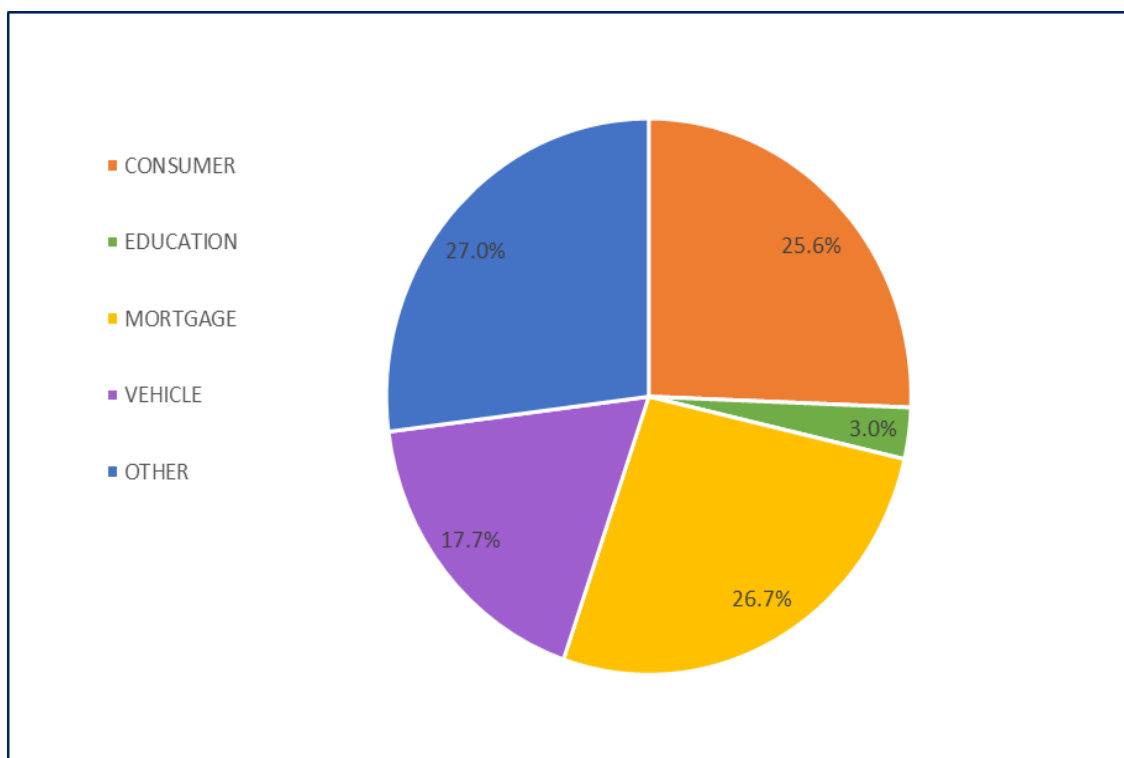
During the period under review, there was an improvement in the loan activity. The number of loans reviewed increased by 7.2%, while the number approved grew by 7.9%. In terms of the value of loans reviewed, there was an increase of 2.9%, however, the value of loans approved declined by 12.4%; a reduction of approximately\$2.2M.

## LOAN DISBURSEMENTS

**Table 2: Loans Disbursed by Type**

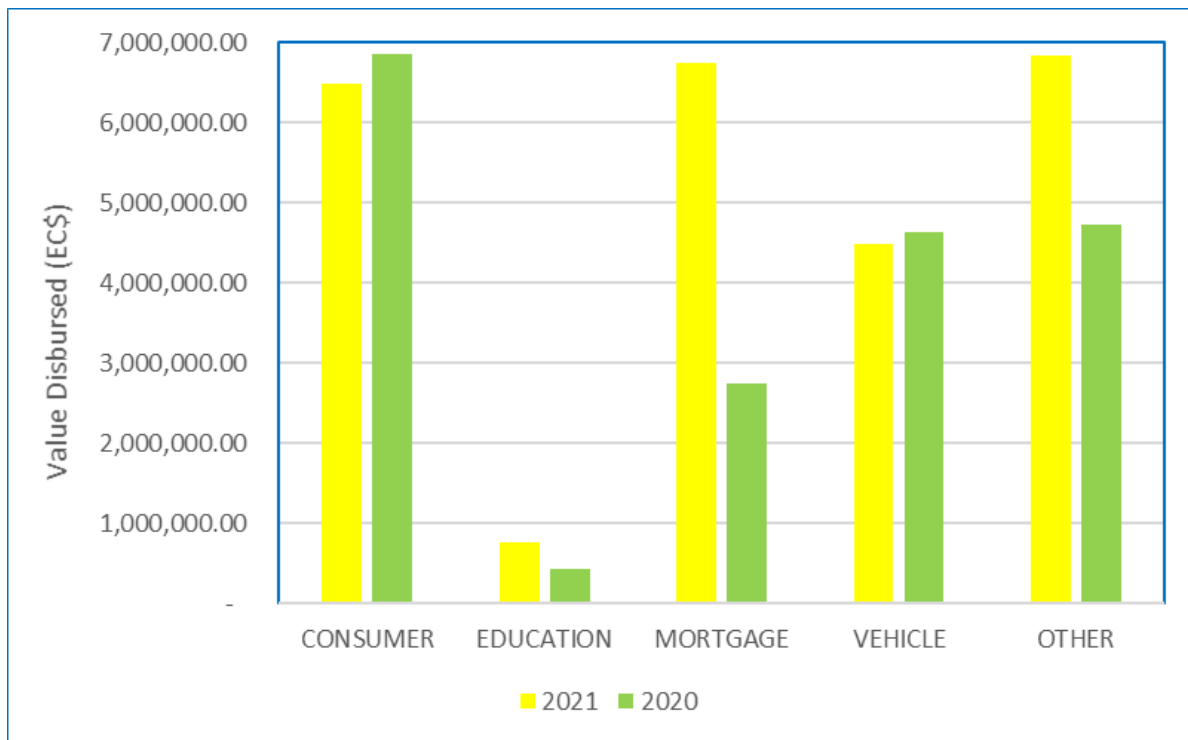
TOTAL DISBURSEMENT							
LOAN TYPES	2021			2020			% CHANGE VALUE
	NO.OF LOANS DISBURSED	AMOUNT (\$)	% of TOTAL LOAN VALUE	NO.OF LOANS DISBURSED	AMOUNT (\$)	% of TOTAL LOAN VALUE	
AGRICULTURE	-	-	0.00	1	7,035.00	0.04	-100.00
BUSINESS	16	574,456.50	2.27	37	370,612.75	1.91	55.00
CONSUMER	1,503	6,483,121.26	25.63	3,844	6,852,774.19	35.34	-5.39
DEBT CONSOLIDATION	16	108,697.10	0.43	59	132,059.41	0.68	-17.69
DIAMOND DEAL	134	3,698,958.18	14.62	522	3,538,997.37	18.25	4.52
EDUCATION	43	176,244.30	0.70	91	121,264.51	0.63	45.34
HOUSING	142	810,556.00	3.20	284	784,795.48	4.05	3.28
KCCU EDUCATE	48	532,447.78	2.10	61	215,954.00	1.11	146.56
KCCU EDUTECH	12	47,000.00	0.19	43	91,696.98	0.47	-48.74
KCCU LEGGO	-	-	0.00	44	85,400.00	0.44	-100.00
KCCU PROTECT	88	1,690,946.81	6.68	40	320,445.42	1.65	427.69
MEDICAL	7	77,883.56	0.31	21	57,018.50	0.29	36.59
MORTGAGE	54	6,744,184.96	26.66	119	2,738,795.45	14.13	146.25
PROFESSIONAL FEES	2	36,970.00	0.15	1	3,015.00	0.02	1126.20
READY CASH	43	69,750.81	0.28	170	145,431.79	0.75	-52.04
RESTRUCTURED LOANS	-	-	0.00	14	226,532.17	1.17	-100.00
SAVE YA	15	68,736.71	0.27	63	266,798.68	1.38	-74.24
SUMMER COMBO	-	-	0.00	3	15,600.00	0.08	-100.00
VEHICLE	60	782,793.80	3.09	253	1,102,822.72	5.69	-29.02
XMAS	427	3,395,762.25	13.42	659	2,312,567.76	11.93	46.84
<b>TOTAL</b>	<b>2,610</b>	<b>25,298,510.02</b>		<b>6,329</b>	<b>19,389,617.18</b>		

**Figure 1: Percentage of Funds Disbursed by Category for 2021**



Mortgages dominated the loan portfolio with 26.7% in 2021; an increase of 12.5% over 2020. Consumer loans accounted for 25.6% in 2021 compared to 35.3% in 2020; a decline of 9.7%. Total vehicle loans contributed 17.7% of which Diamond Deal accounted for 14.6%. The Other category is dominated by X-mas (13.4%) followed by KCCU Protect (6.7%) while the remaining loan products accounted for less than 5% each.

**Figure 2 : Value of Loans Disbursed by Type 2021 and 2020**



The value of loans disbursed for Mortgages during the year 2021 surpassed that of 2020 by approximately \$4.01M. There was a slight decline in Consumer (\$0.37M) and Vehicle (\$0.16M) loans. The increase in other loans is due mainly to KCCU Protect (\$1.37M) and X-mas loan (\$1.08M).

## **DELINQUENCY**

The delinquency rate for the period under review (2021) was 5.6% (representing \$5M) as compared to the 2020 figure of 8.66% (\$7.18M). This represents an improvement in the rate of 3.06% on the 2020 figure.

The Credit Committee continues to work with the Recoveries Department in an effort to reduce the levels of delinquency within the organization. However, special commendation must be given to the Recoveries' Department, which continues to play a vital role in the reduction of the delinquency over the years.

## **MORATORIA**

The period under review would have seen requests for three hundred and thirty-nine (339) moratoria in the value of \$18M of which two hundred and eight (208) of a value of \$16M were approved. The moratoria were necessary due to the negative effect the COVID-19 pandemic and volcanic eruptions would have had on our members.

## **ACKNOWLEDGEMENT**

The Credit Committee would like to take this opportunity to thank all the members for their continued support throughout the year. We are grateful for the contribution you have made to the continual development and sustainability of the credit union by way of your savings and honoring of loan commitments.

We would like to thank the Management and staff for their co-operation in fulfilling their roles and duties to facilitate the smooth and effective functioning of the Credit Committee. Additionally, thanks to the Supervisory Committee, Education Committee, Credit Department and Board of Directors for their continued guidance. It is critical that all parties involved in the credit union work collectively so that the goals and objectives of the entire organization are met.

The Credit Committee will continue to strive to fulfill its duties effectively by exploring innovative and affordable loan product offerings to the general membership in order to offer a variety of options suitable to the best interest of all members. We are looking forward to your continued support in the upcoming year and we will continue to provide the high-quality financial services as manifested in previous years.



**Timothy Scott**  
**Chairperson**



**Licia Nero**  
**Secretary**

**REPORT OF THE SUPERVISORY AND COMPLIANCE COMMITTEE TO THE 60<sup>th</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION**

**INTRODUCTION**

The Supervisory and Compliance Committee (SCC) is pleased to submit to the 60<sup>th</sup> Annual General Meeting of KCCU on its activities and undertakings for the period under review.

*General Objective:*

“To ascertain that all actions and decisions of the Board, committees, management and staff relating to the affairs of the Credit Union are in accordance with the Co-operatives Societies Act 2012, the bye-laws and other applicable laws and regulations.”

*Specific Objectives:*

1. To ensure that all committees and management of KCCU conduct business activities in keeping with applicable laws and regulations.
2. To promote transparency to optimize performance.
3. To monitor and assess the effectiveness of the internal control process.
4. To identify risk, conduct assessment on these risks and other Credit Union programs.

**COMPOSITION AND ATTENDANCE OF THE SUPERVISORY AND COMPLIANCE COMMITTEE**

The SCC held its inaugural meeting on November 1, 2021. Bro. Kazon Simmons and Sis. Daniella Henry was elected as Chairperson and Secretary respectively.

Committee Member	Position on Committee
Bro. Kazon Simmons	Chairperson
Sis. Daniella Henry	Resigned as Secretary February 3rd 2022
Sis. Moureeze Franklyn	Elected Secretary February 9th 2022
Bro. Elvis Dublin	Committee Member
Sis. Akisha Yearwood	Committee Member

At our 59<sup>th</sup> Annual General Meeting held on the October 18, 2021, Sis. Moureeze Franklyn was elected to serve on the committee.

The Committee held a total of Twenty (20) meetings; however, we were unable to make on site visits due to the Covid-19 pandemic. The attendance was as follows:

	Present	Absent	Excused
Bro. Kazon Simmons	20	NIL	NIL
Sis. Daniella Henry	20	NIL	NIL
Sis. Moureeze Franklyn	17	3	Yes
Bro. Elvis Dublin	20	NIL	NIL
Sis. Akisha Yearwood	20	NIL	NIL

REGULATION:

The Committee is regulated by the Co-operative Societies Act 2012, sections 65-71 and Article 8 of the Bye-Laws which was reviewed and amended. It is currently awaiting approval.

DUTIES:

As a Management Committee within the credit union, we are tasked with the overall duty and responsibility to protect, look after and attend to the affairs of the credit union.

These duties include but not limited to the following activities:

- Keeping records of all meetings and activities undertaken in carrying out the
- Committee’s duties.
- Oversight and meet with other Committees.
- Reviewing the various policies and agreements in force at KCCU.
- Meetings with Operational Management inclusive of all heads of Department.
- Meetings with the Compliance Officer.
- Proposals, recommendations, and follow-ups to the Board of Directors on our review and findings.

Guided by Section 66 of the Co-operative Societies Act 2012, the SCC developed quarterly work plans to aid in the execution of its tasks and fulfil its responsibilities. Activities undertaken included:



### 1. Human Resource Committee

The SCC met with the Human Resource Committee and discussed critical areas requiring immediate attention such as: Succession planning, Vacation leave accrual, the Commercial Technical and Allied Workers Union (CTAWU)/KCCU Collective Agreement, the Senior Management Agreement, and the performance appraisal system.

The SCC recognizes that the process of negotiation and acceptance can be quite a lengthy process. However, it is imperative that these agreements be finalized, and we are confident that the Human Resources Committee, along with Senior Management, will be able to effect these agreements.

### 2. Investment Committee

The SCC met with the Chairman of the Investment Committee and discussed the plans and activities that KCCU is positioning to undertake in the year. These activities include the bus stop project, the potential building and development project at Brighton and a Solar Photovoltaic (PV) project in Kingstown Park.

The Supervisory and Compliance Committee recognizes the work that is being undertaken by the investment committee and takes this opportunity to wish them continued success in making KCCU the leading credit union for innovation and advancement.

### 3. Officers

*Meetings were held with the following:*

The Head of Credit: Sis. Marcelle Alexander updated the Committee about the current challenges KCCU faces caused by the impact of the Covid-19 Pandemic, the performance of the loan portfolio and the measures that KCCU has in place to help members who are finding it difficult to regularize their loans. KCCU continues to work for its members offering various loan products with attractive rates.

The Recoveries Manager: We received updates on the Marriaqua branch operations, the success of the branch in facilitating large scale Western Union transfers during the period of the volcanic eruption, as well as the challenges they faced and the many opportunities for growth and development in the community. KCCU continues to work arduously to maintain a stable level of delinquency despite the negative effects of the Covid-19 and the staff in the Recoveries Department must be commended for their continuous work in assisting in this regard.

The Compliance Officer: The compliance officer Sister Hadasha Butcher- Cruickshank introduced the committee to her new reporting format, the measures of testing and the areas of risk assessment that she has incorporated into her work. She indicated the training needs she is currently targeting for this year to strengthen the knowledge of staff in ensuring that risk is mitigated. The Supervisory and Compliance Committee would like to thank the Compliance Officer for her continued support to the Committee throughout the year and over the previous years. Additionally, we would like to commend her for her availability to the Committee and for sharing policy documents to help with our understanding of KCCU internal operations.

The Chief Accountant: Bro. Eronne Evans, Chief Accountant, shared with the Committee the mechanisms for internal control, his role in supervising the process and how the different personnel help to ensure that the necessary checks are conducted. He elaborated on the role the Investment Committee plays in assisting the process and the policy framework that governs these operations. These policies include the Operations Manual, the Investment Policy and the Asset Liability Management Policy Document.

### POLICIES REVIEWED

Several policy documents were reviewed by the committee during this period, these included:

- Asset Liability Management Policy
- Internal Control Documents
- The Human Resource Committee Terms of Reference
- The Compliance Plan

At the completion of those reviews, our findings were documented in the form of a report to the Operational Heads and the BOD.

The Supervisory and Compliance Committee would like to commend the Board of Directors for their fresh initiatives aimed to benefit the current and prospective members of the KCCU.

### OPERATIONS MANAGEMENT DURING ECONOMIC DOWNTURN

The strategic policies employed by the Credit Union in response to the outbreak of the Covid-19 pandemic and the Eruption of the La Soufriere Volcano was quite exceptional. The committee was able to witness firsthand how the staff worked arduously and the Board of Directors created measures to protect the staff, members, their investment while ensuring that KCCU remains a vibrant and growing financial institution.

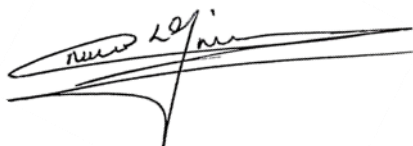
### CONCLUSION

The Committee recognizes that the credit union continues to face numerous adjustment challenges that, if not correctly planned for, will impair growth and development of the institution as a whole. Therefore, it is absolutely imperative that the Board of Directors and the servicing Committees be dynamic in adjusting to the needs of the Vincentian economy, both from the Socio-economic standpoint and a strict financial outlook.

This requires a strong business plan with forward-thinking medium-term outlook and an energized staff supported with strong ideals for the credit union's growth.

Further, conscious and collective efforts remain the backbone of the operations of the credit union. Continuous training of employees, additional staff where necessary and review of policy positions to ensure that internal control processes are continually met to mitigate risk. Further, conscious and collective efforts remain the backbone of the operations of the credit union. Continuous training of employees, additional staff where necessary and review of policy positions to ensure that internal control processes are continually met to mitigate risk.

Notwithstanding all that was mentioned, the KCCU Supervisory and Compliance Committee is satisfied with the work done by the Board, Management and staff of the credit union and expresses its sincere gratitude

A handwritten signature in black ink, appearing to read 'Kazon Simmons', with a large, sweeping flourish underneath.

Bro. Kazon Simmons  
Chairman

A handwritten signature in black ink, appearing to read 'M. Franklyn', written in a cursive style.

Sis. Moureeze Franklyn  
Secretary



## ACTIVITIES IN REVIEW

Despite the adversities of 2021, the Committee remained resolute to organize and execute the following projects:

### Secondary School Scholarship Award Ceremony

At KCCU, we are very committed towards improving the living standards of our members by recognizing the value and impact of education. On October 1<sup>st</sup>, 2021, the Credit Union awarded scholarships carrying a total value of EC\$11.4K. The Education Committee had made the difficult decision to forego the 2021 scholarship ceremony due to the uncertainties surrounding the Covid-19 pandemic. Nevertheless, we are optimistic about 2022

Alternatively, we proceeded to have a photo-shoot done with the recipients instead, and the countless commendations were highlighted via the social media platforms and newspapers. Six (6) recipients were awarded fifteen hundred dollars each (EC\$1.5K) for a period of seven (7) years. Our four (4) bursary recipients each received a one-off contribution of six hundred dollars (EC\$600).

All other applicants who were successful at the CPEA examinations and are active youth club members of the credit union received a monetary token of one hundred and fifty dollars (EC\$150) to assist with the purchase of school supplies.

### **Scholarship recipients for the academic year 2021-2022:**

<i>Academic Scholarship Recipients:</i>	<i>Sex</i>	<i>School Attended</i>
Jayden George	M	C.W. Prescod Primary School
Ramazzotti Matthews	M	Marriaqua Government School
Mikaila Corridon	F	Kingstown Preparatory
<i>Socio-Economic Scholarship Recipients:</i>	<i>Sex</i>	<i>School Attended</i>
Andre' Andrew Jr. Cupid	M	Lowmans Leeward Anglican
Caleigh Commisiong	F	Kingstown Preparatory
Skye Chel-c Callia Hadaway	F	St. Mary's Roman Catholic

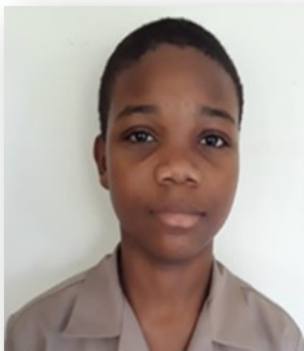
**Bursary recipients for the academic year 2021-2022:**

<i>Bursary Recipients:</i>	<i>Sex</i>	<i>School Attended</i>
<i>Academic:</i>  Atiya De Roche	F	Windsor Primary
Zariah Wilkinson	F	Kingstown Preparatory
<i>Socio-Economic:</i>	M	Lodge Village Government
Mc Kie Malik Julius	M	C W Prescod Primary

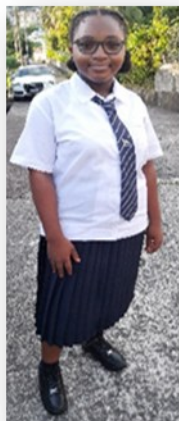


**2021 Scholarship Recipients**

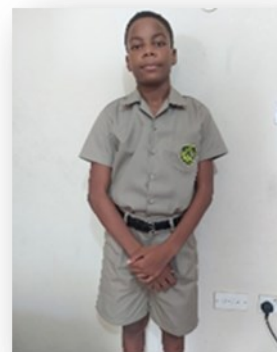
*Left to right: Caleigh Commissiong, Andre Cupid, Mikaila Corridon and Skye Hadaway*



*Ramazotti Matthews*



*Taiesha Martin*



*Jayden George*

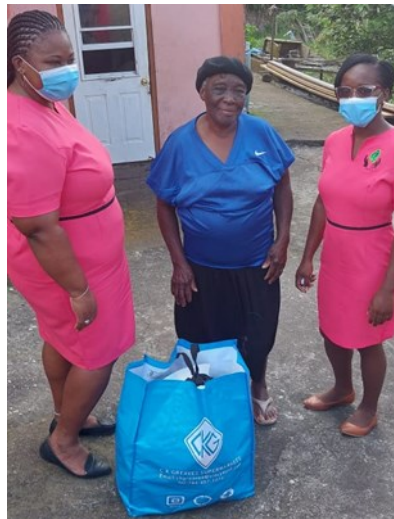
KCCU is extremely honoured to continue fulfilling its role in serving and enriching our community and would like to take this opportunity to wish all students the very best in their future endeavors.

### **SCHOLARSHIP HOLDERS SCHOOL REPORTS**

Throughout the scholarship period, the Education Committee was engaged in assessing the recipients' school reports to ensure their grades were in accordance with the objectives of the scholarship policy. In cases where a recipient's grades are not meeting the prescribed requirements, a meeting is convened with the student along with their parent/guardian to discuss the student's progress. It is worth mentioning that currently, all scholarship recipients are performing in satisfaction of the necessary requirements.

### **DISTRUBUTION OF CHRISTMAS HAMPERS**

Teamwork and co-operation helped to fuel our success and as such, we were able to distribute, during the month of December 2021, thirty (30) food hampers were donated to members in need. This contribution was valued at two hundred and fifty dollars (EC\$250) each; a total value of seven thousand five hundred dollars (EC\$7,500).



## ADOPT-A-SCHOOL PROJECT

Through observation and site visits, it can be stated that there is an insufficient youth participation in the Agricultural sector. We also can attest that agriculture plays a vital role in our economy and as such the Education Committee undertook an initiative to boost the Agricultural programme in some schools that were affected by the volcanic eruption. The schools identified were the New Grounds Secondary School, North Union Secondary School and the Adelphi Secondary School. The following initiatives were completed:

- *The Adelphi Secondary School* – Three thousand and eight dollars (EC\$3,008) towards the modernization of the Adelphi Secondary School Farm.
- *New Grounds Primary School* – One thousand and fifty-four dollars (EC\$1,054) towards the school gar-





## **NATIONAL NUTRITION AND EDUCATION MONTH**

National Nutrition and Education month was celebrated in March 2022. During the month, everyone was invited to learn about making informed food choices and developing healthy eating and physical activity habits. Also, as part of the celebrated month, the Committee hosted an event dubbed “In the Smood Bar with KCCU”. It was intended to spread the message of good nutrition and the importance of an overall healthy lifestyle with the use of smoothies. Special thanks to Smood Juice Bar for their participation in this initiative. Follow us on our social media channels (Facebook, Instagram and YouTube) @kccusvg to stay in the know.

## **ACKNOWLEDGEMENTS**

As our term comes to an end, the Education Committee expresses sincere thanks to the membership. It was a pleasure serving you.

We extend thanks to the Staff for your continued assistance during our tenure, and to the Management and Board of Directors, we say thank you for continuously guiding and supporting the Committee over the past year.



Sis. Joselle Joslyn White  
Chairperson



Sis. Josyln Craigg  
Secretary

## PHOTO GALLERY: 2021 MEMORIES

- **SEMINARS**



*A Global Look at the Covid-19 Vaccine with Dr. Jerrol Thompson (Webinar)*



*Turning Skills to Bills Pt. 2- Entrepreneurial Development Amid COVID*

- **LA SOUFRIERE RELIEF EFFORTS**



*Office Opening two (2) days post eruption to assist persons with the accessing of their remittances (funds)*



*Tank Donation to Schools (14 Schools)*

- **LA SOUFRIERE RELIEF EFFORTS 2**



- **GRENADINES SCHOOL DONATIONS**



*Furniture Donation to BAS*



*Tank Donation to Bequia BSD*



*Tank Donation to Stephanie Browne Primary School*

- **DIP AND WIN PROMOTION**



- **GO-GREEN INITIATIVE (SOLAR PANEL PROJECT)**



• **CICYLN JOSEPH ACADEMIC BURSARY RECIPIENTS**



- GIFTING OUR MEMBERSHIP**



*2021 Valedictorian Adelphi  
Secondary School (Past CPEA)*

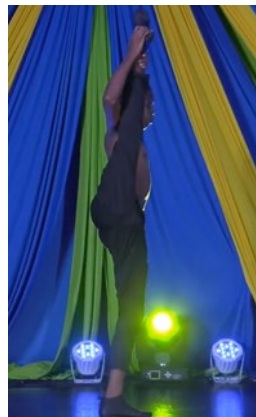


*X-mas Food Hampers to the disadvantaged*



*Small Business owner receiving grant  
for her participation in Development*

- KCCU DANCE SHOWCASE 2021**



# NOTES

# NOTES



# NOTES

# NOTES



**KCCU Diamond Deal**

**NO Repayment**  
Until January 2022

**8%**  
REDUCED INTEREST RATES & DOWNPAYMENT

LIMITED TIME ONLY. KCCU TERMS & CONDITIONS APPLY.

Contact:  
**KINGSTOWN CO-OPERATIVE CREDIT UNION LTD**  
 Granby Street, Kingstown St. Vincent  
 Tel: 784-457-2409 / Fax: 784-456-2976  
 www.kingstowncreditunion.com

**KCCU**

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**KCCU EDUCATE**  
UP TO **\$30,000**  
Low Interest Rate 7%

**NO security or deposit required**

Contact:  
**KINGSTOWN CO-OPERATIVE CREDIT UNION LTD**  
 Granby Street, Kingstown St. Vincent  
 Tel: 784-457-2409 / Fax: 784-456-2976  
 www.kingstowncreditunion.com

KCCU Terms and Conditions Apply

THE HURRICANE SEASON IS HERE...  
 Secure a loan to buy  
 Water Tanks, Generators, Shutters Solar Units,  
 Roof Guttering, Retaining Walls, Drainage Systems  
 and any other protective measures NOW!

**KCCU PROTECT**  
 SAFEGUARD YOUR PROPERTY & LIVELIHOOD

**GET UP TO \$30,000**

No share deposit required  
 Super low interest rate &  
 monthly repayments

**KCCU**  
with U in mind

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