

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED



**59TH ANNUAL GENERAL MEETING
REPORTS AND ACCOUNTS FOR 2020**

**“RESILIENCE”
MONDAY 18TH OCTOBER, 2021**

BOARD OF DIRECTORS



Bernard John, Treasurer



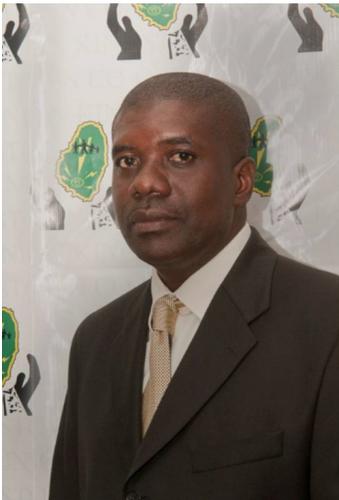
Cynthia Hope-Browne,
President



Angelita Miller, Director



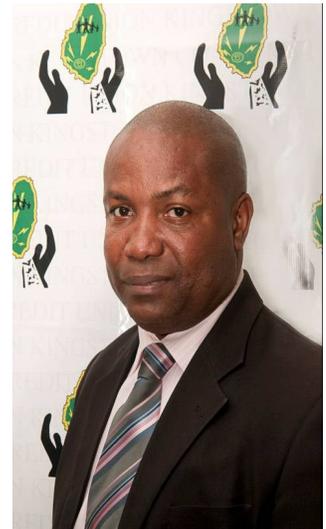
Terral Mapp, Vice President



Jerome De Shong, Director



Martin Sheen, Secretary



Colin John, Director

PRESIDENT'S MESSAGE

To the 59th Annual General Meeting of the Kingstown Co-operative Credit Union Limited (KCCU).

Brothers and sisters, good afternoon: Welcome to the 59th Annual General Meeting of the Kingstown Co-operative Credit Union Limited. We give thanks to God for the opportunity whereby we can gather together to hold this meeting despite the challenges faced due to the COVID-19 pandemic.

Our theme for this AGM is "**Resilience**". This theme is quite fitting and speaks to our members and KCCU as an institution amidst the challenges brought about due to the COVID-19 pandemic. Our resilience was tried and tested, but we give God thanks, together we are stronger!! We recognised that COVID-19 pandemic presents unique challenges to Credit Unions in relation to their business continuity and disaster recovery planning and KCCU is no exception.

We responded to these challenges by the following measures:-

Development of a pandemic epidemic policy.

Daily monitoring of liquidity.

Implementation of Health and Safety measures (Crowd Control and external queuing, additional cleaning, introduced social distancing, hand sanitization, erection of protective screens).

Participation in Government's stimulus packages

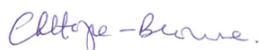
Granting of moratoria to our members.

We stepped up the use of social media for ongoing updates of how our members may safeguard themselves during COVID-19 pandemic, while rearranging their financial affairs. We launched and promoted our ATM service, allowing our members the opportunity to access cash without going into the office. We became more caring as we eased the burden of our members affected by COVID-19. KCCU remains strong and as dedicated as ever to your needs. Part of the credit union's philosophy is "people helping people", therefore KCCU continually provides you, our valued members, with quality and competitive product offerings. As fellow members, each of us must do our part to ensure a brighter and sustainable future for our beloved Credit Union.

We must not lose sight of the fact that this is a business about people, the dedicated people serving you every day, the volunteers on the board and various committees, who selflessly share their expertise, focus and energy in order to watch over your investment and guide us forward. The CEO, the management team and staff who work tirelessly to deliver the best customer service you have grown accustomed to.

More importantly, this is really all about you, our members, we are in this relationship together, our ultimate goal is to achieve our vision. I wish to encourage you to continue doing business with KCCU, together and united, we can grow our Credit Union. I am indeed privileged to have served you as your president during the past year, and I thank you for your support.

I thank you for your attendance and participation. I wish you a successful 59th Annual General Meeting. Protect yourself, stay safe, adhere to the protocols recommended by the Ministry of Health and the Environment. May God bless us all and may he bless our beloved Credit Union.



Sis Cynthia Hope-Browne
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 59TH ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on Monday, October 18, 2021, at the Russells Auditorium, Kingstown at 4:30 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 58th 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 and Compliance Committee
 - (e) Education Committee
5. Election of
 - (a) Officers
 - (b) Auditors
6. Resolution
7. New Business
8. Adjournment

Co-operatively yours



Bro. Martin Sheen
Secretary

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
And God bless and keep us true

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 2020

DATE OF REGISTRATION

12TH 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

Sis.	Cynthia Hope-Browne	-	President
Bro.	Terral Mapp	-	Vice President
Bro.	Martin Sheen	-	Secretary
Bro.	Bernard John	-	Treasurer
Sis.	Angelita Miller	-	Director
Bro.	Colin John	-	Director
Bro.	Jerome De Shong	-	Director

CREDIT COMMITTEE

Bro.	Timothy Scott	-	Chairman
Sis.	Juanika Joseph	-	Secretary
Bro.	Osneth Cato	-	Member
Sis.	Ingrid Susan Clarke	-	Member
Sis.	Licia Nero	-	Member

SUPERVISORY AND COMPLIANCE COMMITTEE

Bro.	Elvis Dublin	-	Chairman
Sis.	Daniella Henry	-	Secretary
Bro.	Steve Millington	-	Member
Bro.	Kazon Simmons	-	Member
Sis.	Akisha Yearwood	-	Member

EDUCATION COMMITTEE

Sis.	Joselle Joslyn-White	-	Chairman
Sis.	Gale Thorpe	-	Secretary
Sis.	Arlette Maloney	-	Member
Sis.	Joslyn Craig	-	Member
Bro.	Kosinski Adams	-	Member

BANKER

Bank of St. Vincent & the Grenadines

AUDITOR

KPMG

SOLICITOR

Saunders & Huggins

STAFF PROFILE 2020

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	-	Customer Service Representative
Mr.	Joshua Romeo	-	Customer Service Representative
Ms.	Corina Arrindell	-	Customer Service Representative
Ms.	Michka Charles	-	Receptionist
Ms.	Maureen Wells	-	Office Assistant

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 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
Mr.	Sobato Mc Dowall	-	Teller
Ms.	Krystel Craigg	-	Teller

BRANCH OFFICES

MARRIAQUA

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

BEQUIA

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

UNION ISLAND

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

CANOUAN

Ms. Shirlon Ashton

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MINUTES OF THE 58TH ANNUAL GENERAL MEETING (AGM)
OF THE
KINGSTOWN CO-OPERATIVE CREDIT UNION LTD (KCCU)
HELD AT RUSSELL'S AUDITORIUM ON THE 30TH NOVEMBER, 2020 BEGINNING AT 3:00PM

OPENING SESSION

1. ASCERTAINMENT OF A QUORUM

The Financial Services Authority (FSA) ascertained that there was a quorum and directed that the AGM proceed.

2. CALL TO ORDER AND WELCOME

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 which was followed by a recital of the Credit Union's prayer by all attendees.

4. NATIONAL ANTHEM AND CREDIT UNION SONG

Sis. Judith Seaman led the singing of the National Anthem of St. Vincent and the Grenadines and the Credit Union's Song.

5. APOLOGIES FOR ABSENCE

The Chairman of the Education Committee, Sis Joselle White, communicated an apology stating that she was unable to attend the meeting.

6. SILENT TRIBUTE

A one-minute silence was observed for the members who died within the reporting period.

Lorna Williams	Jeanette Lee	Elmina Mc Nicholls-Tesheira	Gleen Lynch
Jefeth Lewis	Thadius Adams	Elca Walker	Alpheus Dowers
Olney King	David Noel Howell	Frederick Franklyn	Faustina Joseph-Clarke
Martin Roberts	Berkley Charles	Seymour Stewart	Jenna Layne
Gloria R. Ollivierre	Leslie Bobb	Irma Audrie Morris-Simmons	Sharon Pemberton
Edwin Payne	Merle Clarke-Butler	Jennifer Baptiste	Shawn Nero

Althea Cuffy	Marlene S. Williams	Janice Haywood	Denease Barker
Vernette Mason	Ivan Bynoe	Claton Young	Pamella Toney
Audrey Pope-King	Thelita Paul	Bonnie Bacchus	Sylvenia Deane
Walter Richards	Randolph Tannis	Una Nicholls	Dahlia Hanson-Ollivierre
Lester Davis	Martin Samuel	Henry Neverson	Wilberforce James
Secquwond Jacobs	Zilpha John	Juan Alexander-Foster	Dominic Moses
Denys Patrick	Cheryl-Ann Smith	Kelvin Pierre	Jeshura Sandy
Louis Boucher	Dillon Pierre	Deborah Daniel-Williams	Winston C. Snagg
Elma Greeta Charles	Patricia R. John	Bonnie John	Jean S. Payne-Lucas
Elise Pompey	Emily Phillips	Noel Gilbert	Stanley Lewis
Randolph Browne	Jennifer Davis	Shirley John	Rudolph Burgin
Kimani Williams	Angus Nero	Darrel Baptiste	Roddan Lee
Martha E. John	Randolph Thomas	Brian Gould	

7. **GREETINGS**

Greetings were received from the following organizations in attendance:

- St. Vincent and the Grenadines 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)
- Financial Services Authority (FSA)

8. **READING OF COVID 19 PROTOCOLS**

The Marketing Officer, Sis. Ruth Stowe, read the official COVID-19 protocols for Indoor Mass Gatherings, outlined by the COVID-19 Task Force within the Ministry of Health.

BUSINESS SESSION

1. CALL TO ORDER

The business session was called to order by Sis. Cynthia Hope-Browne, President of the Board of Directors.

2. ADOPTION OF THE AGENDA AND STANDING ORDERS

Sis. Angelita Miller, Secretary of the BOD, presented the Standing Orders and Agenda, published on pages two and three, respectively, of the booklet.

A motion was moved by Sis. Marcelle Burgin for the amendment of the Agenda as follows: 1) That elections for each committee be done immediately after the presentation of their respective reports; 2) That a presentation be done by the Bye-Law Committee; and 3) that the Standing Orders be adopted. The motion was seconded by Sis. Gale Thorpe.

The motion was carried.

3. MINUTES OF THE 57TH ANNUAL GENERAL MEETING

3.1 Amendments and Confirmation

Page 5 – A name was omitted from the list of members comprising the Supervisory and Compliance Committee. The page was amended by inserting “Bro. Alain Weekes member” at the end of the “Supervisory Committee” listing.

Page 8 – Under “The National Anthem and Credit Union Song”, the sentence was corrected to read “The National Anthem of St. Vincent and the Grenadines and the Credit Union Song were rendered by Sis. Judith Seaman.”

Page 12 – Dividend on Redeemable shares and Rebates on Loan interest were not printed on the booklet. The page was amended as follows: under “Permanent Shares” insert the words and number “Redeemable member shares 1%” and immediately below this insert the words and number “Loan interest Rebates 2%”.

Page 13 – the last sentence of the fourth paragraph was amended by deleting the word “reducing” and substituting the words “to reduce” and deleting the word “eliminating” and substituting the word “eliminate”.

Page 21 – The second paragraph was amended by deleting the word “The” and substituting the word “To”.

3.2 Matters Arising

Bro. Harvey Farrell commented that suggestions were made to communicate more with members who were not on the Death Benefit Plan. In this regard he asked whether there was an increase in the rate at which non-participating members were joining the Death Benefit plan.

Bro. Clement Lynch, Chief Executive Officer (CEO) of KCCU, responded that members were informed of the Death Benefit Plan during the conduct of business at the office. He stated that no written communication was sent to members that were not previously in the plan.

A motion was moved by Sis. Euna Thompson and seconded by Sis. Providence for the adoption of the minutes.

4. REPORTS – PRESENTATION AND ADOPTION

4.1 BOARD OF DIRECTORS’ REPORT

A motion was moved by Sis. Sandra Black and seconded by Bro. Timothy Scott to adopt the report as read. The motion was carried.

4.1.1 Discussion on the BOD Report

Bro. Harvey Farrell requested further information on the financial impacts on the Credit Union of the 265 moratorium applications valued EC\$12 million (M). The CEO responded by stating that interest income of approximately EC\$0.1M a month was suspended which adversely affected the Credit Union’s cash flows of principal and interest.

The CEO noted that the suspension of the interest meant a deferral to a future time and added that interest was initially suspended for a period of 6 months which was recently extended to March 31, 2021 in accordance with the ECCB and FSA guidelines. These loans were primarily held by members working in the Tourism Industry.

Bro. Cools Vanloo asked whether the suspensions were for the full loan payment of both principal and interest. He enquired further on the availability of options to pay interest only, whilst deferring principal. The President replied that some persons opted for reduced payments and that considerations for each loan were done on a case-by-case basis.

Bro. Harvey Farrell commended the increase in membership and encouraged its continuation. The President attributed the increase in membership to the attractiveness of KCCU’s loan products, particularly the Diamond Deal vehicle loan. She added that the success of the Marketing was achieved by having dedicated staff resources in the function and by using all media types which effectively appealed to prospective members.

The President stated that a new ATM card service was introduced and encouraged members to subscribe for the convenience of 24 hours service.

Bro. Harvey Farrell asked whether the investment into solar energy was a capital expense or done for the purpose of earning income. Bro. Terral Mapp, Vice President, responded that it was a capital investment that saved money on the Credit Union’s electricity costs of 35% and 85% for Kingstown and Marriaqua respectively. Both solar panel units provided an overall average of 12% returns on the investment. Plans were being made to install a system upgrade at the location in Kingstown to increase energy efficiencies. The cost of the solar energy investment was EC\$135.7K with a payback of about six years.

A motion for the adoption of the BOD report was moved by Bro. Alphonso Myers and seconded by Sis. Claudette Allen. The motion was carried.

4.2 TREASURER’S AND AUDITOR’S REPORT

A motion was moved to accept the report as read by Sis. Susan Clarke and seconded by Bro. Kazon Simmons. The motion was carried.

Bro. Bernard John, Treasurer, invited KPMG Audit Manager Nordia Delves to present the Audit Report.

4.2.1 AUDITOR'S REPORT

KPMG Audit Manager, Nordia Delves, read the report specifically the section detailing the "Qualified Opinion". In the second paragraph she quoted from the KPMG report that: "In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with international Financial Reporting Standards (IFRS)."

4.2.2 TREASURER'S REPORT

Bro. Bernard John in his presentation noted the 8% growth in total assets over the 5-year period culminating in EC\$111M as at December 31, 2019. He stated that the increase was driven by growth in investment securities of 31%, loans of 8%, and cash resources of 8%. He also mentioned that an Investment Committee was created to manage and find safe investments that would generate alternative sources of income.

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

Bro. Cools Vanloo asked for clarity on the reasons for a Qualified Opinion especially in light of the engagement of external expertise by KCCU to perform the required IFRS 9 work.

The Audit Manager replied that the qualified opinion was specific to the Provisioning for Loan Losses. In the Auditor's opinion they were unable to obtain sufficient appropriate audit evidence from the KCCU hired Specialist to support the underlying assumptions for probability of default, loss given default, and exposure at default. Therefore, the adjustments, if any, required for net loans to members, allowances for impairment, and disclosure notes could not be determined.

The Treasurer proposed the following dividends and rebates: -

Dividend on Permanent Shares	– 6.75%
Dividend on Redeemable Shares	– 1.50%
Rebate on Loan Interest	– 2.25%

A motion was moved by Sis. Marcelle Burgin and seconded by Bro. Alphonso Myers to approve the dividends and rebates. The motion was carried.

The Treasurer said that KCCU was addressing capital adequacy by proposing a Capital Augmentation Plan. He stated that the share capital was only 2% of total net assets, and therefore, insufficient to buffer future unexpected losses resulting from systemic shocks.

Bro. Osneht Cato moved a motion to adopt the Treasurer's and Auditor's Report. The motion was seconded by Bro. Kazon Simmons. The motion was carried.

4.3 CREDIT COMMITTEE REPORT

The Chairman of the Credit Committee, Bro. Timothy Scott, presented the Credit Committee's report. He noted that there was an improvement in the value of loans approved compared with the value of loans reviewed. In 2019, the percentage rose to 74.3% which reflected an increase from 47.3% in 2018.

He commended the work of the Delinquency team in improving the delinquency rate from 6.11%, in 2018, to 5.9% in 2019.

4.3.1 Discussion on the Credit Committee Report

Bro. Vanloo inquired about the credit status of Micro-Business Loans totaling EC\$8M at note 9 of the financial statements. The CEO responded that loan loss provisions were made for those loans to the value of EC\$963.8K as stated in note 9, in recognition of the higher level of risk that existed in this segment of the portfolio. Additionally, this segment included loans that financed the building of rental accommodation where the purpose was wholly business.

Bro. Vanloo asked for an explanation of the relationship between the qualified opinion of the auditor and the loans. The CEO replied that the "loans to members" line in the balance sheet was net (Gross Loans less Expected Credit losses -ECL) loans. He stated further that it was the Expected Credit losses estimate of EC\$4.6M that was the element that drew the Qualified Opinion which in fact was deemed to be excessive and overly prudent.

A motion was moved for the adoption of the report by Sis. Akisha Yearwood and seconded by Bro. Kazon Simmons. The motion was carried.

4.4 SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

Bro. Elvis Dublin, chairman of the Supervisory and Compliance Committee presented the report. A motion was moved by Sis. Daniella Henry and seconded by Bro. Jerome De Shong to take the report as read. The motion was carried.

4.4.1 Discussion on the Supervisory and Compliance Committee Report

There were no questions nor comments from the members.

A motion was moved by Bro. Cools Vanloo and seconded by Sis. Euna Thompson to adopt the report. The motion was carried.

4.5 EDUCATION COMMITTEE REPORT

Sis. Gale Thorpe, Secretary of the Education Committee, presented the report in the absence of Chairman Sis. Joselle Joslyn-White.

A motion was moved by Sis. Arlette Maloney and seconded by Bro. Cools Vanloo to take the report as read. The motion was carried.

4.5.1 Discussion on the Education Committee Report

There were no questions nor comments from the members.

A motion was moved by Bro. Cools Vanloo and seconded by Sis. Arlette Maloney to adopt the report. The motion was carried.

5. ELECTIONS AND NOMINATIONS

5.1 Board of Directors

Retired but eligible for re-election:

Bro. Terral Mapp,

Bro. Bernard John

Nominated from Nominations Committee:

Bro. Terral Mapp,

Bro. Bernard John

Nominated from the Floor:

Bro. Martin Sheen,

Bro. Harvey Farrell

A motion was moved and seconded to close nominations. The motion was carried.

The votes were as follows:

Bro. Terral Mapp - 81

Bro. Bernard John - 81

Bro. Martin Sheen - 64

Bro. Harvey Farrell - 50

The three (3) positions were filled by Bro. Terral Mapp, Bro. Bernard John and Bro. Martin Sheen.

5.2 Auditor

Eligible for re-election:

KPMG

Nominated from the Floor:

Grant Thornton

Election

Grant Thornton was the elected Auditors.

5.3 Credit Committee

Retired but eligible for re-election:

Sis. Juanika Joseph

Nominated from the Floor:

Sis. Joslyn Craigg

A motion was moved and seconded to close nominations. The motion was carried.

The votes were as follows:

Sis. Juanika Joseph - 33

Sis. Joslyn Craig - 24

The position was filled by Sis. Juanika Joseph.

5.4 Supervisory Committee

Retired:

Sis. Marilyn Richards

Bro. Elvis Dublin

Resigned: Sis. Ruth Alves

Nominated from Nominations Committee:

Bro. Elvis Dublin

Bro. Kazon Simmons

Nominated from the Floor:

Sis. Daniella Henry

Sis. Joslyn Craig

A motion was moved and seconded to close nominations. The motion was carried.

The votes were as follows:

Sis. Daniella Henry – 43

Bro. Elvis Dublin – 41

Bro. Kazon Simmons – 37

Sis. Joslyn Craig – 33

The three positions were filled by Bro. Elvis Dublin, Bro. Kazon Simmons and Sis. Daniella Henry.

6.0 KCCU SHARE CAPITAL AUGMENTATION PRESENTATION

At this time, due to the departure of a significant number of members and the importance of the presentations, the FSA guided that a Special General Meeting should be convened to present the augmentation plan and the resolutions. A motion for a proposed Special General Meeting date of December 8, 2020 at the Russell Auditorium at 4:00pm was moved, seconded and carried. It was however decided by the remaining members to view the presentations.

The Vice President, Bro. Terral Mapp, and CEO, Bro. Clement Lynch were tasked with presenting KCCU's plan to improve Share Capital to a level of adequacy.

6.1 INTRODUCTION

The Vice President, in his background introductory summary, stated that "Shares", as they were called, were liabilities because they could be withdrawn on a short notice period by membership. As a result, Credit Unions subsequently moved to implement "Permanent Shares" to maintain a permanent non-redeemable share capital base and to differentiate them from so-called Regular shares. KCCU's minimum Permanent Shares were \$EC100.00 (20 shares of EC\$5.00 each).

The Share Capital to Assets ratio stood at 2.1%. The need to improve this was brought into stark reality by the impact of the COVID-19 pandemic on the economy and the remote possibility of write offs at a future point in time. In St. Vincent and the Grenadines, the entire commercial banking system issued EC\$1.2 billion of moratoria. KCCU's proportion was EC\$12M.

6.2 ANALYSIS

The CEO presented the analysis required to assist the decision making that would result in an improved adequate Share Capital to Asset ratio that will cushion the effects of unexpected losses. Loan Losses from acts of nature were unpredictable and prudence demanded that the capital base of the organization be strengthened to absorb the shock of a medium to severe impact. Section 96 (2) of the Co-operative Societies Act (CSA) 2012 requires Equity and Qualifying Shares be 10% of Assets. KCCU had EC\$2.3M share capital base of 2.1% which was inadequate for the organization's EC\$111M in assets.

The table below showed the Share capital to Asset comparison for three Credit Unions:-

Item	KCCU	Credit Union #1	Credit Union #2
Share Capital	EC \$2. 3M	EC \$9.5M	EC\$30.8M
Total Assets	EC \$111M	EC \$142M	EC\$287M
Adequacy Ratio	2.1%	6.7%	10%

6.3 AUGMENTATION PLAN SUMMARY

The analysis showed that KCCU will achieve capital adequacy in compliance with the CSA and best practices within five years.

Qualifying Shares:

Recommendation: to be increased to EC\$300.00 (60 shares of EC\$5.00 each) and funded by transfer from existing shares account.

Equity Shares:

Recommendation:

subscription of EC\$100.00 (20 Shares of EC\$5.00) each year for 5 years.

This will be deducted from savings as EC\$50.00 every half-year on 1st January and 1st July for the next 5 years.

subscription would cease after the 5-year period has elapsed unless the member wishes to continue the payment.

Bro. Clement Lynch cautioned that the existing figures used were calculated on current financials and therefore may require revision as KCCU's financial position changes.

7.0 PROPOSED RESOLUTIONS

The Bye-Law Review Committee was to report and present their findings. A proposed draft Resolution was prepared to update the Bye-Laws to reflect the relevant provisions of the Co-operative Societies Act (2012).

A proposed draft resolution was prepared to authorize the Share Capital Augmentation incorporating the details of the Qualifying and Equity Shares, referred to in paragraph 6.3 above.

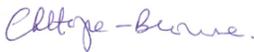
It is the Board's intention to lay these matters before the Special General Meeting of December 8, 2020, for membership approval.

8.0 OTHER BUSINESS

There was no other business.

9.0 ADJOURNMENT OF MEETING

A motion was moved by Sis. Marcelle Burgin and seconded by Bro. Jerome De shong for the adjournment of the AGM. The motion was carried. The meeting was adjourned at 8:15pm.



Sis. Cynthia Hope-Browne
President



Bro, Martin Sheen
Secretary

10. BOARD OF DIRECTOR'S REPORT TO THE 59TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

10.1 Background and Introduction

The Board of Directors of the Kingstown Co-operative Credit Union (KCCU) is pleased to present to you, our members, the annual report for the period ended 31st December, 2020.

The COVID-19 pandemic which evolved into an unprecedented economic crisis brought new challenges for KCCU and opportunities to be innovative in our thinking and the way we conduct business.

KCCU operates within the national borders and there is a co-dependency on national activities. Therefore in circumstances where the pandemic caused a significant reduction in economic activities due to loss of employment, reduction in aggregate demand and on investment decline, in the interest of national economic stabilization, consideration was given to participate in efforts to stimulate the national economy, without jeopardizing the viability of the organization.

10.2 Economic Environment

Preliminary data, published by the Eastern Caribbean Central Bank (ECCB), indicate that the Vincentian economy contracted by 3.3% in 2020, a turnaround from the 0.5% growth in the previous year. This negative outturn was associated with broad based declines in all of the productive sectors due to the devastating effects of the COVID-19 pandemic. Notwithstanding, Saint Vincent and the Grenadines weathered the pandemic infused global economic downturn better than its more tourism-dependent regional counterparts, as they recorded double-digit declines.

Compounding the impact of the Covid-19 pandemic, the explosive eruptions of La Soufriere Volcano which commenced on April 9, 2021, dealt a further blow to the Vincentian economy. These eruptions created ash plumes reaching as high as 8,000 m (26,000 ft) which drifted eastward towards the Atlantic Ocean, depositing ash on nearby islands as well. Over 20,000 persons evacuated the areas surrounding the volcano. Residents were also faced with power outages and loss of water supplies, and the airspace over the island was closed due to the presence of smoke and thick plumes of volcanic ash. While the volcano has entered a state of quietude since its last eruption on April 22, 2021, the socio-economic fallout will be long-lasting.

Amidst the challenges created by the La Soufriere volcano, Government fiscal position has held stable. Total revenue and grants for January 1 to August 31 2021 amounted to EC\$473.9M, 18.0% or EC\$72.2M higher than the EC\$401.7M for same period in 2020. Similarly, current revenue grew by 13.2% or EC\$50.0M to EC\$428.3M, compared to EC\$378.3M in 2020. This growth in current revenue was driven mainly by "Alien Land-Holding Licence Fees" which went up by 437% from EC\$4.25M in 2020 to \$22.8M in 2021, and "Stamp Duty on Property Transfers" which rose by 231% from EC\$11.7M in 2020 to EC\$38.7M in 2021. These increases reflect sales of properties (house and land) by wealthy homeowners in Mustique to other wealthy foreigners. Meanwhile, total expenditure expanded by 6.1% or \$31M to EC\$543.0M from EC\$511.8M. Consequently, the overall deficit amounted to EC\$69.1M, 68.1% or EC\$41.7M lower than the EC\$110.8M recorded last year.

While the pandemic, coupled with the likelihood of an active hurricane season, pose significant downside risks, the short to medium term outlook for St. Vincent and the Grenadines is positive. This outlook is hinged on the successful implementation of several major investments by the public and private sectors. In the public sector, major capital expenditure includes hotel construction at Mt. Wynne (US\$50M), the hotel project at Diamond (US\$10M), the cargo and ferry port construction project in Kingstown (US\$188M), coastal defense projects in San Souci, Georgetown and Sandy Bay and reconstruction of homes in North Windward, in the aftermath of the volcanic eruptions. In the private sector, construction work related to Beaches Resort (Sandals International Hotel), Myah's Luxury Suites, Royal Mill Hotel Resort, La Vue Hotel, and Rainforest Seafood Packaging Facility are among the major investments. Further, recovery in the

These along with the anticipated introduction of weekly Virgin Atlantic flights, out of the UK from October 2021, are expected to create significant jobs. Increased employment is likely to assist in reducing the high level of moratoria on loans and spur higher demand for loans in the short to medium term. As such, KCCU must continue to be nimble and position itself to support and capitalize on this outlook while implementing measures to protect its human and financial resources from the continued challenges of the pandemic.

10.3 Strategic Agenda

Our strategic mission of promoting and providing affordable high quality financial services that are geared principally to the development of members and our people is our ideal and the guiding light that we strive to achieve.

The strategic goals are:-

- Provide excellent member services (service delivery and technological enablement)
- Provide high quality performance above industry average.
- Human Resources Development- to meet the challenges of providing excellent service.
- Citizenry” co-operation with co-operatives, community development.

Our new four (4) year Strategic Business Plan for 2020-2023 was developed and approved. Our strategic goals are still relevant, however, the prioritization of these goals have been reviewed. The financial performance should not be viewed as a by-product. The provision and delivery of services and products concurrent with the human resources development and enablement must now be the nexus of our thrust towards the future. Our focus must therefore be

1. Investments in fully automating service delivery through online Technology.
2. Market expansion
3. Competition
4. Demographics

We are focusing on a values-based strategy, while committed to economic efficiency and product innovation, we will seek to differentiate our brand and member experience based on shared core values.

10.4 Board of Directors Elections, Meetings and Attendance

The Board of Directors is elected by the members at the Annual General Meeting and they are charged with the responsibilities of planning, organising, directing and controlling the Credit Union. They are assisted by two statutory committees, the Supervisory and Compliance Committee and the Credit Committee whose members are also elected at the Annual General Meeting. The Education Committee is selected by the Board of Directors and they are responsible for education and building public awareness of the Credit Union.

The Human Resource Committee and the Investment and Building Committee are also sub-committees of the Board of Directors. These sub-committees were established by the Board to assist with fulfilling its responsibilities.

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

In March 2020. Gillion Frederick resigned as Director to the Board, his resignation left a casual vacancy filled by Sis. Marlyn Richards.

At the 58th Annual General Meeting three (3) persons were elected to serve on the Board of Directors:-

- Bro. Martin Sheen
- Bro. Terral Mapp
- Bro. Bernard John

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

- Sis. Cynthia Hope-Browne - President
- Bro. Terral Mapp - Vice President
- Bro. Bernard John - Treasurer
- Bro. Martin Sheen - Secretary

The full Board of Directors comprised:-

- Sis Cynthia Hope-Browne - President
- Bro. Terral Mapp - Vice President
- Bro. Bernard John - Treasurer
- Bro. Martin Sheen - Secretary
- Sis. Angelita Miller - Director
- Bro. Jerome De Shong - Director
- Bro. Colin John - Director

Two (2) Directors are due to retire at this Annual Meeting, Bro. Colin John and Sis. Angelita Miller however, Bro. Colin John is eligible for re-election.

On behalf of the Board of Directors, management committees, management and staff, I wish to thank Sis Angelita Miller, Bro. Gillion Frederick and Sis Marylyn Richards for their term on the Board and years of service to KCCU. May I take this opportunity to wish them all the best in their future endeavours.

10.5 Meetings and Attendance

Twelve (12) board meetings were held as well as the convening of two (2) special meetings, making a total of fourteen (14) meetings for the period under review.

A summary of attendance is given in Table 1.

Table 1: Summary of Attendance of Board of Directors

Names	Regular Total (12)	Special Total (2)	Total (14)
Sis. Cynthia Hope-Browne	12	2	14
Bro. Terral Mapp	12	2	14
Bro. Bernard John	12	2	14
Bro. Martin Sheen	1	0	1
Sis. Angelita Miller	12	2	14
Bro. Jerome Deshong	12	2	14
Bro. Colin John	12	2	14

The Human Resource Committee comprised:-

- Sis Phyllis Allen-James - Chairman
- Sis. Cynthia Hope-Browne - Member
- Sis. Angelita Miller - Member
- Sis. Wendie Wilson - Member
- Bro. Jermone 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

10.6 Membership

Despite the challenging economic environment brought on by the COVID-19 pandemic, KCCU continued to promote the benefits of membership.

The use of our online platform to complete applications for membership was promoted as we grappled with the effects of COVID-19. Our strategy engaged the use of social media, marketing to the schools and colleges. Our new strategic plan seeks to differentiate our brand and member experience based on shared core values our members, existing and prospective increasingly want to do business with organisations that share their core values and support their development. KCCU continued to offer a good package of products and services particularly to our young people, therefore encouraging them to become members.

During the period under review, there was growth in membership of 1050 members or 5%. Our total membership as at 31st December, 2020 was 24,106.

New members comprised:

504 males
546 females

Table 2: Breakdown of New Members by age:

Age Group	New Members	%
Below 20 years	327	31
21-25 years	126	12
26-35 years	170	16
31 – 40 years	214	20
41 – 50 years	133	13
Over 50 years	80	8

We thank our members for their business throughout the year, we value and appreciate you!

10.7 Human Resource Development

The Human Resource plays a crucial part in the successful operations of KCCU. This is done through the recruitment, employment, training and administrative duties of the Human Resource process.

10.8 Staff Training and Development:

Staff educational enlightenment is encouraged at KCCU, three (3) persons are pursuing B.Sc in Banking and Finance, two (2) persons a B.Sc in Human Resource Management, one (1) person, B.Sc Financial Management, one (1) person a French Diploma and one (1) B.Sc in Psychology (Minor in Human Resources), a total of eight (8) staff members currently pursuing higher education.

The following table sets out the training undertaken during the period under review.

Table 3: Staff Training, Consultations, Workshops and Seminars

Name of Training (External)	Date	Number of Persons in Attendance	Names of Persons in Attendance
BDO IFRS Seminar	13 th January 2020	3	Clement Lynch Allisa Barnum Eronne Evans
AML/CFT Training (SVG Co-operative League)	27 th August, 2020	17	Hadasha Butcher-Cruickshank Elvis Dublin Akisha Haywood Eronne Evans Marcelle Alexander Clement Lynch Judith Seaman Monique Springer-Cupid Clairese Anderson-Pierre Jerome DeShong Cynthia Hope-Browne Rhonel John Alice Adams-Francois Cara Hunter Shemica Hazell
FIU Training	April/May 2020	3	Eronne Evans Hadasha Butcher-Cruickshank Marlyn Richards.
AML/CFT Training (SVG Co-operative League)	19 th November, 2020	4	Bernard John Marlyn Isaacs Jerome DeShong Terral Mapp

Internal Training Sessions	Facilitator	Date	Number of Persons in Attendance
Anti-Money Laundering Policy	Compliance Officer	16 th June, 2020, further date	Kingstown and Marriaqua staff
Emortelle-Self Service	Human Resources Officer	16 th January, 2020. Other dates	All staff
Appraisal Forms	Clement Lynch	10 th December, 2020	Senior Managers

10.9 Staffing

At the end of December, 2020, there was a total of forty (42) staff members, as shown in the table below, and six (6) interns on the Loans Data Entry Project.

Table 4: Staff Count

LOCATION	Male	Female	Total
Kingstown	6	22	28
Mesopotamia	2	5	7
Bequia	1	2	3
Canouan	0	1	1
Union Island	1	2	3
TOTAL	9	31	42

10.10 Recruitment

In keeping with our recruitment policy which is geared towards meeting the ever evolving needs of the members and building an efficient and trained human resource to effectively serve our members, the following positions were filled:-

- Chief Accountant – January 2020
- Customer Service Representative (Kingstown) – February 2020
- Security Guard (Marriqua) – June 2020
- Customer Service Representative (Union Island) – August 2020
- Office Attendant – August 2020

10.11 Termination/Resignations

- Security Guard (Marriqua) – January 2020 (Termination)
- Temporary Loans Officer – September (Resignation)
- Recoveries Officer – December 2020 (Resignation)

10.12 Awards

KCCU continues to recognise and award staff for their distinguished performance and long service, however, in light of Covid-19, the usual annual special awards dinner did not take place. We applaud those staff members who performed exceptionally well in their various areas and for their long service to the Credit Union. We urge them to keep up the good work!

10.13 Branch Offices

KCCU is committed to serving the communities in which it operates. The provision of financial service is vital to impact economic growth and contribute to poverty alleviation.

Due to COVID-19 and in keeping with the protocols imposed by the Ministry of Health, visits to our Grenadines offices were reduced. There was a heavy reliance on our technology platforms which connect our branch offices. Our Money Transfer service – Western Union which is offered at the Mesopotamia Branch was well utilized by members of the community in this COVID-19 environment.

KCCU continues to extend its outreach programme to members of the branch offices. Distribution of Christmas hampers to needy families, as well as the provision of food hampers were accomplished.

The Branch performance statistics are provided in table 5

Table 5: Branch Statistics

Office	MEMBERS			SHARES (EC\$000's)			Loans (EC\$000's)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Marriaqua	1925	1988	2051	1774	2115	2802	1508	1912	1945
Bequia	521	564	952	955	1025	1140	1116	1065	1322
Union Island	317	337	401	645	728	770	1452	1677	1501
Canouan	216	221	304	402	422	491	373	582	730

10.14 Corporate Governance

The Board of Directors continued to ensure compliance with the Co-operative Societies Act especially in relation to good governance. During the period under review the following policies were reviewed/completed:

- AML/CFT Policy
- Pandemic Epidemic Policy
- Loans Policy
- Delinquency Policy and Procedure Manual
- Investment Policy

AML/CFT is a fixed agenda item for all monthly board meetings. The Compliance Officer has stepped up her performance to ensure that the staff is trained in the service delivery of our money transfer service. An AML/CFT Risk assessment was conducted and staff trained in that regard. High on the Board's agenda is the implementation of the capital augmentation plan. However, this plan was well, due to COVID-19 challenges, we were unable to call a special meeting to approve the reviewed and redraft bye-laws.

10.15 Community Development

KCCU continued to play an important role in the social development of SVG, we have made significant donations during COVID-19 to a plethora of organisations and members in dire need. Apart from the pandemic, we have remained committed to our sponsorship of the culture, sports and education of SVG with a number of initiatives as follows:-

- Sporting Tournaments
- Membership Development and Training
- Seminars
- Medical Social and Cultural Donations
- Christmas Hampers Donations
- Annual National Primary School Quiz
- Food Vouchers distribution
- Dance Exhibition

KCCU recognized that our youth is the future of tomorrow and our annual secondary school scholarship program assists many of our members' young children acquire an education. Six scholarships were awarded and two bursaries, all other applicants received \$150.00 to assist them with the purchase of school supplies.

The Board of Directors extends congratulations to the awardees and wish them continued success in their academic journey. We also congratulate the Fancy Government School for winning the Annual Primary School Quiz competition.

An online out reach program was conducted via Facebook Live, this program promoted an awareness of the impact of COVID-19 globally and education on the vaccine.

10.16 Customer Services, Marketing and Public Relations

Customer Service

Customer service is a pivotal element that requires our deep focus. We are in a service organisation and our staff have to be trained and be knowledgeable of the various products and services in order to delight our members.

KCCU recognised that this COVID-19 pandemic the need to review, highlight and expand our online social media platforms to enable members to access services on a 24/7 basis. We continue to protect and to ensure the safety and health of our members by the following measures:-

- Social distancing
- Sanitization
- Additional cleaning
- Crowd control and external queuing
- Erection of protective screens

KCCU continues to offer the right products and services to suit the palate of our members.

Marketing and Public Relations

The COVID-19 crisis has affected every aspect of our lives especially in the business arena as we witness the use of more digital means of doing business. As means of coping with the ever changing global environment, KCCU employed marketing strategies encompassing the extensive use of digital and social platforms.

KCCU's goal is to grow membership by continuously improving the co-operative appeal and supporting and promoting service and product excellence.

During the year under review the following promotions were accomplished:-

- Advertisements promoting KCCU's ATM Service "KCCU Go" and Klik KCCU Mobile app - the video ad was viewed on SVGTV and on VC3. The audio version was aired on Hot 97, Boom and Extreme Radio
- A new billboard was erected on the Leeward side of the island.
- The Mobile App was recoded to include new more efficient codes and firewall requirements from applications. This was implemented and published.
- Increased use of Instagram and Facebook and other online activities
- Creation of a YouTube Channel.

10.17 Co-operative Movement

KCCU is cognizant of the fact that a strong credit union movement locally and regionally is critical for the viability and sustainability. KCCU continued to provide support and to partner with the SVG Credit Union League, the Co-operative Division. We continued to work closely with the Financial Services Authority on regulatory and other matters.

Due to 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.

10.18 Investment and Lending

Investment Securities

Total investments as at December 31st 2020 amount to EC\$5.7 million compared to EC\$6.0 million at the end of 2019. The decrease in the portfolio by 6% came about due to a level of prudence adopted by KCCU as we assess the risk involved in a number of investment securities on the regional market due to the COVID-19 pandemic and therefore the securities matured were redeemed.

During the year under review, KCCU expanded its solar energy generation project. An additional 25Kw solar PV system was installed at the Kingstown Location making it 50Kw System was also installed at the Marriaqua branch building. The cost of this investment at Kingstown amount to \$254,907 and \$59,370 at the Marriaqua branch. This, therefore accounts for a total investment of \$314,277.

KCCU recognised the importance of this project as a renewable energy base, and towards the reduction of greenhouse emissions. The project was officially commissioned and highlighted KCCU as the first financial institution to invest in renewable energy.

Loans

COVID-19 impacted KCCU's Loan portfolio as the members grappled with loss of employment, and reduced wages, which impacted their ability to meet their monthly repayments.

KCCU responded to the challenges faced by its members by the granting of moratoria, loan restructuring, the provision of financial counselling. We continued to offer quality products and services to help our members navigate through this difficult time. The demand for loans to members continued with the upward trend of growth (5%) in 2020. The total loan portfolio as at 31st December, 2020 stood at EC\$80 million. Mortgages continue to dominate the loan portfolio and accounts for EC\$49.4 million or 61%.

10.19 Condolences

It is with great sadness that we acknowledged the passing of some of our members, and KCCU extends heartfelt sympathies and condolences to all bereaved members and their families whose loved ones passed away. May their soul rest in peace.

Table 6: List of Members who passed during 2020

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 Greta 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	Henry Neverson	Rudolph Burgin
Leslie Bobb	Wilberforce James	Kimani Williams
Sharon Pemberton	Secquwond Jacobs	Angus Nero
Edwin Payne	Zilpha 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

10.20 Acknowledgements

The Board of Directors takes this opportunity to extend thanks and appreciation to the general membership, for their unwavering support and standing together through 63 years as we continue to build on our success.

To the various management committees, management and staff, thank you for your support, contributions and dedication. To the Registrar and staff of the Financial Services Authority (FSA), our profound appreciation for your guidance and oversight. To the Credit Union League, the Co-operative Department, Fellow Credit Unions, Co-operatives; the Auditors, thanks for your support and partnership through the years, but particularly during this year.

To all past Board of Directors, Committee members, management and staff, volunteers and well wishers of KCCU, Thank you for your investment of time, talent and treasure.

The Board of Directors thanks you for choosing KCCU as your financial partner. We are grateful for the opportunity to serve you and for the integral role you have played in our 63 year history. We are proud of our past, prepared for the future, 63 years and beyond.

Thank you and may God bless us all.

Presented by and on the behalf of the Board of Directors.



Cynthia Hope-Browne
President

11. TREASURER'S REPORT TO THE 59TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

11.1 INTRODUCTION

The KCCU remained resilient in a market of increased challenges; challenges posed by the COVID 19 pandemic, declining interest rates, increased competition from banks and non-bank institution enabled the KCCU brand to adopt and adapt new methods of doing business to serve its member better. The COVID 19 pandemic directly impacted our members employed in the travel and tourism industry, thus affected their ability to service their loans. Declining interest rates on our investments propelled the Investment and Building Committee to seek alternative sources of income for the credit union. Increased competition from banks and non-bank institution compelled KCCU to upgrade its marketing strategies. Despite the challenges, we continue to see growth in KCCU's assets, which stood at EC\$120 million as at December 31, 2020.

It is with pleasure, I present you with this report, which provides you with highlights of performance of the KCCU for the year ended December 31, 2020.

11.2 FINANCIAL RESULTS

The following table presents a synopsis of the key financial performance indicators for the financial year ended 2020, with a comparison of the financial year 2019.

11.3 ASSETS

Assets	2020	2019	Difference	Change %
Total Assets	122,924,815	111,426,443	11,498,372	10
Loans (Net)	80,280,520	76,617,693	3,662,827	5
Cash Resources	22,987,662	14,708,905	8,278,757	56
Property, Plant and Equipment	9,949,427	10,110,284	-160,857	-2
Investment Securities	5,721,868	6,062,162	-340,294	-6
Investment Properties	2,682,811	2,682,811	0	0

For the period under review, total assets increased by 10% in 2020. This increase is primarily due to increases in Cash Resources (56%) and Loans (5%).

The demand for loans to members continued with the upward trend of growth (5%) in 2020. The total loan portfolio as at December 2020 stood at \$80,280,520. Mortgages continue to dominate the loan portfolio, and accounts for \$49.3 million or 61%.

Cash resources grew by 56%, primarily as a result of increased share capital contribution and term deposits, as members continue to show confidence in the KCCU brand.

There was a downward movement in Investment Securities (-6%) as a number of investment securities matured and were redeemed.

11.4 SHARE CAPITAL AND MEMBERS DEPOSIT

Share Capital and Members Deposits	2020	2019	Difference	% Change
Share Capital	2,385,489	2,308,847	76,642	3
Members' Share Savings	55,592,671	52,603,437	2,989,234	6
Term Deposits	44,162,229	39,352,932	4,809,297	12

NB. The Share Capital category is representative of Permanent Shares, while 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 12%. The members of the public continue to place confidence in the KCCU brand as indicated by the increased monthly membership.

11.5 STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Income	2020	2019	Difference	Change %
Interest on Loans	6,630,879	6,406,689	224,190	3
Investment Income	707,947	548,493	159,454	29
Income on Death Benefit	247,505	338,774	-91,269	-27
Commissions and Miscellaneous Income	303,943	310,670	-6,727	-2

Interest on Loans grew by 224,190 or 3% in 2020, while Investment Income increased significantly by 29%, reflective of a maturity of several securities in 2020.

A decline in Income on Death Benefit (27%) and Commissions and Miscellaneous Income (2%) was realized.

11.6 NET PROFIT

NET PROFIT	2020	2019	Difference	Change %
Profit for the year	2,882,533	1,421,441	1,461,092	103

A net profit of \$2,882,533 was realized for 2020, representative of a 103% increase when compared to a profit of \$1,421,441 in 2019.

11.7 DIVIDENDS AND REBATES

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

Permanent Shares	7%
Redeemable Shares	2%
Rebates on loan interest	2.5%

11.8 CONCLUSION

For the period under review, KCCU performed well. The COVID-19 pandemic has dictated a new way of doing business. However, KCCU adapted to these challenges through moratoriums 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 members continued to place confidence in the credit union as denoted by continuous growth in membership, savings and borrowing. KCCU pledges to continue to monitor the financial market to ensure that we are able to meet the needs of the members in an ever-changing business environment.

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



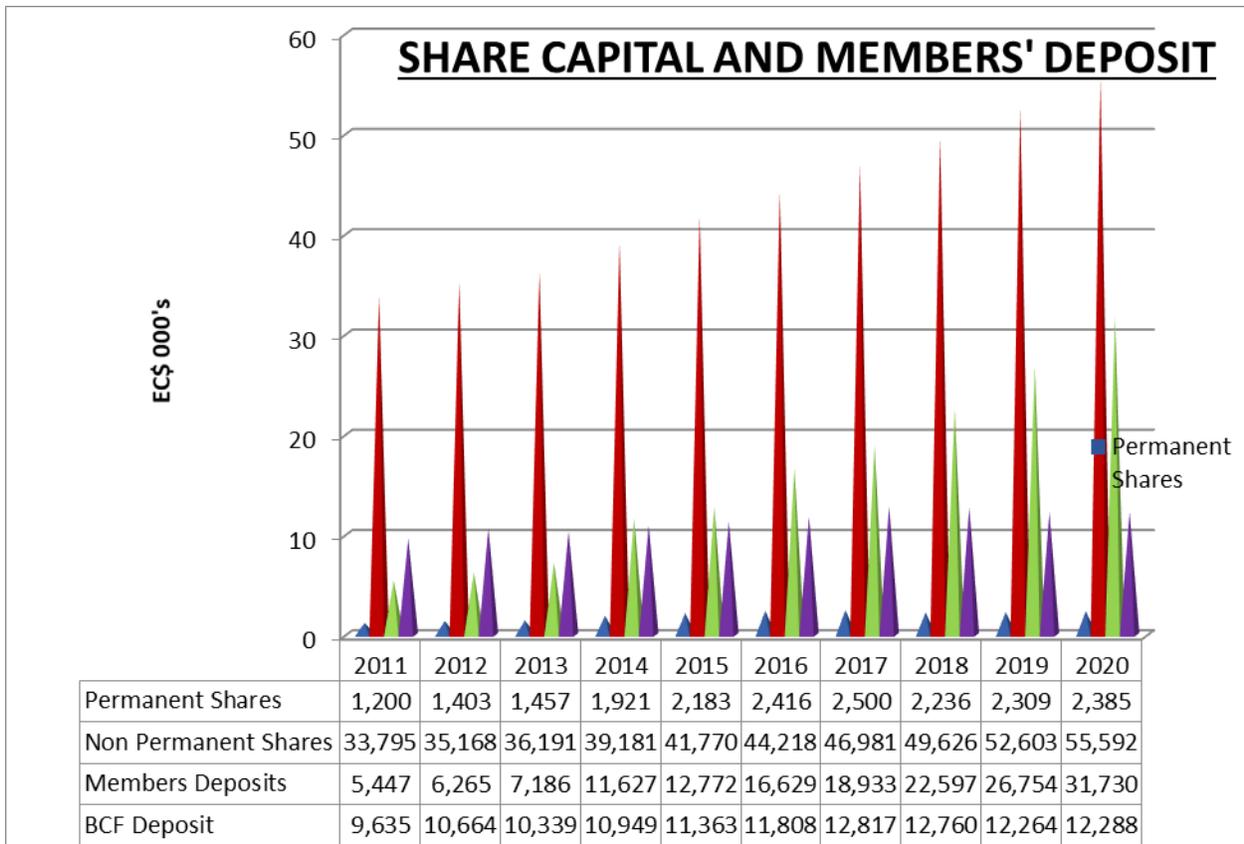
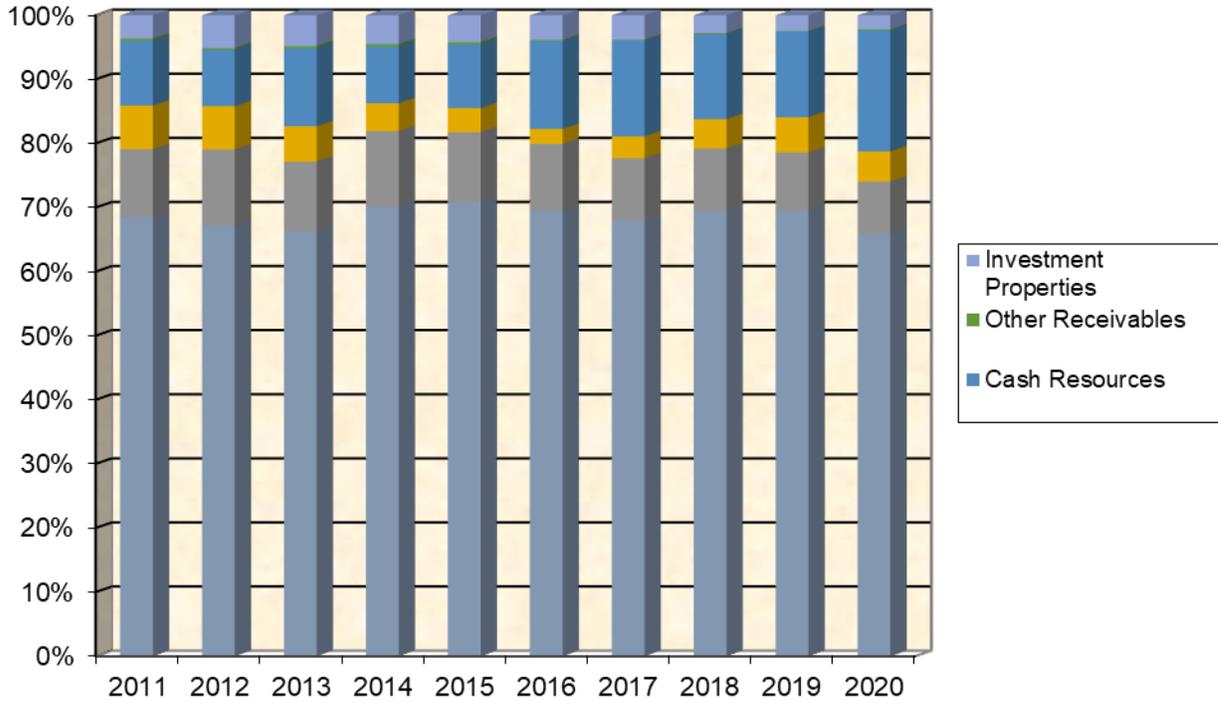
Bernard John

Treasurer

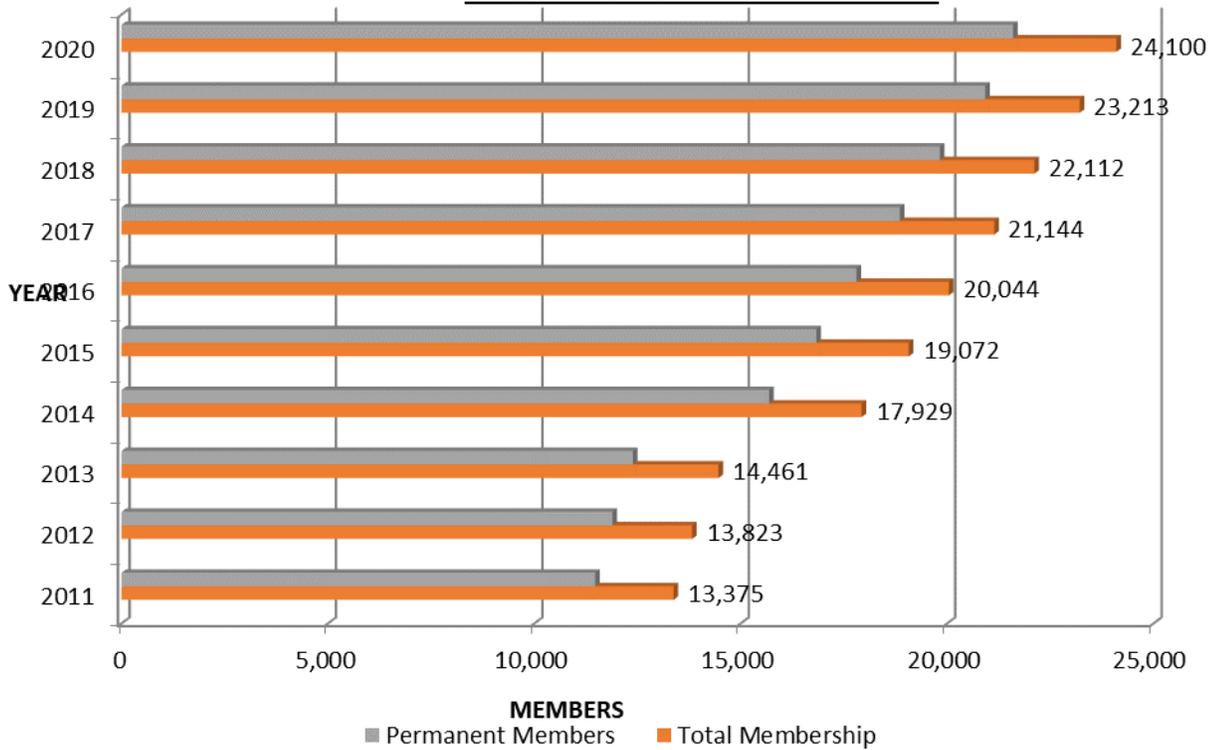
PEARLS RATIOS

	Financial Ratios	Working 2019	Working 2020	Actual 2019	Actual 2020	Standard
P1	Allowance for loan Losses					
	Delinquency >12mths	3,676,481	3,547,776	126%	110%	100%
E1	Net Loan	<u>76,617,693</u>	<u>80,280,520</u>			
	Total Assets	111,426,443	122,924,815	69%	65%	70-80%
E3	Financial Investment	<u>6,250,740</u>	<u>5,721,868</u>			
	Total Assets	111,634,218	122,924,815	6%	5%	<10%
A1	Total Loan Delinquency					
	Total Loan Portfolio	80,422,394	82,961,686	5.9%	8.7%	<=5%
A2	Non Earning Assets	<u>4,059,140</u>	<u>4,384,054</u>			
	Total Assets	111,634,218	122,924,815	3.6%	3.6%	<=5%
R1	Net Loan Income	<u>5,095,173</u>	<u>5,353,564</u>			
	Average Net Loan Portfolio	73,790,157.50	78,449,106.50	6.9%	6.8%	10%
R9	Operating Expense	<u>4,007,345</u>	<u>4,420,027</u>			
	Average Total Assets	107,454,749	117,175,629	3.7%	3.8%	5.0%
L1	Net Liquidity	<u>13,378,088</u>	<u>20,684,321</u>			
	Savings	91,938,760	99,754,900	14.6%	20.7%	>15%
S9	Increase in Loans	<u>6,119,511</u>	<u>3,662,827</u>			
	Total Loan portfolio of Previous Year	74,302,883	76,617,693	8%	5%	Not Specified
S10	Increase in Total Assets					
	Total Assets of Previous year	103,275,280	111,426,443	8%	10%	Not Specified

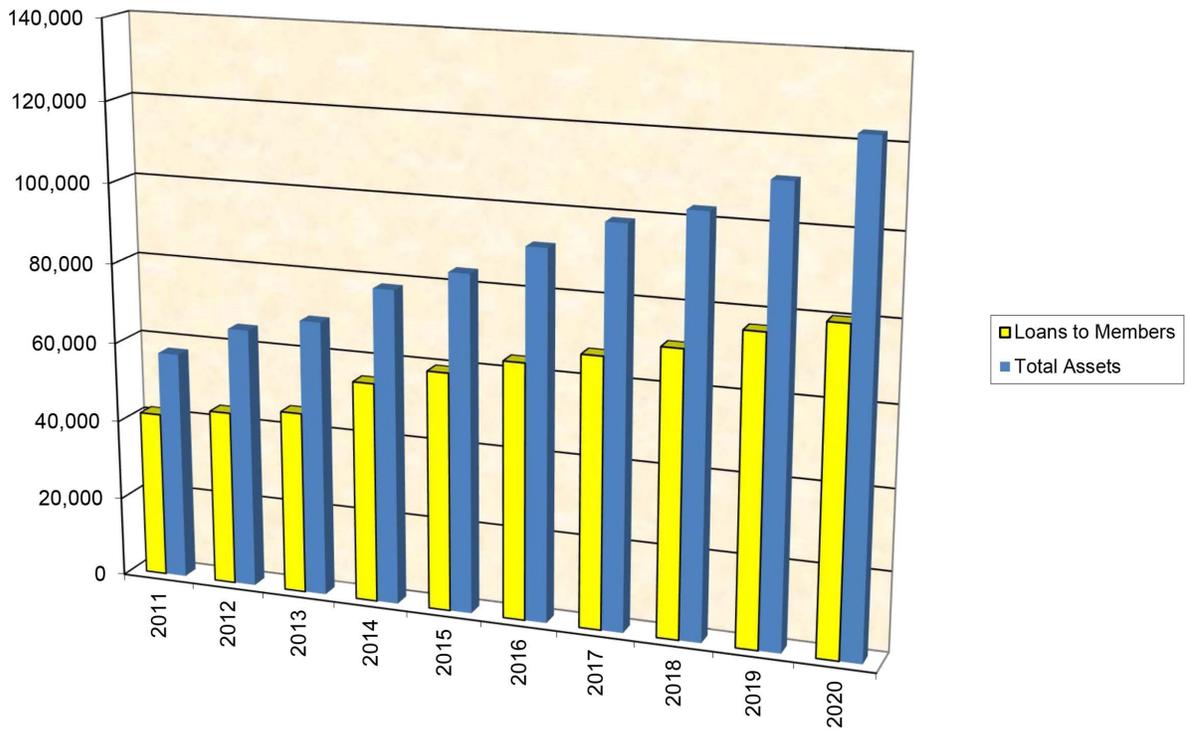
ASSETS



MEMBERSHIP GROWTH



TOTAL ASSETS AND LOANS



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Loans to Members	41,623	43,949	45,775	55,180	59,672	63,970	67,396	70,963	76,618	80,281
Total Assets	57,498	65,332	69,053	78,660	84,174	91,846	99,082	103,275	111,426	122,925

INTEREST INCOME ON LOANS





Grant Thornton

An instinct for growth™

Kingstown Co-operative Credit Union Limited

Financial Statements
Year Ended December 31, 2020
(in Eastern Caribbean dollars)



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Corporate Information

REGISTERED OFFICE

Granby Street
Kingstown
St. Vincent and the Grenadines

DIRECTORS

Mrs. Cynthia Hope-Browne – President
Mr. Terral Mapp – Vice President
Mr. Bernard John - Treasurer
Mr. Jerome De Shong
Mr. Colin John
Ms. Angelita Miller

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

Report on the Audit of the Financial Statements

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

www.grantthornton.lc

We have audited the financial statements of **Kingstown Co-operative Credit Union Limited**, which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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.

Other Matters

The financial statements for the Credit Union for the year ended December 31, 2019, were audited by another auditor, whose report dated November 20, 2020, expressed a qualified opinion on those financial statements as follows:

"In accordance with the requirements of IFRS 9 Financial Instruments, management estimated the Expected Credit Losses (ECL) on its loan portfolio at December 21, 2019. However, we were unable to obtain sufficient appropriate audit evidence to support the underlying assumptions (including the probability of default, loss given default and exposure at default) utilized by the Credit Union in the process of determining the ECL provision. Consequently, we were unable to determine whether any adjustments might have been necessary to (i) the amounts shown in the statement of financial position for loans to members (net of related ECL), (ii) the amounts shown in the statement of profit or loss and other comprehensive income for the allowance for impairment on loans, and (iii) the related notes in these financial statements, including also the disclosures outlining the key underlying assumptions."



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.

Key Audit Matters	How Our Audit Address the Key Audit Matter
<p>Allowance for impaired loans</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"> ➤ Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of the loan portfolio. ➤ 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. <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"> ➤ 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. <p>In addition, we assessed the adequacy of the disclosures in the financial statements.</p>



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.

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.

September 23, 2021

Kingstown Co-operative Credit Union Limited

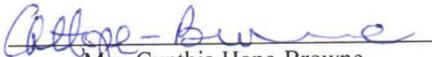
Statement of Financial Position

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
ASSETS			
Cash and cash equivalents	7	22,987,662	14,708,905
Investment securities	8	5,721,868	6,062,162
Loans to members	9	80,280,520	76,617,693
Other assets	10	190,733	132,794
Investment in associates	11	1,111,794	1,111,794
Investment properties	12	2,682,811	2,682,811
Property and equipment	13	9,949,427	10,110,284
Total Assets		122,924,815	111,426,443
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	7	961,709	85,980
Accounts payable and accrued liabilities	14	1,341,632	1,244,838
Deposits	15	44,162,229	39,352,932
Redeemable member shares	16	55,592,671	52,603,437
Total Liabilities		102,058,241	93,287,187
Shareholders' Equity			
Share capital	16	2,385,489	2,308,847
Statutory reserve fund	17	6,009,232	5,355,701
Development fund	18	5,000	10,000
Revaluation surplus		5,610,510	5,610,510
Retained earnings		6,856,343	4,854,198
Total Liabilities and Shareholders' Equity		122,924,815	111,426,443

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 23, 2021.


Mrs. Cynthia Hope-Browne
President


Mr. Bernard John
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, 2020

(in Eastern Caribbean dollars)

Notes	Share	Statutory	Development	Revaluation	Retained	Total
	Capital	Reserve Fund	Fund	Surplus	Earnings	
	\$	\$	\$	\$	\$	\$
Balance at January 1, 2019	2,235,506	5,020,356	5,000	5,610,510	3,769,757	16,641,129
Profit for the year	0	0	0	0	1,421,441	1,421,441
Issuance of shares	16 99,261	0	0	0	0	99,261
Redemption of shares	16 (25,920)	0	0	0	0	(25,920)
Appropriation of development fund	18 0	0	5,000	0	(5,000)	0
Appropriation of statutory reserve	17 0	332,000	0	0	(332,000)	0
Entrance fees	0	3,345	0	0	0	3,345
Balance at December 31, 2019	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
Balance at December 31, 2020	2,385,489	6,009,232	5,000	5,610,510	6,856,343	20,866,574

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, 2020

(in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
Income			
Interest income	19	6,630,879	6,406,689
Investment income	20	707,949	548,493
		<u>7,338,828</u>	6,955,182
Interest expense		(1,032,863)	(938,517)
Rebates and interest to members		(902,579)	(600,540)
		<u>5,403,386</u>	5,416,125
Net Interest Income			
Recovery (allowance for) of impairment on financial assets	21	1,347,390	(343,209)
		<u>6,750,776</u>	5,072,916
Rental income		244,788	243,150
		<u>6,995,564</u>	5,316,066
Selling expenses	22	(244,452)	(339,149)
General and administrative expenses	23	(4,420,027)	(4,038,724)
		<u>2,331,085</u>	938,193
Other Income			
Income on death benefit plan – net	24	247,505	338,774
Commissions and miscellaneous income		303,943	310,670
Decrease in fair value of investment properties	12	0	(147,000)
		<u>551,448</u>	502,444
Share of loss of associates accounted for using the equity method	11	0	(19,196)
Profit for the Year		<u>2,882,533</u>	1,421,441
Other Comprehensive Income			
Items that will never be Reclassified Subsequently to Profit or Loss			
Appreciation on revaluation of property and equipment	13	0	0
Other Comprehensive Income for the Year		<u>0</u>	0
Total Comprehensive Income for the Year		<u>2,882,533</u>	1,421,441

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, 2020

(in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
Operating Activities			
Profit before income tax		2,882,533	1,421,441
Adjustments for			
Interest income		(7,322,620)	(6,942,121)
Interest expense		1,032,863	938,517
Depreciation	13	385,390	324,414
Decrease in fair value of investment properties	12	0	147,000
Share of loss (profit) of associates	11	0	19,196
(Recovery of) allowance for impairment on financial assets	21	(1,347,390)	343,209
Net Loss before Changes in Operating Assets and Liabilities		(4,369,224)	(3,748,344)
Other assets		(57,939)	43,580
Loans to members, net of recoveries		(1,908,096)	(6,036,037)
Accounts payable and accrued liabilities		96,794	122,706
Deposits		4,999,504	3,662,610
Net redeemable member shares		2,989,234	2,976,446
Interest paid		(1,223,070)	(1,069,061)
Interest received		6,956,471	6,997,445
Net Cash Generated from Operating Activities		7,483,674	2,949,345
Cash Flows from Investing Activities			
Acquisition of property and equipment	13	(224,533)	(452,422)
Redemption (purchase) of investment securities		299,102	(1,436,328)
Net Cash Generated from (Used in) Investing Activities		74,569	(1,888,750)
Cash Flows from Financing Activities			
Net proceeds from issuance (redemption) of shares	16	76,642	73,341
Dividends paid		(225,746)	0
Entrance fees received		3,889	3,345
Development fund contributions paid to the National League		(10,000)	0
Net Cash (Used in) Generated from Financing Activity		(155,215)	76,686
Net Movement in Cash Resources		7,403,028	1,137,281
Cash Resources - Beginning of Year		14,622,925	13,485,644
Cash Resources - End of Year	7	22,025,953	14,622,925

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

Kingstown Co-operative Credit Union Limited

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Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(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 1 January 2020*

The Credit Union has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of Business – amendment to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, ISA 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

2. Basis of PreparationCont'd

e. New Standards, Amendments and Interpretations not yet Effective and have not been Early Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, the Credit Union has not early adopted these new or amended standards in preparing these financial statements.

None of those is expected to have a significant impact on the Credit Union's financial statements.

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.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

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

e. Property and Equipment*Cont'd*

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%

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.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

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

h. Foreign Currency Translation*Cont'd*

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.

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, 2020

(in Eastern Caribbean dollars)

3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'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 (SSPI) on the outstanding principal balance.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

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3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'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, 2020

(in Eastern Caribbean dollars)

3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'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, 2020

(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:

- (i) over the following twelve months; or
- (ii) 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, 2020

(in Eastern Caribbean dollars)

3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'd

(xii) Impairment of Financial AssetsCont'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"> - absence of up-to-date financial information on file - inadequate credit documentation to support borrowing which may result in losses if not corrected - breach of loan covenant - other potential weakness that deserves management's attention but do not expose the Credit Union to significant risk 	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"> - Full liquidation of collection of debt improbable - Significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; - The restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise; - It is probable that the borrower will enter bankruptcy or other financial reorganization; or - The disappearance of an active market for a security because of financial difficulties. 	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, 2020

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3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'd

(xiii) Impairment of Financial AssetsCont'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, 2020

(in Eastern Caribbean dollars)

3. Summary of Significant Accounting PoliciesCont'd

i. Financial InstrumentsCont'd

(xiii) Impairment of Financial AssetsCont'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, 2020

(in Eastern Caribbean dollars)

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

i. Financial Instruments*Cont'd*

(xiii) *Impairment of Financial AssetsCont'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, 2020

(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, 2020

(in Eastern Caribbean dollars)

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

m. Leases*Cont'd*

As a LesseeCont'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, 2020

(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, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.1 Credit RiskCont'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:

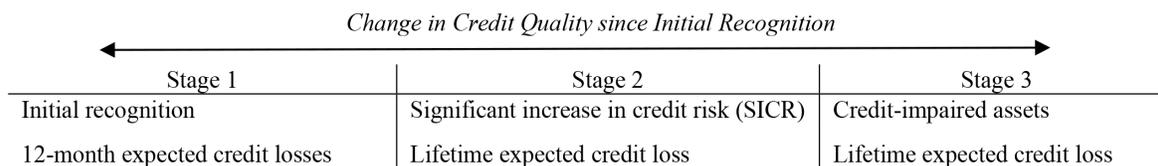
- (i) Mortgages over real properties; and
- (ii) Charges over members' deposits and ordinary savings.

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, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.1 Credit RiskCont'd

Impairment and Provisioning PoliciesCont'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:

	2020	2019
	\$	\$
Deposits with commercial banks	21,950,550	14,084,692
Investment securities	5,721,868	6,062,162
Loans to members	80,280,520	76,617,693
Other assets	110,889	61,753
	<u>108,063,827</u>	<u>96,826,300</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, 2020 and 2019, 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, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.1 Credit RiskCont'd

Loans and Advances to Members

Loans and advances to members are summarized as follows:

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro- Business	Total
	\$	\$	\$	\$	\$	\$	\$
At December 31, 2020							
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
	41,837,961	18,165,635	5,493,263	2,699,878	4,525,483	7,558,300	80,280,520
At December 31, 2019							
Gross loans	40,452,382	20,583,886	5,844,888	2,231,425	2,887,753	8,422,060	80,422,394
Less: ECL allowance on gross loans	(1,296,915)	(1,773,662)	(301,541)	(73,787)	(214,614)	(863,825)	(4,624,344)
	39,155,467	18,810,224	5,543,347	2,157,638	2,673,139	7,458,235	75,798,050
Add: interest receivable	328,914	290,981	51,594	27,225	62,047	58,882	819,643
	39,484,381	19,101,205	5,594,941	2,184,863	2,735,186	7,517,117	76,617,693

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.1 Credit RiskCont'd

Loans and Advances to MembersCont'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 \$
As at December 31, 2020				
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	0	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: ECL allowance	(657,304)	(24,545)	(3,226,301)	(3,908,150)
	75,641,225	777,884	3,861,411	80,280,520
As at December 31, 2019				
Mortgage	38,879,963	187,093	1,355,326	40,422,382
Consumer	19,220,442	17,057	1,346,388	20,583,887
Vehicle	5,562,785	0	282,103	5,844,888
Education	2,073,144	0	158,281	2,231,425
Promotional	2,695,232	0	192,520	2,887,752
Micro-business	7,314,182	0	1,137,878	8,452,060
	75,745,748	204,150	4,472,496	80,422,394
Add: interest receivable	267,806	13,077	538,760	819,643
	76,013,554	217,227	5,011,256	81,242,037
Less: ECL allowance	(1,694,289)	(18,859)	(2,911,196)	(4,624,344)
	74,319,265	198,368	2,100,060	76,617,693

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, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.2 Liquidity RiskCont'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 \$
December 31, 2020				
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
	102,058,241	0	0	102,058,241
<hr/>				
	1 Year \$	1 and 5 Years \$	After 5 Years \$	Total \$
December 31, 2019				
Accounts payable and accruals	1,244,838	0	0	1,244,838
Bank overdraft	85,980	0	0	85,980
Deposits	39,352,932	0	0	39,352,932
Redeemable member shares	52,603,437	0	0	52,603,437
	93,287,187	0	0	93,287,187

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 \$
December 31, 2020					
Financial Assets					
Cash	21,950,550	0	0	1,037,113	22,987,663
Investment securities	553,030	3,533,900	1,177,043	457,895	5,721,868
Other assets	0	0	0	110,889	110,889
Loans to members	1,974,453	31,666,112	46,639,955	0	80,280,520
	24,478,033	35,200,012	47,816,998	1,605,897	109,100,940

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

4. Financial Risk ManagementCont'd

4.3 Interest Rate RiskCont'd

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
Financial Liabilities					
Trade and other payables	0	0	0	1,341,632	1,341,632
Bank overdraft	961,709	0	0	0	961,709
Deposits	38,475,267	5,686,962	0	0	44,162,229
Redeemable member shares	55,592,671	0	0	0	55,592,671
	<u>95,029,647</u>	<u>5,686,962</u>	<u>0</u>	<u>1,341,632</u>	<u>102,058,241</u>
Total Interest Sensitivity Gap	(70,551,614)	29,513,050	47,816,998	264,265	7,042,699

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
December 31, 2019					
Financial Assets					
Cash	14,084,693	0	0	624,212	14,708,905
Investment securities	2,253,390	641,668	2,597,065	570,039	6,062,162
Other assets	0	0	0	61,753	61,753
Loans to members	1,587,028	31,346,805	42,354,130	1,329,730	76,617,693
	<u>17,925,111</u>	<u>31,988,473</u>	<u>44,951,195</u>	<u>2,585,734</u>	<u>97,450,513</u>
Financial Liabilities					
Trade and other payables	0	0	0	1,244,838	1,244,838
Bank overdraft	85,980	0	0	0	85,980
Deposits	33,522,215	5,830,717	0	0	39,352,932
Redeemable member shares	52,603,437	0	0	0	52,603,437
	<u>86,211,632</u>	<u>5,830,717</u>	<u>0</u>	<u>1,244,838</u>	<u>93,287,187</u>
Total Interest Sensitivity Gap	(68,286,521)	26,157,756	44,951,195	1,340,896	4,163,326

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 (2019: \$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 \$10,503.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements For the Year Ended December 31, 2020

(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, 2020 (see **Note 30**).

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(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

	2020	2019
	\$	\$
Cash on hand	1,037,112	624,213
Deposits and special savings	21,950,550	14,084,692
Cash and Cash Equivalents in Statement of Financial Position	22,987,662	14,708,905
Bank overdraft	(961,709)	(85,980)
Cash and Cash Equivalents in Statement of Cash Flows	22,025,953	14,622,925

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, 2020

(in Eastern Caribbean dollars)

8. Investments Securities

	2020	2019
	\$	\$
Amortized Cost		
Debt securities	5,763,483	6,062,585
Interest receivable	74,475	115,667
	5,837,958	6,178,252
Less: expected credit losses	(573,985)	(573,985)
Total Debt Securities	5,263,973	5,604,267
Fair Value through Profit or Loss		
Equities	457,895	457,895
	5,721,868	6,062,162

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

	2020	2019
	\$	\$
At December 31		
Balance beginning of year	573,985	508,325
Impact of adoption of IFRS 9 in	0	0
	573,985	508,325
Charge for the year	0	65,660
	573,985	573,985

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

9. Loans to Members

	Mortgage \$	Consumer \$	Vehicle \$	Education \$	Promotional \$	Micro- Business \$	Total \$
At December 31, 2020							
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
	41,837,961	18,165,635	5,493,263	2,699,878	4,525,483	7,558,300	80,280,520
At December 31, 2019							
Gross loans	40,452,382	20,583,886	5,844,888	2,231,425	2,887,753	8,422,060	80,422,394
Less: expected credit losses	(1,296,915)	(1,773,662)	(301,541)	(73,787)	(214,614)	(963,825)	(4,624,344)
	39,155,467	18,810,224	5,543,347	2,157,638	2,673,139	7,458,235	75,798,050
Add: interest receivable	328,914	290,981	51,594	27,225	62,047	58,882	819,643
	39,484,381	19,101,205	5,594,941	2,184,863	2,735,186	7,517,117	76,617,693

The average yield on loans for the year was 8.0% (2019: 8.4%).

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

9. Loans to MembersCont'd

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

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
As at December 31, 2020				
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	0	2,145,126	8,135,702
	<u>75,756,562</u>	<u>772,054</u>	<u>6,433,070</u>	<u>82,961,686</u>
Add: interest receivable	541,967	30,375	654,642	1,226,984
	<u>76,289,529</u>	<u>802,429</u>	<u>7,087,712</u>	<u>84,188,670</u>
Less: expected credit losses	(657,304)	(24,545)	(3,226,301)	(3,908,150)
	<u>75,641,225</u>	<u>777,884</u>	<u>3,861,411</u>	<u>80,280,520</u>
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
As at December 31, 2019				
Mortgage	38,879,963	187,093	1,355,326	40,422,382
Consumer	19,220,442	17,057	1,346,388	20,583,887
Vehicle	5,562,785	0	282,103	5,844,888
Education	2,073,144	0	158,281	2,231,425
Promotional	2,695,232	0	192,520	2,887,752
Micro-business	7,314,182	0	1,137,878	8,452,060
	<u>75,745,748</u>	<u>204,150</u>	<u>4,472,496</u>	<u>80,422,394</u>
Add: interest receivable	267,806	13,077	538,760	819,643
	<u>76,013,554</u>	<u>217,227</u>	<u>5,011,256</u>	<u>81,242,037</u>
Less: expected credit losses	(1,694,289)	(18,859)	(2,911,196)	(4,624,344)
	<u>74,319,265</u>	<u>198,368</u>	<u>2,100,060</u>	<u>76,617,693</u>

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

9. Loans to Members*Cont'd*

	Mortgage \$	Consumer \$	Vehicle \$	Education \$	Promotional \$	Micro- Business \$	Total \$
At December 31, 2020							
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
At December 31, 2019							
Balance – beginning of year	1,639,560	1,131,897	179,416	162,059	709,283	234,272	4,056,487
Charge for the year	(342,645)	641,765	122,125	(88,272)	(494,669)	729,553	567,857
Balance – end of year	1,296,915	1,773,662	301,541	73,787	214,614	963,825	4,624,344

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

10. Other Assets

	2020	2019
	\$	\$
Interest receivable	78,098	41,666
Prepaid expenses	78,852	71,041
Other receivables	33,783	20,087
	190,733	132,794

11. Investment in Associates

	2020	2019
	\$	\$
Investments at the beginning of the year	1,111,794	1,130,990
Additional investment in St. Vincent and the Grenadines Credit Union League Limited	0	0
Share of (loss) profit for the year	0	(19,196)
	1,111,794	1,111,794

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 value of shareholding to be allocated to the various Credit Unions that currently own shares in the entity. Consequently, the Credit Union has fully provided for impairment losses anticipated on the investment.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The shares held in St. Vincent Co-operative Credit Union League are not traded in active markets.

12. Investment Properties

	Land at Canouan \$	Land and Building at Kingstown Park \$	Land at Bequia \$	Land at Brighton \$	Total \$
December 31, 2018	188,926	582,050	78,148	1,980,687	2,829,811
Change in fair value	0	(147,000)	0	0	(147,000)
December 31, 2019	188,926	435,050	78,148	1,980,687	2,682,811
Change in fair value	0	0	0	0	0
December 31, 2020	188,926	435,050	78,148	1,980,687	2,682,811

In 2019, the Credit Union demolished the building on the Kingstown Park property and has made an adjustment to reflect this. The decline of Nil (2019: \$147,000) in the fair value of investment properties was charged to profit or loss.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

13. Property and Equipment

	Land \$	Building \$	Furniture & Fittings \$	Total \$
At December 31, 2018				
Cost or valuation	2,710,500	7,307,840	2,772,532	12,790,872
Accumulated depreciation	0	(776,929)	(2,031,667)	(2,808,596)
Net book amount	2,710,500	6,530,911	740,865	9,982,276
Year Ended December 31, 2019				
Opening net book amount	2,710,500	6,530,911	740,865	9,982,276
Additions	0	0	452,422	452,422
Transfers	121,410	(121,410)	0	0
Depreciation charge	0	(128,275)	(196,139)	(324,414)
Closing net book amount	2,831,910	6,281,226	997,148	10,110,284
At December 31, 2019				
Cost or valuation	2,831,910	7,186,430	3,224,954	13,243,294
Accumulated depreciation	0	(905,204)	(2,227,806)	(3,133,010)
Net book amount	2,831,910	6,281,226	997,148	10,110,284
Year Ended December 31, 2020				
Opening net book amount	2,831,910	6,281,226	997,148	10,110,284
Additions	0	0	224,533	224,533
Depreciation charge	0	(139,995)	(245,395)	(385,390)
Closing net book amount	2,831,910	6,141,231	976,286	9,949,427
At December 31, 2020				
Cost or valuation	2,831,910	7,186,430	3,449,487	13,467,827
Accumulated depreciation	0	(1,045,199)	(2,473,201)	(3,518,400)
Net book amount	2,831,910	6,141,231	976,286	9,949,427

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. The excess, \$130,353, of appraised value over the carrying value was recognized through other comprehensive income in 2018.

Depreciation expenses of \$385,390 (2019: \$324,414) was charged to general and administrative expenses.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

14. Accounts Payable and Accrued Liabilities

	2020	2019
	\$	\$
Accounts payable	384,101	432,805
Payroll obligations	834,272	723,273
Other accruals	123,259	88,760
	<u>1,341,632</u>	<u>1,244,838</u>

15. Deposits

	2020	2019
	\$	\$
Members' demand deposits	31,692,972	26,715,821
Building capitalization fund shares	12,325,833	12,303,480
	<u>44,018,805</u>	<u>39,019,301</u>
Interest payable	143,424	333,631
	<u>44,162,229</u>	<u>39,352,932</u>

The building capitalization fund shares have varying maturity dates.

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

	2020	2019
	%	%
Members' demand deposits	2.12	2.26
Building capitalization fund shares	3.08	3.25

All deposits are denominated in Eastern Caribbean currency.

16. Stated Capital

	2020	2019
	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

	2020	2019
	\$	\$
Paid-up Capital		
Reported as Financial Liabilities		
Redeemable \$5 par value member shares	<u>55,592,671</u>	<u>52,603,437</u>
Reported as Equity		
Permanent fully paid \$5 par value member shares	2,301,184	2,224,812
Subscription for permanent \$5 par value member shares	84,305	84,035
	<u>2,385,489</u>	<u>2,308,847</u>
	<u>57,978,160</u>	<u>54,912,284</u>

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(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%.

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

Article 16.1 of the Credit Union's By-Laws provides that entrance fees and fines collected from members, and at least 20% of net profits shall be credited to a Reserve Fund. The Reserve Fund may be used 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 \$649,642 (2019: \$332,000) 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 (2019: \$5,000) to the development fund, and \$10,000 was transferred to the National League.

19. Interest on Loans

	2020	2019
	\$	\$
Mortgage loans	3,209,891	3,168,536
Consumer loans	2,763,098	2,492,508
Vehicle loans	506,816	606,576
Education loans	151,074	139,069
	<u>6,630,879</u>	<u>6,406,689</u>

20. Investment Income

Investment income comprises:

	2020	2019
	\$	\$
Interest earned on bank deposits and fixed deposits	372,410	269,210
Interest earned on securities at amortized cost	319,331	266,222
Dividends	16,208	13,061
	<u>707,949</u>	<u>548,493</u>

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

21. Impairment Allowance (Recovery)

	2020	2019
	\$	\$
Increase (reduction) in impairment allowance on loans (Note 9)	(716,194)	567,857
Recoveries on loans previously written off	(631,196)	(290,409)
Write-offs	0	101
Impairment charge – investments (Note 8)	0	65,660
	(1,347,390)	343,209

22. Selling Expenses

	2020	2019
	\$	\$
Donations	33,439	58,613
Publicity, promotions and sponsorship	154,263	238,991
Scholarship funds	56,750	41,545
	244,452	339,149

23. General and Administrative Expenses

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

	2020	2019
	\$	\$
Annual general meeting expenses	45,408	63,224
Annual licence fees	64,093	91,079
ATM fees	14,851	0
Audit fees	82,250	96,443
Bank charges	54,355	41,920
Board and committee meetings	171,936	149,116
Communication expenses	181,621	189,817
Conventions and summits	53,032	26,617
Depreciation expense (Note 13)	385,390	324,414
Electricity	46,790	90,113
General insurance	56,595	51,112
Insurance on loans and shares	512,739	433,781
League dues	70,590	68,284
Other operating expenses	13,775	82,987
Professional fees	55,812	69,956
Rental expense	89,108	83,029
Repairs and maintenance – buildings	95,905	84,469
Repairs and maintenance – equipment	121,679	126,215
Security	164,542	144,902
Staff costs (Note 25)	1,909,214	1,626,825
Stationery and office supplies	191,923	151,684
Travel	25,001	26,189
Water	13,418	16,548
	4,420,027	4,038,724

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

24. Income on Death Benefit Plan - Net

	2020	2019
	\$	\$
Death benefit contributions	557,675	532,524
Death benefit claims paid	(310,170)	(193,750)
	<u>247,505</u>	<u>338,774</u>

25. Staff Costs

	2020	2019
	\$	\$
Bonus	6,610	55,539
Staff medical insurance	34,993	29,226
National Insurance contributions	75,296	63,426
Salaries and wages	1,630,473	1,288,340
Staff training and education	3,832	39,090
Staff uniforms	47,012	59,281
Retirement benefit	68,050	10,540
vacation	42,948	81,383
	<u>1,909,214</u>	<u>1,626,825</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, 2020

(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	
	2020	2019
	\$	\$
Salaries and wages	621,764	575,464
National Insurance contributions	22,848	17,840
	644,612	593,304

ii. Loans and Deposits

a. Loans

	Balance Outstanding as at December 31	
	2020	2019
	\$	\$
Directors and Committee Members	1,081,134	1,273,756
Management staff	778,662	885,690
	1,859,796	2,159,446

b. Deposits

	Balance Outstanding as at December 31	
	2020	2019
	\$	\$
Directors and Committee Members	315,685	88,666
Management staff	115,734	390,459
	431,419	479,125

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, 2020

(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 \$6,445,962 (2019: \$4,359,822).

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 September 3, 2021, the directors declared dividends of 7% and 2% on permanent and redeemable shares, as of September 23, 2021, respectively, and approved a rebate of 2.5% on loans of records as of September 23, 2021.

30. Co-operative Societies Compliance Requirements

	2020	2019
	\$	\$
Fixed deposits	254,624	6,062,585
Cash	22,025,953	14,622,925
	<u>22,280,577</u>	<u>20,685,510</u>
Members deposits and ordinary shares	<u>99,754,900</u>	<u>91,956,369</u>
Liquid investments to shares and deposits ration	22%	23%

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 22% (2019: 23%) of members' shares and deposits.

Kingstown Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2020

(in Eastern Caribbean dollars)

30. Co-operative Societies Compliance RequirementsCont'd

	2020	2019
	\$	\$
Statutory and other reserves	<u>11,624,742</u>	<u>10,976,211</u>
Total liabilities	<u>102,058,241</u>	<u>93,287,187</u>
Reserves to liabilities ratio	11%	12%

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% (2019: 12%) of its total liabilities.

31. Comparative Figures

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

12. CREDIT COMMITTEE REPORT TO THE 59TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

12.1 INTRODUCTION

On this occasion of the 59th Annual General Meeting of the Kingstown Credit Union Ltd, the Credit Committee takes this opportunity to present its report to the members of this noble institution, having served for the year 2020.

The 2020 period saw the following members serving:

Bro. Timothy Scott – Present Chairman

Bro. Osneith Cato – Committee Member

Sis. Juanika Joseph - Secretary

Sis. Susan Clarke – Committee Member

Sis. Licia Nero – Committee Member

At the 58th Annual General Meeting held on November 30, 2020 at the Russell's Auditorium, Sis Juanika Joseph was re-elected as a member for a second term.

12.2 CREDIT COMMITTEE ATTENDANCE REPORT 2020

Volunteers/Members	Position	Attendance
Bro. Timothy Scott	Chairman	40
Sis. Juanika Joseph	Secretary	40
Bro. Osneith Cato	Member	40
Sis Licia Nero	Member	40
Sis Susan Clarke	Member	40

12.3 FUNCTIONS AND OPERATIONS OF THE CREDIT COMMITTEE

The Credit Committee can be seen as the heart of the Credit Union as it plays a vital role in its operations. As in previous years, meetings of the Committee were held every Tuesday at 5pm to conduct its main duty, which is to review loan applications made by members; the decisions upon such applications are made within the authority/threshold as delegated to the Committee based on the Cooperatives Society Act 2012 and the KCCU Bye-laws. In some instances, the Committee provided financial counselling to members in the wise use of credit and to those experiencing financial difficulties. 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 of Directors.

The Credit Committee also engaged in a series of site visits in order to get firsthand view of construction projects undertaken by members and gauge the rate of progress of these projects.

The Chairperson presented monthly reports to the Board of Directors. These reports summarized the activities of the Committee for the previous month; it included a thorough breakdown of the number of loans approved/disapproved, the purpose and the collateral of each loan presented.

12.4 OVERVIEW

KCCU continues to face many challenges as it grapples with COVID-19 which has negatively impacted the ability of members’ demand for loans as well as their ability to meet their monthly loan obligations. In spite of these challenges KCCU continues to offer products such as the Diamond Deal, KCCU Protect, KCCU Leggo and KCCU Edu-Tech at affordable and competitive interest rates. Also, the debt consolidation product has assisted our members to meet their monthly financial obligations without reducing their disposable income. Additionally, to help ease the burden of our members, moratoriums were granted to those who were adversely affected by the impact of COVID-19.

Providing financial counseling as well as mortgage/home construction consultation continues to be high on our agenda. Remember our members are our ‘treasured assets’ and it’s our duty where possible to provide the necessary guidance once requested by our members.

The Credit Committee along with the Delinquency Department has developed a long-awaited Delinquency Policy and Procedural Manual, which would add to the efficiency of dealing with the problem of delinquency.

12.5 LOAN ANALYSIS

The table below shows a comparison of the loan activities for 2020 versus 2019.

YEAR	NO. REVIEWED	NO. APPROVED	NO. DISBURSED		VALUE REVIEWED	VALUE APPROVED	VALUE DISBURSED
2019	2,713	2,452	7,418		\$26,214,557	\$19,482,373	\$23,200,006
2020	2,658	2,614	6,329		\$21,765,445	\$18,029,532	\$19,389,617
% CHANGE	-2.0	6.6	-14.7		-17.0	-7.5	-16.4

12.6 LOAN APPLICATION AND APPROVALS

During the period under review, there was a decline in the loan activity. **2,658** loans were reviewed at the end of 2020 compared to **2,713** in the previous year, representing a **2.0%** decline. However, the number of loans approved increased by **6.6%**, **2,614** in 2020 compared to **2,452** in 2019.

In terms of the value of the loans reviewed during the period, there was a decline of **17.0%** from the previous year, this represents a reduction of **\$4.4 million**. Additionally, the value of the loans approved declined by **7.5%** compared to 2019, a reduction of **\$1.5 million**.

12.7 LOAN DISBURSEMENTS

Loans disbursed by type is illustrated in Table 1 below.

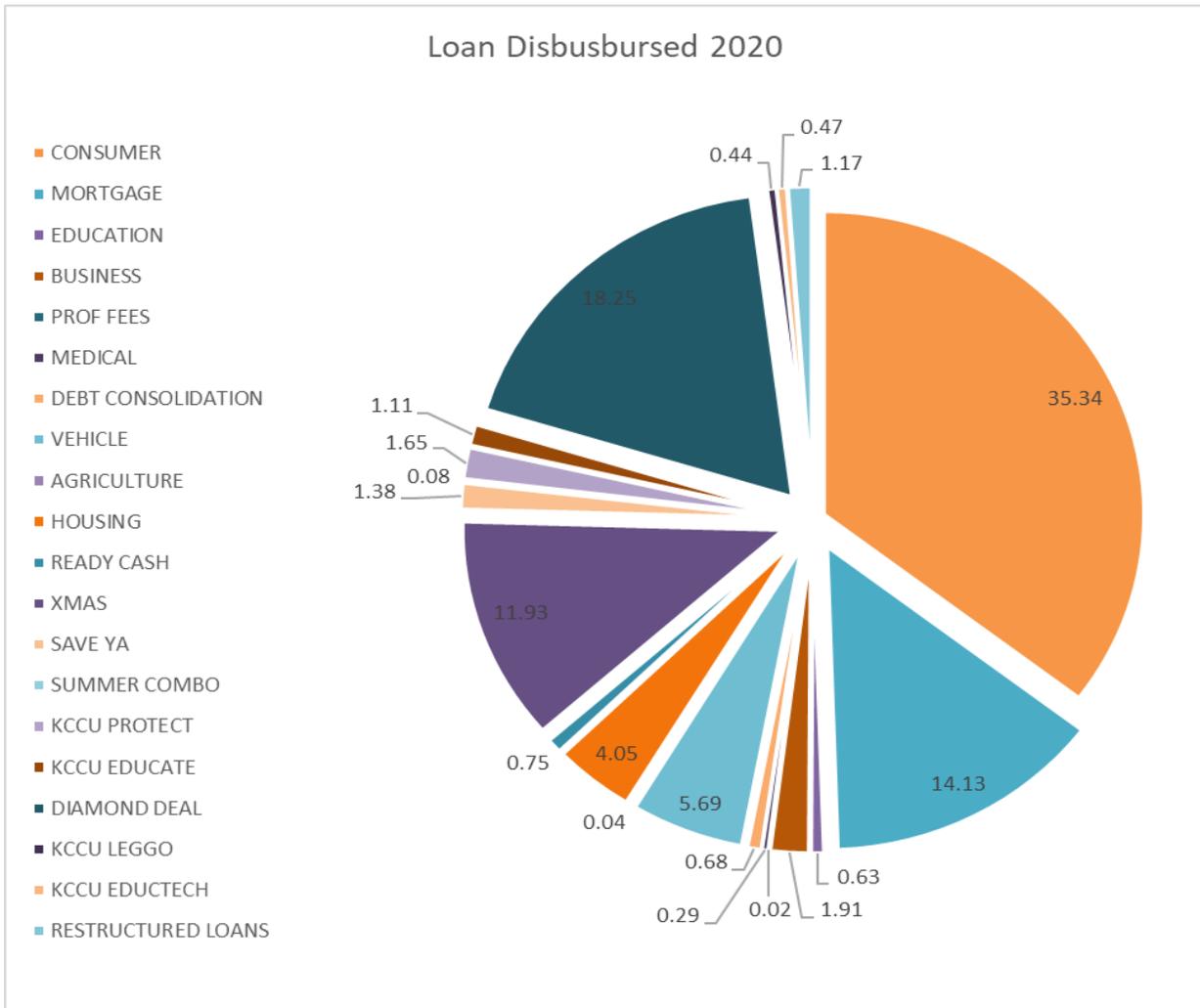
Table 1.

TOTAL DISBURSEMENT							
LOAN TYPES	2020			2019			% CHANGE VALUE
	NO. OF LOANS DISBURSED	AMOUNT (\$)	% of TOTAL LOAN VALUE	NO. OF LOANS DISBURSED	AMOUNT (\$)	% OF TOTAL LOAN VALUE	
CONSUMER	3,844	6,852,774.19	35.34	4,550	7,917,353.06	34.13	-13.45
MORTGAGE	119	2,738,795.45	14.13	324	5,831,233.33	25.13	-53.03
NIS STUDENT	-	-	-	16	165,679.10	0.71	-100
NCB STUDENT	-	-	-	1	62,955.00	0.27	-100
EDUCATION	91	121,264.51	0.63	142	318,799.72	1.37	-61.96
BUSINESS	37	370,612.75	1.91	57	487,804.13	2.1	-24.02
PROF FEES	1	3,015.00	0.02	-	-	-	100
MEDICAL	21	57,018.50	0.29	41	154,036.64	0.66	-62.98
DEBT CONSOLIDATION	59	132,059.41	0.68	73	177,541.94	0.77	-25.62
VEHICLE	253	1,102,822.72	5.69	345	1,848,238.19	7.97	-40.33
AGRICULTURE	1	7,035.00	0.04	2	3,015.00	0.01	133.33
HOUSING	284	784,795.48	4.05	387	1,033,592.48	4.46	-24.07
READY CASH	170	145,431.79	0.75	222	198,487.92	0.86	-26.73
XMAS	659	2,312,567.76	11.93	580	1,391,634.77	6	66.18
SAVE YA	63	266,798.68	1.38	108	348,178.20	1.5	-23.37
SUMMER COMBO	3	15,600.00	0.08	18	50,400.00	0.22	-69.05
REVEL	-	-	-	126	250,817.97	1.08	-100

KCCU 60	-	-	-	248	1,728,612.05	7.45	-100
KCCU PROTECT	40	320,445.42	1.65	19	212,052.25	0.91	51.12
KCCU EDUCATE	61	215,954.00	1.11	27	224,010.94	0.97	-3.6
DIAMOND DEAL	522	3,538,997.37	18.25	132	795,563.58	3.43	344.84
KCCU LEGGO	44	85,400.00	0.44	-	-	-	100
KCCU EDU-TECH	43	91,696.98	0.47	-	-	-	100
RESTRUCTURED LOANS	14	226,532.17	1.17	-	-	-	100
TOTAL	6,329	19,389,617.18		7,418	23,200,006.27		

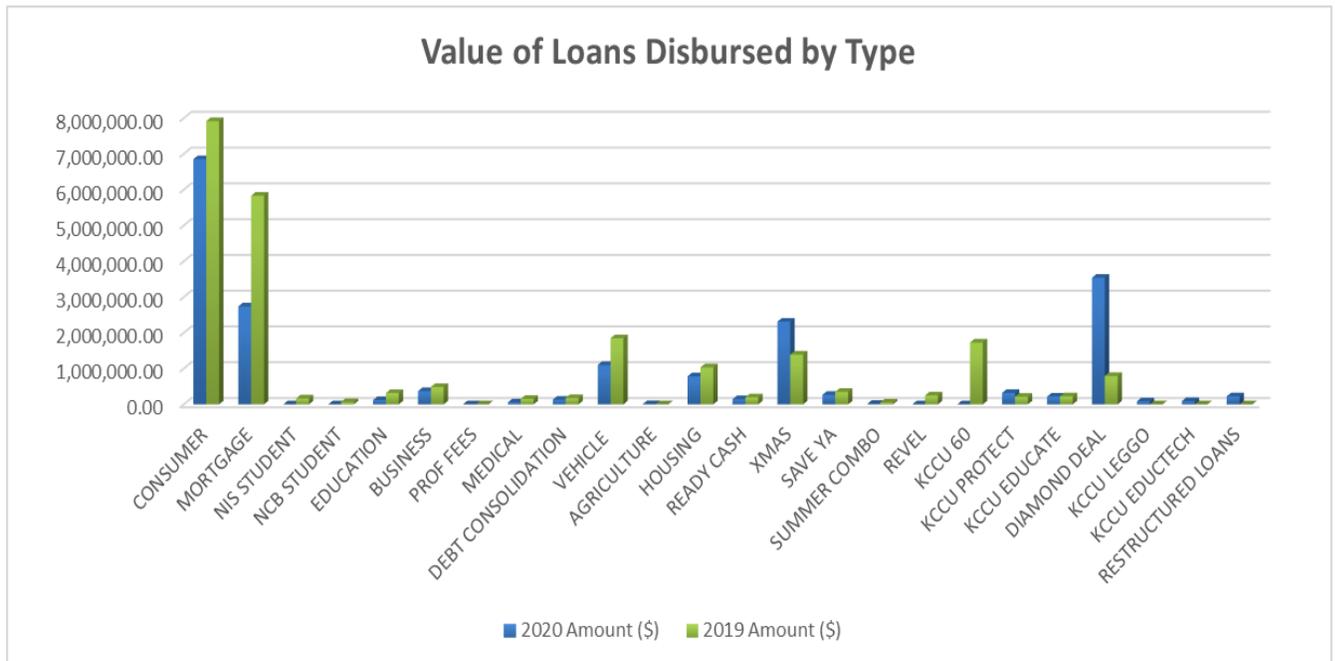
The Pie Chart in Table 2 below illustrates the percentage of funds disbursed by loan category in 2020.

Table 2



Based on the analysis of the period under review, Mortgages and Consumer loans continue to account for the majority of the loans disbursed, **35.3%** and **14.1%** respectively. Two (2) new loan products were introduced during the period, KCCU Leggo and KCCU Edu-Tech, which accounts for **0.4%** and **0.5%** respectively. The regular vehicle loans accounted for **5.7%**, Diamond Deal represents **18.3%** while housing **4.1%** of the disbursements for the year. The Xmas loan product represented **11.9%** of the disbursements.

Table 3



The Column Chart in Table 3 above depicts a graphical representation of the data presented for the period under review compared to 2019. It shows that the majority of the loans disbursed in both 2020 and 2019 were heavily concentrated in the mortgages and consumer loan products.

Further analysis of the data represented in Table 1. shows that the value of mortgages surpasses that of consumer loan.

12.8 DELINQUENCY

The delinquency rate recorded at the end of the financial year 2020 was 8.66% which indicates a worsening of the rate when compared to 5.94% in the previous year. The rate in 2018 was recorded as 6.11%. The delinquency is highly concentrated in the Mortgage/Property category of the loans portfolio.

KCCU wishes to continue to encourage all members especially persons with loans that are delinquent to fulfil their loan obligations. It is in the best interest of all members to ensure scheduled loan payments are kept.

12.9 TRAINING

The table below shows the training activities that the committee participated in for 2020:

Training Title	Participants	Date	Venue
Enterprise Risk Management	All members of the Credit Committee	July 30 th , August 6 th and 19 th , 2020	Zoom Platform

12.10 ACKNOWLEDGEMENT

The Credit Committee would like to take this opportunity to thank all 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 cooperation 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, Investment and Building 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 fulfil its duties effectively by exploring innovative and affordable loan products offerings to the general membership in order to offer a variety of options to suit 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 service as manifested in previous years.



Timothy Scott
Chairperson



Licia Nero
Secretary

13. REPORT OF THE SUPERVISORY AND COMPLIANCE COMMITTEE TO THE 59TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION

13.1 INTRODUCTION

The Supervisory and Compliance Committee is pleased to submit to the 59th Annual General Meeting of the Kingstown Co-operative Credit Union on its activities and undertakings for the period under review.

13.2 COMPOSITION AND ATTENDANCE OF THE SUPERVISORY AND COMPLIANCE COMMITTEE

The SCC held its inaugural meeting on October 10, 2019. Sister Marlyn Richards and Akisha Yearwood were elected as Chairperson and Secretary respectively.

Committee Member	Position on Committee
Sis. Marlyn Richards	Chairperson (Resigned March 16th, 2020)
Sis. Ruth A Alves	Chairperson (Appointed March 18th, 2020)
Sis. Akisha Yearwood	Secretary
Bro. Elvis Dublin	Chairman (Appointed 9th July 2020)
Bro. Steve Millington	Member

On the 16th March 2020, Sis Marlyn Richards resigned as chairperson in response to a request by the BOD to fill a vacancy created on the board by the resignation of Bro. Gillon Frederick. Sis Ruth Alves was elected as chairperson of the committee on 18th March 2020 and resigned on the 30th June 2020, citing work related issues. Bro. Elvis Dublin was elected to serve as chairman from the 9th July 2020. Brothers Kazon Simmons and Alain Weekes were invited to fill the vacancies on the committee until the next AGM.

At our 58th Annual General Meeting held on the 30th November 2020, Sis Daniella Henry and Bro Kazon Simmons were elected to serve on the committee.

The Committee held a total of forty-six (44) meetings inclusive of thirteen (11) working sessions and two(2) site visits to all sub-branches. The attendance was as follows:

Committee Member	Present	Absent	Excused
Sis. Marlyn Richards	10	-	2
Sis. Ruth A Alves	21	-	3
Sis. Akisha Yearwood	44	-	-
Bro. Elvis Dublin	44	-	-

Bro. Steve Millington	43	-	1
Bro. Kazon Simmons	17	-	3
Bro. Alain Weekes	14	-	4
Sis. Daniella Henry	2	-	-

13.3 **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.

13.4 **DUTIES**

As the 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 record of all meetings and activities undertaken in carrying out the Committee's duties.
- Attendance at Board Meetings.
- 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.
- Branch site visits.
- Proposals, recommendations and follow-ups to the Board of Directors on our review and findings.
- Review Staff files.
- Review of Audit Management Report.
- Review of Loans and Delinquent accounts.
- Review of Bank Reconciliations.
- Review of BOD reports.

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 fulfill its responsibilities. Activities undertaken included:

13.5 **REVIEW OF STAFF FILES**

A total of forty (40) files were examined. During that exercise, our focus was on ensuring all pertinent documents relating to every member of staff were enclosed and up-to-date. The documents vary from Job Application, Offer Letters, Job Description, Vacation Leave, appraisals, warnings etc. Except for a few areas reported as not properly filed, we were satisfied with the overall contents of the staff files.

13.6 SUB-BRANCHES VISITS

The Committee made two visits to each of the four (4) branches, Bequia, Union Is, Canouan and Marriagua. Our primary mission on those visits were to ensure compliance with internal policies and procedures, daily deposits, safety and security, cash handling and following-up on implementation of decisions made at previous visits.

Following those visits, meetings were held with the Customer Service Manager and other Heads of Department as deemed necessary to share our findings and offer recommendations. The committee recognises that some recommendations were acted upon while others remain pending.

13.7 LOAN FILES REVIEWED

As part of the Committee's work-plan, a review of the Members Loan files was conducted. Several areas requiring some attention were reported, including the deterioration of file folders, filing of correspondences and documents not in chronological order and the need for a file sheet.

The Committee wishes to place on record its commendation to the CEO for swiftly moving to update the entire files record and replace them in sturdier and durable folders, this work is still in progress.

There were no other significant discrepancies found during that exercise.

13.8 MEETINGS WITH COMMITTEES, BOARD OF DIRECTORS AND OFFICERS

13.8.1 CREDIT COMMITTEE

Two(2) meetings were held with the Credit Committee, among the agenda items discussed were:

1. The development of the delinquency and loan write-off policies.
2. A draft was subsequently developed and circulated to all stakeholders to review and submit recommendations.

13.8.2 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 CTAWU/KCCU Collective Agreement.
- The Senior Management Agreement.
- Staffing issues.
- The performance appraisal system.

The SCC is of the view that the rate of implementation or lack thereof on some critical functional areas needs to be aggressively pursued by the committee.

The Committee is referring to areas such as the employment of an IT officer on staff, vacation leave accrual and succession planning.

13.8.3 BYE LAWS COMMITTEE

This committee was commissioned by the BOD to review and revise the KCCU bye-Laws. Our meeting with this committee was primarily to share and explain our review findings of the document.

13.8.4 BOARD OF DIRECTORS

The Committee was unable to meet with the BOD. This was due to the onset of the Covid- 19 pandemic from March and the strict protocols recommended by the Ministry of Health. But most of the areas intended for discussion with the board were shared in our monthly reports and participation in BOD meetings.

13.8.5 OFFICERS

Meetings were held with

- **The Recoveries Manager.** Discussions were centered around loan write-off, delinquency Policy, the functioning of the Recoveries Department and the Marriaqua Branch.
- **The Compliance Officer.** Issues surrounding the Draft AML/CFT Policy and quarterly work-plans were amongst the key areas discussed during meetings with the Compliance officer. We also monitored the training needs provided by KCCU to the Compliance officer which included Risk Assessment, Internal Audit and Certification in Compliance Awareness.
- **Customer Service Manager.** Issues relating to our visits to the sub-branches were discussed at those meetings. Strategies were suggested that could help to enhance best practise in certain areas.

13.9 POLICIES REVIEWED

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

- The Investment and Building Committee TOR
- The Delinquency Policy
- The Human Resource Committee TOR
- The CTAWU/KCCU MOA
- The Education Awards Policy
- The AML/CFT Assessment Policy

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

13.10 FSA ONSITE REPORT 2019

This report was examined by the committee and the recommendations noted. Decisive action was taken to solicit regular reports of the progress of implementation for the different recommendations submitted by FSA. We can comfortably report that about 95% of those recommendations are completed.

13.11 COMMENDATION

The committee would like to commend the BOD for increasing the threshold that officers are authorised to approve loans. This would certainly improve the turnaround time which was considered an issue.

13.12 COVID -19 MANAGEMENT

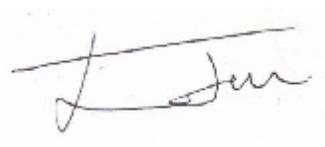
The overall strategy employed by the Credit Union in response to the outbreak of the Covid19 pandemic was commendable. The committee was able to witness first hand, measures being put in place to protect the staff and members while striving to provide efficient services.

13.13 CONCLUSION

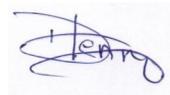
The Committee recognises that the Credit Union is still facing the ongoing challenges of the Covid 19 pandemic, it is therefore incumbent on us to adapt swiftly to the changes in the micro and macro-economic environment. A deliberate effort must be made to devise short to medium term strategies that would ensure our members stay afloat during this period.

This ongoing pandemic and the restrictions associated with it did not allow the committee to examine the internal controls and financial information systems nor test some aspects of compliance. However the members are satisfied with what we were able to accomplish under those circumstances during the period under review.

The SCC would like to thank the Board of Directors, the Operational Management and staff, the Management Committees and the Members of KCCU for the opportunity to serve and extend best wishes for financial health in the future.



Bro. Elvis Dublin
Chairman



Sis. Daniella Henry
Secretary

14. EDUCATION COMMITTEE REPORT FOR THE 59TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

14.1 INTRODUCTION

The Education Committee is pleased to report to the membership on the various activities which were undertaken during the period under review. The year 2020 was quite challenging and overwhelming, which was mainly attributable to the effects of the Covid-19 pandemic. Nonetheless, our dedicated and supportive Committee members were able to make sacrificial adjustments and unceasingly rose to the occasion whenever needed.

14.2 MEMBERSHIP

The following members were appointed by the Board of Directors to serve on the Education Committee following the 58th Annual General Meeting:

Sis. Joselle Joslyn	-Chairperson
Sis. Joslyn Craig	-Secretary
Sis. Arlette Maloney	-Member
Bro. Kosinski Adams	-Member
Sis. Gale Thorpe	-Member (Resigned)

14.3 THE ROLE OF EDUCATION COMMITTEE

The principal role of the KCCU's Education Committee is to provide awareness to members and non-members through differing programs. The Committee is entrusted with the responsibility of organizing, executing and facilitating mainly, but not limited to, educational activities geared towards membership growth. The committee is expected to work in collaboration with management and staff of Kingstown Co-operative Credit Union.

14.4 ACTIVITIES IN REVIEW

The Education Committee oversaw several activities in keeping with its mandate. The Committee sought to ensure that the traditional events of the Kingstown Co-operative Credit Union were maintained, but at the same time, sought to make certain that other wished needs of members were supported. The following highlights some of these activities:

14.4.1 SECONDARY SCHOOL SCHOLARSHIP AWARD CEREMONY

The 27th Annual Scholarship Award Ceremony was held at Frenches House on the 19th of August 2020 with less than thirty persons in attendance. In keeping with our mission to support our youth, scholarships were awarded based on both academic merit and economic need to the tune of \$1500.00, while \$800.00 was distributed to our bursary recipients. Six students were awarded scholarships, while two received bursaries.

All other remaining applicants collected \$150.00 to assist with the purchase of school supplies. The event received high commendations from both awardees and their parents as they departed quite entertained and truly motivated. The guests heard brief remarks from the Ministry of Education, KCCU's CEO and Marketing Officer. Special thanks must be given to guest speaker, Mr. Anju Dowers, for providing Awardees with an appropriate and inspirational message. The scholarship recipients were as follows:

Academic Scholarship Recipients:	School Attended	Placement
Celestine Richardson	Kingstown Preparatory	11 G -17 O
Naima Mclean	St. Mary's Roman Catholic	21 G -31 O
Leah Nanton	St. Mary's Roman Catholic	21G - 31 O
Johnathan Ash	Kingstown Preparatory	135 B - 308 O
Cadine Cato	Bequia Anglican Primary	55 B - 85 O
Dezmonique Duncan	<u>Kingstown Preparatory</u>	48 G - 72 O

The following were the bursary recipients for the academic year 2020-2021:

Bursaries Recipients:	School Attended	Placement
Academic: Lanai Bailey	Kingstown Preparatory	26 G - 36 O
Socio-Economic: Sachara Olivier	Paget Farm Government	138 G - 234 O

14.4.2 SCHOLARSHIP HOLDERS SCHOOL REPORTS

The Education Committee continues to review the current scholarship holders school reports to ensure that our students are maintaining the stipulated 75% average. It was noted that the emerging online classes owing to Covid-19 posed many challenges for our students. They were never prepared for such a pandemic and therefore, faced numerous disruptions in their respective programs. Consequently, this impacted on their performances, which resulted in about 40% of our scholarship holders' grades falling below the required passing average. Considering this, an exemption was granted to those students.

14.4.3 REVIEW OF STIPULATED AVERAGE

The KCCU Boards of Directors approved recommendations for a revised stipulated average pass rate. The reviewed changes outlined that the average pass rate of 75% is maintained for Forms 1 – 3, however, for Forms 4 – 5 an average pass rate of only 65% is required. This change in policy would be effective from 2021. The scholarship period is also automatically extended to any Division of the SVG Community College for two (2) years providing that the student maintains a minimum grade ‘B’ average.

14.4.4 SENIOR CARE

As a result of the onset of the Covid-19 pandemic, the highly anticipated Senior Care Day had to be postponed. It is the Committee’s hope however, to host this event in 2022 under new arrangements taking into consideration the “New Normal.”

14.4.5 ANNUAL PRIMARY SCHOOL QUIZ

At the Kingstown Co-operative Credit Union, we recognize that our youth are a pertinent part of our Credit Union. As such, we continue to prioritize, develop, and engage them in activities geared towards their overall development. Our quiz is also enthusiastically supported by the Ministry of Education, principals and teachers.

The competition consisted of four rounds of questions: Multiple Choice, Close-Ended, Buzzer and Spelling B. Students were challenged on questions from five (5) categories: Credit Union Affairs, General Knowledge, History, Sports and Spelling Bee.

Preliminary

Thirty (30) schools participated in the preliminaries hosted at the St. Vincent Grammar School on the 28th November 2020.

Finals

The finals were held at the Reuben John Development Centre on December 5th, 2020 at 9:30 am. The results were:

- 1st Place – Fancy Government School
- 2nd Place – Kingstown Government School
- 3rd Place – Kingstown Preparatory School
- 4th Place – Calliaqua Anglican Primary School
- 5th Place – Kingstown Anglican School
- 6th Place – Dorsetshire Hill Government
- 7th Place – Biabou Government

All participants walked away with cash prizes, trophies and school supplies.

14.4.6 ORIENTATION SESSIONS

Unfortunately, the Committee was not able to host as much orientations sessions as initially intended. The lone session was held on 21st October 2020. This session was facilitated by the committee alongside the Credit Union's management and staff. Our new members were educated about their rights and responsibilities of being members at KCCU.

14.4.7 DEVELOPMENT SESSIONS

In consideration of the Covid-19 pandemic and other factors led to significant changes in the way we communicate and connect with our people from anywhere. One of these changes involves the increase use of having online meetings. On the 29th June 2021 a business session was successfully executed at the Reuben John Development Centre, in which we were able to broadly engage over 3,500 persons virtually.



Our presenters included Ms. Taies Thomas - CIPO Representative, Mr. Alex Barnwell - Marketing Expert, Mr. Ashar Blucher - Entrepreneur, Mr. Omar Wyllie - IT Expert, Mr. Errone Evans - Chief Accountant (KCCU Ltd), Ms. Sophia Searles - Pricing Expert (Manager of Searles Products). The Moderator was Ruth Stowe. They all shared their expertise and broad experience, through lively and dynamic discussions. Being able to participate virtually in such an environment has proven to be rather advantageous, and as such, the Committee is planning on executing more business sessions using this convenient platform.

14.4.8 NEWSLETTER

One hundred and fifty copies of our informative newsletters were released in time for our nation's Independence. The main features were: The President's Remarks, How Are Credit Unions Marketing Themselves, Health Corner, Dr. Tech, Learning Corner, and recaps on our activities. The newsletter was made available as a PDF document and posted online on KCCU's website.

14.4.9 DISTRUBUTION OF CHRISTMAS HAMPERS

This highly anticipated event continued to be a favorite among our members, and its always a delight to spread that good Christmas cheer and watch those smiling faces. Thirty hampers were distributed to needy families valued at two hundred and fifty dollars (\$250.00) each.

14.5 OUTREACH PROGRAM

Again, due to the current pandemic situation which made it quite difficult to physically interact with our members, the Committee decided to deliver an outreach program. The purpose of this program was to promote awareness on topics that were timely and relevant. This activity was held on March 2nd, 2021 via Facebook Live. The topic covered: A look at the global Covid -19 vaccine. Special thanks must be made to guest speaker, Dr. Jerrol Thompson and moderator, Mr. Harvey Farrell. The program was extremely informative, and it attracted hundreds of viewers.

14.6 ADOPT-A-SCHOOL PROJECT

The Education Committee is quite cognizant of its role, and as such, embarked on this initiative that was aimed at assisting schools that required critical improvements in their facilities, which we strongly believed could enhance both the students' experience and quality of learning. However, due to the eruption of La Soufriere volcano and the devastation it created on the mainland, the Committee decided that full emphasis should be placed on the Grenadines schools in the meantime. The Bequia SDA Secondary School, Bequia Anglican School and Stephanie Brown Primary Schools were identified as the schools to be assisted.

- The Bequia SDA Secondary School – Provided a 1000-gallon water tank with a base.
- Bequia Anglican School – Assisted with building 12 stools with back-rest for the library, two (2) new tables for the cafeteria, and refurbished 13 benches and 4 tabletops.
- Stephanie Brown Primary School – Provided a 1000-gallon water tank.

14.7 FOOD VOUCHERS

In the face of this unprecedented and unanticipated Covid-19 pandemic, some of our members have been adversely affected. Some have lost their jobs, while others have endured salary cuts. In addition, schools remained closed which meant the likelihood of an increased strain on the households' consumption.

The Committee believed that it was vital for our institution to assist its members who were most affected. We therefore provided food vouchers from Massy and C.K. Greaves Supermarkets valued at \$150.00 for roughly fifty members, with a total value of \$7,500.00.

14.8 CONCLUSION

As our term comes to an end, the Education Committee is proud of all that was achieved. It has been a pleasure to work and engage with all of you at our activities and events. We hope you will continue to support us and participate in our activities. We also thank the Board of Directors, Chief Executive Officer, other Management Committees, and the Staff for their continued support and guidance during our tenure. Special thanks to Sis. Clariesa Pierre, Sis Ruth Stowe and Sis. Judith Seamen

We have experienced an incredibly challenging year with the Corona virus, but we must now work hand in hand to find new ways to support our members and to attract new members in this "new normal" era.



Sis. Joselle Joslyn
Chairperson



Sis. Joslyn -Craig
Secretary



SVGS & GHS Annual Road Relay



KCCU School Visits (School Co-operative Program)



KCCU Grocery Vouchers Donation (COVID-19 Initiative)



KCCU Membership Appreciation Day



Sandy Bay School Sports



Christmas dip and win winners





KCCU Christmas Dip N Win Promotion



FLOW NCPCSC Public Speaking Championship

NOTES

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BUSINESS HOURS

Monday-Friday 8:00 am - 4:00 pm

Saturday 9:00 am - 12:00 noon

BRANCH OFFICES:

MESOPOTAMIA

CANOUAN

UNION ISLAND

BEQUIA