JANNOU
CREDIT UNION
Together we can move mountains

2020 Annual Report

PROVIDING CERTAINTY IN AN UNCERTAIN ENVIRONMENT

National Anthem

Sons and daughters of St. Lucia
Love the land that gave us birth
Land of beaches, hills and valleys,
Fairest isle of all the earth
Where so ever you may roam
Love, oh love our island home.

Gone the time when nations battled
For this "Helen of the West"!
Gone the days when strife and discord
dimmed her children's toil and rest
dawns at last a brighter day,
Stretches out a glad, new day.

May the Good Lord bless our island,
Guard her sons from woe and harm
May our people live united
Strong in soul and strong in arm
Justice, Truth and Charity
our ideal forever be.

Lyrics: Rev Charles Jesse FMI
Music: Sir Leton Thomas KCMG, SLC, OBE, CBE

Prayer of St. Francis of Assisi

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; and
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;and it is in dying that we are born to eternal Life.

Standing Orders

1. (a) A member shall stand and state his name when addressing the chair.

   (b) Speeches shall be clear and relevant to the subject before the meeting.

2. A member shall address the meeting when recognized or called upon by the Chairperson to do so, after which, he shall immediately take his seat.

3. No member shall address the meeting except through the Chairperson

4. A member shall not speak twice on the same subject, except:

   (a) the mover of a motion who has a right to reply.

   (b) the member rises to object to or explain any matter (with the permission of the Chair).

5. No speeches shall be made after the "Question" has been put to the meeting.

6. The Mover of a 'Procedural Motion' – (that is a motion for adjournment laid on the table, or motion to postpone) shall have no right to reply.

7. A member rising on a "Point of Order" shall state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders.)

8. A member shall not "call" another member 'to order'.

   (a) A member may draw the attention of the Chairperson to a 'breach of order'.

   (b) On no account can a member call the Chairperson 'to order'.

9. Only one amendment shall be before the meeting at one and the same time.

10. When a motion is withdrawn, an amendment to it fails.

11. The Chairperson shall have the right to a 'casting vote'.

12. If there is an equality of voting on an amendment, and if the Chairperson does not exercise his casting vote, the amendment is lost.

13. Provision shall be made for protection by the Chairperson for vilification (personal abuse) among members.

14. No member shall impute improper motives against another.

CONTENTS

ii Standing Orders

01 Notice of Meeting

02 President's Message

06 Overview

26 Treasurer's Report

31 Supervisory Committee Report

35 Credit Committee Report

41 Auditor's Report

2020 Annual Report

PROVIDING CERTAINTY
in an UNCERTAIN ENVIRONMENT

ATTORNEY AT LAW
Cyril Landers & Associates
Mongiraud Street
Castries

BANKERS
Bank of St. Lucia
Bridge Street,
Castries

1st National Bank
Bridge Street,
Castries.

AUDITOR
BDO
Choc

AFFILIATION
St. Lucia Cooperative League Ltd.
Coral Street
Castries

OUR BRANCHES

CASTRIES

Cnr. Jeremie Street and Chaussee Road.
8:00 am to 2:00 pm
Phone: (758)4524807/8
Fax (758) - 451 7725

VIEUX FORT

Chitolie Mall, Beanefield
8:30 am to 2:00 pm
Phone: (758) 454-9774
Fax (758) - 4549778

P.O.Box 1333, Castries, St. Lucia WI.
Email: info@cscreditunion.org
Website: www.jannou.org

NOTICE OF MEETING

NOTICE is hereby given that the 40th Annual General Meeting of the **JANNOU Credit Union** (the trading name of The St. Lucia Civil Service Cooperative Credit Union Limited) will be held at the Conference Room of the Finance Administrative Centre, Pointe Seraphine Castries on Wednesday August 18th, 2021 commencing at 5.00 p.m.

AGENDA

OPENING SESSION

1. Call To Order
2. National Anthem
3. Prayers/Invocation
4. Welcome Address – President Junia Emmanuel-Belizaire
5. Greetings from Fraternal Organisations

CLOSED SESSION

1. Ascertainment of Quorum
2. Apologies for Absence
3. Reading and approval of the Minutes of the 39th Annual General Meeting and any intervening Special General Meeting and discussion of matters arising there from.

4. Adoption/Confirmation of Reports:-
   (i) Board of Directors
   (ii) Treasurer
   (iii) Auditor
   (iv) Credit Committee
   (v) Supervisory Committee
   (vi) Any Sub - Committee
   (a) Nominating

5. Unfinished Business

6. Elections to:
   (i) Board of Directors
   (ii) Credit Committee
   (iii) Supervisory Committee

7. Appointment of Auditors for the ensuing year.

8. New Business
   Resolutions i) Declaration of Dividends and Patronage Refund

9. Adjournment

REFRESHMENTS WILL BE PROVIDED

BY ORDER OF THE BOARD

BEVERLEY-ANNE POYOTTE
SECRETARY

2020 MESSAGE FROM THE PRESIDENT

My fellow Cooperators,

It is once again my honor to report to members on the achievements of St. Lucia Civil Service Cooperative Credit Union Ltd., now trading as **"Jannou Credit Union"** and what lies ahead for us.

For the year 2020, we must acknowledge the impact of the Corona Virus and the challenges it has placed on our lives, our Credit Union and by extension our country and the world. The understandable anxieties experienced around the virus, and the adjustments needed in our daily journeys, drove forward emergency decision-making processes to guarantee that members' needs were met.

While abiding by the established COVID-19 Protocols, the Board, other Volunteer Committees, Management and Staff remained working throughout the pandemic to ensure that our Credit Union and its services to members continued at a remarkably high standard and with extraordinary little disruption. This necessitated the adoption of hybrid meetings, and the adaptation of technology at an accelerated pace to ensure that our family remained served and their many concerns addressed.

Our focus throughout the year was on providing you with access to our full range of financial services, with your safety and wellbeing, and that of our Staff at the forefront. We implemented a series of enhanced safety protocols for in-person service, and saw the introduction of our home online services which gives members the opportunity to access their account from the comfort of their home or anywhere with secure Internet access. If you have not signed on, we encourage you to do so and stay connected to your accounts. With this facility you can check balances, transfer funds between accounts and when launched you will have control of your International Visa Debit Card.

The added secure facility of the ACH also provides members a secure mode by which their funds could be transferred to their bank account of choice. All this is being done to help members avoid the long lines outside the building and needing to brave the weather conditions to access teller services.

We note that the impacts of COVID-19 have been significant and will continue to reverberate around the world for a considerable time ahead. Over the past year we have shown much resilience and have learnt to cope with the challenges of COVID-19. Our Credit Union adjusted our financial targets for 2020, and has made great progress in redefining our targets for 2021.

Our adjustments to the work of our Credit Union have meant that we had to take decisions necessary to support our communities. Like many other financial institutions, we implemented the moratorium facility to affected members in an effort to provide some level of financial relief to them. I am elated and hope that you are too, that Jannou Credit Union was able to ensure stability and support for our vulnerable members and their families.

Jannou Credit Union remains committed to supporting you in the pursuit of financial stability, and your well-being. We will continue our efforts at ensuring that our products and services are tailored to meet your ever-changing needs. We ask that you too understand the need for change and re-evaluate your choices before making the final decisions when selecting the options available to you.

Despite the challenges of 2020, we can report that our Credit Union maintained financial soundness, and adherence to statutory and regulatory obligations. We are pleased to inform that we have successfully reached full IFRS9 Compliance. Accordingly, a review of the financial year ended December 31, 2020 shows that the SLCSCCUL recorded a net surplus of $5.10 million compared to the previous year of $5.7 million in 2019. As expected, our growing delinquency and necessary provisioning continues to be a disturbing factor. We again wish to remind members of our collective responsibilities, and that we should ensure that we meet our financial commitments to the Credit Union.

As members we must never lose sight of the fact that we are owners of the Credit Union and that all services and processes are designed around our needs. We must ensure that our actions do not jeopardize the security of our organization, and recognize its importance for the survival of our economy. Our Credit Union exists to help members build financial resilience and reduce poverty within the community. With the current challenges of the COVID-19 crisis our work has never been more important.

Let us continue to play our part at protecting each other, please stay safe and practice established protocols as we adapt to the changes brought on by COVID-19.

Thank you for the opportunity afforded to me to serve as your President. On behalf of the Board of Directors, a warm welcome to all Members, Management and Staff as we look forward to a very productive meeting once again.

Junia Emmanuel-Belizaire
President

Junia T. Emmanuel-Belizaire

Angela Frazer

Beverley-Ann Poyotte

Dayne Simone Alexander

O'Brien Richards

Kervyn Tobias

Augustin Gaspard

Venus Alcindor

Joshua Vernor

JANNOU CREDIT UNION
Together we can move mountains

BOARD OF DIRECTORS

Junia T. Emmanuel-Belizaire

PRESIDENT

Profession: Management Consultant

Qualification: PG Diploma-Marketing Management, BSc.Management, PMP, Development Educator -CaribDE11, US DE 2016, I-CUDE 2017

Substantive Position: Director, Commerce & Industry

Board Member Since: 2019

Served on: HR Committee, Scholarship & Bursary Committee

Angela Frazer

TREASURER

Profession: Professional Business Accountant

Qualification: PBA, BA - Accounting & IT

Substantive Position: Senior Reviewer, Large & Medium Unit-Audit, Inland Revenue Department

Board Member Since: 2019

Served on: Chairperson, Finance & Investment Committee

Beverley-Ann Poyotte

SECRETARY

Profession: Social Worker/ Counsellor

Qualification: BA - Psychology; MSc. Counselling Developmental Educator- CaribDE 22

Substantive Position: Director (Ag) Division of Human Services

Board Member Since: 2018

Served on: Education Committee

Dayne Simone Alexander

Profession: Land Surveyor

Qualification: BSc (Hons) Surveying & Mapping Sciences. Certificate in Conflict Management, Development Educator – CaribDE 30,

Substantive Position: Lands & Survey Officer (LUCELEC)

Board Member Since: 2017

Served on: Scholarship & Bursary Committee, Nominating, Building & Membership Committees

O'Brien Richards

Profession: Architect/ Lecturer

Qualification: BA (Hons) Architecture, (Hons) Dip Arch Technology, Development Educator CaribDE 13

Substantive Position: Lecturer on Architecture & Building, SALCC

Board Member Since: 2017

Served on: Building Committee, Credit Committee

Kervyn Tobias

Profession: M&E/ ICT Specialist

Qualification: MSc. Information Systems, BSc. (Hons.) Computer and Management Studies, Development Educator – CaribDE 13

Substantive Position: Head,Monitoring & Evaluation, OECS Commission

Board Member Since: 2018

Served on: Finance & Investment Committee, Supervisory Committee

Augustin Gaspard

Profession: Retired Chief Fire Officer

Qualification: BSc (Hons) Management Science

Substantive Position: Retired

Board Member Since: 1996 to 2005, and 2019

Served on: Building Committee

Venus Alcindor

Profession: Civil Servant

Qualification: MBA, BSc Management Studies

Substantive Position: Human Resource Officer

Board Member Since: 2020

Served on: Credit Committee; Education Committee

Joshua Vernor

Profession: IT Professional

Qualification: Masters in Business Administration (Hons), Computer Information Systems, BSc (Hons)

Substantive Position: Information Systems Manager

Board Member Since: 2020

Served on: Education Committee

> *Notwithstanding the challenges posed by the COVID-19 pandemic **Jannou** accelerated its priorities to provide digital transaction processing to members.*

OVERVIEW

Jannou Credit Union is pleased to report another year of growth in 2020 with the major contributors being withdrawable shares and deposits. Despite our growth in assets, we recorded a decline in our Loans to members due to the COVID-19 pandemic which heavily impacted our members within the Tourism Sector, we also experienced an increase in delinquent loans.

The outbreak of the COVID-19 pandemic has created significant immediate challenges to the Credit Union Movement. Consequently, our work programme was adjusted to respond to the environment and addressing the immediate concerns. Notwithstanding the challenges posed by the COVID-19 pandemic Jannou accelerated its priorities to provide digital transaction processing to members. We introduced Online Transaction Processing and payments through Automatic Clearing House ***(ACH)*** where members could request funds sent directly to their Bank Accounts.

Cognisant of the difficulty posed by the Pandemic to interact face to face with our members to access our loan services while limiting personal contact, we also introduced online loan request via ***"Apply"*** .We are therefore urging members to utilize these services which have been made available.

In 2020, **Jannou** Credit Union continued with the prudential exercise of risk identification. The aim was to make the Departments more integrated into developing their own risk management framework in an effort to ensure that our credit

Ms. Emmerlyn Monrose
General Manager

union's premises and environment are safe for staff and members.

Jannou Credit Union has partnered with 1st National Bank to deliver an International Visa Debit Card to our members, this exercise to be completed in 2021.

Last year we experienced our first virtual Annual General Meeting, we thank all members who participated and made the AGM a success.

At the heart of our accomplishment are our Members, Board of Directors, Committee Members, Management and Staff. A special thank you to the front-line staff for their dedication and commitment throughout the COVID-19 Pandemic.

MEASURES IMPLEMENTED BY **JANNOU CREDIT UNION** DURING THE 2020 PERIOD

The introduction of
Online Transaction Processing and payments through **Automatic Clearing House (ACH)**

The Introduction of
online loan request via "Apply"

The Introduction of
International Visa Debit Card to members.
(available in 2021)

The continuation of
Risk Identification exercises

Mr. Celestin Laurent
Deputy General Manager

Meeting Attendance Record & General Statistics

Table 1- Meeting Attendance Record 2020

	POLICY			LOANS			SPECIALS			QUARTERLY		
BOARD	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
JUNIA EMMANUEL-BELIZAIRE	11	11	-	8	7	1	15	15	-	4	4	-
DAYNE ALEXANDER	11	11	-	8	7	1	15	14	1	4	4	-
ANGELA FRAZER	11	11	-	8	8	-	15	14	1	4	4	-
THALASSA COX	7	6	1	6	5	1	10	10	-	3	3	-
BEVERLEY-ANN POYOTTE	11	11	-	8	8	-	15	14	1	4	4	-
O'BRIEN RICHARDS	11	11	-	8	7	1	15	13	2	4	4	-
IRENE ST. CROIX	7	6	1	6	6	-	10	10	-	3	2	1
KERVYN TOBIAS	11	11	-	8	7	1	15	15	-	4	4	-
AUGUSTIN GASPARD	11	11	-	8	8	-	15	15	-	4	3	1
JOSHUA VERNOR	4	4	-	2	2	-	5	5	-	1	1	-
VENUS ALCINDOR	4	4	-	2	2	-	5	4	1	1	1	-

Table 1.1- Meeting Attendance Record 2020

	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
SUPERVISORY COMMITTEE	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
LYNDELL ST. VILLE	10	10	-	4	4	-	3	3	-
VERNA KHADOO-MATHURIN	16	14	2	8	6	2	4	2	2
SHERNELLE PHILLIP	16	12	4	8	2	6	4	4	-
ANNE VERN JOHN	8	5	3	2	1	1	2	1	1
ANNETTE DESIR-BUTCHER	16	15	1	8	8	-	4	4	-
MARTHA KEARL DUVAL - GABRIEL	6	5	1	4	4	-	1	1	-
YANICE VITALIS	6	6	-	4	3	1	1	1	-

Table 1.2- Meeting Attendance Record 2020

	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
CREDIT COMMITTEE	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
LISA GOODMAN	51	49	2	2	2	-	3	3	-
SHERMAN SYLVESTER	73	72	1	5	5	-	4	4	-
RICARDO CORSINIE	73	64	9	5	5	-	4	4	-
SHORNA DENIS	73	68	5	5	5	-	4	4	-
GLENIS BAPTISTE	23	22	1	1	1	-	2	1	1
KEEGAN PREVILLE	22	22	-	3	3	-	1	1	-
SHAMA JOSEPH	22	21	1	3	3	-	1	1	-

GENERAL STATISTICS TABLE:

FINANCIAL FACTORS ($'000)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets	149,945	160,384	173,730	187,553	198,723	223,521	245,855	266,752	286,166	306,543
Cash Resources	12,510	8,394	10,613	12,276	13,995	19,372	32,181	38,223	56,532	73,799
Investments	35,288	37,183	33,622	35,379	35,737	44,669	46,399	60,140	62,398	67,875
Loans to Members	97,229	109,958	124,763	134,918	142,735	152,023	160,525	162,734	161,362	159,277
Fixed Assets	4,757	4,671	4,546	4,504	4,452	4,580	4,614	5,122	5,252	5,348
Total Liabilities	10,678	11,445	136,521	146,989	161,963	178,901	193,646	208,654	227,522	245,217
Withdrawable Shares	105,545	112,157	119,696	132,359	145,135	157,502	169,645	181,616	196,100	207,775
Permanent Shares	7,271	8,323	9,431	10,293	11,354	12,737	13,877	15,187	16,480	16,470
Deposits	9,829	10,441	12,439	13,663	15,910	20,266	22,899	25,956	29,981	35,834
Reserves	17,979	19,601	20,735	22,695	22,867	25,929	29,229	31,712	33,708	35,213
Retained Earnings	2,787	2,892	2,946	3,054	2,539	5,953	9,103	11,202	8,455	9,644
Members Equity	139,267	148,937	37,209	40,563	36,760	44,620	52,209	58,098	58,643	61,326
Loans Approved	44,101	55,946	55,659	57,012	60,674	61,859	63,396	60,029	61,035	62,777
Net Income	7,798	7,902	5,662	6,615	6,353	11,388	11,826	9,966	5,746	5,283
Dividend - Withdrawable shares	3,948	4,159	NA	NA	NA	NA	NA	NA	NA	NA
Dividend – Ordinary Shares	670	778	877	984	1051	591	660	718	791	783
Patronage Refund	1,063	1,084	1,272	1,385	1,416	2,347	2,344	2,406	3,281	2,428
Membership	13,382	13,798	14,401	14,941	15,446	15,913	16,675	17,173	17,768	18,227
No. of Loans	9,619	10,325	10,357	11,223	11,182	10,514	10,995	11,037	10,407	7800

Meet Our **Management**

Melania Bailey Francois
Systems Administrator

Olive St. Ville
Member Services Manager

Antonius Dusauzay
Finance Manager

Rita A. Francis
Credit Manager

Vanya Pilgrim Samuel
Human Resource Manager

Wilton Bleasdille
Internal Auditor

Administration Department

Accounts Department

Loans Department

Member Services Department

I.T Department

We at **JANNOU** provide **CERTAINTY** in delivering the **HIGHEST LEVEL** of Service to **YOU** our **Most Valued** Customers

JANNOU
CREDIT UNION
Together we can move mountains

Tel: (758) 452-4807
Email: info@cscreditunion.org
Website:www.jannou.org

Instagram Facebook Twitter

STAFF MOVEMENT & CHANGES

Our complement increased by SEVEN

Seven (7) new persons joined our staff complement and have been assigned as follows:

Kendal Anthony - *Teller*
Stancia Alexander - *Member Care Representative*
Joel Davidson - *Scanning Clerk*
Sherkeira Willams - *Scanning Clerk*
Camille Lubrin - *Receptionist*
Charlin Victor - *Assistant Documentation*
Taric Charles - *Officer Junior Clerk*

LINE STAFF

Alin Verneuil	Lylius Joseph
Andrea Remy	Malauge Vitalis
Bibiana Etienne	Marciana Gabriel
Cassia Joseph	Marlan Biscette
Cheryl Joseph	Martin Lafeuillee
Cleavert Jn. Baptiste	Marylene Cherry-William
Dayci Innocent	Menassia Nelson
Devaughw Charles	Mercedes Fanis
Donna Mathurin	Miguel Moses
Donovan Denis	Natoya Arno
Edwin Charlery	Neighman Lascaris
Eldon Paul	Olivia Cornielle
Emerlyn Auguste	Priscilla Oscar
Gina John	Priscilla Sidonie
Heather James	Renelle Simon
Icub Job	Ria Marius
Jacinta Jn. Charles	Sarica St. Rose
Jessica Mc Vane	Shenel Lionel
Justina Samuel	Sheralye Alcindor
Kirsten Savery	Sylca Philip
Latoya Alphonse	Tony Abraham
Laura Placide	Valarie Charles

OUR VIEUX FORT BRANCH

"the southern office is perched to deliver a world class service to its membership"

2020 witnessed a worldwide disruption to business activity and life in general. The southern office was not spared the brunt of the effects of COVID-19, with business operations coming to a standstill whilst the island held its collective breath reeling from the onset of the global pandemic.

With our inability to reach out to our membership base in the traditional ways, like our annual Fun Health Walk and Financial Cocktails, the southern office relied on our warm and friendly, family-oriented approach to membership interaction but at all times following the established social distancing protocol; once our business doors were allowed to re-open.

The use of Jannou's online banking platform grew tremendously for southern users with the onset of social distancing protocols. Members were able to transact business from the comfortable, secure confines of their homes. Our loans process also saw innovation with the

Staff of the Vieux Fort Branch

use of tele loans whereby members could have their loans process completed via telephone. These innovations to our processes have now made the southern office capable of handling all credit union products and services in an efficient and timely manner.

During the year we were delighted with the addition to our staff complement of Ms. Renelle Simon and the promotion of longtime staff member Mr. Edwin Charlery. Mr. Charlery has followed his professional pursuits and is now part of our IT department.

As we look forward to 2021 and a post COVID environment, *the southern office is perched to deliver a world class service to its membership.* The southern office is expecting a redesign of its office space allowing members the ability to have more access to Jannou products. This modern design will give the space and security required when navigating through Jannou's listing of financial products. We are excited about the soon to be launched Visa debit card for members, which we believe to be the game changer in how Jannou is regarded locally and internationally.

From quicker delivery times in the execution of our services to offering the full suite of Jannou products, the southern office can help members move mountains.

We at the Vieux Fort office wish to thank every member who patronized the southern office for their patience and understanding with the changes we had to endure due to the pandemic. We hope that we continue to grow together and make Jannou Credit Union the premier financial institution in the south.

AREAS OF FOCUS DURING THE 2020 PERIOD

Jannou's online banking platform grew tremendously.

The use of tele loans saw members completing their loan process via the telephone.

Re-design of office space allowing more access to JANNOU products.

Launching of Debit Card services to members soon.

2020 SCHOLARSHIPS

JANNOU will continue to provide scholarships and bursaries to children and wards of our members. In 2020 eight (8) scholarships were granted to students to attend secondary schools.

Scholarships (8)

	Student's Name	School Assigned	Parents
1	Rayjanay Melchoir	SJC	Para Melchoir
2	Paris Sexius	SJC	Ekron Sexius
3	Leemicah Fontenelle	SMC	Leslie Fontenelle
4	Angelique Marquis	SJC	Isabel Alexander-Marquis
5	Ethne Browne	SJC	Rowland Browne
6	Dominique George	SMC	Sharon Belmar-George
7	Ammiel Albert	SMC	Fay Mathurin-Albert
8	Perri-Lyn Bruce	SJC	Genaline Wulf-Soulage

One (1) Staff Scholarship

	Child	School Assigned	Parents
1	Shanille Corneille	Entrepot Secondary	Olivia Corneille

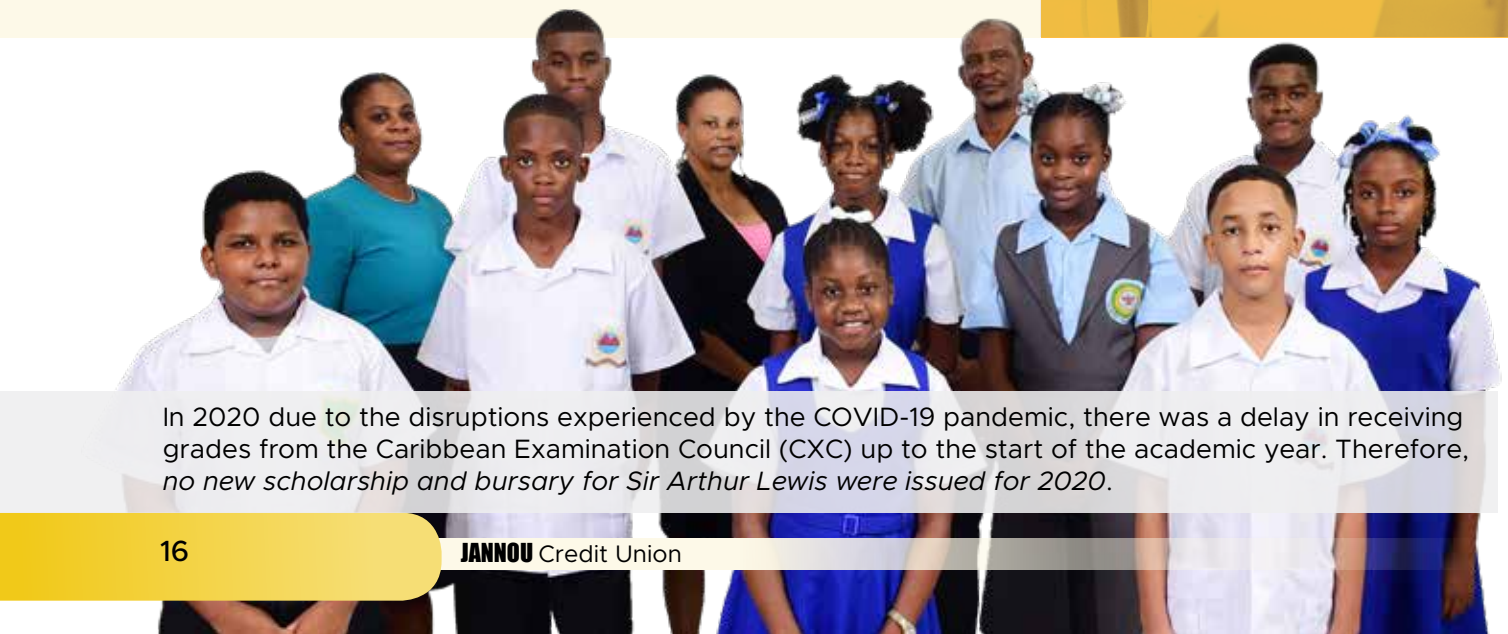
The introduction of two (2) Volunteers' Scholarships

	Child	School Assigned	Parents
1	Sibeal Taryn Tobias	SJC	Kervyn Tobias
2	Soleil Laila Belizaire	SJC	Junia Emmanuel- Belizaire

29

Bursaries

A total of twenty-nine (29) bursaries were awarded to children of members for the secondary level.



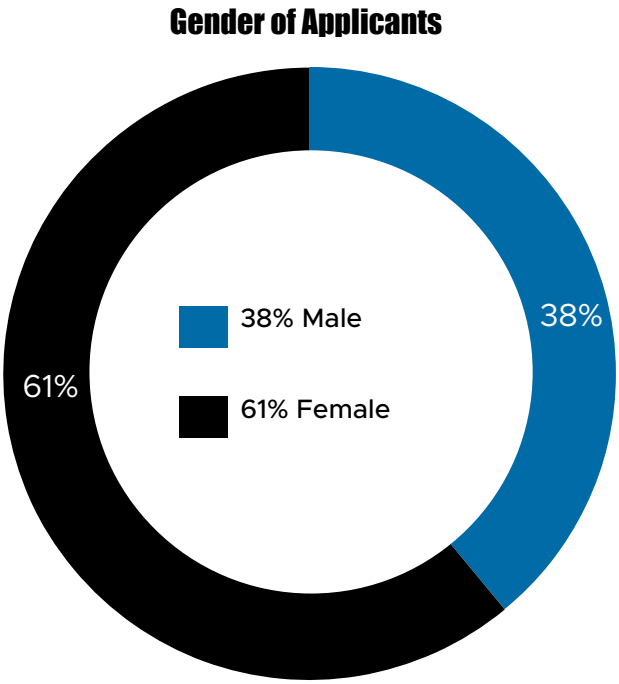
In 2020 due to the disruptions experienced by the COVID-19 pandemic, there was a delay in receiving grades from the Caribbean Examination Council (CXC) up to the start of the academic year. Therefore, *no new scholarship and bursary for Sir Arthur Lewis were issued for 2020*.

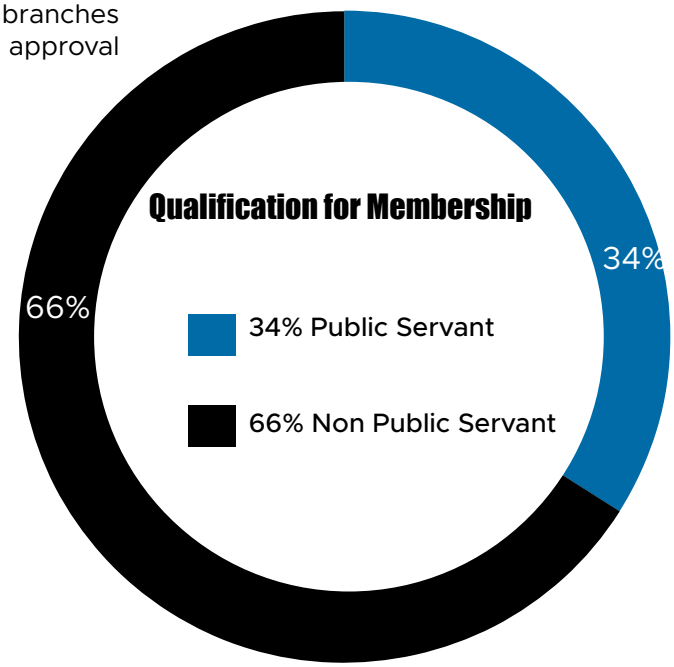
MEMBER SUPPORT SERVICES

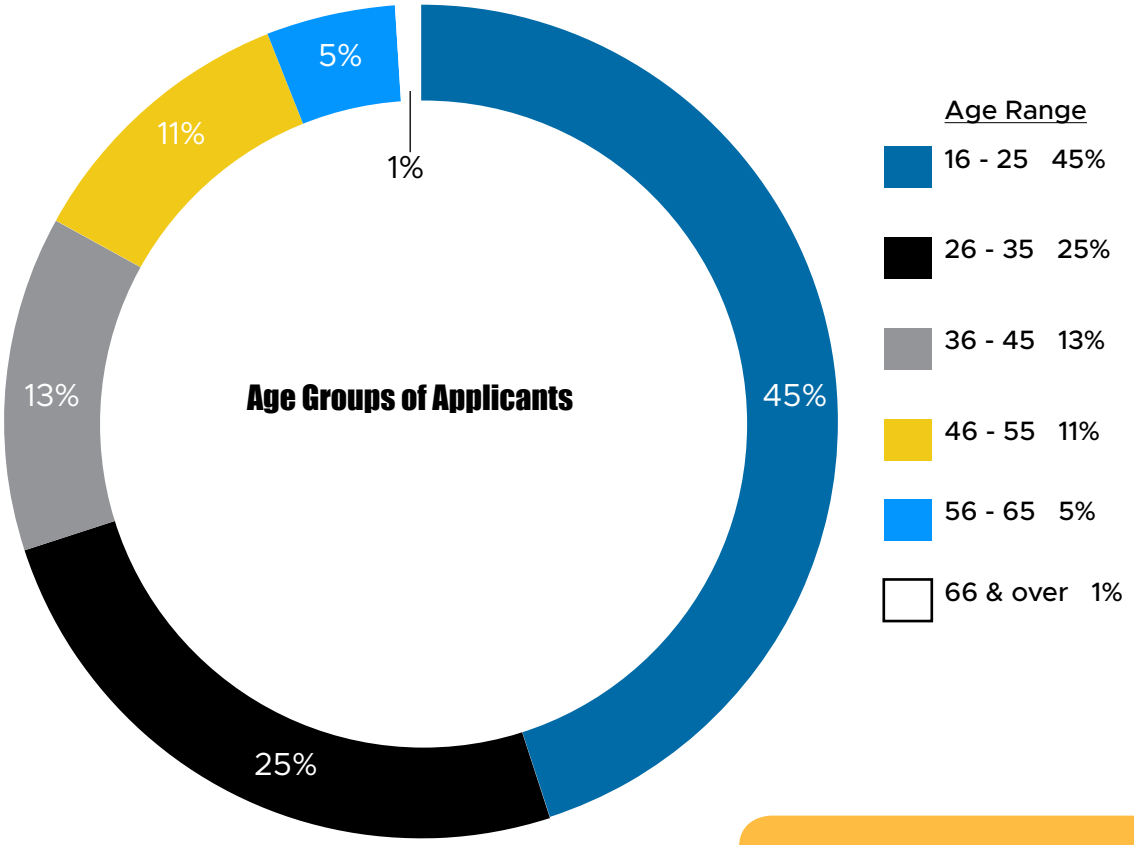
505
NEW MEMBERS

were welcomed to the **JANNOU** *family.*

Membership in Jannou Credit Union continued to grow during this year although at a declining rate. There was an 18% drop in the membership applications received (494) and approved (484) by the Membership Committee compared to 2019. Despite an 18% drop in new accounts opened compared to 2019, we welcomed 505 new members to the Jannou family. We wish to remind everyone whose family/friends' application has been approved to encourage them to come into any of our branches to complete the account opening process before the approval period expires.



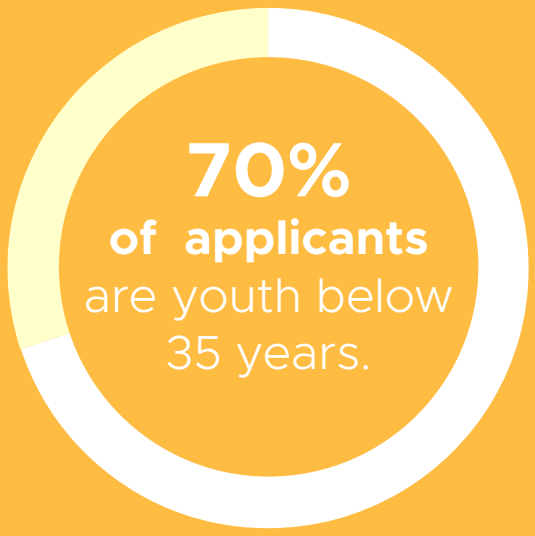




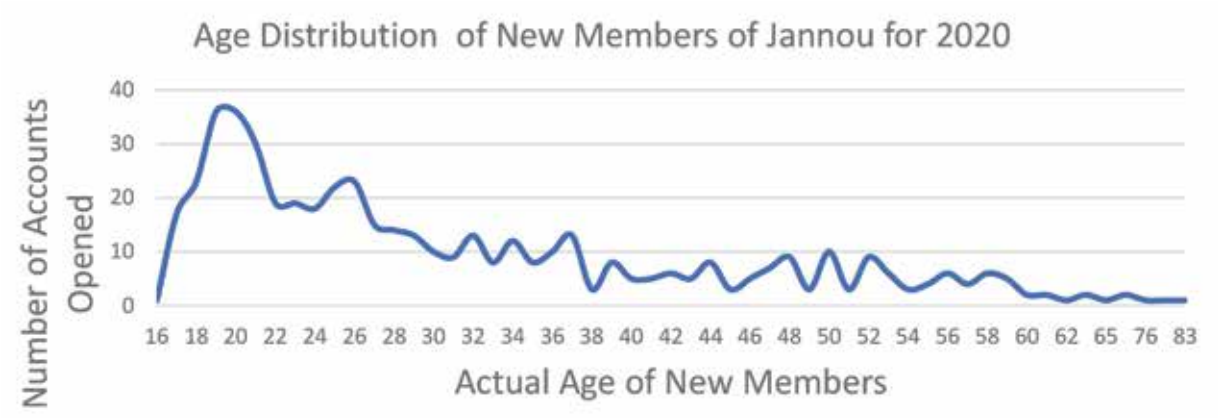
The above charts illustrate as has been the trend, the majority (70%) of applicants continue to be the youth (below 35 years old), the majority of whom join through family connections (66%) and not their workplaces and 61% of all applicants being female.

Once again, we applaud the 100 juniors who converted their Spirit of the Calabash Accounts **(SOCA)** to full membership in 2020 upon attaining the age of 16. Parents/ Guardians are reminded that **SOCA** benefits terminate when their child reaches the age of 18 and full membership benefits are accessible. Parents should contact the Member Service Department for more information on how to transition their child/ ward to full Jannou membership.

At the other end of the spectrum, seniors (over 60 years old) accounted for 2% of new members, the oldest new Jannou member for 2020 being 83 years young.



100
SOCA ACCOUNTS
were tranfered to full member accounts.



MEMBERSHIP TERMINATIONS

In 2020, 42 members of Jannou voluntarily closed their accounts and left our organization, a 16% reduction compared to 2019. The other way total membership declines is from the administrative closing of accounts when death benefits are paid out to member beneficiaries based on the share and loan insurance financed by Jannou for every member.

GROUP MEDICAL INSURANCE PLAN UPDATES

At renewal in 2020, a request from the Beacon Insurance company for a general increase in medical premiums forced a switch to GTM to maintain existing rates. We at Jannou are very aware of how important it is for members and their families to access needed medical care. *Higher premiums would have negatively affected access at this time.*

In 2020, 50 members cancelled or had their plans cancelled whilst 22 new members joined. As of December 31, there were 280 active members on the medical plan, a 4% reduction over 2019.

In 2020 members submitted 730 claims to Jannou for reimbursement, a 30% reduction over 2019. That was not unexpected given the global pandemic and resulting economic shutdown.

Year	Member Only	Member +1	Member + Family	Total	Change
2016	144	49	37	230	17.9
2017	141	55	39	235	2
2018	163	60	36	259	2
2019	165	64	41	270	10.2
2020	188	49	21	280	-4%

HOMEOWNERS, CONTENTS, VEHICLES AND ALL RISK GROUP PLAN

The serious weather incidents of 2019 prevented our plan from enjoying further rate reductions at renewal in 2020. Notwithstanding, our homeowner's plan still continues to offer coverage at very attractive and competitive rates. We note that members who may be experiencing financial hardships delayed renewals or even chose not to renew their plans. *We wish to remind members that our island is very vulnerable to disasters and that the risk and associated costs of damage to property can be life changing.*

Members can contact the Member Services Department for more information.

> *"our island is very vulnerable to disasters and that the risk and associated costs of damage to property can be life changing."*

OVER $300,000 SAVED by Members

MEMBERS GET UP TO A $5000 TAX SHELTER

Registered Homeowners Savings Plan (RHOSP)

Members of the IRD approved Registered Homeowners Savings Plan **(RHOSP)** hold an average of $13,000, an increase of $1000 over 2019 levels. At the end of December 2020, over *$300,000 was saved by members* in this plan who averaged 37 years of age with a minimum of 23 and a maximum of 50 years old. The funds are to be used to finance the acquisition of first homes or mortgages and provide a great start to members planning to do so.

DEATH BENEFITS

This year the CUNA Mutual Family Indemnity Plan (FIP) continued to be a critical support component of members' funeral planning with an additional 157 members signing up. Three (3) new coverage options (E, F & G) are now available with 325 members as of December 2020 upgrading or signing up for benefits ranging from $20,000 up to $30,000 per person. At year end, 2710 members held FIP plans for themselves and their immediate family members.

Plan	Monthly Premium	Benefit	No. of Members	% of Total
Plan A	$26.40	$5,000	96	4%
Plan B	$39.60	$7,500	170	6%
Plan C	$52.80	$10,000	985	36%
Plan D	$79.20	$15,000	1134	42%
Plan E	$105.60	$20,000	128	5%
Plan F	$132.00	$25,000	43	2%
Plan G	$158.40	**$30,000**	154	6%
TOTAL			**2710**	

3 NEW Coverage Options

NOW AVAILABLE

Sign up or Upgrade for benefits

Contact Jannou Credit Union for more details.

In 2020, 91 death claims were made under the **FIP** plan compared to 98 in 2019. Despite this 7% reduction in the number of claims, the difference in payouts was less than $5000, a consequence of the higher payouts to members.

PLAN & BENEFIT	CLAIMS
Plan G - $30,000	7
Plan F - $25,000	1
Plan E - $20,000	3
Plan D - $15,000	34
Plan C - $10,000	35
Plan B - $7,500	5
Plan A - $5,000	6
TOTAL	91

Figure 1 - Claim payments by Plan Benefit Levels.

DECEASED MEMBERS FOR 2020

This year we bid farewell to 52 members who passed away. The Board would like to extend sympathies to the family and friends of our members who left this earthly life, and our **JANNOU** family.

1	Agnes Auguste	19	Simone Mondesir	37	Lewis Wardrobe
2	Albertha Calderon	20	Agnita George	38	Louis Augustin
3	Augustin Esnard	21	Aloysius Roland	39	Marius Eugene
4	Augustin Lawrencin	22	Antoine Baptiste	40	Mark Constable
5	Benedict Francois	23	Brenda Joseph	41	Martha Alphonse
6	Bertille Labadie	24	Bryan Hippolyte	42	Mary Charles
7	Catherine Mathurin	25	Casimir Alexander	43	Marylin Remy
8	Claudette Mondesir	26	Cecilia Louis	44	Morrison Blanchard
9	Constance Beaubrun	27	David Jeremie	45	Philip Thomas
10	Egbert Stanislaus	28	Donna Margarita Raymond	46	Rhones St Clair
11	James St Omer	29	Fitz Charlery	47	Romeo Dolius
12	Jonas Graves	30	Florence Jules	48	Skeff Thompson
13	Joseph Medard	31	Francis Cooper	49	Solomon Agyemang
14	Mathilda Julien	32	Francis Frederick	50	St Clair Emmanuel
15	Patricia James	33	Gina Meroe	51	Sybillana Marquis
16	Patrick George	34	Gregor Henry	52	Theodora John
17	Scholastique Chesmain	35	Irvin Ferdinand		
18	Shauna St Marie	36	Joseph Avril		

Member Engagements

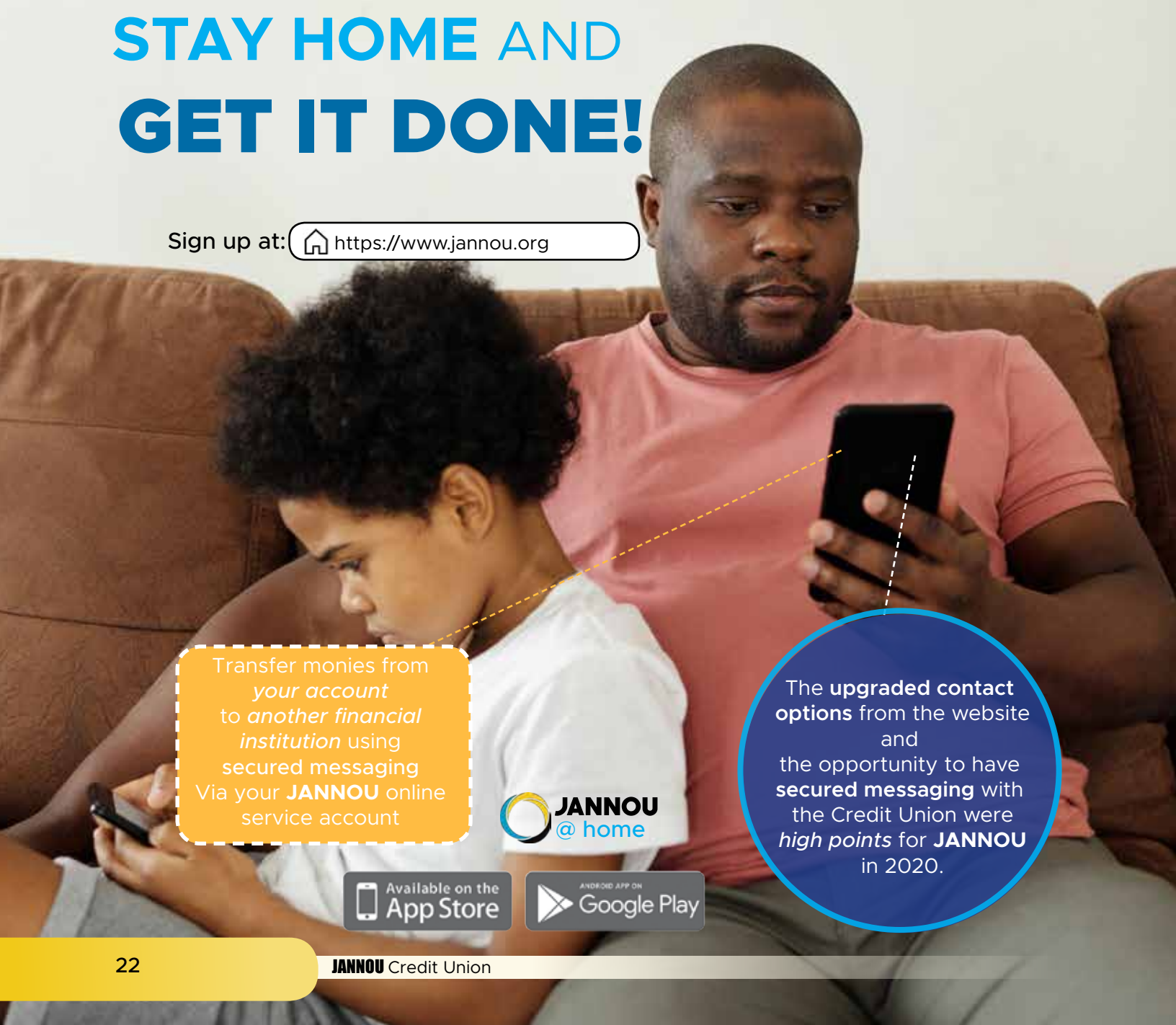
Upgrading of our electronic communication options was undertaken to allow improved and extended personal communication with members.

Members can contact Jannou using a combination of in person and distant/ virtual options.

JANNOU @ Home Online Services

The proposed grand national launch of our online service was not carried out due to pandemic related challenges.

However, we used our social media and electronic notices to inform members about our service and ***over 2000 persons*** had registered by year end.



International Credit Union Month

INSPIRING HOPE FOR A GLOBAL COMMUNITY

Members conducting business at Jannou on October 15th were recognized with packaged tokens and treats in celebration of International Credit Union Day under the theme ***"Inspiring Hope for a Global Community"***. ICU Day is a worldwide celebration of the impact that credit unions make for their members.

Of necessity the celebration was scaled down but members while departing with their packaged tributes expressed sincere appreciation for the effort. It is also a chance to be thankful for the lives and communities that have been improved by our organization and the movement itself For the first time, celebrations were actively conducted virtually using **#ICUDay.** Four **(4)** members who participated in our online and radio competition won high end electronic devices from Jannou .

Prizes & Giveaways
ALL DAY LONG

JANNOU TURNS 1

December 2020 was a special month at Jannou.

We commemorated the 1st Anniversary of our rebranding into **Jannou** Credit Union and took the opportunity to say thank you to our members for their support in 2020 and display our hopefulness for the future.

Yes, 2020 was a year filled with setbacks and trials but we thought it was imperative that we said thanks and created happy moments with members.

On Tuesday December 22nd **Jannou** hosted the 1st Anniversary celebrations using a combination of in branch and virtual options.

Members sent shout outs posted videos and again won prizes. The celebration was again scaled down, but our golden nuggets offered to members were well appreciated.

1st ANNIVERSARY CELEBRATIONS

OF THE REBRANDING
– DECEMBER 22nd 2020

JANNOU
CREDIT UNION
1ST
Anniversary
https://www.jannou.org/

TREASURER'S REPORT

*Jannou stood resilient in 2020 therefore I am confident that it can continue to **"Provide Certainty in an Uncertain Environment."***

OVERVIEW

2020 was an extraordinary year – referred to as the *"new normal"*; all businesses were forced to undertake operations differently because of the negative impact of COVID-19 which was declared a global pandemic. Naturally, Jannou Credit Union was not spared from this unprecedented virus which significantly affected our membership, particularly in the tourism industry.

During a presentation on March 25, 2020, the Eastern Caribbean Central Bank **(ECCB)** cautioned credit unions islandwide on the impact of the pandemic. The ECCB also highlighted that future economic activity would contract and be accompanied by a sharp rise in unemployment within the Currency Union. Our Credit Union responded to the anticipated economic downturn by, adjusting its forecasted revenue and expenditure for the upcoming year; postponing projects; scaling-up hygiene protocols and reducing operational hours in alignment with national curfews.

In adjusting to the *"new normal"*, Jannou successfully transitioned by offering moratoriums to members on a case-by-case basis; made greater use of home banking and the online platform; WhatsApp and other technological medium to safely meet members' needs; in addition to holding its first virtual Annual General Meeting in September 2020. Despite the challenges faced, Jannou was able to maintain business continuity, which was testimony of its resilience throughout the year.

The performance for the financial year 2020, despite significant financial and operational challenges, was successfully achieved through financial prudence and sound decision-making by the Board of Directors and the Management team. The hard work and dedication of our General Manager, Finance and Accounting and IT teams in collaboration with the Consultants resulted in Jannou becoming International Financial Reporting Standard **(IFRS)** 9 compliant, irrespective of these challenges. Thankfully, the Credit Union's aggressive provisioning over the prior years provided considerable cushioning of the

JANNOU CREDIT UNION implemented the following in 2020

(IFRS 9) COMPLIANCE
International Financial Reporting Standard

Introduction of
ONLINE BANKING

Launching of
(DCASH) DIGITAL CURRENCY
to facilitate contactless payments

JANNOU'S
Total Assets stood at
$306.54 MILLION
At December 31, 2020

$5.48 MILLION INCREASE
in
"Total Financial Investments"

$1.19 MILLION INCREASE
in
"Retained Earnings"

impairment losses when it transitioned from IAS 39 to IFRS 9 for the financial year 2020.

The introduction of online banking proved to be very timely and convenient. Given the COVID-19 environment, online banking helped to improve the quality-of-service delivery. This facility improved members' access to their personal information, facilitated transaction processing from the comfort of their personal space, all of which reduced the volume of traffic going through the Credit Union.

The international Visa debit card, currently at the testing stage, utilized staff and volunteers in a pilot project primarily to iron-out teething issues prior to the official roll-out to the general membership. To further enhance our financial services portfolio, Jannou collaborated with the ECCB to launch the digital currency (DCash) to facilitate contactless payments and transfer transactions. This payment facility complimented the COVID-19 protocols, with its objective of creating a safer, cheaper and faster payment system to citizens of the OECS.

A. STATEMENT OF FINANCIAL POSITION

ASSETS

"Cash" and "Loans and Advances to Members"

At December 31, 2020, the Statement of Financial Position reported *"Total Assets"* of $306.54 million, an increase of $20.38 million or 7.12% from the prior year. Our members continue to display their confidence in the institution through consistent cash inflows from shares and deposits thus creating elevated levels of liquidity. Elevated liquidity levels are common trends within the financial sector and not one isolated to the Credit Union thereby fueling a highly competitive domestic lending environment.

"Loans and Advances to Members" decreased significantly during the current period compared to the prior year. Some of the loan products were negatively impacted because of COVID-19; although portfolio recovery started in the latter part of the year, the turnaround was not quick enough to regain the many loans which were lost. Many members have been taking advantage of lower interest rates available elsewhere, our Credit Union responded by offering more competitive lending rates.

For the period under review *"Loans and Advances to Members"* declined by $2.08 million or 0.01%. Despite the decline, our Credit Union is optimistic that the loan products will regain market share. Notwithstanding loan portfolio quality

through aggressive provisioning, due to portfolio contraction, Jannou recorded a 6% delinquency performance rating which was not in keeping with the prudential standards of less than or equal to 5%."

"Financial Investments"

Considering its high liquidity position and the competitive lending environment, Jannou will consider a modification to its business model that aligns better with a high liquidity environment.

There was an overall increase of $5.48 million in *"Total Financial Investments"* for the reporting period from the purchase of Government of Saint Lucia bonds compared to an increase of $2.26 million in 2019.

LIABILITIES

Members continue to exhibit a level of confidence in our Credit Union as *"Deposits from Members"* and *"Withdrawable Shares"* increased by $5.85 million and $11.68 million respectively over the previous period. The Credit Union will continue to pursue prudential investments to ensure that members earn a satisfactory return on their funds through the distribution of interest, dividends and patronage refund.

MEMBERS' EQUITY

The Credit Union continued to strengthen its capital base with an increase of $1.33 million transferred to its *"Statutory Reserve"*. *"Share Capital"* (i.e. Non-withdrawable shares) declined by $10,397; this was due to a continued decline in share purchases from prior years.

"Retained Earnings" increased by $1.19 million. This speaks well for the organization as this increase continues to solidify the capital base of the organization from which it can buffer future economic or financial shocks.

B. STATEMENT OF COMPREHENSIVE INCOME

OPERATING INCOME AND GENERAL & ADMINISTRATIVE EXPENSES

"Operating Income"

Our Credit Union recorded total income of **$18.94 million** as follows:

i	Interest Income on Loans and Advances to Members	- $16.40 million
ii	Investment Income	- $2.25 million
iii	Other Operating Income"	- $288,102

"Operating and Administrative Expenses"

There was an overall decline of $962,603 in *"Operating and Administrative Expenses"* from the prior year, largely due to general restrictions placed on social and other events as a result of the COVID-19 virus.

During the year, additional office space was acquired at the Vieux Fort office, as such, *"Rent"* expense increased by $17,212 compared to the prior year.

Combined with *"Interest Expense"* of $4.57 million and *"Impairment Losses"* of $2.60 million, total expenses were $13.84 million arriving at *"Total Comprehensive Income for the Year"* of $5.28 million, a decrease of 8% from the prior year.

CONCLUSION

A special thanks to the Board of Directors, Management and Staff of the Saint Lucia Civil Service Co-operative Credit Union Limited for the support during the year. Also, a special thank you to the team members of the Finance & Investment Committee and the Debit Card Project for their invaluable contribution throughout the year.

In 2020, we made the promise to *"Move Mountains"* and the employees made it happen under the challenges and uncertainties of 2020. They can continue to make it happen in what appears now as "familiar territory". Jannou stood resilient in 2020 therefore I am confident that it can continue to ***"Provide Certainty in an Uncertain Environment."***

Sincere appreciation to you - members - who continue to place not only your financial resources but also your confidence in ***Our dear and trusted friend – JANNOU Credit Union.***

Angela Frazer
Treasurer
Saint Lucia Civil Service Co-operative Credit Union Ltd

SAINT LUCIA CIVIL SERVICE CO-OPERATIVE CREDIT UNION LIMITED

P-E-A-R-L-S

CREDIT UNION PERFORMANCE RATINGS

			2020		2019		
			ACTUAL	RATING	ACTUAL	RATING	STANDARD
		PROTECTION					
	1	Provision for Loan Losses/Loan Delinquent>12 Months	100%	1	100%	1	100%
1	2	Provision for Loan Losses/Loan Delinquent<12 Months	111%	1	174%	1	35%
	3	Solvency (Net Value of Assets/Total Shares & Deposits	118%	1	118%	1	>111%
		EFFECTIVE FINANCIAL STRUCTURE					
	1	Net Loans/Total Assets	52.00%	3	56.40%	2	70-80%
2	2	Savings Deposits/Total Assets	85%	1	79%	1	70-80%
	3	Member Shares Capital/Total Assets	5%	2	6%	2	Less than or equal to 20%
	4	Institutional Capital/Total Assets	15%	1	15%	1	Greater than 10%
		ASSET QUALITY					
3		Total Delinquency/Gross Loan Portfolio	6%	2	4%	1	Less than or equal to 5%
		Non-Earning Assets/Total Assets	2%	1	2%	1	Less than or equal to 5%
		RATE OF RETURN AND COST					
	1	Operating Expenses/Average Assets	2.80%	1	2.8%	1	Maintain 5%
4	2	Net Income/Average Assets	2%	2	2%	2	E4=10%
	3	Fin. Cost : Member Shares	5%	1	5%	1	Market Rate
							Market Rate > Inflation
		LIQUIDITY					
5	1	Liquid Reserves/Total Savings Deposit	29%	1	25%	1	Minimum 15%
	2	Non-Earning Liquid Assets/Total Assets	0.28%	1	0.16%	1	Less than or equal to 1%
		SIGNS OF GROWTH					
	1	Asset	7.00%	1	7.30%	1	Greater than inflation rate
6	2	Member Shares	0.00%	1	8.50%	1	To achieve goal in E3
	3	Loans	-1.30%	3	-0.84%	2	To achieve goal in E1
	4	Membership	2.6%	2	2.93%	2	Minimum 5%
	5	Institutional Capital	-3%	2	-3%	2	To achieve goal in E4

INTERPRETATION OF GRADES

GRADE 1 CREDIT UNION IS DOING WELL.

GRADE 2 CREDIT UNION IS DOING WELL BUT EXPERIENCING MINOR INTERNAL PROBLEMS

GRADE 3 CREDIT UNION IS ON THE WATCH LIST

GRADE 4 CREDIT UNION IS IN SERIOUS TROUBLE

GRADE 5 CREDIT UNION IS ON THE WAY OUT WITH THE POSSIBILITY OF LIQUIDATING OR MERGING WITHIN SIX (6) MONTHS

Analysis of Financial Statements

INDICATORS	2020	2019	INCREASE/(DECREASE)	
	$	$	$	%
Assets	306,543,434	286,165,681	20,377,753	7
Net Loans	159,277,382	161,361,676	-2,084,294	1.3
Members' Withdrawable shares	207,775,230	196,099,780	11,675,450	6
Members' Deposits	35,833,927	29,981,026	5,852,901	20
Shares	16,469,714	16,480,111	-10,397	0
Members' Equity	61,326,300	58,643,352	2,682,948	5
Interest Income	16,399,192	17,763,852	-1,364,660	-8
Operating and Administrative Expenses	6,672,720	7,635,323	-962,603	-13
Net Operating Surplus	5,098,816	5,746,234	-647,418	-11

Supervisory Committee Report

During the period, the Supervisory Committee comprised of the following members:

Dr. Lyndell St. Ville – Chairperson
(January - September)

Mrs. Annette Desir - Butcher – Chairperson
(October - December)

Mrs. Verna Khadoo-Mathurin – Secretary

Ms. Shernelle Phillip

Mrs. Martha Kearl Duval-Gabriel
(October - December)

Ms. Yanice Vitalis *(October - December)*

Dr. Lyndell St. Ville concluded his tenure after serving two consecutive terms. We welcomed Mrs. Annette Desir-Butcher, Mrs. Martha Kearl Duval-Gabriel and Ms. Yanice Vitalis following their election at the 39th Annual General Meeting held on September 29, 2020. Ms. Yanice Vitalis was elected to replace Ms. Anne Verne John and will be serving for two years to complete Ms. John's term. Although no orientation training was offered to volunteers during the year, the Committee ensured that its new members were adequately equipped to perform our responsibilities by allotting time to familiarize ourselves with the Co-operative Societies Act, the By-Laws, and the Supervisory Committee Manual, at each Committee meeting.

The Supervisory Committee is formed in accordance with Section 62 of the Co-operative Societies Act of 1999 and serves the Credit Union in ensuring that a quality system of checks and balances is maintained. We are required to verify and report on whether the operations were conducted in accordance with governing rules and regulations, and assets were properly administered. We are also required to ensure that Management and the Board of Directors comply with their established policies and procedures. In this capacity, we are pleased to present the 2020 Supervisory Committee's report.

During the reporting period we provided oversight

of the affairs of the Jannou Credit Union. The Committee worked closely with the Internal Auditor to review the risk and internal controls to ensure that assets were adequately safeguarded, and financial transactions were properly recorded. We ensured that the Board of Directors and the Management of the Credit Union met the required financial reporting objectives and that standards and established practices, and procedures were sufficient to safeguard the financial resources of the Credit Union and protect the interest of our members.

The Committee met twice a month to perform its duties in monitoring the operations and financial sustainability of the Credit Union. These duties included working with and supervising the work of the Internal Auditor, as well as carrying out our own reviews. The Committee also met with Management and the Board of Directors to review the quality of financial reports, follow-up on recommendations from internal audits conducted and to ensure compliance and operational continuity.

During the year, the following audits were conducted, and the findings and recommendations were presented to the Board and Management for necessary action:

ECHMB Proposed Investment Policy

Debit Card Risk Analysis

Accounting and Financial Controls

Loans and Lending

Human Resources

Information Technology

Anti-MoneyLaundering(AML)

The Committee reviewed all monthly management accounts for the year in accordance with Section 81 (5) of the By-Laws. Loan delinquency continued to be a challenge for us. The Credit Union closed the year at a delinquency rate of 5.33%, which falls outside of the **PEARLS** standard. We look forward to increased tracking, monitoring and recovery of delinquent loans and the formulation and implementation of a detailed delinquency policy. The Committee encourages members who are experiencing difficulties with their loan payments to speak to the Credit Union to arrive at some resolution.

The Supervisory Committee values and pays attention to the contributions and feedback of members, on whose behalf we serve. Consequently, the Committee will make a box available at the Credit Union to receive your concerns, questions, suggestions, and complaints. You may also contact the Supervisory Committee directly at *supervisory@cscreditunion.org*. The Committee promises to continue to follow-up on

all matters brought to our attention, both at the AGM and throughout the year.

STRATEGIC PLAN

According to Benjamin Franklin *"If you fail to plan, you plan to fail".* The Credit Union is operating without a current strategic plan; the last strategic plan covered the period 2012 to 2017.

A review of the plan was conducted by the Internal Auditor in November of 2017, with three objectives:

- To ascertain the extent to which the 2012 -2017 Strategic Plan was implemented.
- To ascertain and evaluate the factors that may have adversely impacted the implementation.
- To identify any 'lessons learnt' which may inform the development of the new strategic plan.

A strategic plan is designed to provide an organization with a game plan or road map to achieve specific goals and objectives and is critical to the future direction of the Credit Union.

The Committee has had several discussions with Management and the Board relevant to the development of a current strategic plan. To date, a new strategic plan has not been developed. The Supervisory Committee remains resolute in its commitment to keep the need for a strategic plan before the Board and Management of the Credit Union.

FRAUD RISK MANAGEMENT FRAMEWORK

An effective Fraud Risk Management Framework will enable the Credit Union to have controls that first help prevent fraud from occurring, detect as soon as a fraud happens and respond effectively to fraud incidents when they occur. Considering the operations of the Credit Union, a Fraud Risk Management Framework is crucial. The Fraud Risk Management Framework was submitted to the Board for consideration in 2019. However, by the end of the reporting period, the Board had not given directives to proceed with implementation. The Supervisory Committee continues to monitor the implementation of the framework to ensure that members' investments are protected against fraud.

REBRANDING

The Supervisory Committee closely monitored the Rebranding project during the year to ensure that the fiduciary responsibility to our members was maintained. From its reviews, the Committee noted that the Rebranding project was carried out in phases. During the reporting period, Phase 1 was completed at a cost of XCD $294,061.00 and it is noted that there will be additional expenditure over the other phases. The Committee will continue to monitor the progress of the Rebranding project.

ANNUAL GENERAL MEETING (AGM)

Section 39 of the Cooperative Societies Act states: *'A society shall hold an annual meeting in each year not later than 3 months after the financial year of the society'*. The Act also makes provision for the Board to request an extension from the Registrar of Co-operatives. The Supervisory Committee notes that requests for extension have been made and granted every year from at least 2008.

In order for financial statements to be useful to the readers, they must be relevant; one of the elements of relevancy is the timeliness of having the information. Financial statements are to be available when investors can influence decisions. Therefore, the Supervisory Committee will continue to encourage the Board and Management to convene AGM within the stipulated 3-month timeframe.

IFRS 9 COMPLIANCE

The journey to compliance with the IFRS 9 standard posed some challenges to our institution. To meet the requirement, the Credit Union engaged the services of a software provider. The 'RiskCALM' software solution was expected to result in the Credit Union receiving an unqualified opinion for its 2020 accounts. However, some policies were overlooked which resulted in an unfavorable outcome.

After two qualified opinions and some financial loss, at the time of writing this report, the Supervisory Committee was not able to confirm that Jannou received an "unqualified audit opinion" on its 2020 financial statements, nor that the said statements are in accordance with IFRS 9.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

During the reporting year, minimal progress was observed on the adoption of the Enterprise Risk Management **(ERM)** Framework which, as defined by Committee of Sponsoring Organizations **(COSO)**, is a process effected by an entity's Board of Directors, Management, and other personnel, applied in strategy-setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable

assurance regarding the achievement of the entity's objectives.

ERM requires that an organization examines its complete portfolio of risk, consider how those risks interrelate, and that Management develops a comprehensive risk mitigation approach to address these risks in a manner that is consistent with the organization's strategy and risk appetite. Despite the submission of a draft ERM policy by a team of consultants in 2019, by the end of the reporting period, it had not been approved. The Supervisory Committee continues to monitor and highlight the importance of the ERM framework.

DEBIT CARD PROJECT

Although there were significant strides on the Debit Card project, the Credit Union was unable to launch by the end of the year. The Committee looks forward to our members experiencing the convenience of using the Credit Union debit cards by the next AGM.

TIMELY RESPONSES FROM THE BOARD

The Committee experienced some challenges in getting timely responses from the Board of Directors on outstanding matters. Matters which should have been addressed with some urgency, were left unattended, which in the Committee's view, had an adverse effect on the progress of various aspects of the work of the Credit Union. Following numerous discussions with the Committee, the Board agreed to address the issue of the timeliness of its responses to the Committee. The Committee looks forward to working with the Board to advance the work of the Credit Union.

As members' representatives, we are thankful for the courtesies and cooperation extended to us by the Credit Union's Board, Management, and staff throughout the year and for their continued commitment and dedication to our Credit Union.

As Chairperson of the Supervisory Committee, I thank the members of the Committee for their unwavering support and commitment to duty over the last year. There were times when our meetings were more often and lasted much longer than scheduled. Despite the challenges, your Supervisory Committee stuck to the task. Our commitment to ensuring that our Credit Union's principles are upheld, members' investments are secure, and our Credit Union performs at a satisfactory level and grows to meet our financial needs is acknowledged. We are honored that members have placed their confidence in us and we look forward to continuing serving you and adding value to our Credit Union.

Dr. Lyndell St. Ville

Mrs. Annette Desir -Butcher

Mrs. Verna Khadoo-Mathurin

Ms. Shernelle Phillip

Mrs. Martha Kearl Duval-Gabriel

Ms. Yanice Vitalis

The Supervisory Committee

VALUES
YOUR CONTRIBUTION

We shall provide a service
to recieve your

- **CONCERNS**
- **SUGGESTIONS**
- **QUESTIONS**
- **COMPLAINTS**

Credit Committee Report

It's the reporting year 2020, a very significant number. In vision, it relates to having perfect eyesight and as a metaphor, it states possessing a clear view of a situation. 2020 speaks to hope and prosperity, however we were faced with an unimaginable, unthinkable, topsy-turvy year. Nonetheless the business of the Credit Union continued and as such we are pleased and humbled to have served the Jannou Credit Union during 2020. It is our pleasure to report on the activities of the Credit Committee for the year ended 31st December, 2020.

The Credit Committee has the oversight of loan approval with loan applications being individually assessed, taking into consideration the level of risk to the member and the level of exposure to the Credit Union. We must always be cognizant of the fact that we are lending other members' money and as such the utmost care and attention is to be adequately maintained. Therefore, loans under consideration are evaluated on its own merit. The Committee wishes to encourage members to always provide their full financial picture when having discussions with their loans officers. This allows the Committee to make a more comprehensive but swift decision as well as determine the member's ability to repay.

At the 39th Annual General Meeting held on September 29th, 2019 the Committee said farewell to Ms. Lisa Goodman who completed the maximum allotted consecutive time of 6 years. We take this opportunity to thank her for her sterling performance and excellent stewardship. The Committee welcomed Ms. Sharma Joseph and Mr. Keegan Preville who were elected to serve as members of the Credit Committee.

For the year under review, the Credit Committee was made up of the following members

1. **Mr. Sherman Sylvester** - *Chairperson*
2. **Ms. Shorna Denis** - *Secretary*
3. **Mr. Ricardo Corsinie** - *Member*
4. **Mr. Keegan Preville** - *Member*
5. **Ms. Sharma Joseph** - *Member*

Your entrusted Credit Committee met twice a week to review and consider loan applications during 2020 although there were many interruptions

during the early months of the pandemic. The committee was faced with many challenges posed by the lock downs and curfews. There was a period where meetings were scaled to once a week, other times we had to leave some loans behind because the clock inched closer to the curfew hour. However, the committee remained determined to keep the business of the Credit Union going as well as satisfying the needs of its members. Loans were approved as long as they met the requirements as stipulated in the loan and lending policy. The Committee found the majority of loans to be consistent with the Credit Union's Loan and Lending policy.

During meetings we engaged in;

1. Reviewing new, add-on loan applications and reviewing deferred loans;
2. Conducting telephone interviews when required and providing a level of Financial Counselling to members;
3. Listening to members when they requested an audience with the Committee;
4. Ratification of over-the-counter loans;
5. Reviewing and Ratification of Management approved loans;
6. Reviewing of Credit Union monthly delinquency summary reports;
7. Providing recommendations to the Joint Committee on loans.

Our Credit Union continues to be committed and responsive to the needs of its members. The new Mortgage rates came into effect from December 2019, with many members taking advantage of this new loan portfolio from January securing reduced interest rates. The Jannou Credit Union also instituted the "My Ride" loan, once again affording members the opportunity to own their dream ride! The Credit Committee takes this opportunity to thank Mrs. Rita Alexander-Francis for her foresight and responsiveness to the needs of the members. We all look forward to even more exciting products as well as the roll out of our very own Visa Debit Card. Members, you will not regret the wait. In time to come, many of you will be making the Jannou Credit Union your one and only Financial Institution.

ANALYSIS OF LOANS

As at **December 31st 2020**, a total of seven thousand, seven hundred and seventy-nine **(7,779)** loans were approved representing a decrease in the number of loans approved the previous two years. **Domestic loans** accounted for the largest share of the loan portfolio (See Figure 1), amounting to 74% share with a dollar value of $20.6 Million. The total value of approved loans for the reporting period stood at $59.3 Million. Although there was a decrease in the number of loans the monetary value remained relatively close to that of previous years. Members have seen the need to own a piece of their country as evidenced by the vast increase of the Real Estate portfolio over the two previous years - this amount more than tripled. This is no doubt a step in the right direction as members see it necessary to provide shelter for themselves and family.

The Christmas-time loan facility has continued to be a favourite product as it allows members an opportunity to secure a loan without the requisite shares. Other significant categories include vehicle purchase and repair; first time land and house purchase; debt consolidation; house renovations and education ranked in order of their dollar value *(See Figure 2).*

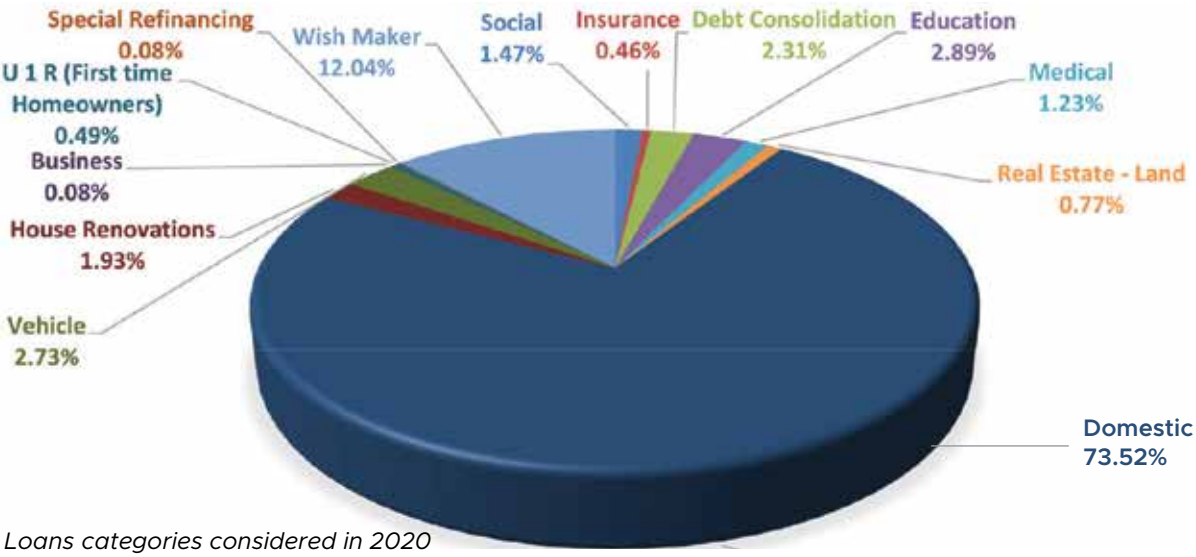


Figure 1. Loans categories considered in 2020

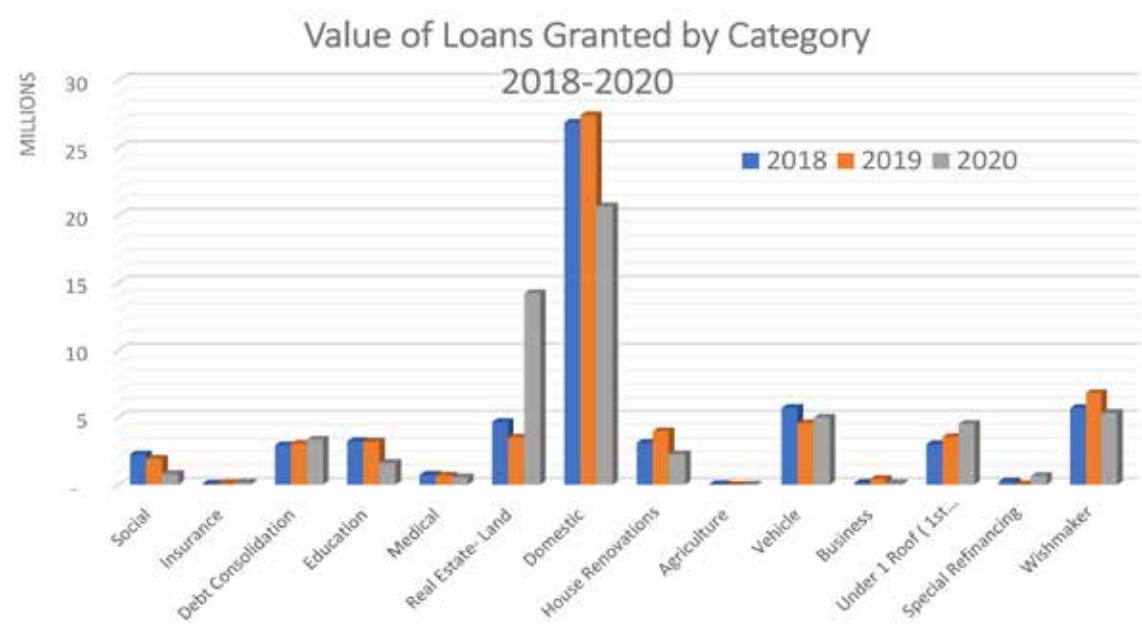


Figure 2. *Loans considered and approved by the Credit Committee*

Loans Totaling
3.5 million
sent to Board
for approval

Twenty – three (23) loans totaling $3.5 Million were sent to the Board for approval. Loans are sent to the Board for a number of reasons, primarily when a loan request falls outside of the prescribed loan & lending policy. Ninety – nine percent (99%) of all loans presented to the committee were approved with only 1% being denied for varying reasons (See Figure 3). The Committee continues to encourage members to declare as much information as possible when applying for your desired loan.

The committee's primary role is to consider loans as per the by-laws. However, it has been noted that at certain times of the year the volume of loans increases. Therefore, in order to increase the turnaround decision making time, the committee requested Board approval to have the threshold for loans approved by Management increased.

As mentioned earlier, we were forced to become resilient to adapt to the new environment we were faced with. In spite of the many challenges and constraints we managed to maneuver around the obstacle course in the best way possible, to provide for the continuation of the business of the Credit Union.

The Credit Union provided members with moratoriums and refinancing of loans as a counter measure for loss of wages and decreased salaries. It is therefore important that members come in to have a discussion with their loans officer when faced with financial challenges.

We need to make special mention of the Family Indemnity Plan **(FIP)** whereby provision can be made for the inevitable. Persons should not have

to take a loan to bury a loved one, thus increasing their debt.

The Committee had to decline a few loans during 2020 reflecting less than one percent (1%) of total loans. See chart in **Figure 3**. Members are encouraged to provide all the information and supporting documentation necessary to avoid unnecessary delays of having your loan deferred or denied.

If your loan has been denied and you feel that there are additional factors, information or explanation relevant to your application, you are encouraged to appeal the decision of the Credit Committee to the Board of Directors.

Loans considered for 2020

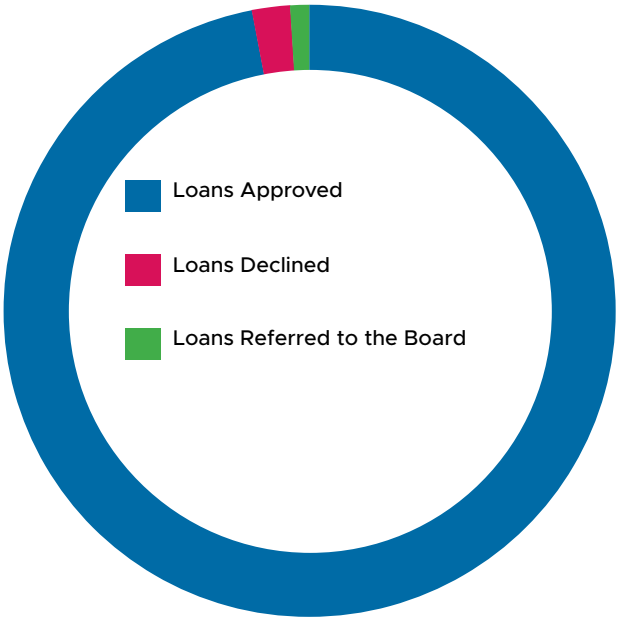


Figure 3. *Loans considered for 2020*

The Credit Union disbursed loans valued at $59.3 mil. This was an achievement of 97% of the target for the year 2020. Although the overall target was not achieved, this performance is still commendable given the economic climate of Saint Lucia, especially in the midst of the pandemic.

DELINQUENT LOANS

Delinquency continues to be a worrisome issue, with the numbers rising as shown in **Table 1.** Many members would have unwittingly found themselves on this list as the situation has been compounded by the loss of jobs and decrease in salary brought on by the Corona virus. Although moves are being made to curb the situation, the committee encourages members to come into the office to speak with their loans officer to review or refinance their loan payments to avoid being on the delinquency list.

The Credit Committee encourages members to borrow wisely, save regularly and to maintain regular and prompt payment on their loans at the Credit Union. Sometimes a simple way to plan for unforeseen circumstances would be to, if possible, pay more onto the loan, place more funds onto your shares or deposits. A member can also make use of special accounts or sinking funds.

TIME PERIOD	TOTAL DELINQUENT LOAN PORTFOLIO 2019	TOTAL DELINQUENT LOAN PORTFOLIO 2020
1 - 30 days	19	0
31 - 60 days	31	44
61 - 90 days	20	45
91 - 179 days	46	50
180 - 269 days	19	22
365 days & over	21	35
Over 12 Months	126	188
TOTAL	282	384

Table 1. *Profile for Delinquent Loans*

CONCLUSION

Although this year proved challenging as we crossed the turbulent waters, we managed to keep the boat afloat. Many members required a life line, some a rafter, whilst others simply took a motion sickness pill and the remaining held on tight, we made it over to the other side. The journey continues as we paddle the boat into the bright and promising future.

Although some more rapids and gushing streams are expected in the future, the committee stands resolute to the task, equally committed is the Jannou Credit Union. Together we shall mitigate against undue impairment due to these choppy waters. We look forward to another successful year assisting members in making their personal and financial dreams a reality. Keep spreading the word for others to join this family to experience the benefits as you have. We encourage all members to make the Jannou Credit Union their number one place to borrow and save with pride. In this manner we can grow from strength to strength and the Jannou Credit Union will continue being the premiere credit union of choice in the community.

We would like to express our heartfelt thanks and appreciation to our dedicated and hard-working staff of the Loans Department, led by Loans Manager Mrs Rita Francis. Thank you to

the Admin team, spearheaded by Ms. Jn. Charles for providing a conducive working environment, which ensured a high level of output from the Committee.

On behalf of the Credit Committee, I thank you the members for allowing us to serve you. To the Board of Directors, Management and staff we thank you for your stewardship and support during this short and challenging tenure. To you the members of the committee I say thank you for your commitment and dedication. May God continue to guide and bless us all.

We continue to encourage members to avail themselves to the many products and services tailored to ensuring a better quality of life. Suze Osman articulated *"A big part of financial freedom is having your heart and mind free from worry about the what-ifs of life."* **Together we can move Mountains!**

Mr. Sherman Sylvester

Ms. Shorna Denis

Mr. Ricardo Corsinie

Mr. Keegan Preville

Ms. Sharma Joseph

FINANCIAL STATEMENTS

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Financial Statements

Year Ended December 31, 2020

(Expressed in Eastern Caribbean Dollars)

BDO

Contents

Page 43 - 45	Independent Auditor's Report to the Members
Page 46	Statement of Financial Position
Page 47	Statement of Changes in Members' Equity
Page 48	Statement of Comprehensive Income
Page 49	Statement of Cash Flows
Page 51-94	Notes to the Financial Statements

Tel: 758-452-2500
Fax: 758-452-7317
www.bdoecc.com

Mercury Court
Choc Estate
P.O. Box 364
Castries
LC04 101
St. Lucia

INDEPENDENT AUDITOR'S REPORT

To the Members of St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)(the Credit Union), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in members' equity, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 St. Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

BDO Eastern Caribbean, a network of firms registered in Anguilla, Antigua and Barbuda, St. Lucia and St. Vincent and the Grenadines, is a member of BDO International Limited, a UK company Limited by guarantee, and forms part of the international BDO network of independent member firms.

Other Information Included in the Credit Union's 2020 Annual Report

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.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Auditor's Responsibility for the Audit of the Financial Statements (Cont'd)

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO

Chartered Accountants
Castries, St. Lucia
July 30, 2021

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Statement of Financial Position
As at December 31, 2020
(Expressed in Eastern Caribbean Dollars)

	Notes	2020 $	2019 $
ASSETS			
Cash	7	73,799,442	56,532,201
Financial investments:			
- Amortised cost	8	66,982,126	-
- Fair value through other comprehensive income (FVTOCI)	8	893,232	-
- Loans and receivables	8	-	61,689,102
- Available –for-sale (AFS)	8	-	709,373
Other receivables	9	242,905	621,630
Loans and advances to members	10	159,277,382	161,361,676
Property and equipment	11	5,348,347	5,251,699
TOTAL ASSETS		306,543,434	286,165,681
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Other payables and accruals	12	1,607,977	1,441,523
Deposits from members	13	35,833,927	29,981,026
Withdrawable shares	14	207,775,230	196,099,780
		245,217,134	227,522,329
Members' Equity			
Share capital	16	16,469,714	16,480,111
Statutory reserve	17	32,889,905	31,561,349
Education reserve	18	500,000	500,000
Development fund	19	538,156	538,156
Disaster fund		230,112	230,112
Funeral and burial benefits scheme	20	844,465	851,885
Fair value reserve	21	210,430	26,571
Retained earnings		9,643,518	8,455,168
		61,326,300	58,643,352
TOTAL LIABILITIES AND MEMBERS' EQUITY		306,543,434	286,165,681

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

APPROVED ON BEHALF OF THE BOARD:-

Director

Director

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Statement of Changes in Members' Equity
For the Year Ended December 31, 2020
(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital $	Statutory Reserve $	Education Reserve $	Development Fund $	Disaster Fund $	Funeral and Burial Benefits Scheme $	Fair Value Reserve $	Retained Earnings $	Total $
Balance as at December 31, 2018		15,186,509	29,562,503	500,000	538,156	230,112	851,885	26,571	11,202,188	58,097,924
New shares issued	16	1,293,602	-	-	-	-	-	-	-	1,293,602
Total comprehensive income for the year		-	-	-	-	-	-	-	5,746,234	5,746,234
Allocation for - Statutory reserve	17	-	1,955,006	-	-	-	-	-	(1,993,186)	(38,180)
- Education reserve	18	-	-	370,083	-	-	-	-	(370,083)	-
Entrance fees	17	-	43,840	-	-	-	-	-	-	43,840
Dividends	15	-	-	-	-	-	-	-	(3,219,537)	(3,219,537)
Patronage refund	15	-	-	-	-	-	-	-	(3,280,531)	(3,280,531)
Members' training expenses	18	-	-	(370,083)	-	-	-	-	370,083	-
Balance as at December 31, 2019		16,480,111	31,561,349	500,000	538,156	230,112	851,885	26,571	8,455,168	58,643,352
Balance at January 1, 2020		16,480,111	31,561,349	500,000	538,156	230,112	851,885	26,571	8,455,168	58,643,352
IFRS 9 transition adjustments	3(b)	-	-	-	-	-	-	-	1,518,712	1,518,712
Allocation for - Statutory reserve		-	303,742	-	-	-	-	-	(303,742)	-
Balance at January 1, 2020, as restated		16,480,111	31,865,091	500,000	538,156	230,112	851,885	26,571	9,670,138	60,162,064
Shares withdrawn	16	(10,397)	-	-	-	-	-	-	-	(10,397)
Total comprehensive income for the year		-	-	-	-	-	-	183,859	5,098,816	5,282,675
Allocation for - Statutory reserve	17	-	975,924	-	-	-	-	-	(1,019,764)	(43,840)
Benefits paid	20	-	-	-	-	-	(7,420)	-	-	(7,420)
Entrance fees	17	-	48,890	-	-	-	-	-	-	48,890
Dividends	15	-	-	-	-	-	-	-	(1,676,827)	(1,676,827)
Patronage refund	15	-	-	-	-	-	-	-	(2,428,845)	(2,428,845)
Balance as at December 31, 2020		16,469,714	32,889,905	500,000	538,156	230,112	844,465	210,430	9,643,518	61,326,300

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

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Statement of Comprehensive Income
For the Year Ended December 31, 2020
(Expressed in Eastern Caribbean Dollars)

	Notes	2020 $	2019 $
Income			
Interest income on loans and advances to members		16,399,192	17,763,852
Interest expense		(4,570,793)	(4,211,310)
Net Interest Income		11,828,399	13,552,542
Other Income			
Investment income	22	2,254,125	2,085,079
Other operating income	23	288,102	308,998
		2,542,227	2,394,077
Operating Income		14,370,626	15,946,619
General and Administrative Expenses			
Operating and administrative expenses	24	6,672,720	7,635,323
Impairment losses on loans and advances to members	10	2,599,090	2,541,668
Loss on disposal of assets	11	-	23,394
		9,271,810	10,200,385
NET INCOME FOR THE YEAR		5,098,816	5,746,234
Other Comprehensive Loss			
To be reclassified to profit or loss in subsequent periods			
Fair value decrease in investments at FVTOCI	21	183,859	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,282,675	5,746,234

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

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Statement of Cash Flows
For the Year Ended December 31, 2020
(Expressed in Eastern Caribbean Dollars)

	2020 $	2019 $
Cash Flows from Operating Activities		
Net income for the year	5,098,816	5,746,234
Adjustments for:		
Depreciation	314,162	240,848
Provision for loan losses	2,599,090	2,541,668
Loss on disposal of property and equipment	-	23,394
Interest income on loans and advances to members	(16,399,192)	(17,763,852)
Investment income	(2,254,125)	(2,085,079)
Interest expense	4,570,793	4,211,310
Operating loss before working capital changes	(6,070,456)	(7,085,477)
(Decrease)/(increase) in other receivables	378,725	(87,923)
Decrease/(increase) in loans and advances to members	9,999,936	(1,176,053)
Increase in other payables and accruals	166,455	360,242
Increase in deposits from members	5,852,901	4,024,764
Increase in withdrawable shares	11,675,450	14,483,287
Entrance fees	5,050	5,660
Cash generated from operations	13,008,061	10,563,880
Interest received from members'	16,403,172	17,770,065
Interest expense paid	(4,570,793)	(4,211,310)
Net cash generated from operating activities	24,840,440	24,083,255
Cash Flows from Investing Activities		
Interest received	2,270,079	2,008,379
Purchase of investment securities	(6,441,495)	(7,524,606)
Proceeds from sale of investments securities	1,132,516	5,342,536
Purchase of property and equipment	(410,810)	(394,292)
Net cash used in investing activities	(3,449,710)	(567,983)
Cash Flows from Financing Activities		
(Decrease)/increase in share capital	(10,397)	1,293,602
Benefits paid	(7,420)	
Dividends	(1,676,827)	(3,219,537)
Patronage refund	(2,428,845)	(3,280,531)
Net cash used in financing activities	(4,123,489)	(5,206,466)
Increase in Cash	17,267,241	18,308,806
Cash - Beginning of Year	56,532,201	38,223,395
Cash - End of Year	73,799,442	56,532,201
Represented by:		
Cash in hand	855,131	464,407
Cash at bank	72,944,311	56,067,794
	73,799,442	56,532,201

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

Index to Notes to the Financial Statements

Note 1	Introduction
Note 2	Date of Authorisation of Issue
Note 3	Significant Accounting Policies
Note 4	Critical Accounting Judgments, Estimates and Assumptions
Note 5	Financial Risk Management
Note 6	Capital Risk Management
Note 7	Cash
Note 8	Financial Investments
Note 9	Other Receivables
Note 10	Loans and Advances to Members
Note 11	Property and Equipment
Note 12	Other Payables and Accruals
Note 13	Deposits from Members
Note 14	Withdrawable Shares
Note 15	Dividends Payable
Note 16	Share Capital
Note 17	Statutory Reserve
Note 18	Education Reserve
Note 19	Development Fund
Note 20	Funeral and Burial Benefits Scheme
Note 21	Fair Value Reserve
Note 22	Investment Income
Note 23	Other Operating Income
Note 24	Operating and Administrative Expenses
Note 25	Staff-related Expenses
Note 26	Related Party Transactions

1. Introduction

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union) ("the Credit Union") is a co-operative society registered in St. Lucia as a Credit Union under the Co-operative Societies Act Cap 12.06 of 2001 on September 28, 1972.

Its principal activity is that of providing financial services and other benefits to its members.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on **********.

3. Significant Accounting Policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Statement of Compliance

The financial statements comprise of the statements of financial position, changes in members' equity, comprehensive income, cash flows and the notes.

These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as at December 31, 2020 (the reporting date). These financial statements have been prepared under the historical cost convention, except for fair value through other comprehensive income (FVTOCI) investments measured at fair value.

(b) Basis of Preparation

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Critical accounting estimates may be made in determining impairment of financial assets as set out in Note 4.

The cash flows from operating activities are determined by using the indirect method. The net surplus is therefore adjusted by non-cash items, and all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received on investments is classified as investing activities and bank charges are classified as operating activities. The cash flows from investing and financing activities are determined by using the direct method. Management determines the classification of the cash flows into operating, investing and financing activities.

The Credit Union classifies its expenses by the nature of expense method.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2020 financial year

The Credit Union applied for the first-time, unless otherwise indicated, certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2020. The amendments had no significant impact on the Credit Union's financial statements.

- IAS 1, *'Presentation of Financial Statements'* and IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'* were amended to clarify when information is material. In particular, the amendments clarify:

  (a) That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

  (b) The meaning of "primary users of general-purpose financial statements" to whom those financial statements are directed, by defining them as "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need.

  The application of this amendment did not have a material impact on amounts reported in respect to the Credit Union's financial statements.

- IFRS *16, 'Leases'* was amended to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

  The application of this amendment did not have a material impact on amounts reported in respect to the Credit Union's financial statements.

Amendments that are issued but not effective and have not been early adopted are as follows:

- IAS 1, *'Presentation of Financial Statements'* and IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'* were amended to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

  This amendment is applicable for annual periods beginning on or after January 1, 2023. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Credit Union's financial statements.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Amendments that are issued but not effective and have not been early adopted (cont'd)

- IAS 16, *'Property, Plant and Equipment'* was amended to prohibit deducting from the cost of an item of PPE any, proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items in profit or loss.

  This amendment is applicable for annual periods beginning on or after January 1, 2022. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Credit Union's financial statements.

- IAS 37, *'Provisions, Contingent Liabilities and Contingent Assets'* was amended to specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract", which can be either incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

  This amendment is applicable for annual periods beginning on or after January 1, 2022. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Credit Union's financial statements.

- IFRS 9, *'Financial Instruments'* was amended to clarify which fees an entity includes when it applies the "10 per cent test" in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  This amendment is applicable for annual periods beginning on or after January 1, 2022. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Credit Union's financial statements.

- IFRS 16, *'Leases'* was amended to remove from Illustrative Example 13 (which accompanies IFRS 16) the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

  This amendment is applicable for annual periods beginning on or after January 1, 2022. It is not anticipated that the application of this amendment will have a material impact on amounts reported in respect to the Credit Union's financial statements.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

The Credit Union has adopted IFRS 9 from January 1, 2020.

Due to the transition method chosen by the Credit Union in applying IFRS 9, comparative information throughout these financial statements has not been restated to reflect its requirements.

The effect of initially applying IFRS 9 is mainly attributed to the following:

- an increase in impairment losses recognized on financial assets

- additional disclosures related to IFRS 9

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

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and sets out requirements for measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The requirements of IFRS 9 represent a significant change from IAS 39 and brings fundamental changes to the accounting for financial assets.

IFRS 9 also introduced changes to the classification and measurement of financial assets and the accounting for impairment of financial assets from an incurred loss approach to a forward-looking expected credit loss approach.

New or amended disclosures have been provided for the current period, where applicable. The key change in the Credit Union's accounting policies resulting from its adoption of IFRS 9 are summarized below:

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). For classification purposes, IFRS 9 requires all financial assets, except equity instruments and derivatives to be assessed on the basis of the entity's business model for managing the assets and the contractual cash flow characteristics of the instruments. The standard eliminates the previous categories under IAS 39 of available-for-sale, held-to-maturity and loans and receivables. The Credit Union has classified its financial assets as follows:

- Debt instruments at amortised cost; and
- Equity instruments designed at fair value through other comprehensive income (FVOCI)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities and therefore, there have been no significant changes to the accounting for the Credit Union's financial liabilities under IFRS 9.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model for financial assets. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. These new requirements are forward-looking and eliminate the threshold that was in IAS 39 for the recognition of credit losses. Under the new approach it is no longer necessary for a credit event to have occurred before credit losses are recognized and therefore under IFRS 9, credit losses are recognized earlier than under IAS 39. The impairment allowance is based on a three-stage model that determines the expected credit loss based on the probability of default, the exposure at default and the loss given default for loans and loan commitments, debt securities not held for trading and financial guarantee contracts.

Transition disclosures

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

As permitted by the transition provisions of IFRS 9, the Credit Union elected not to restate comparative financial information for 2018 for financial instruments within the scope of IFRS 9. As such, the comparative financial information for 2019 is reported under IAS 39 and is not comparable to the information presented in 2020 under IFRS 9. Adjustments to carrying amounts of financial assets and liabilities arising from the adoption of IFRS 9 have been recognized in opening retained earnings and other components of equity as at January 1, 2020.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held; and

- The designation of certain investments in equity instruments not held for trading as at FVOCI.

If a debt security had low credit risk at the date of initial application of IFRS 9, then the Credit Union has assumed that credit risk on the asset had not increased significantly since its initial recognition.

The differences arising from the adoption of IFRS 9 are disclosed in the transition note disclosures following.

The table on succeeding page presents a reconciliation between the carrying amounts under IAS 39 with the carrying amounts of the balances under IFRS 9 at January 1, 2020 including the effect of reclassification and remeasurements.

St. Lucia Civil Service Co-operative Credit Union Ltd. (Trading as Jannou Credit Union)

Notes to the Financial Statements
For the Year Ended December 31, 2020
(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Transition disclosures (Cont'd)

	IAS 39 measurement at December 31, 2019 $	Reclassification $	Remeasurement $	Carrying amount at January 1, 2020 $	Category
Financial Assets					
Cash	56,532,201	-	-	56,532,201	Amortised cost
Loans and advances to members	161,361,676	-	1,518,712	162,880,388	Amortised cost
Financial investments:					
- Loans and receivables	61,689,102	(61,689,102)	-	-	
- Available –for-sale (AFS)	709,373	(709,373)	-	-	
Other receivables	621,630	-	-	621,630	Amortised cost
	280,913,982	(62,398,475)	1,518,712	220,034,219	
Equity securities - FVOCI					
From securities - available-for-sale	-	709,373	-	709,373	FVOCI
Debt securities - Amortised cost					
From securities - loans and receivable	-	61,689,102	-	61,689,102	Amortised cost

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Classification adjustments

Debt Securities at amortized cost

Transfer from investment securities loans and receivables to debt securities at amortized cost

At January 1, 2020 the Credit Union reclassified an amount totaling $61,689,102 of its debt loans and receivables portfolio to debt securities at amortized cost. These instruments met the SPPI test and were held within a business model whose objective is to collect contractual cash flows of principal and interest and for which there is no intention to sell.

Equity instruments at FVOCI

Transfer from AFS to Equity instruments at FVOCI (no recycling of gains or losses to profit or loss

At January 1, 2020 the Credit Union elected to reclassify $709,373 of its equity available-for-sale portfolio to equity instruments at FVOCI. No differences arose from this reclassification.

Impairment adjustments

Expected credit losses

The following table reconciles the opening impairment allowance for financial assets under IAS 39 and provisions for loan commitments in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets to the ECL allowance determined under IFRS 9 as at January 1, 2020.

	Provision for impairment under IAS 39 at December 31, 2019 $	Remeasurement at January 1, 2020 $	ECLs under IFRS 9 at January 1, 2020 $
Provision for impairment for:			
Loans and advances to member	9,225,164	(1,518,712)	7,706,452

3. Significant Accounting Policies (Cont'd)

(c) Foreign Currencies

The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Credit Union operates (its functional currency). All values are rounded off to the nearest dollar, unless otherwise indicated.

Assets and liabilities expressed in foreign currencies are translated into the functional currency at the rates of exchange ruling at the date of the financial statements. Transactions arising during the year involving foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates as well as including differences between buying and selling rates, are included in the Statement of Comprehensive Income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

(d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income 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 its value in use.

(e) Cash

Cash comprise balances with less than three months' maturity from the date of acquisition and includes cash on hand, cash at bank and other short-term securities.

(f) Financial Assets

Financial assets – Policy applicable from January 1, 2020

The Credit Union classifies financial assets to the following IFRS 9 measurement categories:

- Debt instruments at amortized cost
- Equity instruments designated as measured at FVOCI

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

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

Debt Instruments

Debt instruments, including loans and debt securities, are classified and measured at amortized cost. Investments in debt instruments are measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL.

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

Business model assessment

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

- *Hold to Collect* – The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- *Hold to collect and sell* – both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- *Other Business model* – this business model is neither hold-to-collect nor hold-to-collect and sell. The Credit Union determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. The model is not assessed on an instrument-by instrument-basis, but rather at a portfolio level and based on factors such as:
  - How the performance of the financial assets held within that business model are evaluated and reported to the Credit Union's management personnel
  - The risks that affect the performance of the assets held within a business model (and, in particular, the way those risks are managed).
  - The expected frequency, value and timing of sales activity.
  - The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the financial liabilities that are funding those assets or realising cash flows through the sale of the assets.

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Business model assessment (cont'd)

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

Assessment of contractual cash flows

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

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

Debt instruments measured at amortised cost

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

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

Equity instruments

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

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets

Policy applicable from January 1, 2020

Scope

The adoption of IFRS 9 has fundamentally changed the Credit Union's impairment model by replacing IAS 39's incurred loss approach with a forward looking three-stage expected credit loss (ECL) approach. As of January 1, 2020, the Credit Unio has recorded the allowance for expected credit losses for the following categories of financial assets:

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

No impairment loss is recognised on equity instruments.

Expected credit loss impairment model

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

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

<u>Stage 1: 12-months ECL</u>

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (Cont'd)

Policy applicable from January 1, 2020 (Cont'd)

Stage 2: Lifetime ECL-not credit impaired

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

Stage 3: Lifetime ECL- credit impaired

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

Measurement of ECL

ECL are a probability weighted estimate of credit losses. They are measured as follows:

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

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

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (cont'd)

Policy applicable from January 1, 2020 (cont'd)

Forward looking information

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

Macroeconomic factors

The standard also requires incorporation of macroeconomic factors in models for ECLs. In its models, the Credit Union conducted an assessment of a range of forward-looking economic information as possible inputs, such as GDP growth, unemployment rates and inflation. The Credit Union has incorporated GDP and unemployment rates for Saint Lucia in developing its forward-looking information.

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

Significant increase in credit risk

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

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

Expected Life

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

Presentation of allowance for ECL

Loss allowances for ECL are presented in the statement of financial position as follows:

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (cont'd)

Policy applicable from January 1, 2020 (cont'd)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then the assessment is made of whether the financial asset should be derecognized in ECL and measured as follows:

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

Credit Impaired Financial Assets

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

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

- Significant financial difficulty of the borrower;
- A breach of contract such as default or past due events;
- The restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including
  - Adverse changes in the payment status of borrowers in the group; or
  - National or economic conditions that correlate with defaults on the assets in the group.

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (cont'd)

Policy applicable from January 1, 2020 (cont'd)

Definition of default

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

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

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

Write-offs

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Classification and measurement, derecognition, and impairment of financial instruments effective prior to January 1, 2020

(i) Available-for-Sale

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the statement of comprehensive income. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the statement of income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Credit Union's right to receive payment is established.

(ii) Loans and receivables

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

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Classification and measurement, derecognition, and impairment of financial instruments effective prior to January 1, 2020 (Cont'd)

(iii) Impaired financial assets

Assessment of impairment

The Credit Union assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The determination of impairment losses for financial losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment on financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss shall be recognized in Statement of Comprehensive Income. Such impairments loss shall not be reversed.

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Classification and measurement, derecognition, and impairment of financial instruments effective prior to January 1, 2020 (Cont'd)

(iv) Impaired financial assets (Cont'd)

Impairment on financial assets carried at cost (Cont'd)

If there is an objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment on AFS investments

When a decline in the fair value of an AFS investment has been recognized in equity as other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be reclassified from equity to Profit or Loss even though the financial asset has not been derecognized.

The amount of the cumulative loss that is reclassified from equity and recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in Profit or Loss.

Impairment losses recognized in profit or loss for equity investments classified as AFS investments are not subsequently reversed through Profit or Loss. Impairment losses recognized in profit or loss for debt instruments classified as AFS investment are subsequently reversed in the Statement of Comprehensive Income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Reversal of impairment loss

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Statement of Comprehensive Income, to the extent that the carrying amount of the asset does not exceed its cost or amortized cost at the reversal date.

3. Significant Accounting Policies (Cont'd)

(g) Property and Equipment

Items of property and equipment except for land are recorded initially at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Land is measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the assets. Purchased software that is integral to the functionality of related equipment is capitalised as cost of that equipment. Subsequent expenditure is capitalised when it will result in future economic benefits to the Credit Union.

Depreciation is calculated on the straight-line basis, so as to write down the cost of property, plant and equipment to their residual values, over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows: -

Assets	Estimated Useful Lives
Freehold buildings	50 years
Leasehold improvements	5 years
Furniture and equipment	5 - 10 years

Gains or losses arising on the disposal or retirement of an item of property and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income.

(h) Financial Liabilities

The Credit Union classifies its financial liabilities as Other Financial Liabilities. This classification pertains to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. Included in this category are liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced, or formally agreed with the supplier, including amounts due to employees.

The Credit Union recognizes a provision if a present obligation has arisen as a result of a past event, payment is probable, and the amount can be reliably measured. The amount recognized is the best estimate of the expenditure required to settle the present obligation at financial reporting date, that is, the amount the Credit Union would rationally pay to settle the obligation to a third party.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognized as finance cost.

The Credit Union's other payables and accruals, deposit from members and withdrawable shares are classified as other financial liabilities.

3. Significant Accounting Policies (Cont'd)

(i) Offsetting Financial Instruments

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

Pursuant to Section 109 of the 2001 Act the Credit Union has a legally enforceable right to offset members' deposits against any related loan balances that are over 90 days overdue.

(j) Members' Equity

Share Capital is determined using the nominal value of shares that have been issued.

Reserves are set aside by the Credit Union whereby allocations are transferred from Retained Earnings as necessary.

Retained earnings include all current and prior period results of operations as disclosed in the Statement of Comprehensive Income.

(k) Interest Income and Expenses

Interest income and expenses are recognised in the Statement of Comprehensive Income for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

(l) Fees and Other Revenue

Fees and other revenue are recognised on an accrual basis when the related service has been provided, except for interest on funds placed with the central financing facility of the St. Lucia Co-operative League that is recognised on a cash basis.

Income from operating leases is recognised on the straight-line basis over the term of the lease.

(m) Expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Expenses are recognised: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the Statement of Financial Position as an asset.

Expenses in the Statement of Comprehensive Income are presented using the nature of expense method. These are costs incurred that are associated with the premium revenue and costs attributable to administrative and other business activities of the Credit Union.

3. Significant Accounting Policies (Cont'd)

(n) Leases

The Credit Union as a lessee

Short-term Leases and Leases of Low-value Assets – The Credit Union has elected to account for low-value assets and short-term leases (defined as leases with a lease term of 12 months or less) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(o) Income Tax

The Credit Union is exempt from income tax under Section 25(1)(q) of the Income Tax Act, Cap 15.02 of the revised laws of St. Lucia.

(p) Dividend Distributions

Dividend distributions to the Credit Union's members are recognised as a liability in the Credit Union's financial statements in the period in which the dividends are approved by the members.

(q) Related Parties

Parties are considered related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or under common control are considered related parties. The key management personnel of the Credit Union are also considered to be related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely legal form. Transactions between related parties are accounted for at arm's-length prices or terms similar to those offered to non-related entities in an economically comparable market.

4. Critical Accounting Judgments, Estimates and Assumptions

The Credit Union makes certain judgments, estimates and assumptions regarding the future. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. In the future, actual experience may differ from these estimates and assumptions. 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 in the succeeding pages.

4.1. Judgments

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Classification of financial instruments

Application from January 1, 2020

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

Application before January 1, 2020

The Credit Union classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by IAS 32 and IAS 39 on the definitions of a financial asset, a financial liability or an equity instrument.

The substance of a financial instrument, rather than its legal form, and management's intention and ability to hold the financial instruments to maturity generally governs its classification in the Statement of Financial Position.

4. Critical Accounting Judgments, Estimates and Assumptions (Cont'd)

4.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation 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 discussed below:

Fair value of financial instruments

The Credit Union carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Credit Union utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

The fair values of financial assets and liabilities as at December 31, 2020 and 2019 are disclosed in Note 5(d).

Allowance for impairment on loans

Application from January 1, 2020

Expected credit losses

Establishing the criteria for determining whether credit risk on the financial asset has increase significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of the method used to measure ECL.

Application before January 1, 2020

The Credit Union reviews its loan portfolio to assess impairment at least annually. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

Useful lives of property and equipment

The Credit Union estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of each asset are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of the assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded cost of sales and operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment in 2020 and 2019.

5. 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 reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory Committee and to the Board of Directors.

The Credit Union's activity of accepting funds from 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.

5. Financial Risk Management (Cont'd)

(a) Credit Risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Credit Union.

Credit risk from financial assets is minimised through advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans, and placing deposits with financial institutions with a strong capital base. The risk accepted in relation to one borrower is restricted to 10% of the shareholder's equity. Exposure to credit risk is also managed in part by obtaining collateral and guarantees for loans receivable. The collateral may consist of real estate, member deposits and shares, equipment, or vehicles.

The maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	2020 $	2019 $
Credit risk exposure relating to on-statement of financial position items: -		
Cash at bank	72,944,311	56,067,794
Financial investments	67,875,358	62,398,475
Other receivables	242,905	621,630
Loans and advances to members	159,277,382	161,361,676
	300,339,956	280,449,575
Credit risk exposure relating to off-statement of financial position items: -		
Loans commitments	7,996,665	3,168,392
	308,336,621	283,617,967

Credit risk in respect of loans and advances is limited as this balance is shown net of impairment losses on loans and advances. The maximum exposure to credit risk for loans and advances to members at the reporting date by category was: -

	2020 $	2019 $
Social	3,950,032	5,988,476
Insurance	460,716	550,011
Debt Consolidation	6,785,604	5,925,992
Education	8,155,920	9,749,727
Medical	1,832,385	1,902,329
Mortgages and Real Estate	65,109,091	58,588,305
Renovations	7,233,086	7,533,724
Christmas Wish maker	12,355,217	12,709,892
Vehicles	9,514,461	9,728,971
Refinancing	596,725	416,922
Consumer loans/other	52,753,049	56,504,345
	168,746,286	169,598,694

5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(i) Loans and advances to members

Loans and advances to members are summarized as follows:

	2020 $	2019 $
Neither past due nor impaired	156,983,880	160,624,122
Past due but not impaired	2,769,363	1,686,867
Impaired but not deemed total loss	3,706,031	281,129
Impaired	5,287,012	7,006,576
Gross	168,746,286	169,598,694
Allowance for impairment losses	(10,453,070)	(9,225,164)
Net	158,293,216	160,373,530

The total impairment provision for loans and advances to members for 2019 is $9,225,164 and is comprised as follows:-

	2019 $
Individually impaired loans	5,007,665
General portfolio provision	4,217,499
	9,225,164

(ii) Loans and advances to members past due but not impaired

Loans up to 90 days past due are not considered impaired unless information is available to indicate otherwise. Therefore, the gross amount of loans and advances to members that were past due but not impaired were as follows:

	2020 $	2019 $
Past due up to 30 days	-	351,378
Past due 31 – 60 days	936,715	512,621
Past due 61 – 90 days	1,832,648	822,868
	2,769,363	1,686,867

(iii) Loans and advances to members individually impaired

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

	2020 $	2019 $
Individually Impaired loans		
Stage 3	8,993,043	7,287,705
Total	8,993,043	7,287,705

5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(iii) Loans and advances to members individually impaired (cont'd)

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

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

	Manufacturing and business $	Personal $	Education $	Mortgage $	Total $
As at December 31, 2020					
Individually impaired loans	313,299	4,615,455	195,928	3,868,361	8,993,043
As at December 31, 2019					
Individually impaired loans	130,195	5,166,498	39,710	1,951,302	7,287,705

Interest is not accrued on impaired financial assets.

Total fair value of collaterals pledged for the above individually impaired loans and advances to members amounted to $10,613,742 (2019 : $8,107,904).

(iv) Repossessed assets

The Credit Union may foreclose on overdue loans by repossessing the pledged asset. The pledged asset may consist of real estate, equipment or vehicles which the Credit Union will seek to dispose of by sale. In some instances, the Credit Union may provide re-financing. There are no repossessed assets for the year ended December 31, 2020 and 2019.

5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(v) Credit quality per class of financial assets (Cont'd)

The table below presents an analysis of debts securities like bond, deposits, treasury bills and other eligible bills by rating agency designation at December 31, 2020 and 2019:

	Loans and Receivables - Bonds $	Loans and Receivables - Deposits $	Loans and Receivables - Treasury bills $	Total $
As at December 31, 2020				
CariBBB to CariBBB+	28,986,236	-	17,423,950	46,410,213
Unrated	-	19,923,242	-	19,923,242
Total	28,986,263	19,923,242	17,423,950	66,333,455
As at December 31, 2019				
CariBBB to CariBBB+	24,626,466	-	17,299,383	41,925,849
Unrated	-	19,763,253	-	19,763,253
Total	24,626,466	19,763,253	17,299,383	61,689,102

5. Financial Risk Management (Cont'd)

(b) 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.

Management undertakes continuous review of cash inflows and outflows and seeks to maintain a loans-to-savings ratio not exceeding 85%. For the 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 date of the financial statements. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Credit Union manages the inherent liquidity risk based on expected undiscounted cashflows.

	Carrying amounts $	Contractual Cash flows $	6 months or less $	6 - 12 months $	1 - 2 years $	2 - 5 years $	More than 5 years $
As at December 31, 2020							
Other payables and accruals	1,607,977	1,607,977	1,607,977	-	-	-	-
Deposits from members	35,833,927	35,833,927	35,833,927	-	-	-	-
Withdrawable shares	207,775,230	207,775,230	207,775,230	-	-	-	-
	245,217,134	245,217,134	245,217,134	-	-	-	-
As at December 31, 2019							
Other payables and accruals	1,441,523	1,441,523	1,441,523	-	-	-	-
Deposits from members	29,981,026	29,981,026	29,981,026	-	-	-	-
Withdrawable shares	196,099,780	196,099,780	196,099,780	-	-	-	-
	227,522,329	227,522,329	227,522,329	-	-	-	-

5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk

The Credit Union is exposed to interest rate risk, which arises when a change in market interest rate affects the current or future yields of financial assets and financial liabilities. The occurrence of an increase in interest rates on financial liabilities may result in financial loss to the Credit Union.

Interest on loans and advances to members and deposits from members is fixed to maturity.

The table below summarises the exposures to interest rate risks of the Credit Union's financial assets and financial liabilities. Amounts are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Immediately rate sensitive $	1 - 3 months $	3 - 12 months $	Greater than 12 months $	Non-rate sensitive $	Total $
As at December 31, 2020						
Financial Assets						
Cash at bank	72,944,311	-	-	-	-	72,944,311
Financial investments	-	2,649,864	34,116,407	29,567,184	1,541,903	67,875,358
Other receivables	-	-	-	-	242,905	242,905
Loans and advances to members	-	1,783,044	8,878,720	147,631,452	984,166	159,277,382
Financial Liabilities	-	-	-	-	-	-
Other payables and accruals	-	-	-	-	(1,607,977)	(1,607,977)
Deposits from members	(35,833,927)	-	-	-	-	(35,833,927)
Withdrawable shares	(207,775,230)	-	-	-	-	(207,775,230)
Total interest sensitivity gap	(170,664,846)	4,432,908	42,995,127	177,913,368	(1,160,994)	55,122,822

5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk (Cont'd)

	Immediately rate sensitive $	1 - 3 months $	3 - 12 months $	Greater than 12 months $	Non-rate sensitive $	Total $
As at December 31, 2019						
Financial Assets						
Cash at bank	56,067,794	-	-	-	-	56,067,794
Financial investments	-	2,604,289	37,206,862	21,213,325	1,373,999	62,398,475
Other receivables	-	-	-	-	621,630	621,630
Loans and advances to members	-	1,551,170	7,924,270	150,898,090	988,146	161,361,676
Financial Liabilities						
Other payables and accruals	-	-	-	-	(1,441,523)	(1,441,523)
Deposits from members	(29,981,026)	-	-	-	-	(29,981,026)
Withdrawable shares	(196,099,780)	-	-	-	-	(196,099,780)
Total interest sensitivity gap	(170,013,012)	4,155,459	45,131,132	172,111,415	1,542,252	52,927,246

5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk (Cont'd)

At the reporting date, the carrying values of the Credit Union's interest-bearing, fixed-rate financial instruments were: -

	2020 $	2019 $
Financial Assets		
Loans and receivables	66,982,126	61,689,102
Loans and advances to members	158,293,216	160,373,530
	225,275,342	222,062,632
Financial Liabilities		
Deposits from members	35,833,927	29,981,026
Withdrawable shares	207,775,230	196,099,780
	243,609,157	226,080,806

The table below summarises the interest rates on financial assets and liabilities held at the reporting date.

	2020 %	2019 %
Financial Assets		
Cash	0.5 - 1.75	0.5 - 1.75
Financial investments	1.75 – 6.95	1.75 – 6.95
Loans and advances to members	0 – 14.00	0 – 14.00
Financial Liabilities		
Deposits from members	2.00	2.00
Withdrawable shares	2.00	2.00

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate, with all other variables held constant, of the Credit Union's profit and net assets.

	Change in interest rate	Effect on profit before tax	Effect on net assets
2020			
Cash at bank	±0.50%	±322,530	±322,530
Investment securities	±0.50%	±321,678	±321,678
Loans and advances to members	±0.50%	±796,667	±796,667
Members deposits	±0.50%	±164,537	±164,537
2019			
Cash at bank	±0.50%	±234,474	±234,474
Investment securities	±0.50%	±297,167	±297,167
Loans and advances to members	±0.50%	±806,307	±806,307
Members deposits	±0.50%	±139,843	±139,843

5. Financial Risk Management (Cont'd)

(d) Fair Value Hierarchy

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

The fair values of cash resources, accounts receivable and accounts payable, members' deposits, and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of off-statement of financial position commitments are also assumed to approximate the fair value due to their short-term nature.

Investment Securities

Assets classified as available for sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated on their cost as the amounts are immaterial. For investment securities classified as loans and receivables fair value is estimated using discounted cash flows.

Loans and Advances to Members

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

Fair Values of Financial Assets and liabilities

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy: -

	Level 1 $	Level 2 $	Level 3 $	Total $
As at December 31, 2020				
Financial Assets measured at fair value				
Securities available-for-sale – Listed	-	133,625	-	133,625
Securities available-for-sale – Unlisted	-	-	759,607	759,607
	-	133,625	759,607	893,232
Financial Assets for which fair values are disclosed				
Investment securities – loans and receivables	-	-	66,982,126	66,982,126
Loan and advances to members	-	-	159,277,382	159,277,382
	-	-	226,259,508	226,259,508
As at December 31, 2019				
Financial Assets measured at fair value				
Securities available-for-sale - Listed	-	133,625	-	133,625
Securities available-for-sale – Unlisted	-	-	575,748	575,748
	-	133,625	575,748	709,373
Financial Assets for which fair values are disclosed				
Investment securities – loans and receivables	-	-	61,689,102	61,689,102
Loans and advances to members	-	-	161,361,676	161,361,676
	-	-	223,050,778	223,050,778

5. Financial Risk management (Cont'd)

(d) Fair Value Hierarchy (Cont'd)

The fair value of financial instruments with quoted prices in an active market are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is Level 2.

If one or more significant inputs is not based on observable market data, the instrument is included in Level 3.

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

	Carrying amount		Fair value	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
Loans and advances to members	158,293,216	160,373,530	156,824,149	150,869,492
Investment securities				
Loans and receivables	66,982,126	61,689,102	66,843,290	61,560,037

The carrying amounts of all financial liabilities are assumed to approximate their fair values.

There were no transfers between levels in the fair value hierarchy during the year.

6. 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. Lucia.
- 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.

Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS require that each Credit Union maintain minimum of 10% total assets as its capital base. As at year end the minimum capital required was $30,654,343 (2019 – $28,616,568). The regulatory capital is divided into two levels: -

- Institutional Capital: Share Capital, Statutory Capital, Retained Earnings.
- Transitionary Capital: Education Fund, Development Fund, Disaster Fund, Funeral and Burial Benefits Scheme and Fair Value Reserve.

	2020 $	2019 $
Institutional capital		
Share capital	16,469,714	16,480,111
Retained earnings	9,643,518	8,455,168
Statutory reserve	32,889,905	31,561,349
Total institutional capital	59,003,137	56,496,628
Transitionary capital		
Education reserve	500,000	500,000
Development fund	538,156	538,156
Disaster fund	230,112	230,112
Funeral and burial benefits scheme	844,465	851,885
Fair value reserve	210,430	26,571
Total transitionary fund	2,323,163	2,146,724
Total regulatory capital	61,326,300	58,643,352

The risk-weighted assets are measured by an estimation of market, credit, interest, and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management, and Board of Directors monitor movements in asset levels on a monthly basis.

The Co-operative was in compliance with this requirement at year-end.

7. Cash

	2020 $	2019 $
Cash on hand	855,131	464,407
Cash at bank	72,944,311	56,067,794
	73,799,442	56,532,201

For the purposes of the Statement of Cash Flows, cash include fixed deposits which are held to meet the liquidity requirements of Section 119 (3) of the Co-operative Societies Act Cap 15.02 of the revised laws of St. Lucia.

8. Financial Investments

	2020		2019	
	Cost $	Carrying Value $	Cost $	Carrying Value $
Fair value through other comprehensive income (FVOCI):				
Listed				
- Eastern Caribbean Financial Holding Limited 20,452 ordinary shares at $4.48 (2019 - $4.48)	204,520	91,625	-	-
- St. Lucia Electricity Services Ltd. 2,100 ordinary shares at $20.00 (2019 - $20.00)	40,000	42,000	-	-
Unlisted				
- Eastern Caribbean Home Mortgage Bank 1,642 ordinary shares at $152.36 (2018 - $152.36)	250,180	250,180	-	-
- 1st National Bank St. Lucia Limited 32,930 ordinary shares at $15.04 (2019 - $15.04)	305,000	509,427	-	-
Total FVOCI Investments	-	893,232		-
Amortised cost				
St. Lucia Government Bonds	-	11,524,263		-
St. Lucia Government Treasury Bills	-	1,609,120		-
St. Lucia Government Treasury Note	-	5,000,000		-
First Citizens Investment Services Ltd. Repurchase agreements	-	10,814,829		-
Eastern Caribbean Home Mortgage Bank Bond	-	12,462,000		-
Bank of St. Lucia Limited.		5,000,000		-
	-	46,410,212		-
Fixed Deposits				
1st National Bank St. Lucia Limited	-	15,886,627		-
Bank of Saint Lucia Limited	-	4,036,616		-
	-	19,923,243		-
Interest Receivable	-	648,671		-
Total Amortised cost Investments	-	66,982,126		-
Total Financial Investments	-	67,875,358		-

8. Financial Investments (Cont'd)

	2020		2019	
	Cost $	Carrying Value $	Cost $	Carrying Value $
Available-for-Sale (AFS) Investments				
Listed				
- Eastern Caribbean Financial Holding Limited 20,452 ordinary shares at $4.48 (2018 - $4.48)	-	-	204,520	91,625
- St. Lucia Electricity Services Ltd. 2,100 ordinary shares at $20.00 (2018 - $20.00)	-	-	40,000	42,000
Unlisted				
- Eastern Caribbean Home Mortgage Bank 1,642 ordinary shares at $152.36 (2018 - $152.36)	-	-	250,180	250,180
- 1st National Bank St. Lucia Limited 32,930 ordinary shares at $15.04 (2018 - $15.04)	-	-	305,000	325,568
Total AFS Investments	-	-		709,373
Loans and Receivables				
St. Lucia Government Bonds	-	-		12,008,108
St. Lucia Government Treasury Bills	-	-		1,575,000
St. Lucia Government Treasury Note	-	-		5,000,000
First Citizens Investment Services Ltd. Repurchase agreements	-	-		10,380,264
Eastern Caribbean Home Mortgage Bank Bond	-	-		12,462,000
	-	-		41,425,372
Fixed Deposits				
1st National Bank St. Lucia Limited	-	-		15,631,914
Bank of Saint Lucia Limited	-	-		3,967,190
	-	-		19,599,104
Interest Receivable	-	-		664,626
Total Loans and Receivables	-	-		61,689,102
Total Financial Investments	-	-		62,398,475

9. Other Receivables

	2020 $	2019 $
Other receivables	435,159	813,884
Allowance for impairment	(192,254)	(192,254)
	242,905	621,630
Allowance for impairment		
Balance – beginning of year	192,254	192,254
Allowance for bad debts	-	-
Balance – end of year	192,254	192,254

10. Loans and Advances to Members

	2020 $	2019 $
Loans	110,004,803	115,957,910
Mortgages	58,741,483	53,640,784
	168,746,286	169,598,694
Interest receivables	984,166	988,146
	169,730,452	170,586,840
Allowance for impairment	(10,453,070)	(9,225,164)
	159,277,382	161,361,676

Allowance for impairment

In accordance with IFRS 9 as at December 31, 2020:-

	Total $
Balance at January 1, 2020	9,225,164
Effect of adopting IFRS 9 at January 1, 2020	(1,518,712)
Balance at January 1, 2020 after adopting IFRS 9	7,706,452
Provision for ECL	2,746,618
Expected Credit Loss Allowances as at December 31, 2020	10,453,070

	Total $
Balance at January 1, 2019	6,459,870
Impairment losses	2,765,294
Balance at December 31, 2019	9,225,164

Impairment Losses/(write back)	2020 $	2019 $
Current year losses	2,746,618	2,765,294
Recovery of amounts previously written-off	(147,528)	(223,626)
	2,599,090	2,541,668

10. Loans and Advances to Members (Cont'd)

A breakdown of the staging of advances and the related ECLs for loans and advances is illustrated below:-

	Stage 1: Provision 12-month ECL performing $	Stage 2: Provision Lifetime ECL performing $	Stage 3: Provision Lifetime ECL Credit Impaired $	Total $
Expected Credit Loss Allowances as at January 1, 2020	3,292,715	196,238	4,217,499	7,706,452
Credit loss expense/(recoveries)	(18,982)	(1,131)	2,766,731	2,746,618
Expected Credit Loss Allowances as at December 31, 2020	3,273,733	195,107	6,984,230	10,453,070

11. Property and Equipment

	Land $	Freehold Buildings $	Leasehold Improvements $	Furniture and Equipment $	Total $
At December 31, 2018					
Cost	3,218,986	1,725,933	45,686	1,967,509	6,958,114
Accumulated depreciation	-	(406,771)	(45,686)	(1,384,008)	(1,836,465)
Net book value	3,218,986	1,319,162	-	583,501	5,121,649
Year ended December 31, 2019					
Opening net book value	3,218,986	1,319,162	-	583,501	5,121,649
Additions	-	106,038	-	288,254	394,292
Disposals	-	-	-	(23,394)	(23,394)
Depreciation charge (Note 24)	-	(40,152)	-	(200,696)	(240,848)
Closing net book value	3,218,986	1,385,048	-	647,665	5,251,699
At December 31, 2019					
Cost	3,218,986	1,831,971	45,686	2,055,740	7,152,383
Accumulated depreciation	-	(446,923)	(45,686)	(1,408,075)	(1,900,684)
Net book value	3,218,986	1,385,048	-	647,665	5,251,699
Year ended December 2020					
Opening net book value	3,218,986	1,385,048	-	647,665	5,251,699
Additions	-	22,975	-	387,835	410,810
Depreciation charge (Note 24)	-	(37,712)	-	(276,450)	(314,162)
Closing net book value	3,218,986	1,370,311	-	759,050	5,348,347
At December 31, 2020					
Cost	3,218,986	1,854,946	45,686	2,443,575	7,563,193
Accumulated depreciation	-	(484,635)	(45,686)	(1,684,525)	(2,214,846)
Net book value	3,218,986	1,370,311	-	759,050	5,348,347

12. Other Payables and Accruals

	2020 $	2019 $
Accruals	420,636	229,719
Other payables	1,187,341	1,211,804
	1,607,977	1,441,523

13. Deposits from Members

	2020 $	2019 $
Registered Homeowners Savings Plan (R.H.O.S.P.)	300,333	287,346
Special savings	30,093,642	24,738,130
S.O.C.A. savings	5,439,952	4,955,550
	35,833,927	29,981,026

Members fixed deposits are payable on demand and has effective interest rates ranging from 2% to 4% (2019: 2% - 4%).

14. Withdrawable Shares

The withdrawable shares have a nominal value of $5. The shares are allotted on the basis of the amount credited to the members' withdrawable shares account. There are no restrictions for the redemption of the shares.

15. Dividends Payable

	2020 $	2019 $
Dividends declared	1,676,827	3,219,537
Patronage refund	2,428,845	3,280,531
Converted to shares and distributed	(4,105,672)	(6,500,068)
Balance - end of the year	-	-

The dividend proposed and approved at the 2020 annual general meeting was paid by the issuance of additional ordinary shares, withdrawable shares, and deposits to members' savings accounts. The patronage refund of 10% (2019 – 10%) approved at the meeting was deposited to members' savings accounts.

16. Share Capital

	No. of Shares	2020 $	No. of Shares	2019 $
Ordinary Shares				
Balance - beginning of year	3,296,022	16,480,111	3,037,302	15,186,509
Issued	-	-	258,720	1,293,602
Withdrawn	(2,079)	(10,397)	-	-
Balance - end of year	3,293,943	16,469,714	3,296,022	16,480,111

The Credit Union is authorised to issue an unlimited number of ordinary and withdrawable shares, each with a par value of $5.00.

17. Statutory Reserve

	2020 $	2019 $
Balance - beginning of year	31,561,349	29,562,503
Allocation from retained earnings	1,279,666	1,955,006
Entrance fees	48,890	43,840
Balance - end of year	32,889,905	31,561,349

In accordance with Section 119 of the Co-operative Societies Act, the Credit Union is required to set aside a statutory reserve of at least 20% of net surplus (if any) each year. In addition, all entrance fees are placed in the statutory reserve.

18. Education Reserve

	2020 $	2019 $
Balance - beginning of year	500,000	500,000
Allocation from retained earnings	-	370,083
Transfer to retained earnings for training expenses	-	(370,083)
Balance - end of year	500,000	500,000

In accordance with a resolution passed by the members, the Credit Union is required to set aside an education reserve of 10% of net surplus (if any) after the statutory reserve allocation less training expenses once the reserve falls below $500,000 or such percentage as the Board of Directors may subsequently approve.

19. Development Fund

The Co-operative Societies Act and the Credit Union's By-laws allow the Credit Union, on the recommendation of the Board of Directors, to make an annual contribution to the National League not exceeding 10% of its realized surplus from operations to be used for the development of registered societies.

20. Funeral and Burial Benefits Scheme

	2020 $	2019 $
Balance - beginning of year	851,885	851,885
Benefits paid	(7,420)	-
Balance - end of year	844,465	851,885

The Credit Union approved the allocation of $60,000 per annum to the Funeral and Burial Benefits Scheme together with any additional sums as may be required and approved by the Board of Directors.

For the current year however, the board decided not to allocate any funds to this reserve.

21. Fair Value Reserve

	2020 $	2019 $
Balance - beginning of year	26,571	26,571
Fair value increase in investments at FVTOCI	183,859	-
Balance - end of year	210,430	26,571

The fair value reserve arises on the restatement at fair value of the Credit Union's investments in Eastern Caribbean Financial Holdings Limited and St. Lucia Electricity Services Limited which are classified as FVTOCI.

22. Investment Income

	2020 $	2019 $
Interest on savings account - Bank of Saint Lucia Limited	128,262	77,468
Interest on savings account - 1st National Bank St. Lucia Limited	995	62,024
Interest on fixed deposits – other	371,525	379,140
Interest on government bonds and treasury bills	1,725,768	1,522,844
Other	27,575	43,603
	2,254,125	2,085,079

23. Other Operating Income

	2020 $	2019 $
Insurance administration fees	89,142	97,198
Family Indemnity Plan (FIP) income	152,478	136,414
Other	46,482	75,386
	288,102	308,998

24. Operating and Administrative Expenses

	2020 $	2019 $
Advertising and promotion	317,753	339,937
AGM expenses	75,855	102,676
Audit fees	64,463	59,551
Bank charges	28,208	39,380
Board and committee expenses	237,104	441,802
Credit union week	15,674	88,693
Cuna insurance	1,142,306	1,095,928
Depreciation (Note 11)	314,162	240,848
Donations	66,419	99,220
General insurance	47,416	52,392
League dues	-	48,288
Members expenses	1,628	998
Office supplies and stationery	97,602	139,481
Professional fees	49,541	317,328
Property taxes	32,204	32,204
Rent	45,900	28,688
Repairs and maintenance	545,680	596,578
Security	169,773	185,056
Scholarships	111,455	124,798
SOCA expenses	1,628	145,332
Staff-related expenses (Note 25)	2,966,614	3,073,732
Utilities	341,335	382,413
	6,672,720	7,635,323

25. Staff-related Expenses

Included in operating and administrative expenses are the following:-

	2020 $	2019 $
Senior Management		
Salaries	919,800	792,572
National Insurance contributions	27,000	25,250
Allowances	51,600	46,300
Bonus	31,540	28,140
Gratuity	12,743	41,100
	1,042,683	933,362
Other Staff Costs		
Salaries and wages	1,612,505	1,594,655
National Insurance contributions	80,581	79,379
Allowances	10,800	10,800
Bonus	51,344	48,200
Overtime	23,092	21,645
Uniforms	-	81,248
Staff training and development	16,616	140,665
Staff benefits	67,823	103,053
Gratuity	61,170	60,725
	1,923,931	2,140,370
	2,966,614	3,073,732

The total number of administrative staff as at December 31, 2020 was 51 (2019 - 51).

26. Related Party Transactions

The Credit Union recorded balances with its directors and senior management at the date of the financial statements as follows:-

	2020 $	2019 $
Shares and deposits	1,453,376	1,138,680
Loans and advances	1,793,979	1,647,875

JANNOU
CREDIT UNION

Together we can move mountains

https://www.jannou.org | info@cscreditunion.org