

THE WINNING FORMULA





+ JANNOU =

THE HOME OF YOUR DREAMS

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.





THE WINNING FORMULA

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.



BIG OR SMALL

+ JANNOU =

THE WINNING FORMULA

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@csccreditunion.org
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NOTICE OF MEETING

NOTICE is hereby given that the 41st Annual General Meeting of the **JANNOU Credit Union** will be held at the Conference Room of the Finance Administrative Centre, Pointe Seraphine Castries on Thursday September 8th, 2022 commencing at 5.00 p.m.

AGENDA

OPENING SESSION

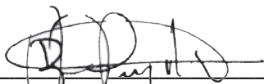
1. Call To Order
2. National Anthem
3. Prayers/Invocation
4. Welcome Address – President Junia Emmanuel-Belizaire
5. Greetings from Fraternal Organisations

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

2021

President's Message

My Fellow Cooperators,

It is once again with humility and thankfulness that I penned this my final message to you as President of the St. Lucia Civil Service Cooperative Credit Union Ltd., now trading as **Jannou Credit Union**. It has truly been a rewarding period serving as a volunteer on the Board of Directors of this prestigious institution. At the table there was always a guarantee that members' interests were served with the greatest passion and attention.

As we began 2021 with hopefulness that the pandemic would soon be over, we craved for a return to a new normal version of our lives. As pandemic related restrictions eased and things slowly returned to some semblance of normalcy, we learnt many lessons during this period and it is important that we remember and speak of them.

One of these lessons, is that we were required to always be present, because it mattered to our members. We are extremely proud of the fact that we were here to serve you during the pandemic. Our service from the Board table included an increased number of hybrid meetings to ensure the business of Jannou Credit Union remained on the fore burner. It kept us aware of the challenges faced and forced the necessary adjustments to our decisions for the continuation of service to you.

We also saw the extension of our service hours with the addition of Saturdays, with Management and Staff working tirelessly to ensure that members needs were met. Although not seen as "essential" personnel, we worked hard to meet your financial needs, also ensuring that our online facilities were utilized and accommodated quick responses to you, our members.

"Jannou Credit Union will remain differentiated as a financial cooperative, where we collectively work together, to improve members' financial lives and build up the communities in which we live."

Management and staff remained flexible yet proactive in our approach to serving you. Our Staff had to be quick and ready to address your issues at very short notice, in order to balance health and wellness, with the level of member service that we always strive to provide you.

Given the changes to the way we did business, digitization continued to be an important lesson for us. Building on the work started in 2019, with the introduction our mobile and online platforms that afforded digital users access to their accounts, we saw the launching of our International Visa Debit Card with our partners 1st National Bank, as promised to members. We would like to encourage members to sign up and use this facility to further assist you to attend to your business in a more convenient and stress-free way. Notwithstanding the introduction of facilities similar to other financial institutions, Jannou Credit Union will remain differentiated as a financial cooperative, where we collectively work together, to improve members' financial lives and build up the communities in which we live.

For the 2021 Period, **JANNOU** maintained financial soundness with a
**Net Surplus of
1.75 Million**

We Introduced our
mobile and online
platforms to better
serve members.

We Launched our
International Visa
Debit Card

We **support members** with
the introduction of **reduced**
Interest Rates, Waivers
and Moratoriums

As started in 2020 our efforts to support members through the introduction of reduced interest rates, waivers and moratoriums continued to ensure stability and support to vulnerable members and their families. Jannou Credit Union remains committed to supporting members and their changing needs, we ask members that you too honour your commitments to your financial institution which provides for your well-being. Our growing delinquency and necessary provisioning continued to be a disturbing factor which affected not only the institution, but the benefits to you members.

For the year 2021, we can report that our Credit Union maintained financial soundness, and adherence to statutory and regulatory obligations. Accordingly, a review of the financial year ended December 31, 2021 shows that the SLCSCCUL recorded a net surplus of **\$1.75 million** compared to the previous year of \$5.10 million in 2020. *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.*

I would like to remind members as I did in 2020, that we must never lose sight of the fact that we are owners of the Credit Union, and that our commitments to our Credit Union is of the ultimate importance to ensure its sustainability. Our actions and lack thereof may jeopardize the security of our institution and we need to recognize the important role it plays for the survival of our economy.

Let us continue to build our financial resilience by playing our part in meeting our commitments, designing our processes and utilizing our services towards the continuous growth of our financial institution "Jannou Credit Union".

Once again, I would like to thank you for the opportunity afforded to me, to serve you each and every day, as a volunteer on the Board of Directors, and as your President.



JUNJA EMMANUEL -BELIZAIRE
President



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, Anniversary Committee



Dayne Alexander - Emmanuel

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, Anniversary 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, Anniversary Committee.



Kervyn Tobias

TREASURER

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



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, Anniversary 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, Scholarship & Bursary 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, HR Committee

Linda Berthier

Profession: Registered Nurse / TV& Radio Host/ Recording Artiste

Qualification: BSc (Hons) Public Health/ AD General Nursing, /Cert. Midwife/Cert. Media & Communications/Cert. Public Speaking /CabDE40

Substantive Position: Sexual Reproductive Health Nurse

Board Member Since: 2021

Served on: HR Committee



Elsa Mathurin

Profession: Educator

Qualification: MSc Agricultural Economics; BSc Mathematics with Finance & Accounting; Dip Teacher Education; Development Educator - CaribDE 41

Substantive Position: Graduate Teacher

Board Member Since: 2021

Served on: Anniversary Committee



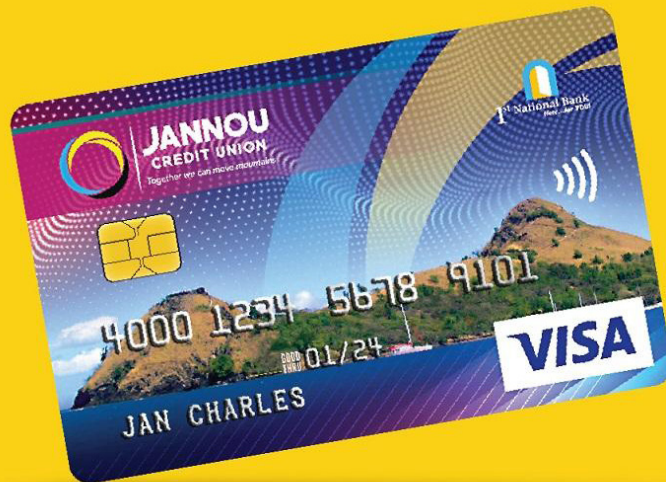
JANNOU
CREDIT UNION

Together we can move mountains



YOU
+ **JANNOU** =

THE
WINNING
FORMULA



VISA DEBIT CARD
NOW AVAILABLE

Come in to your nearest branch to apply today!

Overview

"It was not about the generation of surplus but rather about providing relief."

Jannou's commitment to co-operative principles was reflected in the manner we responded to the challenges of the Covid-19 pandemic. Our values of *self-help, self-responsibility, equity, and solidarity* were clearly demonstrated in the strategies we employed to reduce the burden on our members. It was not about the generation of surplus but rather about providing relief. Out of our concern for our community (*especially Jannou Members and their families*) we provided affected members non-accrued interest moratoriums and waivers on loans from the onset of the Covid-19 pandemic.

In 2021, we continued to work on our four strategic priority areas which were identified in 2017-2018 by Springboard Training & Consultancy Ltd. These were:

1. To Align strategic goals with your Human Resources and create the culture for change – Human Resource (HR) Review/Audit.

The Audit Report was submitted by Celestial Self Development Centre Consultants in August 2019 and was accepted by both of our negotiating bodies. The full recommendations from the report were implemented as of January 2020.

2. Review product offering to ensure clear market differentiation by improving data collection and analysis.

The re-branding exercise was the initial phase of differentiating our Credit Union in the financial services sector. Our reviews and analysis led to adjustments of our interest rates and products to make them more attractive from January 2021.

3. Develop effective communication process – internally and externally.

The appointment of the Marketing and Communications Officer in 2021 was the first step in the process of enhancing Jannou's internal and external communication.

4. Advance and incorporate automation and technology – locally, regionally, and internationally. Review current technology plan.

We continued to invest in technology offering members digital services such as online and mobile transaction processes (balance inquiries, secured messaging, transferring from deposit account to ATM account, automatic clearing house (ACH), and online loan processing.

A digitizing project began in 2021 to allow for easier storage and retrieval of member information.

Ms.Emmerlyn Monroe
General Manager

JANNOU's Strategic Priorities for the 2021 Period



Align strategic goals with HR
to create culture for change



Review our product offerings



Develop an effective
communication process



Incorporate automation
and technology

While our strategic priorities focused mainly on member service, product delivery and digital transformation *we also continued to deliver on our corporate social responsibilities.*

Management would like to express our heartfelt appreciation for the high levels of commitment and dedication displayed by our staff and volunteers while serving our members throughout the COVID-19 pandemic. A Special thank you goes out to our members who braved the elements to continue doing business with your trusted Credit Union, and Friend. *We look forward to your support and loyalty as we continue our thrust to enhance service delivery to you.*

Together we will move mountains

Mr. Celestin Laurent
Deputy General Manager

Meeting Attendance Record & General Statistics

Table 1- Meeting Attendance Record 2021

BOARD	POLICY			LOANS			SPECIALS			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
JUNIA EMMANUEL-BELIZAIRE	13	10	3	7	5	2	12	11	1	4	4	-
DAYNE ALEXANDER	13	11	2	7	6	1	12	10	2	4	4	-
BEVERLEY-ANN POYOTTE	13	13	-	7	6	1	12	12	-	4	3	1
ANGELLA FRAZER	9	9	-	6	6	-	7	7	-	2	2	-
O'BRIEN RICHARDS	9	3	6	6	5	1	7	6	1	2	2	-
KERVYN TOBIAS	13	13	-	7	6	1	12	11	1	4	4	-
AUGUSTIN GASPARD	13	12	1	7	6	1	12	10	2	4	3	1
JOSHUA VERNOR	13	13	-	7	7	-	12	12	-	4	4	-
VENUS ALCINDOR	13	10	3	7	6	1	12	10	2	4	4	-
ELSA MATHURIN	4	4	-	1	-	1	5	5	-	2	2	-
LINDA BERTHIER	4	3	1	1	1	-	5	4	1	2	2	-

Table 1.1- Meeting Attendance Record 2021

SUPERVISORY COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
ANNETTE DESIR-BUTCHER	17	15	2	6	6	-	4	4	-
VERNA KHADOO-MATHURIN	17	16	1	6	6	-	4	4	-
SHERNELLE PHILLIP	11	8	3	4	1	1	3	2	1
KEARL MARTHA DUVAL-GABRIEL	17	14	3	6	5	1	4	4	-
YANICE VITALIS	17	15	2	6	6	6	4	4	-
MARCELLIN ST EDWARD-PREVILLE	6	4	2	2	2	-	2	2	-

Table 1.2- Meeting Attendance Record 2021

CREDIT COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
SHERMAN SYLVESTER	88	84	4	2	2	-	4	4	-
RICARDO CORSINIE	56	40	16	1	-	1	2	2	-
SHORNA DENIS	88	63	25	2	1	1	4	4	-
KEEGAN PREVILLE	88	81	7	2	2	-	4	4	-
SHAMA JOSEPH	88	64	24	2	-	2	4	4	-
ISA ALEXANDER	32	25	7	1	1	-	2	2	-

GENERAL STATISTICS TABLE:

FINANCIAL FACTORS (\$'000)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets	160,384	173,730	187,553	198,723	223,521	245,855	266,752	286,166	306,543	320,172
Cash Resources	8,394	10,613	12,276	13,995	19,372	32,181	38,223	56,532	73,799	77,792
Investments	37,183	33,622	35,379	35,737	44,669	46,399	60,140	62,398	67,875	67,418
Loans to Members	109,958	124,763	134,918	142,735	152,023	160,525	162,734	161,362	159,277	168,839
Fixed Assets	4,671	4,546	4,504	4,452	4,580	4,614	5,122	5,252	5,348	5,632
Total Liabilities	11,445	136,521	146,989	161,963	178,901	193,646	208,654	227,522	245,217	260,897
Withdrawable Shares	112,157	119,696	132,359	145,135	157,502	169,645	181,616	196,100	207,775	218,693
Permanent Shares	8,323	9,431	10,293	11,354	12,737	13,877	15,187	16,480	16,470	16,437
Deposits	10,441	12,439	13,663	15,910	20,266	22,899	25,956	29,981	35,834	39,778
Reserves	19,601	20,735	22,695	22,867	25,929	29,229	31,712	33,708	35,601	35,601
Retained Earnings	2,892	2,946	3,054	2,539	5,953	9,103	11,202	8,455	9,644	7,237
Members Equity	148,937	37,209	40,563	36,760	44,620	52,209	58,098	58,643	61,326	59,274
Loans Approved	55,946	55,659	57,012	60,674	61,859	63,396	60,029	61,035	62,777	75,811
Net Income	7,902	5,662	6,615	6,353	11,388	11,826	9,966	5,746	5,283	1,782
Dividend - Withdrawable shares	4,159	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dividend – Ordinary Shares	778	877	982	1043	591	660	718	791	783	821
Patronage Refund	1,084	1,272	1,385	1,416	2,347	2,344	2,406	3,281	2,428	2,013
Membership	13,798	14,401	14,941	15,446	15,913	16,675	17,173	17,768	18,227	18,669
No. of Loans	10,325	10,357	11,223	11,182	10,514	10,995	11,037	10,407	7800	9,059

Meet Our Management Team

- 1

Melania Bailey Francois
Systems Administrator

2

Olive St. Ville
Member Services Manager

3

Antonius Dusauzay
Finance Manager

4

Rita A. Francis
Credit Manager

5

Vanya Pilgrim Samuel
Human Resource &
Administration Manager

6

Wilton Bleasdille
Internal Auditor





JANNOU Loans Department



JANNOU Administration Department

Meet Our Staff



JANNOU Accounts Department



JANNOU Member Services Department



JANNOU Marketing Department



JANNOU Information Technology Department



STAFF

Movement and Changes

Five (5) new persons joined our staff complement and have been assigned as follows:

Cheyenne Quinlan *Teller*
 Kernia Sérieux *Teller*
 Jonathan Thompson *Teller*
 Merna Emmanuel *Teller*
 Tyrese Alexander *Teller*

Line staff for the 2021 period

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



Staff
Complement
**Increased by
FIVE**



OUR VIEUX FORT BRANCH

In 2021, team Vieux-Fort, our members, the Board of Directors and the management team epitomized the mantra of *“Together we can move mountains”* as we worked assiduously to ensure that we brought the quality of service which separates us from competitors to our members despite the unpredictability of the present times.

With the support and loyalty of our beloved members, the vision and strategic planning of our management team and the steadfast guidance of the Board of Directors, we have been able to meet and combat the challenges brought on mainly by the COVID-19 pandemic. Not only did we adapt during this unprecedented time, but we also made strides to grow and improve our services and convenience to our members. 2021 was wrought with improvements and promise in many key areas at the Vieux-Fort Branch.

“2021 was wrought with improvements and promise in many key areas at the Vieux-Fort Branch.”

Our loan portfolio which was negatively affected in 2020 by the economic fallout as of the COVID-19 pandemic showed signs of recovery in 2021 with a **7% increase** from the previous year's figures. Additionally, our Branch doubled the number of membership approvals from the previous year despite the environmental challenges that are being faced on island. As part of the process of improving



Accomplishments of Vieux Fort Office for 2021 period.

- ☑ **7% Increase** In our Loan Portfolio
- ☑ **Double memberships** from previous year
- ☑ Creation of **full- fledged Members Services Department**
- ☑ **Refurbishment** of Vieux Fort Office



our services to our members, a full- fledged Member Services Department was created in the South. Our team embraced a new colleague. Miss Sherkeira Williams who joined the Vieux-Fort team as our new Teller.

The premises of our Vieux-Fort Branch also received a much-needed refurbishment. The renovations which began in November, 2021, saw the redesign of the front office creating a more spacious and comfortable environment for the team and members to carry out their transactions. All these renovations were geared towards improving the efficiency of the team and by extension the satisfaction of our members. The updated physical plant was to be unveiled on January 26th, 2022.

Despite the ills brought on by the COVID-19 pandemic, the dedication of the staff members as well as the confidence of our beloved members and the unrelenting support of our volunteers brought to life the words of our slogan *"Together we can move mountains"*.

We look forward to serving our members in the new year and eagerly await the time when we are able to bring to fruition the memorable events which brought members together and reaffirmed **Jannou's** name as a cut above the rest.

2021 SCHOLARSHIPS

JANNOU will continue to provide scholarships and bursaries to children and wards of our members. This year **nine (9)** scholarships were granted to students to attend secondary schools.

Secondary Level Scholarships

The 2021 Secondary Schools Scholarship Holders are:

	Student's Name	School Assigned	Parents
1	Aleesa J O Prospere	SJC	Adela Arthur
2	Shem Similien	SMC	Nicole Similien
3	Angeli Victor	Vieux- Fort Secondary	Octave Victor
4	Grace Joseph	SJC	Phillip Joseph
5	Jasmine F Perineau	SJC	Phyllis Regis-Perineau
6	Zhante' J Edward	SJC	Ron Edward
7	Shanice C Searles	SJC	Sharon Moise
8	Aden A Egene	SMC	Vernessa Modeste
9	Petrius O Edward	SMC	Viventia Stephen

One (1) Staff Scholarship

	Child	School Assigned	Parent
1	Maliah Laurent	SJC	Celestin Laurent

30
BURSARIES



A total of **thirty (30)** bursaries were awarded to children of members at the secondary level.

Tertiary Level

Again, due to the disruption experienced from pandemic in 2021, grades from the Caribbean Examination Council (CXC) were not received until the start of the academic year. As a result, there were no new scholarships and bursaries for Sir Arthur Lewis Community College awarded for this academic year.



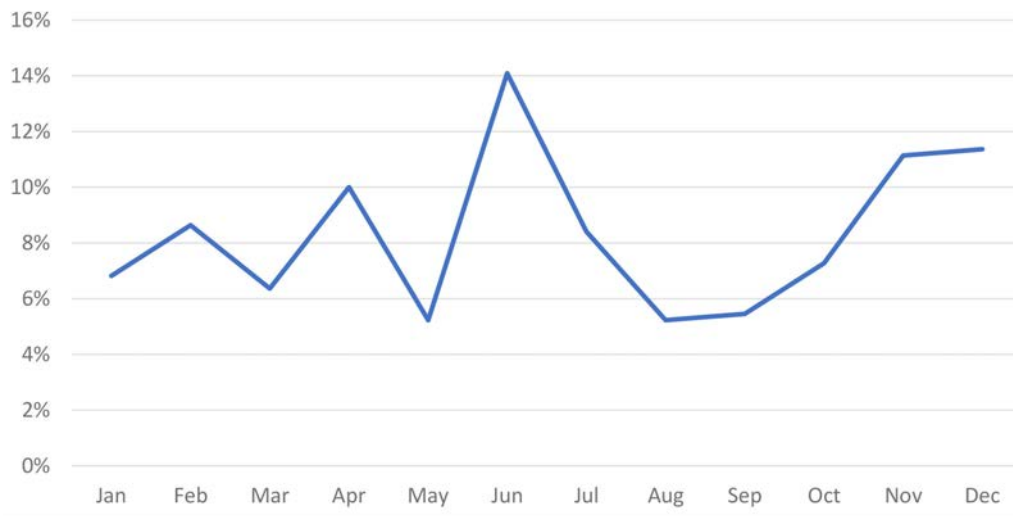
Member Support Services



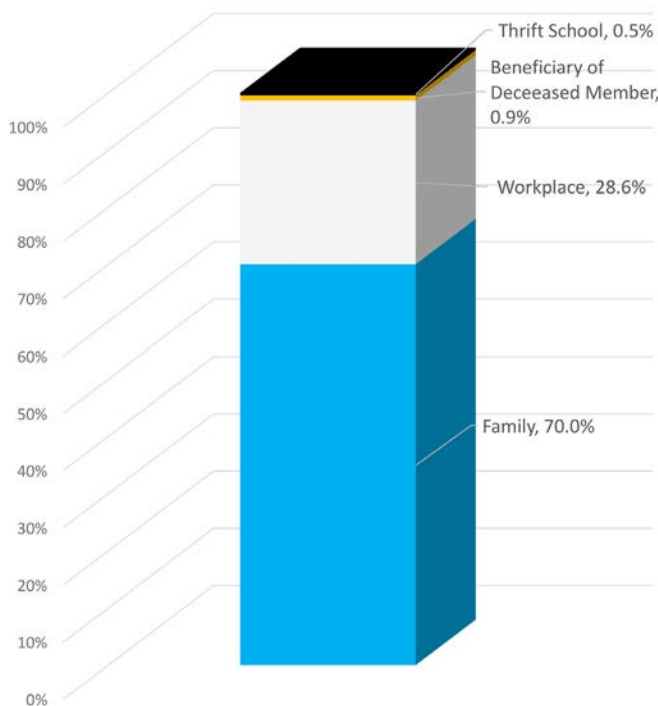
442
NEW MEMBERS
were welcomed to the
JANNOU family

2021 saw an increase in **Jannou's** membership, although at a slower rate, and a 3% increase in the applications approved by the Membership Committee compared to 2020. **Jannou** welcomed 442 new members who made up 87% of approved applicants.. June was the single busiest month for new member account openings. The Board would like members to encourage family/friends who are approved for membership to not delay in opening their account as the approval will expire, and the applicant will have to restart the membership process.

Trend in Account Openings for 2021



Qualification for Membership

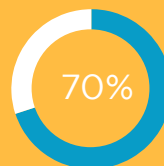
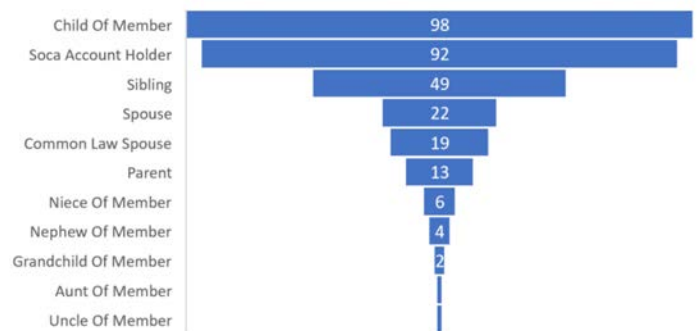


We applaud the families responsible for 70% of our growth by proposing relatives for membership. Special mention to the parents for proposing their children, accounting for over 24% of **Jannou's** new members.

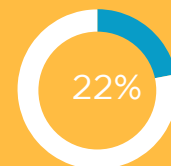
Also impressive was the conversion rate from Junior / SOCA accounts to full membership by another **22%**. The Board would like to acknowledge the adults who supported this transition and helped the juniors begin their financial journey. Members, please remember that when SOCA holders (junior account) attain the age of sixteen (16), they are eligible for membership and **SOCA benefits will cease at the age of eighteen. (18)**

In 2021, the whole family championed **Jannou** membership as part of their financial management plans as they encouraged each other to join (*as can be seen in the figure below*). Also noted is that even after the death of a loved one, named beneficiaries can also qualify for membership. This year four (4) individuals received final gifts from loved ones in the form of payouts from the share insurance benefits and the gift of **Jannou** membership.

Family Relationship of New Members



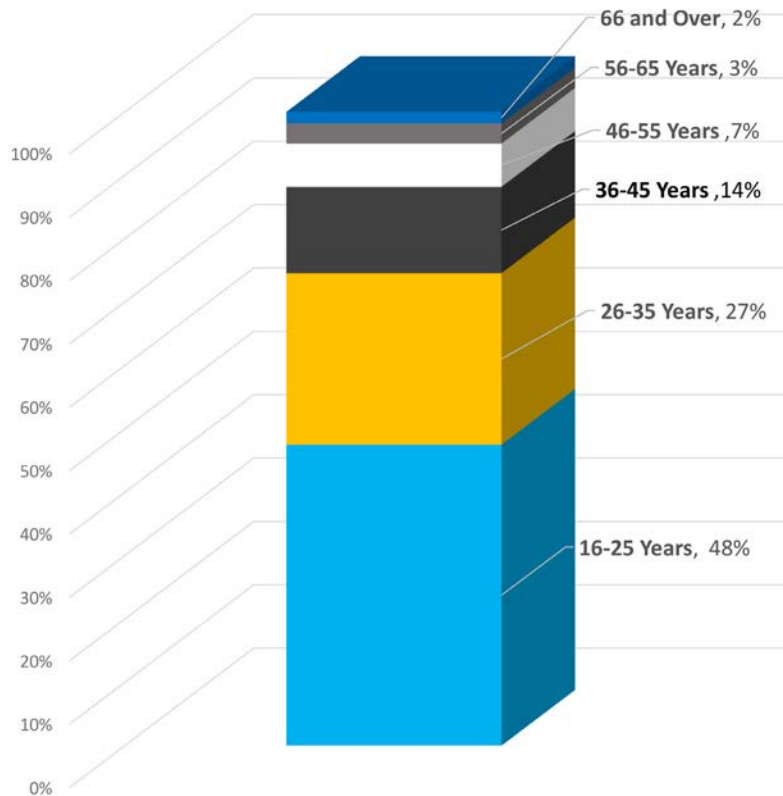
Our growth by proposing relatives for membership



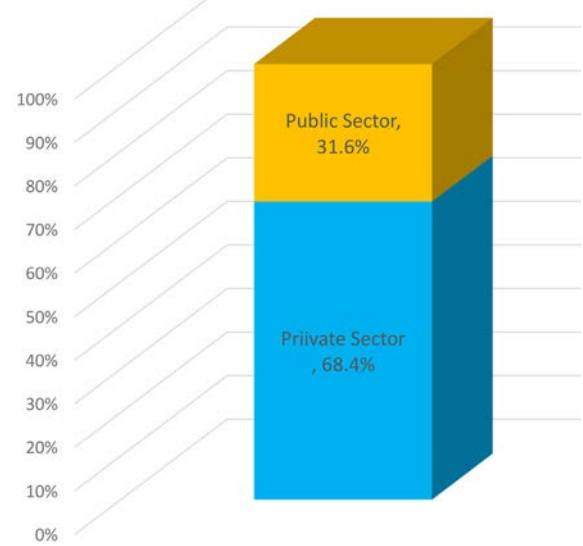
conversion rate from Junior / SOCA to full membership

This year three quarters (3/4) of all new members were classified as youth being below the age of 35 years. The majority were female 59%; employed within the private sector 68.4%; originated from the Castries Branch 94%, and did not belong to other credit unions 87%

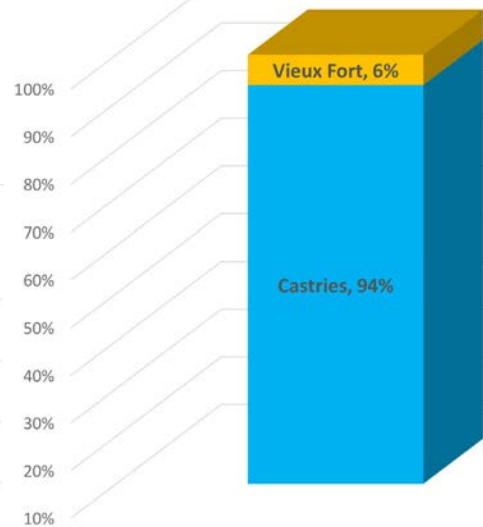
Age Groups of New Members



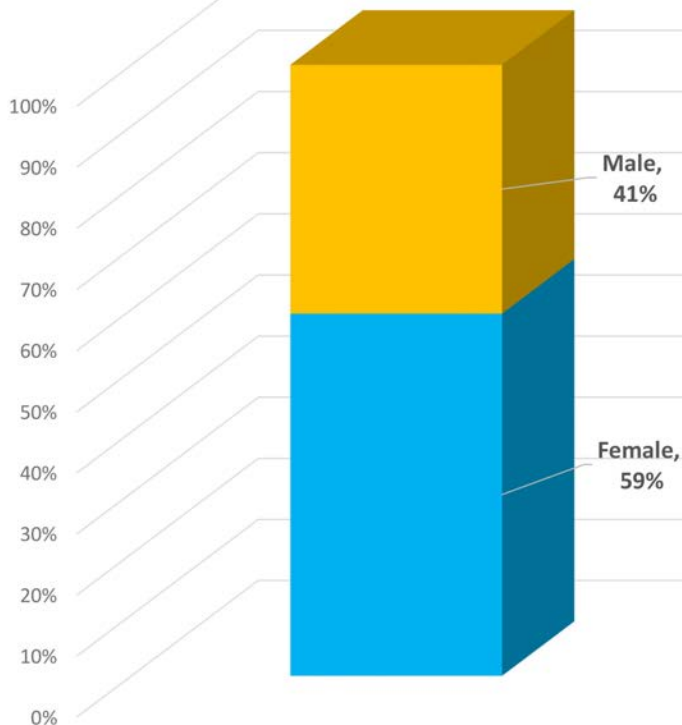
New Member Sector Membership



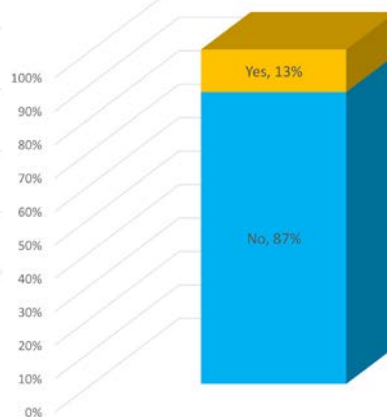
Location of Applicants



Gender of New Members



New Members Who Belong to Other Credit Unions





SOCA
(junior)

\$1000

AVERAGE
on SOCA Junior
Accounts

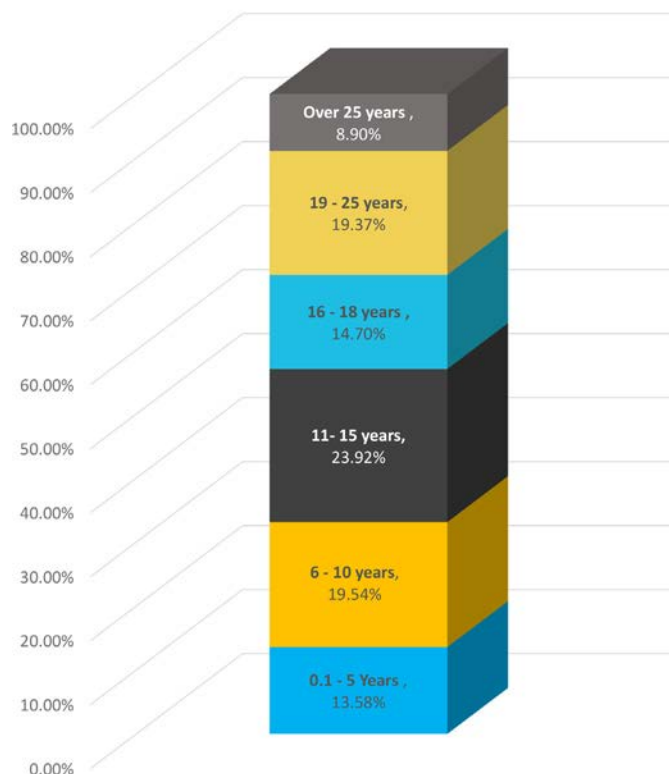
+ JANNOU =
THE WINNING FORMULA

SOCA / Junior Accounts

Parents and Guardians, your Jannou family would like to remind you that educating your children about personal finance is a process that can take time but will generate great rewards for them. You took the first step to open a SOCA (junior) savings account in their name. Now if you engage them in the process, you will enable them to practice the savings habits and learn life lessons. But we are still noting that many parents hesitate to convert the junior accounts to full adult membership depriving their children of potential membership benefits.

Almost 30% of these account holders are of age to be members and accrue and access benefits. Children will learn lessons about money one way or another. We would like to encourage parents that as a strategy it is better to guide the learning process by actively directing and engaging them while you save for them. Notwithstanding the delays in giving the children access to the savings, parents have been saving impressive amounts for their children.

Age Distribution of SOCA
(Junior Account) Holders



As can be seen from the table below, SOCA (junior) holders have an average of at least \$1000 in their accounts, with the exception of the over 25-year-olds. The grouping with the highest average savings is the 11- 15 years old.

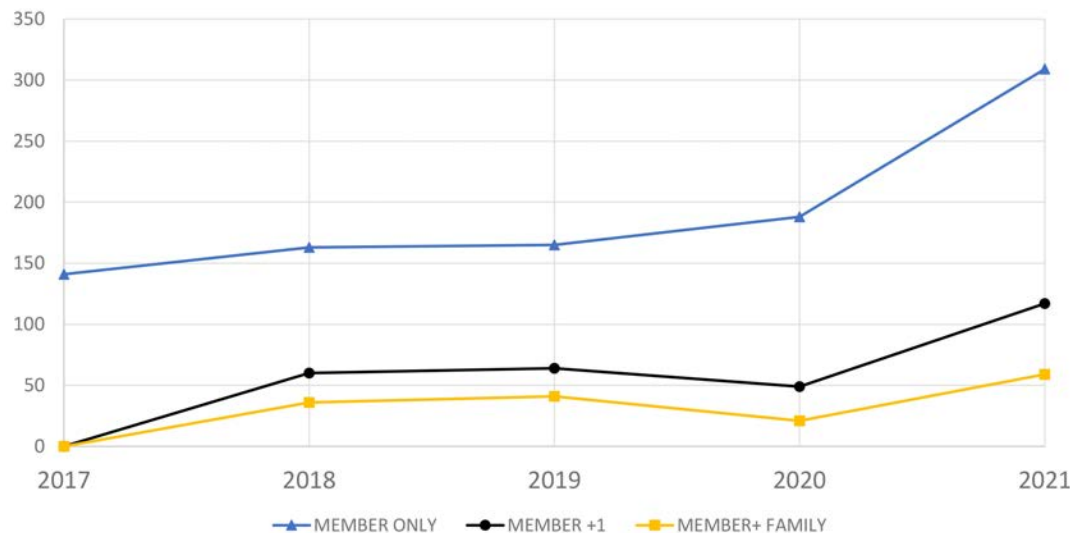
Age Range	Number of Accounts	Average Account Balance
0.1 - 5 years	508	\$1,337.04
6 - 10 years	731	\$1,729.19
11 - 15 years	883	\$2,264.94
16 - 18 years	524	\$1,729.55
19 - 25 years	695	\$1,119.61
Over 25 years	401	\$431.88
TOTAL	3742	\$1,586.99

Group Medical Insurance Plan UPDATES



The decision to move the Group medical plan to GTM in 2020 ensured that members were not faced with a rate increase in 2021. Members responded well to the move and the 3 month open enrollment period encouraged many additional members to join the plan. A **73%** growth rate was in the membership of the plan and a **41%** increase in the number of claims submitted for processing.

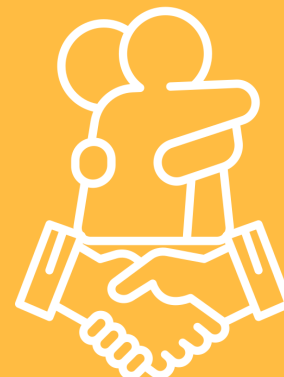
COMPARISON OF JANNOU GROUP MEDICAL PLAN MEMBERSHIP FOR 2017 -2021



Membership TERMINATIONS

In 2021 a massive one hundred and twenty-three (**123**) **Jannou** member accounts were closed, an almost 180% increase over 2020. Over 50% of these closures were from the settlement of death benefits for members for the period 2019 to 2021 and payouts to their beneficiaries. It should be noted that the bulk receipt or claim settlements and resolution of outstanding matters on claims results in higher than usual account closures from our annual average of 50 accounts.

123 JANNOU accounts closed in 2021



OVER 50% OF CLOSURES WERE FROM DEATH SETTLEMENTS



Homeowners, Contents, Vehicles And All Risk Group Plan

The pandemic saw many choosing not to renew or significantly delaying the renewal of their insurance because of financial difficulties. The plan rebounded somewhat this year, but the Board wishes to remind members that our rates are extremely competitive and **Jannou** offers financing options for annual insurance premiums. In 2021, the island did not face as many bad weather events as usual but the impact of even one event and the associated loss can be significant to the family.

Interested members or those experiencing difficulty should contact the Member Services Department.

Registered Homeowners Savings Plan (RHOSP)

In 2021 the Winners Circle Jannou's IRD approved Registered Homeowners Savings Plan grew by six (6) additional members. Of great appeal to members is the ability to reduce their taxable income by up to **\$ 5000** per year because of contributions to their plans. Presently, 24 individuals actively contribute to their plan as a way to help finance the acquisition of their first home or mortgage.

As can be seen from the table the average age of the plan members increased by 4% up to 38 years old while the average plan balance increased by a *whopping* 31% up to **\$17,000**. The Board wishes to remind members that these saved funds can make a significant contribution once they are ready to take to build or purchase their first home. Typically, members use the saved funds for their mortgage to meet share requirements or to cover legal fees. *Interested members, should contact the Member Service Department for more information or to set up their individual plans.*

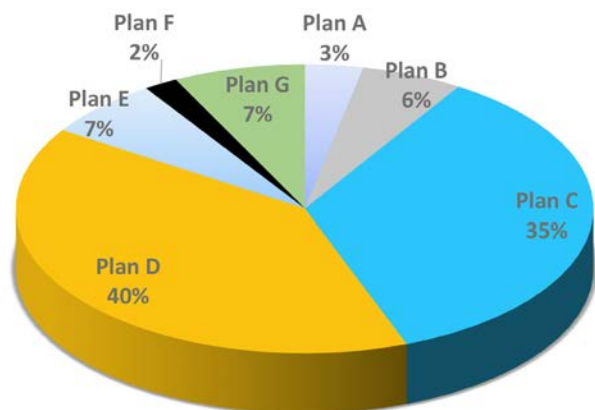
TRENDS IN THE REGISTERED HOME OWNER SAVINGS PLAN (RHOSP) MEMBERSHIP

	2018	2019	2020	2021	Change from 2020 to 2021
New Plans Opened	5	1	2	6	200%
Total Plan Membership	28	25	23	24	4%
Average Member Balance	\$ 11,310.61	\$ 11,493.84	\$ 13,057.95	\$ 17,084.00	31%
Average Age of Members with Plans	36.4	36.9	36.7	38.2	4%
TOTAL FUND BALANCE	\$ 316,697.03	\$ 287,346.08	\$ 300,332.88	\$ 410,012.88	37%

Death Benefits

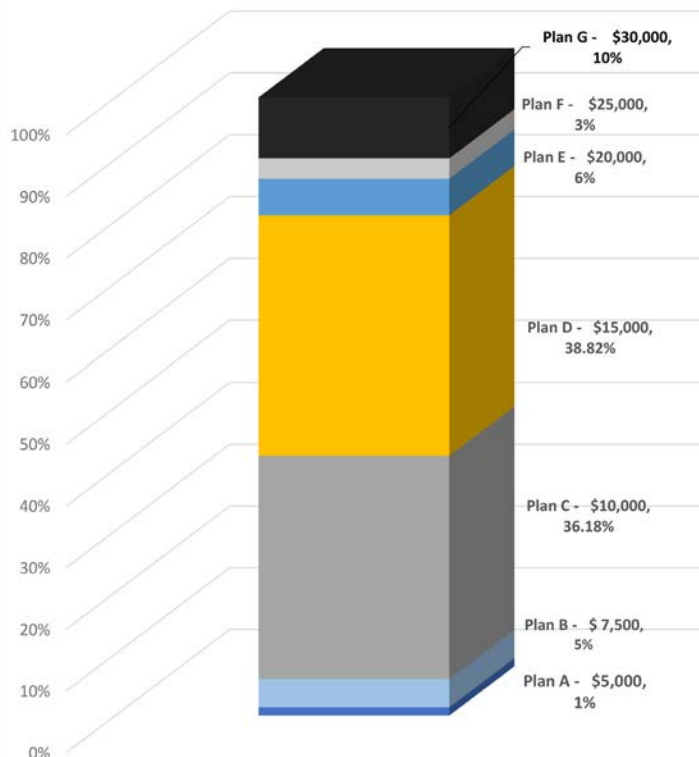
IN 2021, the **CUNA** Caribbean Family Indemnity Plan (FIP) continued to be a critical support component of members' funeral plans with an additional 157 members signing up. At the same time a 3.9% reduction in members holding plans was noted with 2629 families now being members.

Membership of the **FIP** By Plan Type at December 2021



Interest in the newly introduced higher benefit plans is still high with Plan E, F and G subscriptions at 16% surpassing the levels for Plans A & B, the two lowest level plans.

Examination of FIP Claims by Plan Benefit for 2021



In 2021, 157 death claims were paid out to **JANNOU** members from the **FIP** compared to 98 in 2019, a total payout of **2.19 million** an almost XCD\$1 million over 2020 levels. This massive increase was due to the increased number of claims from the higher benefit plans that paid out from \$20,000 up to \$30,000 plans.

Deceased Members For 2021


Jannou recorded the passing of 68 members in 2021. The Board would like to extend sincere sympathies to the family and friends of our members who bid them farewell. *They may be gone but they will not be forgotten.*

List of Deceased Members for 2021

1	Agatha Paul	24	Delores Tracy Wisdom	47	Marie Joseph
2	Alexander Blasse	25	Eustace Alexander	48	Mark Menal
3	Anastasia Sonia Eugene	26	Evariste John	49	Martin Jagroop
4	Andrew Emmanuel	27	Fedelis Emmanus	50	Mary Magdlene Serieux
5	Angela Emmanuel	28	Gail Weeksmousa	51	Matthew Charles
6	Anne Charmont	29	George Isaac Hyacinth Mortley	52	Miguel Gilbert
7	Anne Daphne Augustin	30	Ivan Forde	53	Moses Hippolyte
8	Anthea Goolaman	31	Jacintha Ernest William	54	Nelson Gilliard
9	Augustin Agdomar	32	Janice Martial	55	Paul Mc Vane
10	Augustin Paul	33	Jeremie Joseph	56	Paul Meroe
11	Beatrix Marcellin	34	Joan Leon	57	Randolph John
12	Bede Joseph	35	Johnson Mathurin	58	Raphael Frederic
13	Benton Evariste	36	Joycelyn Hilaire	59	Raphael St Cyr
14	Cajetan Nicholas	37	Joycelyne Wilson	60	Rene Pierre
15	Cecil Nelson	38	Julian Joseph	61	Ricky St Clair
16	Cecilia La Force	39	Kasha Aldonza Maxwell	62	Samuel Simon
17	Celina Albert	40	Ken Delice	63	Shakeena Mitchel
18	Clara Solomon	41	Laurence Lansiquot	64	Suewellan Beharry Small
19	Cleo Moricette	42	Lawrence Albert	65	Sylvia Preville
20	Cornelia Willie	43	Lionel Nicholas	66	Theresa Jules
21	Dale Timothee	44	Maria Fevrier	67	Tony Lewis
22	Damase Clerment	45	Marie Ann Pierre	68	Ulric Reece
23	Davidson Alexander	46	Marie Auguste		

MEMBER ENGAGEMENTS



Sign up at  <https://www.jannou.org>

JANNOU @ HOME ONLINE SERVICES

Having access to our online platform in 2021 really created additional opportunities for members to engage with **JANNOU**. By December 31, over 3000 members were enrolled allowing them 24-hour access to account information. Members are reminded that they may make use of the combination of in person and virtual options to seamlessly communicate with **JANNOU**.

This year extra attention was focused on the use of the online platform to deliver the highest levels of service to members. If you have not signed up, contact the Member Services Department for further information and assistance in doing so.

JANNOU DEBIT CARD

The long promised and long awaited **JANNOU VISA** branded debit card became available this year. The Board is please to have finally been able to make real this long outstanding promise. We are even prouder to advise that the card is based on state-of-the-art technology and provides high levels of secure access to funds. Members now have additional options to access funds and the combination of the online platform, and the debit card together offers high levels of control and safe access to their member account. Interested persons should contact the Member Services Department for additional information or to sign up.



INTERNATIONAL CREDIT UNION DAY CELEBRATIONS 2021

Despite the inability to host mass crowd events, every member who came in to conduct business with Jannou on October 21, 2021 received packages, tokens and refreshments as part of our annual celebration. The theme for 2021 was ***"Building Financial Health For A Brighter Tomorrow."*** As was started in 2020, despite the scaled down celebration members who could not come in participated via official **Jannou** social media sites and won prizes. Once we are again able to congregate freely, we will be able to host our Breakfast and other mass member events.

MORE THAN JUST A MORTGAGE



It's Family



YOUR

+ **JANNOU** =

DREAM HOME

Treasurer's REPORT

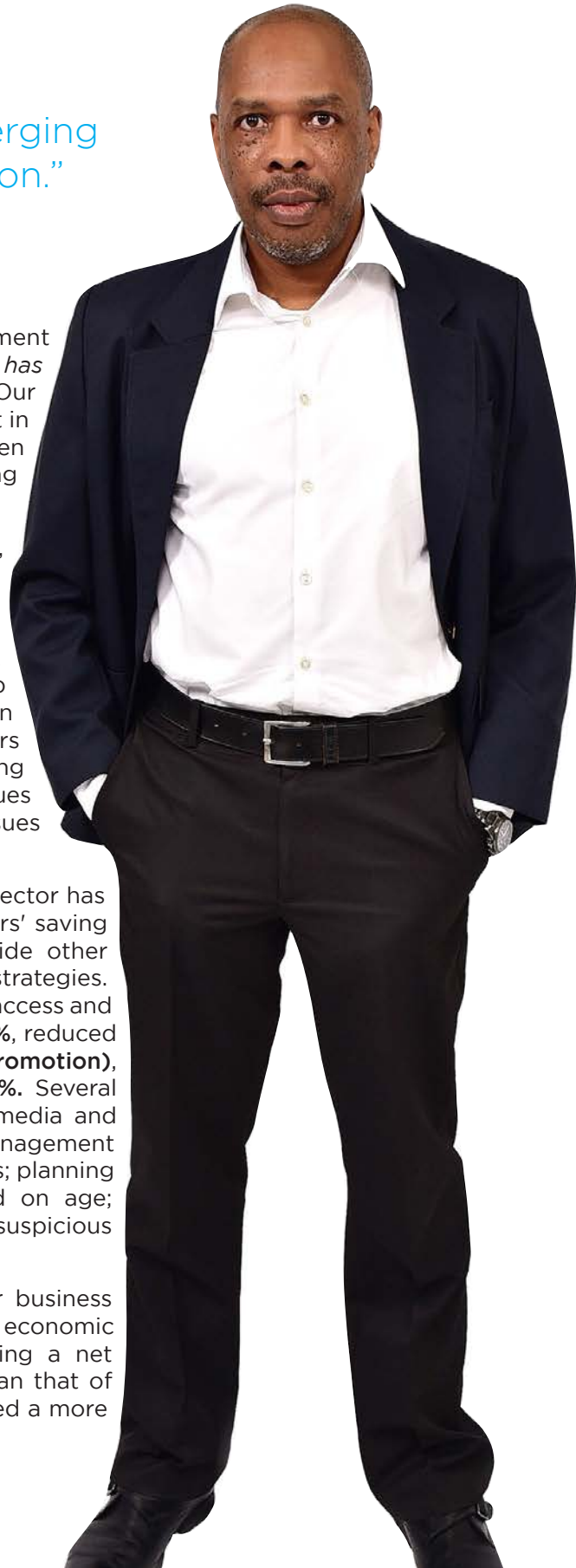
“Jannou’s focus has been on emerging as an even better financial institution.”

On the heels of the more drastic pandemic management measures during the 2020 financial year, *Jannou’s focus has been on emerging as an even better financial institution*. Our strategy involves, not only ensuring that we remain relevant in our obviously transformed environment, but also being even more responsive to our members’ regular as well as evolving financial needs.

Thus, in addition to our established “Online Banking” service, we implemented the conveniences of our internationally recognised Visa Debit Card, an Automatic Teller Machine (ATM) at our Jeremie Street Headquarters, and access to cash all around the country via 1st National Bank St. Lucia Limited’s ATMs facilitated through our partnership arrangement with the Bank. Our Marketing Team has been working diligently promoting the Card, encouraging members sign up for cards leverage their use vs. the option of standing in line, while the now fully functional Debit Card Unit continues to ensure we experience reliable card services and any issues attended to efficiently.

Remaining viable in the increasingly competitive financial sector has necessitated that we, among other things: analyse members’ saving and borrowing trends; review our loan products alongside other offerings in the market; and reconsider our marketing strategies. Arising out of this introspection, our members were able to access and enjoy great benefits of mortgage interest rates as low as **5%**, reduced interest rates on new or used vehicle loans (“**Top Ride**” promotion), and interest rates on fully secured loans reduced to **6.5%**. Several financial tips were released by our credit union via the media and our website aimed at improving our members’ financial management competencies. Tips focused on: managing personal budgets; planning for retirement; managing debt; financial planning based on age; saving including planning for emergencies; and identifying suspicious transactions.

Overall, despite the anticipated undesired impact on our business brought about by the COVID-19 pandemic and the resulting economic blow, Jannou was able to perform relatively well realising a net income of **\$1.75 million**. Though this is evidently lower than that of the previous year, income in the later part of 2021 suggested a more positive outlook come 2022.



A. STATEMENT OF FINANCIAL POSITION

ASSETS

"Cash" and "Loans and Advances to Members"

At December 31, 2021, the Statement of Financial Position reported *"Total Assets"* of \$320.17 million, representing an increase of \$13.63 million or 4.45% over the prior year ending 2020. Increased cash inflows from members' deposits has resulted in an increase in our liquidity. However, such high liquidity is not unique to Jannou but is currently commonplace in the financial sector and has contributed to the highly competitive domestic lending environment.

There was a notable increase in *"Loans and Advances to Members"* after the significant decrease in the prior year (2020). Jannou recorded \$168.84 million and \$159.28 million for 2021 and 2020 respectively - this represented a 6% increase. Growth in the loan portfolio was led by mortgage loans generating approximately 72% of the \$9.56 million increase with consumer loans providing the balance.

"Financial Investments"

As a means of effectively managing the high liquidity position, besides employing strategies to increase lending, Jannou has been actively exploring further investment opportunities and novel investment strategies. At the end of 2021 investments totaled \$67.417 million with \$2.42 million being realised in interest on investments.

LIABILITIES

Our members continue to display their confidence in the institution through their continued cash inflows into *"Deposits from Members"* and *"Withdrawable Shares"*. Shares and deposits totaled \$39.78 million and \$218.69 million respectively (in comparison to 2020's ending figures of \$35.83 million and \$207.78 million). This represented respective increases of \$3.95 Million and \$10.91 Million over the 2020 financial year end. The Credit Union continues to pursue prudential investments to ensure that satisfactory returns are earned.

MEMBERS' EQUITY

In 2021, \$354,125 was transferred to the *"Statutory Reserve"*. *"Share Capital"* (i.e. Ordinary or Non-withdrawable shares) declined by \$32,451. This can be attributed to the financial strain brought about by the COVID pandemic and members' reduced ability to invest in these shares.

"Retained Earnings" for the financial year was \$7.24 million. Though this represents

a decrease of \$2.41 million from that of the prior year it speaks well for the Credit Union, proving that despite the economic downturn we were still able to strengthen our capital base, positioning us to effectively buffer any 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 \$18.68 million as follows:

- i Interest Income on Loans and Advances to Members - \$15.96 million
- iii Investment Income - \$2.42 million
- iv "Other Operating Income" - \$311,072

"Operating and Administrative Expenses"

With normal operations resuming and the expansion of our operations in Vieux Fort, there was a moderate increase in *"Operating and Administrative Expenses"* by \$789,916 over the prior year. This in addition to the *"Interest Expense"* of \$4.85 million and *"Impairment Losses"* of \$4.20 million resulted in a *"Total Comprehensive Income for the Year"* of \$1.78 million. This represented a reduction of \$3.5 million compared to 2020.

CONCLUSION

Notwithstanding reduced income in the financial year, our Credit Union continues to not only survive but to thrive despite the financial adversities of the last couple of years. This must be attributed to the dedication and stewardship of our Board of Directors and various Committees as well as our committed and very capable Management and staff. Special mention must be made of the Finance and Investment Committee which continues to work assiduously at protecting your interests in Jannou and constantly seeks ways of making our money grow.

We strive to secure the position as your primary and trusted financial partner through keeping your needs as our highest priority. Thank you for your continued loyalty and confidence.

Thank you for choosing Jannou!



Kervyn Tobias

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

		2021		2020		STANDARD
		ACTUAL	RATING	ACTUAL	RATING	
PROTECTION						
1	1 Provision for Loan Losses/Loan Delinquent>12 Months	100%	1	100%	1	100%
	2 Provision for Loan Losses/Loan Delinquent<12 Months	213%	1	111%	1	35%
	3 Solvency (Net Value of Assets/Total Shares & Deposits	116%	1	118%	1	>111%
EFFECTIVE FINANCIAL STRUCTURE						
2	1 Net Loans/Total Assets	53%	3	52%	3	70-80%
	2 Savings Deposits/Total Assets	86%	1	85%	1	70-80%
	3 Member Shares Capital/Total Assets	5.1%	2	5%	2	Less than or equal to 20%
	4 Institutional Capital/Total Assets	13.4%	1	15%	1	Greater than 10%
ASSET QUALITY						
3	Total Delinquency/Gross Loan Portfolio	6.4%	2	6%	2	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						
4	1 Operating Expenses/Average Assets	2.40%	1	2.80%	1	Maintain 5%
	2 Net Income/Average Assets	0.6%	3	2%	2	E4=10%
	3 Fin. Cost : Member Shares	2%	1	5%	1	Market Rate
						Market Rate > Inflation
LIQUIDITY						
5	1 Liquid Reserves/Total Savings Deposit	28.3%	1	29%	1	Minimum 15%
	2 Non-Earning Liquid Assets/Total Assets	0.45%	1	0.28%	1	Less than or equal to 1%
SIGNS OF GROWTH						
6	1 Asset	4.4%	1	7%	1	Greater than inflation rate
	2 Member Shares	0.00%	2	0%	1	To achieve goal in E3
	3 Loans	6%	3	-1.30%	2	To achieve goal in E1
	4 Membership	2.40%	2	2.6%	2	Minimum 5%
	5 Institutional Capital	-4.5%	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	2021	2020	INCREASE/(DECREASE)	
	\$	\$	\$	%
Assets	320,171,774	306,543,434	13,628,340	4
Net Loans	168,839,042	159,277,382	9,561,660	6
Members' Withdrawable shares	218,692,571	207,775,230	10,917,341	5
Members' Deposits	39,778,357	35,833,927	3,944,430	11
Shares	16,437,263	16,469,714	-32,451	-0.2
Members' Equity	59,274,413	61,326,300	-2,051,887	-3
Interest Income	15,955,324	16,399,192	-443,868	-3
Operating and Administrative Expenses	7,462,636	6,672,720	789,916	12
Net Operating Surplus	1,748,591	5,098,816	-3,350,225	-66



Supervisory Committee Report

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

1. **Mrs. Annette Desir-Butcher** - *Chairperson*
2. **Mrs. Verna Khadoo-Mathurin** - *Secretary*
3. **Ms. Shernelle Phillip** (*until 18th August 2021*)
4. **Mrs. Martha Kearl Duval-Gabriel**
5. **Ms. Yanice Vitalis**
6. **Ms. Marcellina St. Edward-Preville** (*19th August 2021 - December 2021*)

Ms. Shernelle Phillip bade farewell to the team after serving one (1) term. We welcomed Ms. Marcellina St. Edward-Preville following her election at the 40th Annual General Meeting held on 18th August 2021.

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 2021 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, 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 at least twice a month to monitor the operations and financial sustainability of the Credit Union. This included working with and supervising the work of the Internal Auditor, as well as carrying out its 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 ensure compliance and operational continuity.

In order to effectively perform the duties of the Supervisory Committee, training is required to augment the volunteers' skill sets (competencies). The Committee has therefore continued to allot time to get familiar with the Co-operative Societies Act, the By-Laws and the Supervisory Committee Manual at each Committee meeting. The Committee also attended a volunteer orientation training hosted by the Jamaica League, which spanned over six (6) weeks; however, Supervisory Committee focused training had not been provided. The Committee will continue to keep the need for training before the Education committee and the Board of Directors to better serve you.

As promised at our last **AGM**, we made a box available at the Credit Union to receive your concerns, questions, suggestions, and complaints. The Supervisory Committee has since received and, where possible, addressed complaints and suggestions from members. We thank the members who have reached out to us and encourage others who may have concerns to follow suit. We can also be contacted via email at supervisory@csccreditunion.org. We look forward to hearing from you.

AUDIT REPORTS

During the year, six (6) audits were conducted: two (2) were presented to the Board of Directors for necessary action; the remaining four (4) reports remained outstanding, awaiting comments from Management by the end of the reporting period.

#	Audit	Status
1	Member Services	Submitted to the Board
2	Desktop Remote Access Policy	Submitted to the Board
3	Policy Review	Pending
4	Business Continuity Plan	Pending
5	COVID-19 Risk Assessment	Pending
6	Accounting and Financial Controls	Pending

The Committee reviewed all monthly management accounts for the year in accordance with Section 81 (5) of the By-Laws.

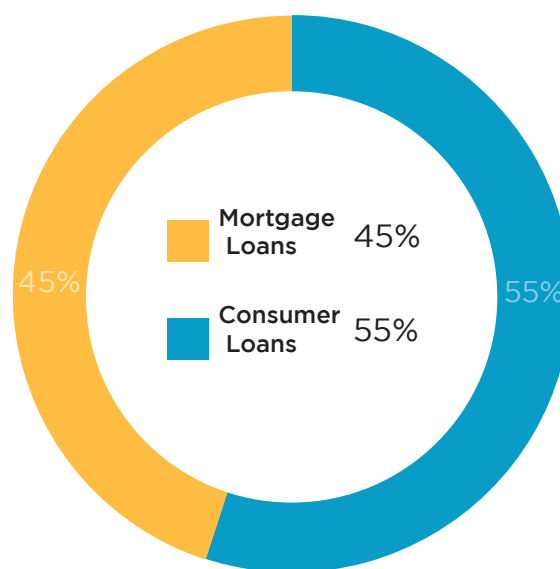
DELINQUENCY

Loan delinquency continued to be a challenge for Jannou. The Credit Union's delinquency rate increased by 0.66% over last year's, closing at 5.99%, which remains outside of the PEARLS standard. The Loan and Lending policy makes provision for the management of delinquency through the '*Delinquency Control and Collection policy manual*'. Despite the steady increase in loan delinquency, Jannou continued to operate without a detailed delinquency policy during the reporting period. Your Supervisory Committee continues to keep the need for increased tracking, monitoring and recovery of delinquent loans and the formulation and implementation of a detailed delinquency policy before the Board. The Committee encourages members who are experiencing difficulties with their loan payments to speak to the Credit Union to arrive at some resolution.

The loan portfolio balance as at December 31, 2021 stood at \$182.64M, of this balance delinquency totaled \$13.616M. Delinquent loans recorded an increase of \$1.853M in 2021 due, in part, to the financial hardships suffered by some members from the adverse effects of the pandemic.

The composition of the delinquency balance is depicted in the chart below. Consumer loans account for the **\$7.527M** of the total balance and Mortgage loans **\$6.089M**. The total number of default loans at the year-end was 414.

Chart depicting Delinquency Balance



MORATORIUM

As a member organization Jannou sought to assist members whose loan payments were adversely impacted by the effect of Covid-19 Pandemic; a moratorium with **zero (0)** accrued interest was therefore provided. This was done on a case by case basis and effectively froze the members' loan account for the period of the moratorium. The effects of that decision is evident in the reduction in interest income for the year; however, we can expect to see a significant increase in interest income as the moratorium ends.

STRATEGIC PLAN

The Credit Union continues to operate without a strategic plan; the last strategic plan covered the period 2012 to 2017.

A strategic plan is critical to the future direction of the Credit Union as it is designed to provide a game plan or road map to achieve specific goals and objectives. The outdated plan developed in 2012 provided direction for the Credit Union based on what was happening at the time. Since then, many things have changed in the environment in which we operate. For example, changes in the financial regulations governing the operations of the Credit Union; the digital transformation, providing members with access to online services; change in consumer behaviour, improved products and services and the myriad of other changes brought on by the COVID-19 pandemic.

Despite numerous discussions with Management and the Board, an updated 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.

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

The Committee of Sponsoring Organizations (COSO) defines Enterprise Risk Management (ERM) as a process 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. The framework must be effected by an entity's Board of Directors, Management and other personnel.

ERM requires that an organization examines its complete portfolio of risk, considers 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. The Committee is pleased to report that the ERM Policy was approved during the reporting period.

The Supervisory Committee continues to monitor the implementation of the ERM framework.

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

Due to the challenges posed by the COVID-19 pandemic, the rebranding project has been placed on hold. The original plans for the renovation of the Credit Union office space on the ground floor included an open concept. However, in keeping with the COVID-19 social distancing protocols, the plans need to be revisited.

FSRA ONSITE INSPECTION

In keeping with Section 19 (1) of the Co-operative Societies Act Chapter 12.06 of the Revised Laws of St. Lucia and Section 36 of the Financial Services Regulatory Authority Act, No. 13 of 2011, the Financial Services Regulatory Authority (**FSRA**) conducted an inspection of the affairs of the Credit Union during the reporting period. The inspection focused on:

- assessing the performance, functioning and compliance of the Board of Directors, Management Team, Credit Committee and Supervisory Committee.
- the procedures for underwriting loans and assessing, to a limited extent, the Credit Union's framework for combatting money laundering and the financing of terrorism.

The assessment revealed that the Credit Union has a strong financial standing and meets the

relevant regulatory requirements with regards to its financial performance; however, a number of operational and managerial weaknesses were highlighted. Based on its findings, the FSRA made recommendations which the Board of Directors and Management Team are currently considering with a goal to improve the operations of the Credit Union.

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.

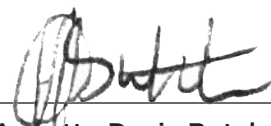
The Supervisory Committee reiterates that in order for financial statements to be useful to the readers, they must be relevant; one of the elements of relevancy is the timeliness of having the information. Financial statements must be available when investors can influence decisions. The Supervisory Committee has consistently advocated that the AGM should be convened within the stipulated three (3) month timeframe.

DEBIT CARD PROJECT

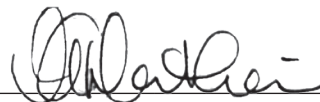
During the period of the review the Debit Card project was launched, bringing much needed convenience to our members.

As members' representatives, we are thankful for the courtesy 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. We also thank our general membership for the trust placed in us.

As Chairperson of the Supervisory Committee, I wish to personally thank the ladies who form the committee with me for their dedication and their tireless work throughout 2021.



Mrs. Annette Desir-Butcher



Mrs. Verna Khadoo-Mathurin



Mrs. Martha Kears Duval-Gabriel



Ms. Yanice Vitalis



Ms. Marcellina St. Edward-Preville



Credit Committee Report

“

We continue to emphasize that the Credit Union belongs to us all, the more we invest in it the greater the prosperity.

”

The Credit Committee is pleased to present its report for the financial year ending December 31, 2021.

The committee, guided by the Loan and Lending Policy endeavours to provide every member a fair opportunity at securing a loan. Your Credit Committee met for __ times. During the curfew periods, we ensured that the business of the Credit Union has not hampered significantly, as measures were put in place to ensure continuity.

For the year under review, the Credit Committee comprised the following members

1. **Mr. Sherman Sylvester** - *Chairperson*
2. **Ms. Shorna Denis** - *Secretary*
3. **Ms. Isa Alexander** - *Member*
4. **Mr. Keegan Preville** - *Member*
5. **Ms. Shama Joseph** - *Member*

We were tasked with, among other things, loan approval. Each loan application is individually assessed and held on its own merit, taking into consideration the level of risk to the member and the level of exposure to the Credit Union. It is therefore paramount to recognise that proper

fiduciary measures are taken into consideration when deliberating on loans, to ensure the protection of members' money.

Members are advised to provide as much information when dialoguing with the loans officer, to allow for a more thorough overview of their financial standing. This will also assist in providing quicker turnarounds on loans. It also became necessary to increase the limits provided for the approval of loans by management, thus creating yet another measure to increase the approval rate.

Other aspects of our engagement included;

1. *Reviewing deferred loans*
2. *Providing a level of Financial Counselling to members*
3. *Ratifying over-the-counter loans;*
4. *Reviewing and Ratifying Management approved loans;*
5. *Reviewing of Credit Union monthly delinquency summary reports;*
6. *Providing recommendations to the Board and Joint Committee on loans;*
7. *Attending Extraordinary Credit Committee and Joint Committee meetings;*
8. *Providing recommendations on deficient areas in the Loan & Lending Policy.*

We take this opportunity to thank you the members for entrusting the Committee with your affairs as we humbly executed these duties. Two members, namely, Mr. Sherman Sylvester and Ms. Shorna Denis have come to the end of their term. However, only Ms. Shorna Denis is eligible for re-election. We thank them immensely for their contribution and wish them every success in their future endeavours.

ANALYSIS OF LOANS

A total of seven thousand, three hundred and forty-three (**7,343**) loans were granted, representing a 3.7 % decrease in the number of loans approved from the previous year. There was however, a slight growth of 5.4% in the value of the portfolio. **Consumer loans** continue to account for the largest share of the loan portfolio (*See Figure 1*). Another notable increase was in the Mortgage and Real Estate area. This is encouraging as the Credit Union pushes into mortgage arrangements for members. The vehicle special rate has delivered some promising results, surpassing all expectations. We also noted a significant down turn with the ever-popular Christmas loan facility (*See Figure 2*).

The total value of approved loans for the year 2021 was \$62.5 Million representing a 5.4% increase over the preceding year. Once again, this year, there was a decline in the number of loans but an increase in the money value.

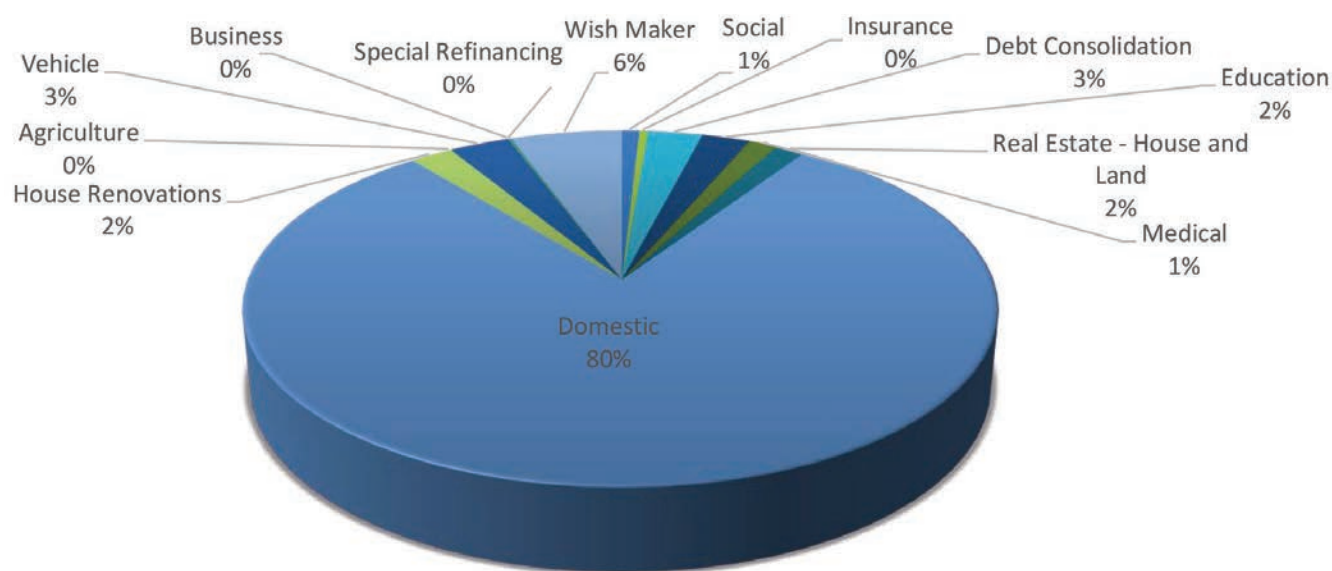


Figure 1. Loans categories considered in 2021

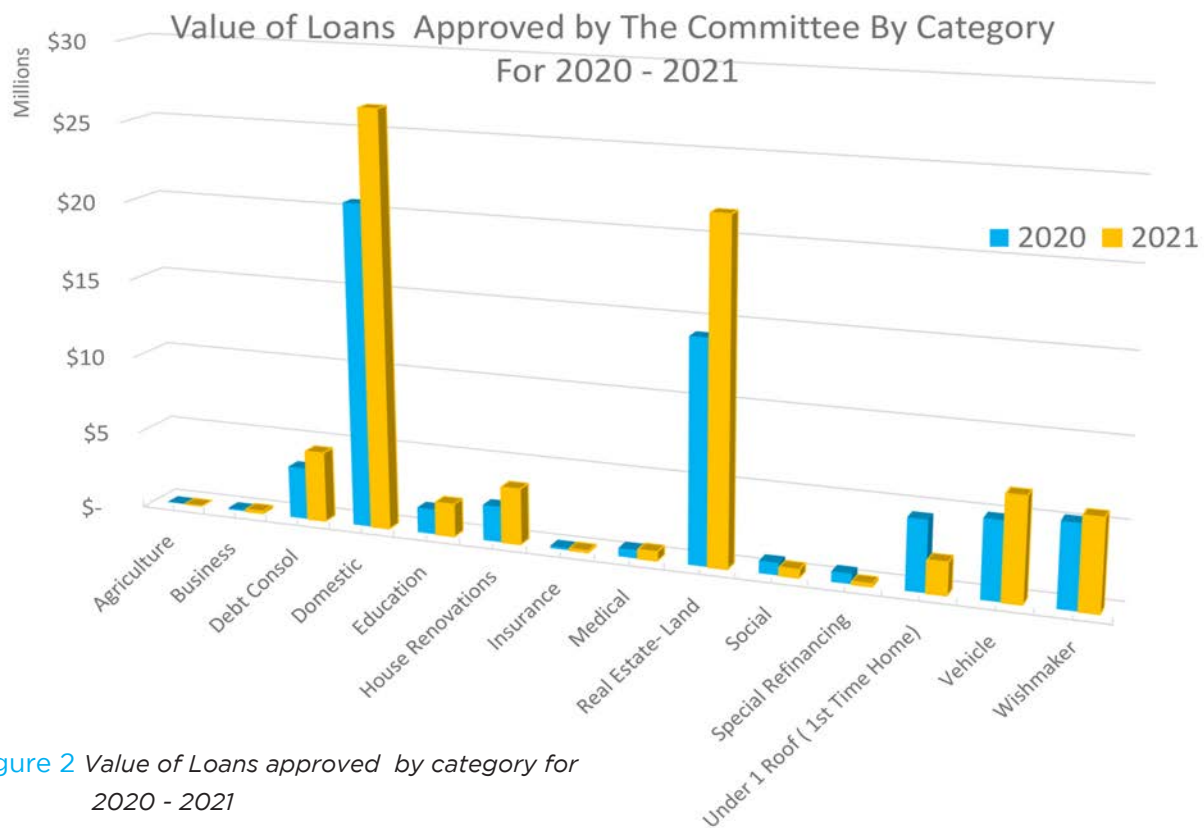


Figure 2 Value of Loans approved by category for 2020 - 2021

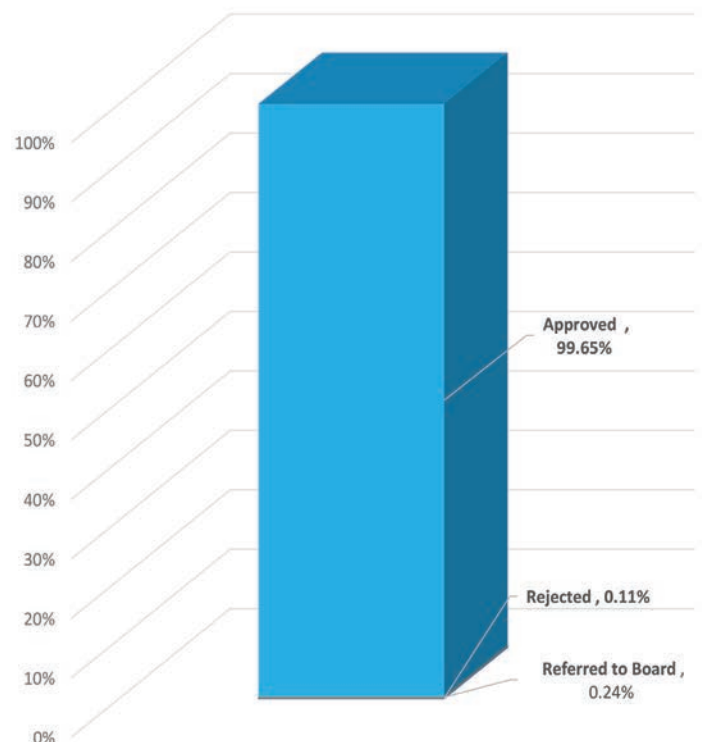
Twenty - three (23) loans totaling \$3.5 Million were sent to the Board for approval. Loans are sent to the Board for several reasons, primarily when a loan request falls outside of the prescribed policy, which may include a shortfall in shares or an extension of repayment period.

99%

of all loans presented to the committee were **APPROVED!**

Ninety - nine percent (99%) of all loans presented to the committee were approved with only 1% (See Figure 3) being denied for varying reasons including insufficient security, inadequate information and the ability to repay. The Committee continues to encourage members to ensure that they satisfy all the requirements and to provide all the supporting documentation necessary to avoid 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 urged to appeal to the Board of Directors.

Figure 3 Loans considered for 2021



The times a tough, consequently 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 you are faced with extenuating financial difficulties, instead of allowing your loan to go into the delinquency wallet.

The Credit Union disbursed loans valued at **\$62.5 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 remains a priority concern for the Credit Union, however, members are encouraged to keep the communication doors open. Unforeseen circumstances arise, thus, allow measures such as payment plans and refinancing mechanisms to be implemented to prevent loans from going down the delinquent hole.

Although measures have been taken to stem the level of delinquency, an increase over the last year was recorded ([Table 1](#)). A member can also assist themselves in times of difficulty by contributing more than the minimum towards loan payments and shares as well as making use of sinking funds.

Table 1. Profile of Delinquent loans

Time Period	Total Deliquent Loan Portfolio 2020	Total Deliquent Loan Portfolio 2021
1 - 30 days	0	0
31-60 days	44	26
61- 90 days	45	36
91 - 179 days	50	42
180 - 269 days	22	29
365 days and over	35	21
Over 12 Months	188	262
Total	384	416

CONCLUSION

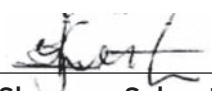
This past year was about being resilient, resolute and adaptive to the changing environment. Our proverbial sea vessel remained anchored to the core buoy of the principles of the Credit Union. Some measure of success was realized, as we continue to aim for even bigger triumphs.

We continue to emphasize that the Credit Union belongs to us all, the more we invest in it the greater the prosperity. So, members, continue to encourage others to become part of this valuable experience as we strive to make the Jannou Credit Union the number one place to borrow and save with pride.

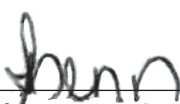
We would like to express our heartfelt thanks and appreciation to our dedicated and hard-

working staff of the Loans Department, led by Loans Manager Mrs Rita Francis. Thank you to the admin team, led by Ms. Jn. Charles, for always providing a conducive working environment, which ensured a high level of productivity 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 as we look forward to more fruitful engagements. 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 and with financial fortitude *let us continue to move Mountains.*



Mr. Sherman Sylvester



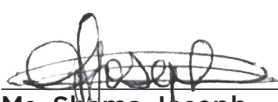
Ms. Shorna Denis



Ms. Isa Alexander



Mr. Keegan Preville



Ms. Shama Joseph



JANNOU
CREDIT UNION

FINANCIAL STATEMENTS

St. Lucia Civil Service
Co-operative Credit Union Ltd.
(Trading as Jannou Credit Union)
Financial Statements
Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)



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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, 2021, 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, 2021, 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Other Information Included in the Credit Union's 2021 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.



Chartered Accountants
Castries, St. Lucia
August 27, 2022

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

Statement of Financial Position

As at December 31, 2021

(Expressed in Eastern Caribbean Dollars)

	Notes	2021 \$	2020 \$
ASSETS			
Cash	7	77,791,753	73,799,442
Financial investments:			
- Amortised cost	8	66,491,279	66,982,126
- Fair value through other comprehensive income (FVTOCI)	8	926,607	893,232
Other receivables and other assets	9	490,823	242,905
Loans and advances to members	10	168,839,042	159,277,382
Property and equipment	11	5,632,270	5,348,347
TOTAL ASSETS		320,171,774	306,543,434
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Other payables and accruals	12	2,426,433	1,607,977
Deposits from members	13	39,778,357	35,833,927
Withdrawable shares	14	218,692,571	207,775,230
		260,897,361	245,217,134
Members' Equity			
Share capital	16	16,437,263	16,469,714
Statutory reserve	17	33,244,030	32,889,905
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	844,465
Fair value reserve	21	243,805	210,430
Retained earnings		7,236,582	9,643,518
		59,274,413	61,326,300
TOTAL LIABILITIES AND MEMBERS' EQUITY		320,171,774	306,543,434

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, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	Share Capital	Statutory Reserve	Education Reserve	Development Fund	Disaster Fund	Burial Benefits Scheme	Fair Value Reserve	Retained Earnings	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2020		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		-	975,924	-	-	-	-	-	(1,019,764)	(43,840)
- Benefits paid	18	-	-	-	-	-	(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
Balance at January 1, 2021		16,469,714	32,889,905	500,000	538,156	230,112	844,465	210,430	9,643,518	61,326,300
Shares withdrawn	16	(32,451)	-	-	-	-	-	-	-	(32,451)
Total comprehensive income for the year		-	-	-	-	-	-	33,375	1,748,591	1,781,966
Allocation for - Education reserve	18	-	-	(15,682)	-	-	-	-	-	(15,682)
Increase in allocation	17	-	349,718	15,682	-	-	-	-	(365,400)	-
Entrance fees	17	-	4,407	-	-	-	-	-	-	4,407
Dividends	15	-	-	-	-	-	-	-	(1,777,220)	(1,777,220)
Patronage refund	15	-	-	-	-	-	-	-	(2,012,907)	(2,012,907)
Balance as at December 31, 2021		16,437,263	33,244,030	500,000	538,156	230,112	844,465	243,805	7,236,582	59,274,413

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, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	2021 \$	2020 \$
Income			
Interest income on loans and advances to members		15,955,324	16,399,192
Interest expense		(4,853,569)	(4,570,793)
Net Interest Income		11,101,755	11,828,399
Other Income			
Investment income	22	2,422,378	2,254,125
Other operating income	23	311,072	288,102
		2,733,450	2,542,227
Operating Income		13,835,205	14,370,626
General and Administrative Expenses			
Operating and administrative expenses	24	7,462,636	6,672,720
Impairment losses on loans and advances to members	10	4,204,926	2,599,090
Impairment losses on financial investments		419,052	-
		12,086,614	9,271,810
NET INCOME FOR THE YEAR		1,748,591	5,098,816
Other Comprehensive Loss			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Fair value increase in investments at FVTOCI	21	33,375	183,859
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,781,966	5,282,675

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, 2021

(Expressed in Eastern Caribbean Dollars)

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Net income for the year		1,748,591	5,098,816
Adjustments for:			
Depreciation	11	500,233	314,162
Provision for financial investment losses	8	419,052	-
Provision for loan losses		4,204,926	2,599,090
Interest income on loans and advances to members		(15,955,324)	(16,399,192)
Investment income		(2,422,378)	(2,254,125)
Interest expense		4,853,569	4,570,793
Operating loss before working capital changes		(6,651,331)	(6,070,456)
Decrease/(increase) in other receivables and other assets		(247,921)	378,725
(Increase)/decrease in loans and advances to members		(13,772,489)	999,936
Increase in other payables and accruals		818,456	166,455
Increase in deposits from members		3,944,430	5,852,901
Increase in withdrawable shares		10,917,341	11,675,450
Entrance fees		4,407	5,050
Cash generated from operations		(4,987,107)	13,008,061
Interest received from members'		15,961,230	16,403,172
Interest expense paid		(4,853,569)	(4,570,793)
Net cash generated from operating activities		6,120,554	24,840,440
Cash Flows from Investing Activities			
Interest received		2,348,740	2,270,079
Purchase of investment securities		(1,092,099)	(6,441,495)
Proceeds from sale of investments securities		1,237,532	1,132,516
Purchase of property and equipment	11	(784,156)	(410,810)
Net cash generated from (used in) investing activities		1,710,017	(3,449,710)
Cash Flows from Financing Activities			
Decrease in share capital	16	(32,451)	(10,397)
Training expenses - Education Reserve		(15,682)	
Benefits paid	20	-	(7,420)
Dividends declared	15	(1,777,220)	(1,676,827)
Patronage refund	15	(2,012,907)	(2,428,845)
Net cash used in financing activities		(3,838,260)	(4,123,489)
Increase in Cash		3,992,311	17,267,241
Cash - Beginning of Year		73,799,442	56,532,201
Cash - End of Year		77,791,753	73,799,442
Represented by:			
Cash in hand		1,429,183	855,131
Cash at bank		76,362,570	72,944,311
		77,791,753	73,799,442

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)

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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, 2021

(Expressed in Eastern Caribbean Dollars)

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 August 26, 2022.

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, 2021 (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.

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, 2021

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2021 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, 2021. The amendments had no significant impact on the Credit Union's financial statements.

- IFRS 9, '*Financial Instruments*', IAS 39, '*Financial Instruments, Recognition and Measurement*', IFRS 7, '*Financial Instruments: Disclosures*', IFRS 4, '*Insurance Contracts*', and IFRS 16, '*Leases*' were amended to introduce a practical expedient for modifications by the Interest Rate Benchmark Reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks.

The application of these amendments did not have a material impact on amounts reported and disclosures 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. This practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2021.

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:

- On January 23, 2020, the IASB issued an amendment to IAS 1 providing clarification on how to classify liabilities as current or non-current. The classification depends on the right that exists at the end of the reporting period. The amendments are intended to merely clarify the existing requirements contained in paragraph 69 and 76 of IAS 1. The main changes to the classification requirements include:
 - Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights as the requirement for an 'unconditional' right has been deleted from paragraph 69(d)
 - Classification is based on the right to defer settlement, and not intention (paragraph 73), and
 - If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

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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 1, '*Presentation of Financial Statements*' was amended to change the requirements with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policies". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

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 the disclosures in 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 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.

- 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.

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Notes to the Financial Statements

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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 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.

Classification and measurement 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.

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

Notes to the Financial Statements
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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.

(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 and cash at bank. Cash is measured at amortised cost.

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

Notes to the Financial Statements
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3. Significant Accounting Policies (Cont'd)

(e) Financial Assets

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.

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.

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

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss 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.

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

Notes to the Financial Statements
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3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets

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, 2021, the Credit Union 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:

Stage 1: 12-months ECL

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.

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3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (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 than the gross carrying amount. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Measurement of ECL

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.

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3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (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 an asset is more than 30 days past due.

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

Expected Life

For instruments in 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.

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3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (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.

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3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Impairment of financial assets (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.

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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.

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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.

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

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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.

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, 2021

(Expressed in Eastern Caribbean Dollars)

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

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.

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.

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

Notes to the Financial Statements

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

4.2. Estimates and assumptions

The fair values of financial assets and liabilities as at December 31, 2021 and 2020 are disclosed in Note 5(d).

Allowance for impairment on loans

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.

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 2021 and 2020.

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

Notes to the Financial Statements

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(Expressed in Eastern Caribbean Dollars)

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.

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

Notes to the Financial Statements
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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:

	2021 \$	2020 \$
Credit risk exposure relating to on-statement of financial position items: -		
Cash at bank	76,362,570	72,944,311
Financial investments	67,803,563	67,875,358
Other receivables and assets	490,823	242,905
Loans and advances to members	171,221,560	159,277,382
	<u>315,878,519</u>	<u>300,339,956</u>
Credit risk exposure relating to off-statement of financial position items: -		
Loans commitments	10,764,545	7,996,665
	<u>326,643,064</u>	<u>308,336,621</u>

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: -

	2021 \$	2020 \$
Social	2,793,757	3,950,032
Insurance	388,596	460,716
Debt Consolidation	6,367,182	6,785,604
Education	7,711,666	8,155,920
Medical	1,135,775	1,832,385
Mortgages and Real Estate	69,267,666	65,109,091
Renovations	6,318,595	7,233,086
Christmas Wish maker	12,649,987	12,355,217
Vehicles	9,079,533	9,514,461
Refinancing	631,553	596,725
Consumer loans/other	66,295,476	52,753,049
	<u>182,639,786</u>	<u>168,746,286</u>

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, 2021
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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:

	2021 \$	2020 \$
Neither past due nor impaired	50,084,130	41,830,482
Past due but not impaired	101,690,016	115,283,202
Impaired but not deemed total loss	18,595,531	903,834
Impaired	13,248,370	11,712,934
Gross	183,618,047	169,730,452
Allowance for impairment losses	(14,779,005)	(10,453,070)
Net	168,839,042	159,277,382

Loans and advances for which the loss allowance is measured at:

	Stage 1		Stage 2		Stage 3		Total
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	
Gross	151,774,146	157,113,684	18,595,531	903,834	13,248,370	11,712,934	183,618,047
Less allowance for impairment on loans and advances	(4,254,222)	(3,273,733)	(2,235,915)	(195,107)	(8,288,868)	(6,984,230)	(14,779,005)
	147,519,924	153,839,951	16,359,616	708,727	4,959,502	4,728,704	168,839,042
							159,277,382

Further information on the allowing for impairment on loans and advances to members is provided in Note 10.

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, 2021

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5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(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:

	2021 \$	2020 \$
Past due up to 30 days	101,690,016	115,283,202
Past due 31 – 89 days	18,595,531	903,834
Past due 90 days	13,248,370	11,712,934
	<u>133,533,917</u>	<u>127,899,970</u>

(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.

	2021 \$	2020 \$
Individually Impaired loans		
Stage 3	11,175,978	8,993,043
Total	<u>11,175,978</u>	<u>8,993,043</u>

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

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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, 2021 Individually impaired loans	611,998	4,868,240	743,845	4,951,895	11,175,978
As at December 31, 2020 Individually impaired loans	313,299	4,615,455	195,928	3,868,361	8,993,043

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 \$11,175,978 (2020 : \$8,993,043).

(iv) Reposessed assets

The Credit Union may foreclose on overdue loans by reposessing 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 reposessed assets for the year ended December 31, 2021 and 2020.

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, 2021

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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, 2021 and 2020:

	Loans and Receivables - Bonds \$	Loans and Receivables - Deposits \$	Loans and Receivables - Treasury bills \$	Total \$
As at December 31, 2021				
CariBBB to CariBBB+	28,471,040	-	17,463,580	45,934,620
Unrated	-	20,253,402	-	20,253,402
Total	28,471,040	20,253,402	17,463,580	66,188,022
As at December 31, 2020				
CariBBB to CariBBB+	28,986,263	-	17,423,949	46,410,212
Unrated	-	19,923,243	-	19,923,243
Total	28,986,263	19,923,243	17,423,949	66,333,455

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

Notes to the Financial Statements
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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, 2021							
Other payables and accruals	2,426,433	2,426,433	2,426,433	-	-	-	-
Deposits from members	39,778,357	39,778,357	39,778,357	-	-	-	-
Withdrawable shares	218,692,571	218,692,571	218,692,571	-	-	-	-
	<u>260,897,361</u>	<u>260,897,361</u>	<u>260,897,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	-	-	-	-
	<u>245,217,134</u>	<u>245,217,134</u>	<u>245,217,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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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, 2021						
Financial Assets						
Cash at bank	76,362,570	-	-	-	-	76,362,570
Financial investments	-	5,502,364	45,295,590	15,004,391	1,615,541	67,417,886
Other receivables and assets	-	-	-	-	490,823	490,823
Loans and advances to members	-	11,392,851	8,485,687	162,761,248	978,261	183,618,047
Financial Liabilities						
Other payables and accruals	-	-	-	-	(2,426,433)	(2,426,433)
Deposits from members	(39,778,357)	-	-	-	-	(39,778,357)
Withdrawable shares	(218,692,571)	-	-	-	-	(218,692,571)
Total interest sensitivity gap	(182,108,358)	16,895,215	53,781,277	177,765,639	658,192	66,991,965

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

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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, 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 and other assets	-	-	-	-	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	177,198,636	(1,160,997)	55,122,822

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

Notes to the Financial Statements
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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: -

	2021 \$	2020 \$
Financial Assets		
Loans and receivables	66,910,331	66,982,126
Loans and advances to members	170,243,299	158,293,216
	<u>237,153,630</u>	<u>225,275,342</u>
Financial Liabilities		
Deposits from members	39,778,357	35,833,927
Withdrawable shares	218,692,571	207,775,230
	<u>258,470,928</u>	<u>243,609,157</u>

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

	2021 %	2020 %
Financial Assets		
Cash	0.25	0.25
Financial investments	1.25-6.75	1.75 - 6.95
Loans and advances to members	5.0 -14.00	5.0 - 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
<u>2021</u>			
Cash at bank	±0.50%	±376,478	±376,478
Investment securities	±0.50%	±339,197	±339,197
Loans and advances to members	±0.50%	±826,302	±826,302
Members deposits	±0.50%	±189,031	±189,031
<u>2020</u>			
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

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

Notes to the Financial Statements

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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, 2021				
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	-	-	66,910,331	66,910,331
Loan and advances to members	-	-	171,221,560	171,221,560
	-	-	238,131,891	238,131,891
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
Loans and advances to members	-	-	159,277,382	159,277,382
	-	-	226,259,508	226,259,508

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

Notes to the Financial Statements

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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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial assets				
Loans and advances to members	66,910,331	158,293,216	66,801,434	156,824,149
Investment securities				
Loans and receivables	182,645,181	66,982,126	163,810,643	66,843,290

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, 2021.

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

Notes to the Financial Statements

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6. Capital Risk Management (Cont'd)

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 (2020 - \$28,616,568). The regulatory capital is divided into two levels: -

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

	2021 \$	2020 \$
Institutional capital		
Share capital	16,437,263	16,469,714
Retained earnings	7,236,582	9,643,518
Statutory reserve	33,244,030	32,889,905
Total institutional capital	56,917,875	59,003,137
Transitional 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	844,465
Fair value reserve	243,805	210,430
Total transitional fund	2,356,538	2,323,163
Total regulatory capital	59,274,413	61,326,300

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

	2021 \$	2020 \$
Cash on hand	1,429,183	855,131
Cash at bank	76,362,570	72,944,311
	77,791,753	73,799,442

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.

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

Notes to the Financial Statements

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8. Financial Investments

	2021		2020	
	Cost	Carrying	Cost	Carrying
	\$	Value	\$	Value
		\$		\$
Fair value through other comprehensive income (FVOCI):				
Listed				
- Eastern Caribbean Financial Holding Limited				
20,452 ordinary shares at \$4 (2020 - \$4.48)	204,520	81,808	204,520	91,625
- St. Lucia Electricity Services Ltd.				
2,100 ordinary shares at \$20.00 (2020 - \$20.00)	40,000	42,000	40,000	42,000
Unlisted				
- Eastern Caribbean Home Mortgage Bank				
1,642 ordinary shares at \$152.36				
(2019 - \$152.36)	250,180	250,180	250,180	250,180
- 1st National Bank St. Lucia Limited				
33,820 ordinary shares at \$16.34 (2020 - 32,930				
at \$15.47)	305,000	552,619	305,000	509,427
Total FVOCI Investments	-	926,607	-	893,232
<u>Amortised cost</u>				
St. Lucia Government Bonds	-	11,009,040	-	11,524,263
St. Lucia Government Treasury Bills	-	1,609,120	-	1,609,120
St. Lucia Government Treasury Note	-	10,000,000	-	10,000,000
Eastern Caribbean Home Mortgage Bank Bond	-	12,462,000	-	12,462,000
	-	35,080,160	-	35,595,383
Repurchase agreements				
St. Lucia Government Bonds	-	4,865,468	-	8,419,410
St. Vincent and the Grenadines Government Bonds	-	5,988,992	-	2,395,419
	-	10,854,460	-	10,814,829
	-	45,934,620	-	46,410,212
Fixed Deposits				
1st National Bank St. Lucia Limited	-	16,146,146	-	15,886,627
Bank of Saint Lucia Limited	-	4,107,256	-	4,036,616
	-	20,253,402	-	19,923,243
Interest Receivable	-	722,309	-	648,671
Total Amortised cost Investments	-	66,910,331	-	66,982,126
Less Allowance for ECL impairment	-	419,052	-	-
		66,491,279		66,982,126
Total Financial Investments	-	67,417,886	-	67,875,358

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, 2021
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9. Other Receivables and Other Assets

	2021 \$	2020 \$
Other receivables and other assets	683,077	435,159
Allowance for impairment	(192,254)	(192,254)
	<u>490,823</u>	<u>242,905</u>
Allowance for impairment		
Balance - beginning and end of year	<u>192,254</u>	<u>192,254</u>

10. Loans and Advances to Members

	2021 \$	2020 \$
Loans	115,103,151	110,004,803
Mortgages	67,536,635	58,741,483
	<u>182,639,786</u>	<u>168,746,286</u>
Interest receivables	978,261	984,166
	<u>183,618,047</u>	<u>169,730,452</u>
Allowance for impairment	(14,779,005)	(10,453,070)
	<u>168,839,042</u>	<u>159,277,382</u>
	2021 \$	2020 \$
Impairment Losses		
Current year losses	4,325,935	2,746,618
Recovery of amounts previously written-off	(121,009)	(147,528)
	<u>4,204,926</u>	<u>2,599,090</u>

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
Credit loss expense	980,489	2,040,808	1,304,638	4,325,935
Expected Credit Loss Allowances as at December 31, 2021	4,254,222	2,235,915	8,288,868	14,779,005

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, 2021

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11. Property and Equipment

	Land \$	Freehold Buildings \$	Leasehold Improvements \$	Furniture and Equipment \$	Total \$
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 31, 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
Year ended December 2021					
Opening net book value	3,218,986	1,370,311	-	759,050	5,348,347
Additions	-	108,791	152,261	523,104	784,156
Depreciation charge (Note 24)	-	(39,991)	-	(460,242)	(500,233)
Closing net book value	3,218,986	1,439,111	152,261	821,912	5,632,270
At December 31, 2021					
Cost	3,218,986	1,963,737	197,947	2,966,679	8,347,349
Accumulated depreciation	-	(524,626)	(45,686)	(2,144,767)	(2,715,079)
Net book value	3,218,986	1,439,111	152,261	821,912	5,632,270

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, 2021
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12. Other Payables and Accruals

	2021	2020
	\$	\$
Accruals	319,831	420,636
Other payables	2,106,602	1,187,341
	<u>2,426,433</u>	<u>1,607,977</u>

13. Deposits from Members

	2021	2020
	\$	\$
Registered Homeowners Savings Plan (R.H.O.S.P.)	410,013	300,333
Special savings	33,169,080	30,093,642
S.O.C.A. savings	5,834,651	5,439,952
Debit Card deposits	364,613	-
	<u>39,778,357</u>	<u>35,833,927</u>

Members fixed deposits are payable on demand and has effective interest rates ranging from 2% to 4% (2020: 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

	2021	2020
	\$	\$
Dividends declared	1,777,220	1,676,827
Patronage refund	2,012,907	2,428,845
Converted to shares and distributed	(3,790,127)	(4,105,672)
Balance - end of the year	<u>-</u>	<u>-</u>

The dividend proposed and approved at the 2021 annual general meeting was paid by the issuance of additional ordinary shares, withdrawable shares, and deposits to members' savings accounts. The patronage refund of 13.5% (2020 - 10%) approved at the meeting was deposited to members' savings accounts.

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

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16. Share Capital

	No. of Shares	2021 \$	No. of Shares	2020 \$
Ordinary Shares				
Balance - beginning of year	3,293,943	16,469,714	3,296,022	16,480,111
Issued	-	-	-	-
Withdrawn	(6,490)	(32,451)	(2,079)	(10,397)
Balance - end of year	3,287,453	16,437,263	3,293,943	16,469,714

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

	2021 \$	2020 \$
Balance - beginning of year	32,889,905	31,561,349
IFRS 9 transition adjustments	-	303,742
Allocation from retained earnings	-	975,924
Increase in allocation	349,718	-
Entrance fees	4,407	48,890
Balance - end of year	33,244,030	32,889,905

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

	2021 \$	2020 \$
Balance - beginning and 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. During the year, no contribution were made to this fund

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, 2021
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20. Funeral and Burial Benefits Scheme

	2021 \$	2020 \$
Balance - beginning of year	844,465	851,885
Benefits paid	-	(7,420)
Balance - end of year	844,465	844,465

The board decided not to make any further allocations to this reserve as it is sufficiently funded to support all future payments to beneficiaries.

21. Fair Value Reserve

	2021 \$	2020 \$
Balance - beginning of year	210,430	26,571
Fair value increase in investments at FVTOCI	33,375	183,859
Balance - end of year	243,805	210,430

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

	2021 \$	2020 \$
Interest on savings account - Bank of Saint Lucia Limited	173,246	128,262
Interest on savings account - 1st National Bank St. Lucia Limited	1,229	995
Interest on fixed deposits - other	365,198	371,525
Interest on government bonds and treasury bills	1,837,230	1,725,768
Other	45,475	27,575
	2,422,378	2,254,125

23. Other Operating Income

	2021 \$	2020 \$
Insurance administration fees	94,204	89,142
Family Indemnity Plan (FIP) income	161,996	152,478
Other	54,872	46,482
	311,072	288,102

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

Notes to the Financial Statements
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24. Operating and Administrative Expenses

	2021	2020
	\$	\$
Advertising and promotion	381,723	317,753
AGM expenses	70,327	75,855
Audit fees	65,000	64,463
Bank charges	26,647	28,208
Board and committee expenses	121,507	237,104
Credit union week	51,050	15,674
Cuna insurance	1,172,810	1,142,306
Depreciation (Note 11)	500,233	314,162
Donations	25,600	66,419
General insurance	46,721	47,416
Members expenses	1,131	1,628
Office supplies and stationery	105,712	97,602
Professional fees	20,348	49,541
Property taxes	32,204	32,204
Rent	45,900	45,900
Repairs and maintenance	690,995	545,680
Security	175,164	169,773
Scholarships	100,016	111,455
SOCA expenses	-	1,628
Staff-related expenses (Note 25)	3,418,070	2,966,614
Utilities	409,046	341,335
Debit card production fee	2,432	-
	<u>7,462,636</u>	<u>6,672,720</u>

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, 2021

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25. Staff-related Expenses

Included in operating and administrative expenses are the following: -

	2021 \$	2020 \$
Senior Management		
Salaries	921,790	919,800
National Insurance contributions	26,750	27,000
Allowances	51,100	51,600
Bonus	31,740	31,540
Gratuity	33,600	12,743
	<u>1,064,980</u>	<u>1,042,683</u>
Other Staff Costs		
Salaries and wages	1,915,089	1,612,505
National Insurance contributions	96,126	80,581
Allowances	13,600	10,800
Bonus	53,560	51,344
Overtime	37,110	23,092
Uniforms	93,714	-
Staff training and development	28,779	16,616
Staff benefits	115,112	67,823
Gratuity	-	61,170
	<u>2,353,090</u>	<u>1,923,931</u>
	<u>3,418,070</u>	<u>2,966,614</u>

The total number of administrative staff as at December 31, 2021 was 79 (2020 - 65).

26. Related Party Transactions

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

	2021 \$	2020 \$
Shares and deposits	1,483,078	1,453,376
Loans and advances	2,117,998	1,793,979



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