

2022 ANNUAL REPORT

**COMING TOGETHER
TO SECURE
OUR FINANCIAL
FUTURE**





JANNOU Online Banking provides a secure way to Manage your finances from the comfort of your home.

National Anthem

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

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

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

Lyrics: Rev Charles Jesse FMI

Music: Sir Leton Thomas KCMG, SLC, OBE, CBE

Prayer of St. Francis of Assisi

Lord make me an instrument
of Thy peace
Where there is hatred,
let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light; and
Where there is sadness, joy.

O divine Master grant that I may not
So much seek to be consoled as to
console;

To be understood as to understand;
To be loved as to love;
For it is in giving that we receive;
It is in pardoning that we are
pardoned; and it is in dying that we are
born to eternal Life.



Standing Orders

1. (a) A member shall stand and state his name when addressing the chair.
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when recognized or called upon by the Chairperson to do so, after which, he shall immediately take his seat.
3. No member shall address the meeting except through the Chairperson
4. A member shall not speak twice on the same subject, except:
 - (a) the mover of a motion who has a right to reply.
 - (b) the member rises to object to or explain any matter (with the permission of the Chair).
5. No speeches shall be made after the "Question" has been put to the meeting.
6. The Mover of a 'Procedural Motion' – (that is a motion for adjournment laid on the table, or motion to postpone) shall have no right to reply.
7. A member rising on a "Point of Order" shall state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders.)
8. A member shall not "call" another member 'to order'.
 - (a) A member may draw the attention of the Chairperson to a 'breach of order'.
 - (b) On no account can a member call the Chairperson 'to order'.
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, an amendment to it fails.
11. The Chairperson shall have the right to a 'casting vote'.
12. If there is an equality of voting on an amendment, and if the Chairperson does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for protection by the Chairperson for vilification (personal abuse) among members.
14. No member shall impute improper motives against another.

COMING TOGETHER

To Secure your Financial Future



JANNOU
CREDIT UNION
Together we can move mountains

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

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OUR BRANCHES

CASTRIES

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

VIEUX FORT

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

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

NOTICE OF MEETING

NOTICE is hereby given that the 42nd Annual General Meeting of the **JANNOU Credit Union** will be held at the Conference Room of the Finance Administrative Centre, Pointe Seraphine Castries on Friday December 22nd, 2023 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 41st 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



LISA GOODMAN
SECRETARY

President's Message 2022



“I urge you to take full advantage of your credit union membership, allowing it to work for you as we successfully move mountains together.”

My Fellow Cooperators,

As we forge ahead into 2023, it is with a great sense of gratitude and fulfillment that I reflect on 2022 and the successes we have achieved despite the myriad of challenges associated with the COVID-19 pandemic. The year began with great uncertainty, but we maintained equal determination to steer JANNOU Credit Union through the tough economic times.

Throughout 2022, as our region and the world slowly started to recover from the economic contractions caused by the pandemic, the impact of the Ukraine war further hindered economic growth. Mindful of the resulting negative impacts of inflation on our membership, in the form of increased prices for fuel, food, and services, our Credit Union has been committed to improving our services and processes, making managing finances easier and more convenient for our members.

We have been encouraging our members to embrace the electronic services provided by the Credit Union, resulting in fewer visits to our physical branches. Consequently, we have successfully attracted new membership applications, leading to an increase in our total membership. In 2022, we warmly welcomed 463 new members, with 63% of them falling between the ages of 16 to 35. Our loan programs, including mortgages, consumer loans, personal loans, medical loans, business loans, and special promotions such as “My Ride” and “Christmas Wishmaker,” were a resounding success, with over \$15 million in new loans granted. As a result of this growth in the loan portfolio, our total assets increased to \$346 million.

At JANNOU, we prioritize the financial needs of our membership and are continuously developing products to meet their requirements. The Compliance Department plays a crucial role in protecting our members’ investments through due diligence and ensuring compliance with key regulatory requirements.

The effective management of JANNOU is supported by the expertise and diverse experiences of the Board, Supervisory

Committee, and Credit Committee. Their wide range of professional backgrounds contributes to a robust decision-making process, ensuring the sustainable future of JANNOU Credit Union. Moreover, we believe in upskilling all our volunteers, keeping them well-informed about current trends and fostering a valuable asset to our Credit Union. Our volunteers have actively participated in training and professional development programs.

In addition to our financial services, JANNOU has remained dedicated to its corporate and social responsibility, engaging in philanthropic initiatives to give back to members, schools, and disadvantaged individuals in need.

We assure our members that JANNOU Credit Union will operate safely through prudent decision-making, adhering to prudential standards for Credit Unions, and strictly enforcing relevant financial services sector

legislations. As a member or owner of JANNOU Credit Union, you are part of a strong, financially sound institution. With the commitment of our volunteers, dedicated management team, and efficient staff, we are well-positioned to meet your personal financial needs and guide you towards financial peace and freedom. I urge you to take full advantage of your credit union membership, allowing it to work for you as we jointly "Move Mountains" towards success.

As my tenure as President and Director comes to an end, I want to express my sincere gratitude to all our members for their trust and confidence in me. Your support has been invaluable, and the experiences gained throughout my time in these roles have profoundly shaped both my personal and professional life.

Looking forward to the 2023 chapter of our story, I remain anxious yet excited to see where our journey will take us. I encourage you all to be a part of JANNOU's continued success by exploring our Education and Volunteer opportunities.

I would like to conclude with a quote by Nancy Woodland, Verity Board Chair: "The path ahead is bright, and our footing is sure. We're glad to be in this as Your Partners for Your Future."

Thank you for being an integral part of the JANNOU Credit Union family.

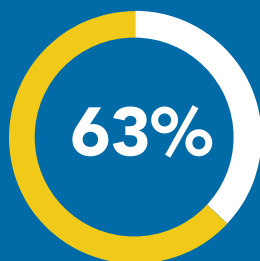
JANNOU Credit Union 2022 HIGHLIGHTS

15 Million

In New Loans

Increase in
Total Assets
to

346 Million



Members between ages 16-35

Facilitating Ease of Access
to JANNOU's Services

A handwritten signature in black ink, appearing to read 'Dayne Emmanuel', written over a horizontal line.

DAYNE EMMANUEL
PRESIDENT

JANNOU 2022 Board of Directors



Dayne Alexander - Emmanuel

PRESIDENT

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

Lisa Goodman

SECRETARY

Profession: Senior Tax Inspector

Qualification: Masters in Project Management, BSc (Hons) Management Studies, Development Educator CaribDE 15

Substantive Position: Taxpayer Services Supervisor, Inland Revenue Department

Board Member Since: 2022

Served on: Credit Committee; Rebranding Committee, Anniversary Committee, Education Committee, Strategic Plan 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

VICE PRESIDENT

Profession: Social Worker/ Counsellor

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

Substantive Position: Retired Public Officer

Board Member Since: 2018

Served on: Education Committee, Anniversary Committee Human Resource 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

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

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.

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

Shervon Pierre


Profession: Attorney-at- Law

Qualification: Legal Education Certificate (Merit) LLB (Hons)

Substantive Position: Senior Associate

Board Member Since: 2022

Served on: Regulatory/ Legislative Committee Risk Committee



At **JANNOU** we can help you Grow
your Savings providing you with the
peace of mind that your Financial
Future is Secure

Steady Savings, no matter how small
goes a long way into creating a
Great Financial Future.



Overview

"I am very proud of the direction that Jannou is heading and the steps we are taking to get us to become more efficient."

The Board of Directors, Committees, Management, and Staff continued to work cooperatively within this highly regulated environment to provide a strong and sound credit union for the future development of our members. We developed an Enterprise Risk Management approach to enhance our decision-making processes ensuring that we protect our members hard earned savings which was entrusted to us for safekeeping.

As Jannou Credit Union strives to serve our members in this uncertain environment (where interest rate wars within the financial service sector coupled with legislations which increases the financial cost of doing business for the credit unions), we continue to ensure safe financial stewardship of the assets of the credit union, providing members with high quality financial services at competitive prices.

I am very proud of the direction that Jannou is heading and the steps we are taking to get us to become more efficient, relevant, and effective in this ever-demanding environment.

Thanks to the Board of Directors, Committees, Management and Staff who worked tirelessly to provide the much-needed services to you, our members.

A special thanks to our valued members for your continued support throughout the years.

Ms.Emmerlyn Monroe
General Manager

JANNOU CREDIT UNION

Risk Management Approach



Mr. Celestin Laurent
Deputy General Manager

Meeting Attendance Record & General Statistics

Table 1- Meeting Attendance Record 2022

BOARD	POLICY			LOANS			SPECIALS			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
JUNIA EMMANUEL-BELIZAIRE	8	8	-	5	5	-	12	12	-	3	3	-
DAYNE ALEXANDER	12	12	-	6	5	1	15	14	1	4	4	-
BEVERLEY-ANN POYOTTE	12	12	-	6	6	-	15	14	1	4	2	2
LISA GOODMAN	4	4	-	1	1	-	3	3	-	2	2	-
KERVYN TOBIAS	12	10	2	6	5	1	15	15	-	4	3	1
JOSHUA VERNOR	12	11	1	6	6	-	15	14	1	4	3	1
AUGUSTIN GASPARD	12	12	-	6	6	-	15	12	3	4	4	-
ELSA MATHURIN	12	12	-	6	6	-	15	15	-	4	4	-
VENUS ALCINDOR	8	7	1	5	4	1	9	8	1	1	1	-
LINDA BERTHIER	12	11	1	6	4	2	15	14	1	4	3	1
SHERVON PIERRE	4	4	-	1	1	-	3	2	1	2	2	-

Table 1.1- Meeting Attendance Record 2022

SUPERVISORY COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
ANNETTE DESIR-BUTCHER	23	23	-	5	4	1	4	4	-
VERNA KHADOO-MATHURIN	23	20	3	5	5	-	4	2	2
KEARL MARTHA DUVAL-GABRIEL	23	21	2	5	5	-	4	4	-
YANICE VITALIS	23	22	1	5	5	-	4	4	-
MARCELLIN ST EDWARD-PREVILLE	23	20	3	5	5	-	4	4	-

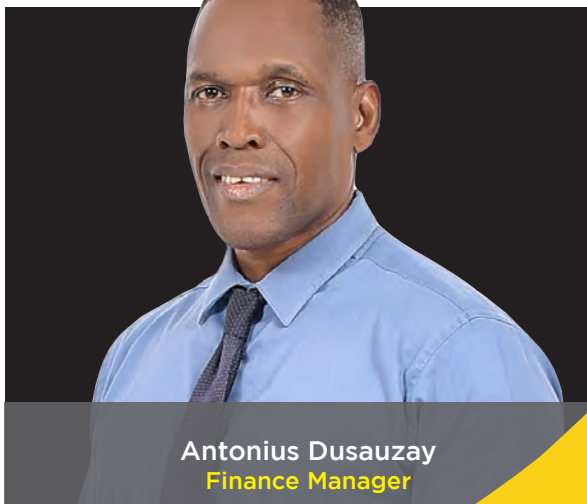
Table 1.2- Meeting Attendance Record 2022

CREDIT COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
SHERMAN SYLVESTER	59	56	3	2	2	-	3	3	-
RICARDO CORSINIE	26	24	1	2	2	-	2	2	-
SHORNA DENIS	84	71	13	4	4	4	4	4	-
KEEGAN PREVILE	84	73	11	4	3	1	4	3	1
SHAMA JOSEPH	86	52	14	3	1	2	3	1	2
ISA ALEXANDER	84	68	16	4	4	-	4	4	-
JEANIQUE LOUIS	15	14	1	1	1	-	1	1	-

General Statistics Table:

FINANCIAL FACTORS (\$'000)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assets	173,730	187,553	198,723	223,521	245,855	266,752	286,166	306,543	320,172	345,524
Cash Resources	10,613	12,276	13,995	19,372	32,181	38,223	56,532	73,799	77,792	83,176
Investments	33,622	35,379	35,737	44,669	46,399	60,140	62,398	67,875	67,418	62,305
Loans to Members	124,763	134,918	142,735	152,023	160,525	162,734	161,362	159,277	168,839	193,730
Fixed Assets	4,546	4,504	4,452	4,580	4,614	5,122	5,252	5,348	5,632	5,524
Total Liabilities	136,521	146,989	161,963	178,901	193,646	208,654	227,522	245,217	260,897	270,319
Withdrawable Shares	119,696	132,359	145,135	157,502	169,645	181,616	196,100	207,775	218,693	229,634
Permanent Shares	9,431	10,293	11,354	12,737	13,877	15,187	16,480	16,470	16,437	16,329
Deposits	12,439	13,663	15,910	20,266	22,899	25,956	29,981	35,834	39,778	44,143
Reserves	20,735	22,695	22,867	25,929	29,229	31,712	33,708	35,601	35,601	37,756
Retained Earnings	2,946	3,054	2,539	5,953	9,103	11,202	8,455	9,644	7,237	14,120
Members Equity	37,209	40,563	36,760	44,620	52,209	58,098	58,643	61,326	59,274	68,205
Loans Approved	55,659	57,012	60,674	61,859	63,396	60,029	61,035	62,777	75,811	77,513
Net Income	5,662	6,615	6,353	11,388	11,826	9,966	5,746	5,283	1,782	10,673
Dividend - Withdrawable shares	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dividend – Ordinary Shares	877	982	1043	591	660	718	791	783	821	325
Patronage Refund	1,272	1,385	1,416	2,347	2,344	2,406	3,281	2,428	2,013	1,057
Membership	14,401	14,941	15,446	15,913	16,675	17,173	17,768	18,227	18,669	18,823
No. of Loans	10,357	11,223	11,182	10,514	10,995	11,037	10,407	7800	9,059	10,345

Our Management Team







Staff Movement & Changes



Nine (9) new persons joined our staff complement and have been assigned as follows:

Helia Plante - *Risk Rating Officer*

Ludwin Destang - *IT Support Officer*

Vernella Jacob - *Risk Rating Officer*

Christian Joseph - *Teller*

Charlize Leonty - *Teller*

Mark Mondesir - *Member Services Representative*

Krystal Griffith - *Loans Administrative Officer*

Jonel Ochilien - *Member Services Representative*

Brianna Gittens - *Teller*

Line Staff

Alin Verneuil	Donovan Denis	Kirsten Savery	Olivia Cornielle
Andrea Remy	Edwin Charlery	Laura Placide	Priscilla Oscar
Angel Jules	Eldon Paul	Latoya Alphonse	Priscilla Sidonie
Bibiana Etienne	Emerlyn Auguste	Lylius Joseph	Renelle Simon
Camille Lubrin	Gemille David	Malaugue Vitalis	Ria Marius
Cassia Joseph	Gina John Abdel Qader	Marciana Gabriel	Sarica St. Rose
Cheryl Joseph	Heather James	Marlan Biscette	Shenel Lionel
Cheyenne Quilan	Icub Job	Martin Lafeuillee	Sheralye Alcindor
Cleavert Jn. Baptiste	Jacinta Jn. Charles	Marylene Cherry William	Sherkeira Williams
Chloe Daniel	Jessica Mc Vane	Menassia Nelson	Stancia Alexander
Christal Journey	Justina Samuel	Mercedes Fanis	Sylca Philip
Cindy James	Joel Davidson	Merna Emmanuel	Tony Abraham
Dayci Innocent	Jonathan Thompson	Miguel Moses	Tyrese Alexander
Devaughw Charles	Kendal Anthony	Natoya Arno	Valarie Charles
Donna Mathurin	Kernia Sérieux	Neighman Lascaris	

STAFF AWARDS FOR *Excellence* 2022



Mr. Edwin Charlery
Employee of the Year



Ms. Dayci Innocent
Runner Up

Members of staff were again recognized for excellence in 2022. *Mr Edwin Charlery* was the overall winner for the ***“Employee of the Year”*** with *Ms Dayci Innocent* as the runner up under this category.

Other awards captured by staff included:

CATEGORIES	AWARDEES
Spirit of CSCCU	Olivia Corneille
Above and Beyond	Kendal Anthony
Congeniality	Cindy James
Team Player of the Year (x2)	Sheralye Alcindor, Cleavert JnBaptiste
Corporate Image Award (x2)	Malaugue Vitalis, Laura Placide
Member Focus Award (x2)	Andrea Remy, Marlan Biscette
Teller of the Year	Kernia Serieux
Officer of the Year(Loans Department)	Devaughn Charles
Officer of the Year(Accounts Department)	Mercedes Fanis
Officer of Year(Vieux Fort)	Cassia Joseph
Officer of Year (Member Services Department)	Natoya Arno
Officer of Year (Administration Department)	Camille Lubrin
Pillar of Performance (x2)	Latoya Alphonse, Ria Marius
Pillar of Quality	Menassia Nelson
Pillar Of Service (x2)	Jessica McVane, Jacinta JnCharles
Rising Star Award	Tyrese Alexander
Leadership Award	Donna Mathurin
Supervisor of the Year	Shenel Lionel
Cornelia Mcdonald Award (Productivity)	Icub Job
General Manager's Award(Excellence)	Heather James
Employee of the Year 1st runner Up 2022	Dayci Innocent
Employee of the Year 2022	Edwin Charlery

Congratulations to all our awardees for a job well done.



Vieux Fort Branch UPDATE

In 2022, team Vieux-Fort, our members, the board of directors and the management team worked even more diligently to bring to life our mantra of **“Together we can move mountains”**. This included providing a high quality of service which separates us from competitors to our members. With the support and loyalty of our beloved members, the vision and tactical planning of our management team and the unfaltering guidance of the board of directors, we have been able to maintain high standards in serving our members. Our branch continues to make strides in adapting to the continuously changing times of the business environment while we try to grow, improve our services and remain committed to our members. 2022 reflected educating and giving back at the Vieux-Fort branch.

Our branch hosted Miss Quinty Burton from the Post Secondary Department as an intern for three months beginning November 2022. Miss Burton worked in the Member service department during her tenure. She was a very willing intern and demonstrated diligence while performing her duties. Additionally, our team made a presentation to students at the Post Secondary Department on Financial Management. The discussion was very interactive and the students seemed intrigued by the possibilities when finances are managed properly.

While our loan portfolio recorded a slight decrease of 1.24%, our members who did apply felt comfortable and accommodated in applying or refinancing their loans.

Moreover, our branch’s membership improved by 25% despite the constantly changing economic times. Moreover, in an effort to better serve our members efficiently and to ensure a happy working environment for our staff, we strive to maintain good morale among our employees and encourage self- development.

On credit union open day, we also hosted a health fair for our members. The fair was geared towards sensitizing our members on the ills that plague our society and encourage our members to be more health conscious and to take better care of themselves.

After the renovations of the physical plant of our Vieux-Fort branch, our members have highly praised the comfort brought on by a more spacious environment as they carry out their transactions while maintaining the intimacy that we are valued for. The renovations have improved the efficacy of the team and by extension the satisfaction of our members. The updated physical plant has been greeted with admiration and contentment by the staff and members.

The dedication of the staff members as well as the confidence of our beloved members and the inexorable support of our volunteers helped our branch and members feel that *“Together we can move mountains”*. We look forward to serving our members in the present year with improved efficiency and the warm, welcoming environment which are synonymous with Jannou.



THE 64th ANNUAL INTERNATIONAL CONVENTION

MONTEGO BAY, JAMAICA

T H E M E

Innovation... Integration
NextGen Leadership

CCCCU Annual Convention 2022

A delegation of fourteen (14) participants attended the 64th Annual International Convention from June 17 – 22 2022 at the Ocean Coral Spring, Montego Bay, Jamaica. The delegation comprised Directors, Committees Members, Management and staff. The 2022 Convention Programme provided educational and social opportunities for participants. Some of topics included:

1. Credit Union Role Amidst a changing climate
2. Human Resources (Key Drivers for successful people)
3. Crypto Currencies & Credit Union Response
4. Corporate Governance
5. Data Dilemma
6. Servant Leadership
7. The power of Credit Unions
8. "Live Well, Lead Well"



35

BURSARIES

A total of thirty-five (35) bursaries were awarded to children of members for both the secondary and tertiary level.

2022 SCHOLARSHIPS

SCHOLARSHIPS

AWARDED FOR 2022

CSCCU 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

The 2022 Secondary Schools Scholarship Holders are:

Scholarships (9)

	Students Name	School Assigned	Parents
1	Jashon Taylor	Vieux Fort Secondary	Verna Henry Taylor
2	Layla Samuel	SJC	Lyndon Samuel
3	Jaelyn Henry	SJC	Janelle Augustin
4	Thandi Wilson	SJC	Eugenie Samuel
5	Tiffany Jn Jacques	Hess	Petra Jn Jacques
6	Giana Gilbert	SJC	Martina Gilbert
7	Keril Tobias	SMC	Chima Tobias
8	Collin Mathurin	SMC	Marthaline Leonce
9	Alexia Charles	SJC	Mary Calliste

One (1) Staff Scholarship

	Child	School Assigned	Parent
1	Joshua Ermay	Hess	Sylca Philip

Tertiary Level

Scholarship holders to the Sir Arthur Lewis Community College for 2022 are:

Scholarships (3)

	Child's Name	Parent's Name
1	Rhea Barrett	Liota Charlemagne
2	Nhij Myers	Nichalan Myers
3	Benasha Tuitt	Nyasha Tuitt

Two (2) Staff Scholarships are recommended:

Student's Name	Parent Name
Jelanie Dusauzay	Antonius Dusauzay
Tevin Charles	Shenel Lionel Charles

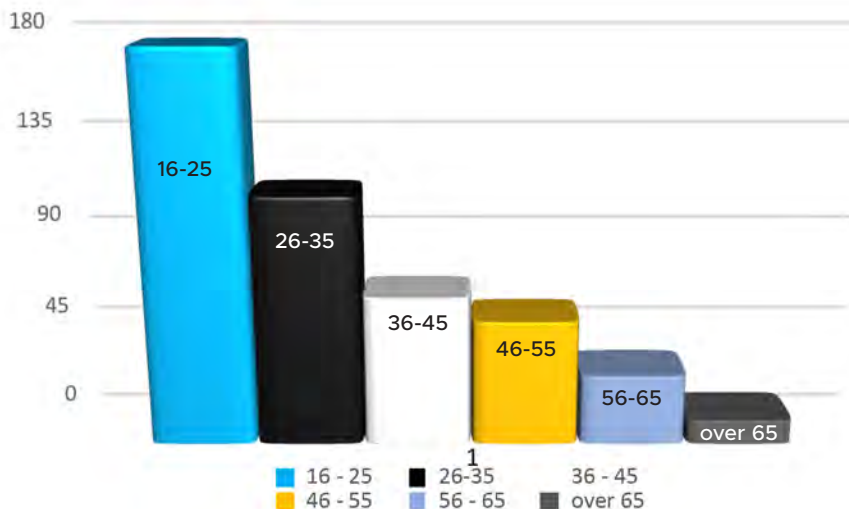


Member Support SERVICES

In 2022, Jannou continued to welcome mostly young persons to our member family.

Of the 457 accounts opened , 63% of all them were persons aged 17 - 35 with 99 of them previously holding SOCA (junior) accounts then applying for full membership.

JANNOU AGE DISTRIBUTION OF NEW MEMBERS



Parents/ Guardians are reminded that SOCA benefits terminate when their child (or ward) reaches the age of 18 and full membership benefits become accessible. Parents are encouraged to contact the Member Service Department for information on how to transition their child/ ward to full Jannou membership status.



SOCA Junior Account members

PLEASE BE REMINDED

SOCA benefits
TERMINATE
at **18 yrs.**

Contact our Member Services
to transition



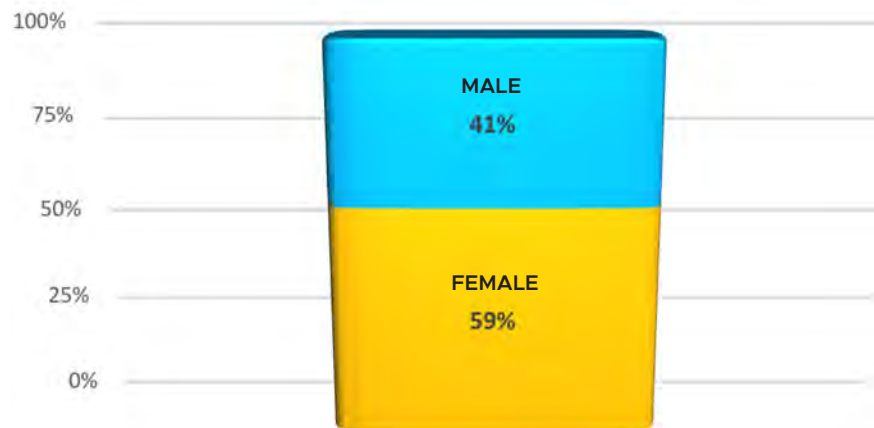
Scan **HERE** to Contact

This year there was a slight reduction in the number of females who joined Jannou. Women accounted for 59% of new members compared to 61% in 2021.

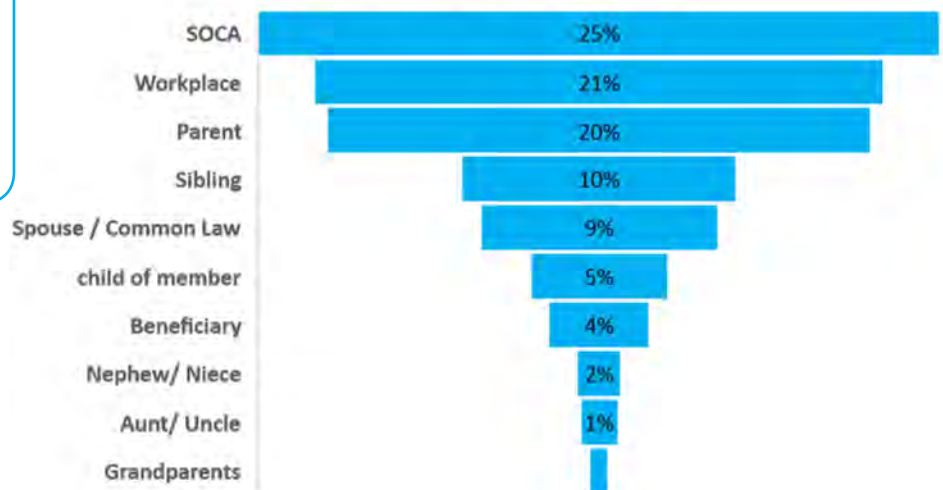
2022 followed the long established trend of membership growth being driven by family members and originating from the Castries branch .

“Once again, the Board wishes to remind applicants and the persons proposing them that **approvals from the membership Committee are only valid for 3 months**. As such we encourage membership applicants to visit our branches as soon as they are notified to complete the account opening process.”

Gender of New Members - 2022



Qualification for Membership



This year 73% of applicants joined through their member relatives while only 27% joined through their workplaces.

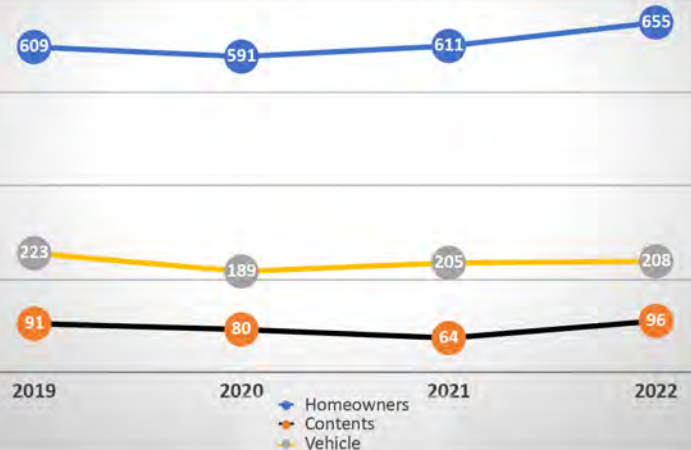
MEMBERSHIP TERMINATIONS

173 Jannou member accounts were closed in 2022. The monthly review of the reasons for the closures identified the death of the member and the payouts of shares to beneficiaries; member relocation out of St Lucia, consolidation of member funds between fewer financial institutions and member job loss among others.

Homeowners, Contents, vehicles & **ALL RISK GROUP PLAN**

Our homeowner's plan still continues to offer coverage to members at very attractive and competitive rates. Plan members were again able to benefit from no increases in the premiums paid for their 2022 - 2023 coverage. However, the major year end weather events (Hurricane Ian and the November trough) will very likely cause plan rates to increase in 2023. All efforts will be directed at managing the process so that our members do not lose out on their group benefits.

**Group Plan Performance Homeowners, Vehicle,
Contents
2019 -2022**



NO INCREASES
in Premiums paid
for
2022 - 2023
coverage period.

Members who may be experiencing difficulty in financing their homeowner premium payments are encouraged to contact Jannou to explore their options. We wish to remind members that our island is very vulnerable to disasters and that the risk and associated costs of damage to property can be life changing. Members may contact the Member Services Department for more information on our group plan and to discuss options.

GROUP MEDICAL INSURANCE PLAN UPDATES

Severe difficulties experienced by Jannou and our members with the administration of the Group Medical plan in 2022 led to a switch in providers to Guardian Insurance.

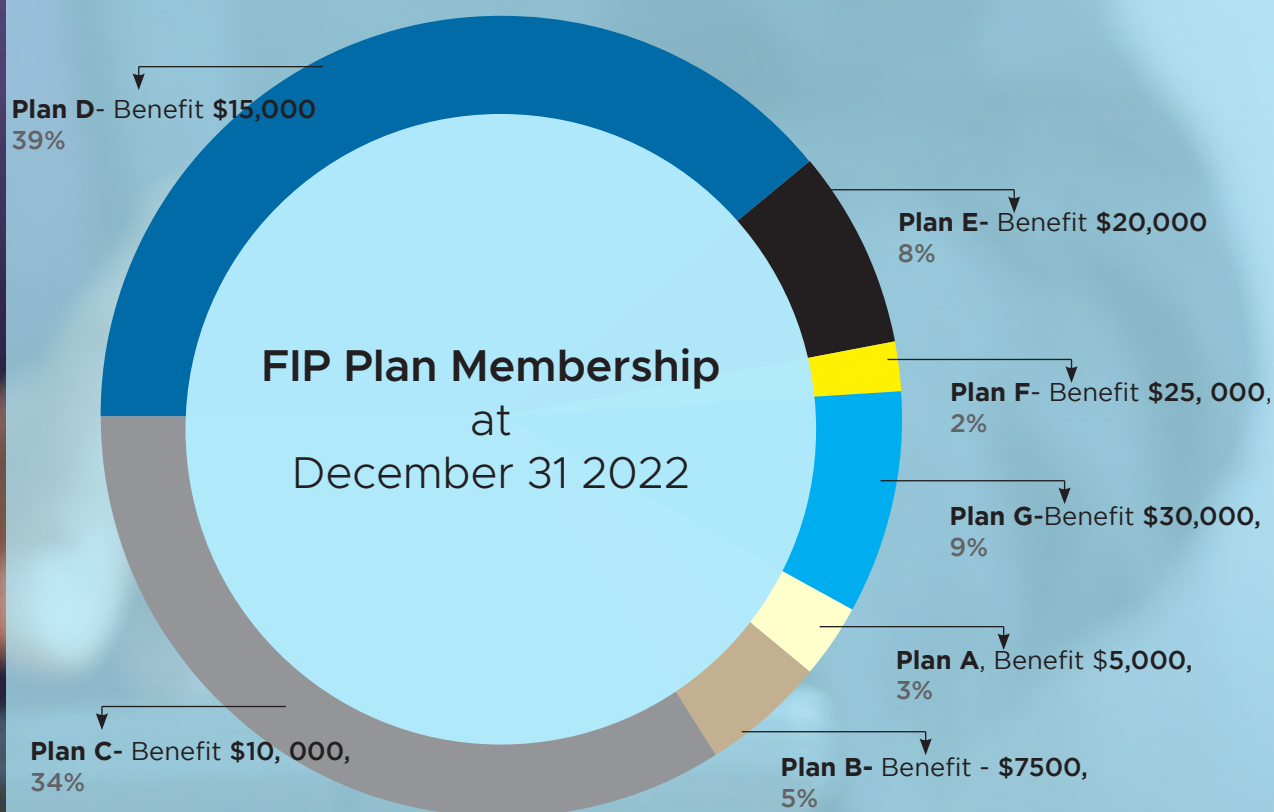
Despite this switch, many members took the opportunity to join our medical plan . we wish to remind all members that monthly medical premium payments should be made on time to not lose access to plan benefits or face cancellation.

We are very proud of this plan as it allows a very wide range of the membership to participate at very reasonable premium rates .

Grouping	Category	Premium
Member	Single	\$108.67
	Employee + 1	\$180.08
	Family	\$276.68
Retirees with Life Benefit (Expires at 70 years)		
	Single	\$93.98
	Employee + 1	\$165.38
Retirees without Life Benefit (70 & over)		
	Single	\$84.00
	Employee + 1	\$155.40

DEATH BENEFITS

In 2022, many members and their families had the opportunity to understand death because it placed its hands on someone they loved as said by Anne L. de Stael. Members were able to access much needed support ranging from \$5,000 up to \$30, 000 from their subscriptions to the **(Family Indemnity Plan)** A total of 187 members received FIP Claim payments totalling XCD 1.75 million for 2022.



\$1.75 Million

FIP Claim payments
for the 2022 period

Contact our Member Services Dept.



Scan HERE to contact

Access from

\$5,000

Up to

-\$30,000

in Benefits from the F.I.P

The Board would like to encourage members to include planning for funeral expenses as a vital component of the family's financial management plan to reduce disruption from the death of loved ones. *Interested members should **contact the Member Services Department**.*

DECEASED MEMBERS FOR 2022

This year 69 members of our Jannou family were laid to rest . *The Board would like to extend sympathies to their family and loved ones .*

Table showing DECEASED MEMBERS FOR 2022

1	ADOLPHUS ANTOINE	24	FRANCIS DELICE	47	MAJORIE JOSEPH
2	ALEXIS COMPTON	25	FRANCIS EDWARDS	48	MARIE THERESA LOUIS
3	AMBROSIA ST CLAIR	26	GEORGE ROLAND	49	MAURISON SAVERY
4	ANITA JAMES	27	GEORGIANA BRAY	50	MC DONALD JOSEPH
5	ANTHEA GOOLAMAN	28	GERALDINE GUSTAVE-GEORGE	51	NATHAN TIMAITRE
6	ANTHONY EVANS	29	GILBERT CHARLERY	52	NEVERN DUJON
7	ANTONIO LEOPOLD	30	IGNATIUS BENETTE ST VILLE	53	PAULA DASH
8	AUGUSTIN FERGICE	31	IRENEUS LEON	54	PETER GUSTAVE
9	AUGUSTIN ST MARTHE	32	IRVIN FRANCOIS	55	RALPH HENRY
10	CELESTINE MOISE	33	JAMES DESMANGLES	56	RAWSON ANTOINE
11	CHERYL DELICE	34	JAMES PRIMUS	57	ROSEMARY MATHURIN
12	CLAUDIUS FLAVIUS	35	JOHN HENRY	58	SANDY JOHN
13	CUTHBERT EMMANUEL	36	JOHN HUSBANDS	59	SEPTIME GUSTAVE
14	CYRIL HILTON	37	JOSEPH CHARLES	60	SHANI WILLIE
15	DARIA PETER	38	JOSEPH NELSON	61	SILVERIUS VIDAL
16	DEANA TERTULLIEN	39	JOSEPH POPO	62	THEODORA JN JACQUES
17	DENISE AUGUSTE-GABRIEL	40	JOSEPHINE PHILIP	63	THERESA ABRAHAM
18	DONALD DANIEL	41	KERWAYNE THOMAS	64	THOMAS ISIDORE
19	ELAINE KNIGHT	42	KEZIAH WILSON	65	UCELLA ALEXANDRE
20	ERNE LARCHER	43	LAMBERT SMITH	66	URSULA PHILIP
21	EULALIE DUVAL	44	LINDA CHARLES	67	YOLAND ETIENNE
22	FLORENT ALEXANDER	45	LINDA LEON	68	YOLAND MELIUS
23	FLORENTIA ISIDORE	46	MAGDELENA JOHNNY	69	YVONNE GREENIDGE



MORE THAN JUST A
MORTGAGE

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Set an appointment with one of our Loans Officers to discuss your options on owning your **new home**.

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☎ (758) 454-9774 (*Vieux Fort*)

📘 | www.jannou.org



SCAN HERE
for pre-requisites



JANNOU
CREDIT UNION
Together we can move mountains

TREASURER'S REPORT

Throughout the 2022 financial we were happy to realise much desired improvements in our business as our country and members continued to recover and persevere in spite of the looming effects of the COVID-19 pandemic. Jannou has also had to deal with the increasingly competitive banking sector, in particular the aggressive loan pricing being implemented by the commercial banks which threatened to have an adverse effect on our loans portfolio. Notwithstanding these challenges, Jannou has maintained a strong financial position and persists with serving members effectively. True to form, Jannou has adapted and employs strategies to continue to meet our members' financial needs and desires.

On the technology front, the uptake of the contactless Visa Debit Card continues to increase with 1,525 Jannou Branded debit cards in circulation by the end of 2022. Further, we continue to leverage available technologies, providing the convenience of "Online Banking" inclusive of a secure messaging platform, as well as facilitating services via email, thus presenting to our members innovative and time-saving alternatives for conducting their business.

To maintain competitiveness in the dynamic financial sector, we constantly monitor critical factors, analyzing saving and borrowing trends, reviewing loan products vs. market offerings, adjusting marketing strategies, and seeking out new opportunities. Additionally, we have embarked upon actively seeking out opportunities to diversify our cash investments to provide even greater returns to members. Expansion of our investment portfolio is a venture we understand needs to be undertaken strategically and responsibly. As such, we are working closely with the regulators in preparing for this and have made in-depth training available to the relevant managers and the Board of Directors. We are also developing our Invest Policy Statement which will establish our investment "rules of engagement" and provide clear guidance regarding any future investment decisions.

Generally, Jannou continues to remain very relevant and successful, achieving a net income of \$10.67 million. This is the highest figure since 2018 and considerably higher than the \$1.78 million of the previous year, demonstrating our impressive recovery from the effects of the pandemic and validating our prediction last year of "a more positive outlook come 2022".

A. STATEMENT OF FINANCIAL POSITION

ASSETS

"Cash" and "Loans and Advances to Members"

As of December 31, 2022, the Statement of Financial Position reported "Total Assets" of \$345.52 million, a 7.9% increase over the prior year. Increased cash inflows from members' deposits continues to keep Jannou very liquid. "Loans and Advances to Members" increased to \$193.73 million in 2022, an impressive 14.74% growth over the 2021 figure of \$168.83 million. Mortgage loans led this growth, accounting for 38% of the \$24.89 million increase, with consumer loans providing the balance.

"Financial Investments"

To further increase income, Jannou actively explored additional investment opportunities. At the end of 2022, investments totaled \$62.30 million, with \$2.18 million realized in interest on investments.

LIABILITIES

Our members continue to express confidence in the institution through increased cash inflows into "Deposits from Members" and "Withdrawable Shares." Shares and deposits reached \$44.14 million and \$229.63 million, respectively, reflecting marginal increases of \$4.37 million and \$10.95 million over the 2021 financial year end. As always, Jannou pursues prudential investments to ensure satisfactory returns.

MEMBERS' EQUITY

In 2022, \$2,133,371 was transferred to the "Statutory Reserve." "Share Capital" declined by \$108,266. "Retained Earnings" for the financial year were \$14.12 million, an impressive increase of \$6.88 million from the prior year's \$7.24 million.

B. STATEMENT OF COMPREHENSIVE INCOME OPERATING INCOME AND GENERAL & ADMINISTRATIVE EXPENSES

"Operating Income"

Jannou recorded total income of \$19.38 million:

- i. Interest Income on Loans and Advances to Members - \$16.80 million
- ii. Investment Income - \$2.18 million
- iii. Other Operating Income - \$395,932

"Operating and Administrative Expenses"

Operating and Administrative Expenses increased by \$1,387,391 over the previous year – a result of, inter alia, returning to full scale operations and the establishment of the Risk Rating and Debit Card Departments. Coupled with "Interest Expense" of \$5.16 million and "Impairment Recoveries" (an improvement over the impairment losses last year) of \$5.03 million, the "Total Comprehensive Income for the Year" was \$10.67 million, a significant increase of \$8.89 million compared to the 2021 figure of \$1.78 million.

CONCLUSION

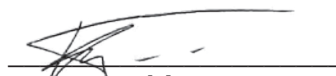
I take immense pride in announcing that Jannou Credit Union continues to stand as a beacon in the industry. Unapologetically committed to upholding integrity in all our operations, we consistently strive to meet international standards, adhere to best practices, and fulfill regulatory requirements while maintaining financial success. This achievement is a testament not only to the selfless dedication of our Board of Directors, Committee Members, and Volunteers but also to the unwavering commitment of

our Management and staff. Their expertise, skills, innovative ideas, and talents are instrumental in sustaining Jannou's prominent position in the financial sector.

A special acknowledgment goes to the Finance

and Investment Committee, whose tireless efforts aim to safeguard your interests and explore innovative avenues for greater returns. As always, we are resolute in our commitment to being your preferred financial institution, placing your needs at the forefront and preserving the trust you have placed in us.

We express sincere gratitude for your continued loyalty, confidence, and 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

		2022		2021		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	29%	1	213%	1	35%
	3 Solvency (Net Value of Assets/Total Shares & Deposits	119%	1	116%	1	>111%
EFFECTIVE FINANCIAL STRUCTURE						
2	1 Net Loans/Total Assets	56%	3	53%	3	70-80%
	2 Savings Deposits/Total Assets	84%	1	86%	1	70-80%
	3 Member Shares Capital/Total Assets	4.7%	2	5.1%	2	Less than or equal to 20%
	4 Institutional Capital/Total Assets	15%	1	13.4%	1	Greater than 10%
ASSET QUALITY						
3	Total Delinquency/Gross Loan Portfolio	6%	2	6.4%	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	2.7%	1	2.40%	1	Maintain 5%
	2 Net Income/Average Assets	1.6%	3	0.6%	3	E4=10%
	3 Fin. Cost : Member Shares	2%	1	2%	1	Market Rate
						Market Rate > Inflation
LIQUIDITY						
5	1 Liquid Reserves/Total Savings Deposit	28.7%	1	28.3%	1	Minimum 15%
	2 Non-Earning Liquid Assets/Total Assets	0.46%	1	0.45%	1	Less than or equal to 1%
SIGNS OF GROWTH						
6	1 Asset	7.9%	1	4.4%	1	Greater than inflation rate
	2 Member Shares	0.00%	2	0.00%	2	To achieve goal in E3
	3 Loans	10.8%	3	6%	3	To achieve goal in E1
	4 Membership	0.8%	2	2.40%	2	Minimum 5%
	5 Institutional Capital	21%	2	-4.5%	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	2022	2021	INCREASE/(DECREASE)	
	\$	\$	\$	%
Assets	345,523,595	320,171,774	25,351,821	7.9
Net Loans	193,729,579	168,839,042	24,890,537	14.7
Members' Withdrawable shares	229,634,133	218,692,571	10,941,562	5
Members' Deposits	44,143,167	39,778,357	4,364,810	11
Shares	16,328,997	16,437,263	(108,266)	(0.006)
Members' Equity	68,204,578	59,274,413	8,930,165	15
Interest Income	16,805,551	15,955,324	850,227	5
Operating and Administrative Expenses	8,850,027	7,462,636	1,387,391	19
Net Operating Surplus	10,643,913	1,748,591	3,623,980	207



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 (January - August 2022)*
3. **Ms. Yanice Vitalis** – *Secretary (September - December 2022)*
4. **Mrs. Martha Kearn Duval-Gabriel**
5. **Ms. Marcellina St. Edward-Preville**

Ms. Verna Khadoo-Mathurin and Ms. Yanice Vitalis started their second term of volunteering following their re-election at the 41st Annual General Meeting held on September 8, 2022.

Section 62 of the Saint Lucia Co-operatives Act of 1999 established the Supervisory Committee

with the primary function of ensuring that the Credit Union maintains a quality system of checks and balances in its daily operation. *The Supervisory Committee is required to verify and report on whether the operations conducted are in accordance with governing rules and regulations, and that assets are properly administered.* We are also required to ensure that Management and the Board of Directors comply with the established policies and procedures in the operation of the Credit Union. We are therefore pleased to present the 2022 Supervisory Committee's report.

During the reporting period we provided oversight of the affairs of the Jannou Credit Union and worked closely with the Internal Auditor to review the risks and internal controls governing operations. Two of our key objectives were to adequately safeguard assets and ensuring that 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 perform its duties, monitoring 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 ensured compliance and operational continuity.

We welcome your concerns, questions, suggestions, and complaints through the use of the Supervisory Committee's box stationed at both the Castries and Vieux Fort branches. The Supervisory Committee has received and addressed complaints and suggestions from members throughout the reporting period and we encourage members to continue using the lines of communication provided. We can also be contacted via email at supervisory@csccreditunion.org. We look forward to hearing from you.

AUDIT REPORTS

During the reporting year, all outstanding audit reports from 2021 were finalized and submitted to the Board of Directors. Additionally, six (6) audits were conducted; four (4) of which were presented to the Board of Directors for necessary action, while two (2) reports remained outstanding.

#	Audit	Status
1	Loans and Lending	Pending submission to the Board of Directors
2	Debit Card	Submitted to the Board of Directors
3	Information Technology	Submitted to the Board of Directors
4	Compliance	Submitted to the Board of Directors
5	Marketing	Pending submission to the Board of Directors
6	Member Services	Submitted to the Board of Directors

One of the drawbacks to the internal audit process was the lack of timely submission of 'Management Comments' and timelines to implement audit recommendations. This matter has been articulated to the Board of

Directors and the Committee is optimistic that the situation will improve in the new fiscal year.

MANAGEMENT ACCOUNTS

The Committee reviewed all monthly management accounts for the year in accordance with Section 81 (5) of the By-Laws, which states *"Within fourteen (14) days of the end of each month, the Treasurer shall submit for attestation by the Supervisory Committee the statement for that month as required by Section 67 (1) of the Act."* The Committee observed that monthly Management Accounts were not being submitted within the timeframe stipulated by the By-Laws and has brought the matter to the attention of the Board of Directors for corrective measures.

CORPORATE GOVERNANCE

Corporate governance in a credit union is pivotal for its sustained success, ensuring ethical practices, accountability, and effective decision-making. The Board of Directors, a cornerstone of governance, must comprise diverse and competent individuals representing members' interest.

Transparency is a key tenet, with open communication channels between the Board of Directors, Management and members. Financial reporting should be accurate and timely and accessible to maintain trust and facilitate informed decision-making. Additionally, Jannou must establish robust risk management frameworks, addressing financial, operational, and compliance risks.

A credit union's governance structure should foster a culture of compliance and ethical practices, which involve implementing and regularly reviewing policies, codes of conduct, and internal controls. Engaging members in the governance process through mechanisms like annual meetings and feedback forums ensures representation and responsiveness to members' needs.

A strong corporate governance framework in a credit union is the linchpin for financial stability, member trust, and long-term viability. It sets the tone for responsible leadership, ethical conduct, and the fulfillment of the credit union's mission to serve the financial well-being of its members.

During the last FSRA's inspection of the operation of Jannou, weaknesses in corporate governance were highlighted. Measures are in place to implement the recommendations which followed the inspection and the Committee looks forward to reporting on the successes at the next AGM.

DELINQUENCY

Loan delinquency during the reporting period decreased by .27% over the prior year; however, it remained 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'. Although a detailed delinquency policy was not implemented during the year in review, measures were put in place, through a 'Delinquency Management and Action Plan', for increased tracking, monitoring and recovery of delinquent loans. The Supervisory Committee is happy to confirm that the measures have resulted in favorable improved loan delinquency ratios for 2023. We look forward to the formulation and implementation of a detailed delinquency policy to complement the efforts already in place.

The loan portfolio balance as at December 31, 2022 stood at \$202.29M; of this balance delinquency totaled \$11.256M. Despite still dealing with the remnants of COVID-19, delinquent loans recorded a decrease of \$2.360M in 2022; this is testament to the effects of the measures implemented. Consumer loans accounted for the \$4.387M of the total balance and mortgage loans \$6.869M. The total number of default loans at the year-end was 378, a reduction of 36 from the prior year.

STRATEGIC PLAN

The Credit Union operated without a strategic plan during the reporting period; however, as of the time of this report, a strategic plan has been instituted to cover the period 2023 to 2025. The strategic plan focuses on the theme "Strengthening JANNOU's Value Proposition through Financial Sustainability, Strong membership and Robust Capacity". The Supervisory Committee supports the strategic plan and looks forward to its successful implementation, and the aligning of the credit union's mission with its operational goals.

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.

Convening the AGM early facilitates timely financial reviews, enabling proactive responses to economic shifts. They enhance transparency, keeping members/owners well-informed about the institution's performance and strategic direction. Early AGMs also provide a platform

for collaborative decision-making, ensuring swift adaptations to market dynamics and regulatory changes. Member engagement is bolstered by promptly addressing concerns and soliciting valuable input. Additionally, an early AGM sets a proactive tone, fostering a culture of responsiveness and agility within the credit union, ultimately contributing to its resilience and sustained member satisfaction.

The late convening of the AGM caused the credit union to operate without some of the subcommittees which assist management and the Board of Directors. For example, the Human Resource Committee was dissolved on the heels of the appointment of the Finance Manager. Even currently, the recruitment of the Compliance Officer is being conducted without inputs from the said committee, which is set up to assist in those areas.

The Supervisory Committee reiterates that in order for financial statements to be useful to the readers, they must be relevant; and that timeliness of having the information is an element of relevancy. The Committee has consistently advocated that the AGM should be convened within the stipulated three (3) month timeframe; however, instead of improving the situation appears to be deteriorating.

The Committee expresses deep displeasure at the delayed convening of the 42nd AGM. This lapse undermines transparency and compromises effective decision-making. Members'/Owners' expectation for prompt updates and involvement have been neglected. Urgent corrective measures are imperative to restore and uphold the commitment to operational efficiency. Late AGMs jeopardize the cooperative spirit and trust within the credit union and undermine issues that demand immediate attention and redress. Members/Owners are therefore encouraged to demand accountability, compliance to the Cooperatives Societies Act and a commitment of improvement from those charged with governance, within the credit union.

ROTATION OF EXTERNAL AUDITORS

The Credit Union's financial statements were first audited by BDO in 2010 and every year since. The Supervisory Committee continues to advocate for the rotation of the external auditors. This rotation in a credit union is crucial for fostering transparency, independence, and sustained financial integrity. Regularly changing auditors mitigates the risk of complacency, ensuring a fresh perspective on financial statements and internal controls. This rotation enhances

accountability, reducing the potential for conflicts of interest and maintaining an unbiased evaluation of the credit union's operations. It strengthens the overall governance structure, as new auditors bring diverse experiences and insights, contributing to robust risk management.

Additionally, rotation aligns with regulatory best practices, demonstrating a commitment to compliance and ethical standards. Ultimately, the periodic introduction of new auditors safeguards against undue influence, fortifying the credit union's reputation, and reinforcing the trust of members and stakeholders in the institution's financial stewardship.

POLICIES REVIEW

Policies ensure legal compliance, risk management, the fostering of ethical practices; policies guide decision-making, and help maintain a level of validity and reliability in operations. Policies provide a framework for best practice, promoting accountability and organizational stability.

During the year under review, the credit union operated with numerous policies which were last reviewed as far back as 2004. The Supervisory Committee has highlighted the need for updated policies, as they reflect the credit union's commitment to ethical practices, enhancing its reputation and member trust.

Additionally, in the dynamic financial landscape, regularly reviewed and revised policies enable the credit union to adapt to changing market conditions and technological advancements. They provide clear guidelines for employees and volunteers, fostering a cohesive and accountable organizational culture. They contribute to risk management by addressing emerging threats and vulnerabilities, safeguarding the financial well-being of the credit union and its members.

Updated policies support decision-making and governance, and provide a framework for consistent and transparent operations, reducing the likelihood of internal conflicts and ensuring alignment with the credit union's strategic objectives.

The Supervisory Committee continues to keep the need for updated policies before Management and the Board of Directors as we continue to reflect our commitment to excellence, positioning Jannou for long-term success in a rapidly changing financial landscape.

REQUISITE COMPETENCIES TO VOLUNTEER


The Supervisory Committee encourages members who have the time and the requisite competencies, to volunteer to serve our credit union. Competent volunteers bring diverse

skills, experiences and expertise, contributing to effective governance and strategic decision-making. The financial landscape is complex, requiring individuals with a deep understanding of industry regulations, risk management, and financial acumen. Competent volunteers ensure effective leadership, sound fiscal management and stability, adherence to ethical standards; they also enhance the credit union's ability to navigate challenges, collectively contributing to a resilient and member-focused credit union.

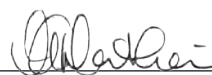
Our credit union should be able to innovate, allowing us to adapt to evolving market trends and emerging technologies, which is crucial for staying competitive and meeting the changing needs of members.

We therefore invite and encourage persons with specialized skills in areas such as Finance, Information Technology, Human Resource Management, Law, Accounting and General Business Management to join the team of Jannou volunteers and help maintain the credit union's positive organizational image, viability, growth and member satisfaction.

The Supervisory Committee thanks you, the members/owners for trusting us to be your ears and eyes during 2022. The Committee also takes this opportunity to thank all those who contributed to its efforts at furthering and promoting a safe and efficient credit union. We are indeed grateful for the support provided and look forward to greater success in the coming year.



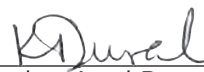
Mrs. Annette Desir-Butcher



Mrs. Verna Khadoo-Mathurin



Ms. Yanice Vitalis



Mrs. Martha Kears Duval-Gabriel



Ms. Marcellina St. Edward-Preville



CREDIT COMMITTEE REPORT

The Credit Committee is delighted to present its report on the activities for the financial year ending December 31, 2022.

The Credit Committee, guided by the Loan and Lending Policy seeks to provide every member a fair opportunity at securing a loan. The Committee met 84 times for the year to review, evaluate and approve loans.

During the year 2022, the following members served on the Credit Committee:

1. Ms. Shorna Denis - *Chairperson*
2. Mrs. Isa Alexander -David - *Secretary*
3. Mr. Keegan Preville - *Member*
4. Mr. Ricardo Corsinie - *Member*
5. Ms. Shama Joseph - *Resigned*
6. Ms. Jeanique Louis - *Member*

All loan applications assessed during the period were given due consideration, taking into account the level of risk of each member and the level of exposure to our Credit Union.

In an effort to safeguard member's savings and the interest of our Jannou, it is our responsibility as a committee to carefully evaluate all loans and strictly adhere to and maintain the Loan and Lending policy standards. It is also recommended that members familiarize themselves with the various requirements when applying for a loan as well as providing the loans department with as much information necessary to avoid delays in the processing of loans.

In addition to loan reviews, our responsibilities included:

1. Reviewing of deferred loans;
2. Ratifying over the counter loans;
3. Reviewing of Credit Union monthly delinquent summary reports;
4. Reviewing and Ratifying Management approved loans;
5. Providing recommendations to the Board and Joint Committee on loans;
6. Attending Extraordinary Credit Committee and Joint Committee meeting;
7. Providing recommendations on deficient areas in the Loan and Lending Policy.

It is noteworthy to mention that Mr. Sherman Sylvester's term came to an end in 2022. He served the allotted six years with distinction and tremendous commitment. In addition, Ms. Shama Joseph resigned during the period and as a result, the alternate Ms. Jeanique Louis filled in for the remainder of her term. We would like to thank them both for their contribution to the Credit Committee and by extension Jannou. We wish them the very best.

ANALYSIS OF LOANS

The Credit Committee approved ten thousand, three hundred and twenty-eight (10,328) loans which represents a 14.3% increase in the number of loans approved in the year 2021. As seen in [Figure 1](#), Consumer, Mortgage, Vehicle and Wishmaker loans remains the largest category

of loans approved for 2022. These categories once again account for the bigger share of the loan portfolio as in previous years. [Figure 2](#) represents the overall analysis of loans for 2022. The total amount of all loans approved for the year 2022 was \$75.8 Million which represents a slight increase of 1.5% from the year 2021.

Credit Committee Summary

10,328
Loans Approved

\$75.8 Million
Value of Loans
Approved

\$1.9 Million
Value of Loans
Referred to Board for
approval

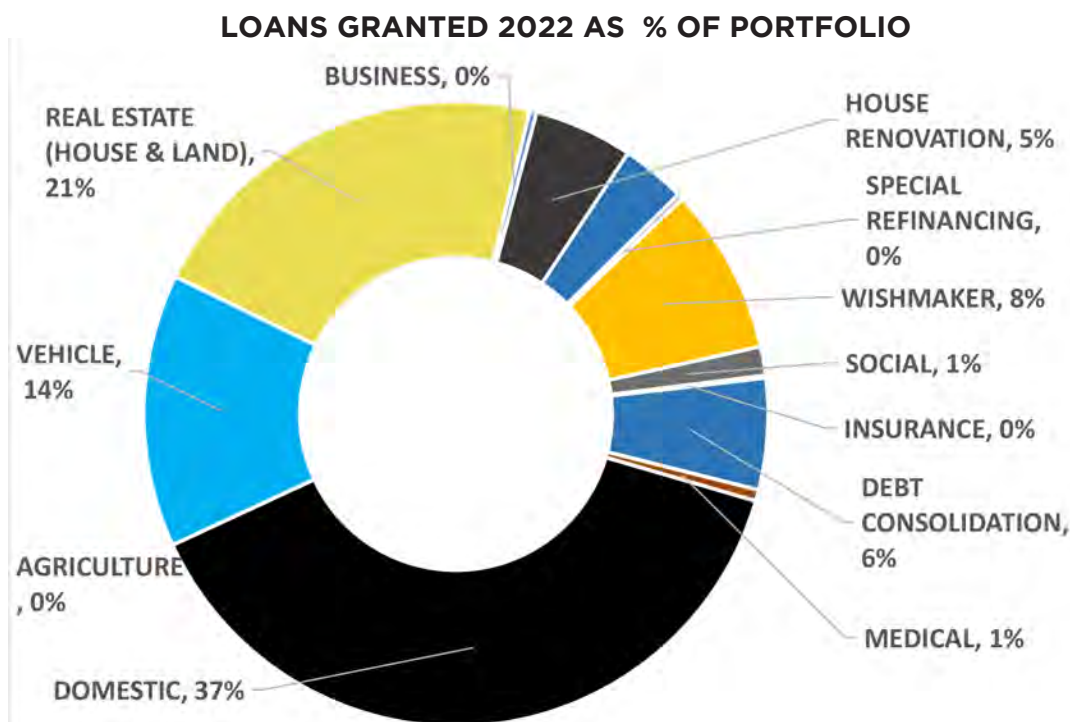


Figure 1: Loans granted as a percentage of portfolio.

COMPARISON OF LOANS GRANTED FOR 2022 AND 2023 BY VALUE

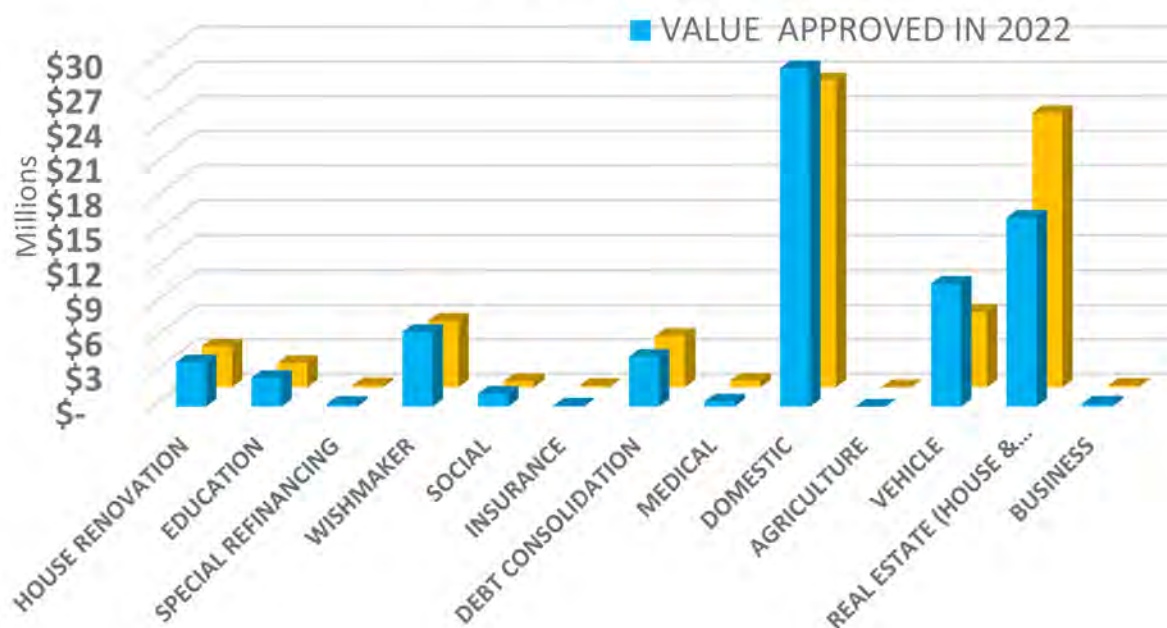


Figure 2: overall analysis of loans for 2022

During the period, a total of seventeen (17) loans amounting to \$1.9 Million were referred to the Board of Directors for approval. As per our Loan and Lending Policy, loans are referred to the Board for reasons such as:

1. When a loan falls outside of the prescribed policy.
2. When a member requests an extension of his or her repayment period.

Ninety-nine percent (99%) of all loans submitted to the Credit Committee were approved. One percent (1%) of loans submitted were either deferred or denied for various reasons such as insufficient security, ability to repay, a delinquent history or insufficient information (see Figure 3). It is of utmost importance that members meet the criteria outlined in the application form as failure to comply may result in their requests being deferred or denied.

NO OF LOANS CONSIDERED BY JANNOU FOR 2022

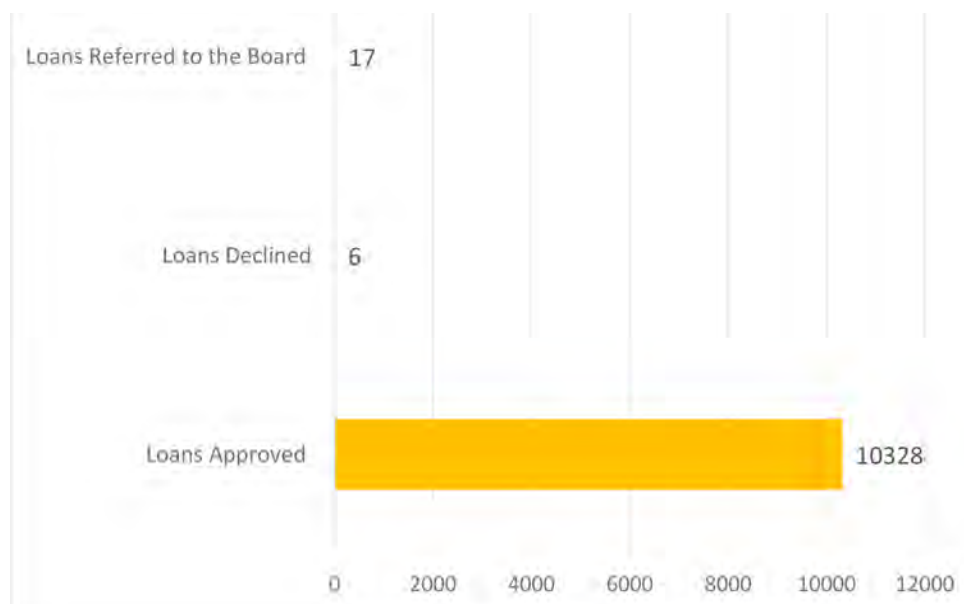


Figure 3: Loans Considered by JANNOU for 2022.

DELINQUENT LOANS

Effective delinquency management plays a critical role in order to reduce our Credit Union's credit risk and as such the institution continues to put measures in place to reduce the level of delinquency.

Despite the economic challenges and others factors that affected our members during the year under review, our team at Jannou was able to continuously monitor loans in arrears and worked with members in an attempt to find necessary solutions that met both the needs of the member and those of the Credit Union. It is for this reason that our delinquency rate was reduced by 9.13% from the preceding year (see table 1).

It is essential that members continue to finance their loans. Members are encouraged to make contact with their Loans Officer as soon as difficulties arise and continue to cooperate and communicate with the Credit Union during the process.

The Credit Committee wish to acknowledge those members that continue to make their loan repayments regularly regardless of the hard economic times.

Table 1: Table showing Delinquent Loans

TIME PERIOD	TOTAL DELIQUENT LOAN PORTFOLIO 2021	TOTAL DELIQUENT LOAN PORTFOLIO 2022
1 - 30 days	0	28
31 - 60 days	26	14
61 - 90 days	36	0
91 - 179 days	42	23
180 - 269 days	29	15
270-364 days	21	26
365 days & over	262	272
TOTAL	416	378

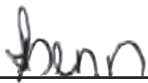

CONCLUSION

The Credit Committee acknowledges God for guidance and wisdom to carry out our duties efficiently and fairly during the period.

We wish to express sincere gratitude to the hardworking Management and staff of the Jannou Credit Union, Board of Directors and Supervisory Committee for the cooperation and support. Their dedication, passion, and resilience continued to display true meaning of our Credit Union mantra "people helping people". In particular, we commend the Loans Manager Mrs. Rita Francis and her team for their dedicated support. Special thanks to the administrative team led by Ms. Jn. Charles for ensuring that members of the committee perform their duties in a conducive working environment which contributed to the overall productivity of the team.

To our valued membership, thank you for your commitment, your trust and for the opportunity to serve you.

We look forward to a fruitful year ahead!


Ms. Shorna Denis
Mrs. Isa Alexander -David
Mr. Keegan Preville
Mr. Ricardo Corsinie
Ms. Jeanique Louis



JANNOU
CREDIT UNION
Together we can move mountains



Our Purpose is to provide
great value and service to our
members which makes their
financial life easy.

The unpredictable will happen, but we at **JANNOU** can help to minimize the impact on your financial future

Ask about our loan services today
or scan link below to fill out form.



AUDITOR'S REPORT

St. Lucia Civil Service
Co-operative Credit Union Ltd.
(Trading as Jannou Credit Union)
Financial Statements
Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

Contents

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Page 6	Statement of Comprehensive Income
Page 7	Statement of Cash Flows
Page 8 - 45	Notes to the Financial Statements

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, 2022, 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, 2022, 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 2022 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 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
December 15, 2023

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

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Statement of Financial Position

As at December 31, 2022

(Expressed in Eastern Caribbean Dollars)

	Notes	2022 \$	2021 \$
ASSETS			
Cash	7	83,175,953	77,791,753
Financial investments:			
- Amortised cost	8	61,349,575	66,491,279
- Fair value through other comprehensive income (FVTOCI)	8	955,240	926,607
Other receivables and other assets	9	789,329	490,823
Loans and advances to members	10	193,729,579	168,839,042
Property and equipment	11	5,523,919	5,632,270
TOTAL ASSETS		345,523,595	320,171,774
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Other payables and accruals	12	3,541,717	2,426,433
Deposits from members	13	44,143,167	39,778,357
Withdrawable shares	14	229,634,133	218,692,572
		277,319,017	260,897,361
Members' Equity			
Share capital	16	16,328,997	16,437,263
Statutory reserve	17	35,377,403	33,244,030
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	837,465	844,465
Fair value reserve	21	272,438	243,805
Retained earnings		14,120,007	7,236,582
		68,204,578	59,274,413
TOTAL LIABILITIES AND MEMBERS' EQUITY		345,523,595	320,171,774

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)

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Statement of Changes in Members' Equity
For the Year Ended December 31, 2022
(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, 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		-	-	(15,682)	-	-	-	-	-	(15,682)
- Increase allocation	17,18	-	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
Balance at January 1, 2022		16,437,263	33,244,030	500,000	538,156	230,112	844,465	243,805	7,236,582	59,274,413
Shares issued	16	174,756	-	-	-	-	-	-	-	174,756
Shares withdrawn	16	(283,022)	-	-	-	-	-	-	-	(283,022)
Total comprehensive income for the year		-	-	-	-	-	-	28,633	10,643,913	10,672,547
Allocation for - Statutory reserve	17	-	2,128,783	-	-	-	-	-	(2,128,783)	-
Increase in allocation	18	-	-	295,569	-	-	-	-	(295,569)	-
Benefits paid	18	-	-	(295,569)	-	-	(7,000)	-	-	(302,569)
Entrance fees	17	-	4,590	-	-	-	-	-	-	4,590
Dividends	15	-	-	-	-	-	-	-	(314,824)	(314,824)
Patronage refund	15	-	-	-	-	-	-	-	(1,021,312)	(1,021,312)
Balance as at December 31, 2022		16,328,997	35,377,403	500,000	538,156	230,112	837,465	272,438	14,120,007	68,204,578

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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Statement of Comprehensive Income
For the Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

	Notes	2022 \$	2021 \$
Income			
Interest income on loans and advances to members		16,805,551	15,955,324
Interest expense		(5,156,707)	(4,853,569)
Net Interest Income		<u>11,648,844</u>	<u>11,101,755</u>
Other Income			
Investment income	22	2,177,822	2,422,378
Other operating income	23	395,932	311,072
		<u>2,573,754</u>	<u>2,733,450</u>
Operating Income		<u>14,222,598</u>	<u>13,835,205</u>
General and Administrative Expenses			
Operating and administrative expenses	24	8,850,027	7,462,636
Impairment (recoveries)/losses on loans and advances to members	10	(5,028,185)	4,325,935
Direct loan recoveries	10	(111,545)	(121,009)
Impairment losses on financial investments	8	(131,611)	419,052
		<u>3,578,685</u>	<u>12,086,614</u>
NET INCOME FOR THE YEAR		<u>10,643,913</u>	<u>1,748,591</u>
Other Comprehensive Loss			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Fair value increase in investments at FVTOCI	21	28,633	33,375
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>10,672,546</u></u>	<u><u>1,781,966</u></u>

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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Statement of Cash Flows
For the Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

	Notes	2022 \$	2021 \$
Cash Flows from Operating Activities			
Net income for the year		10,643,913	1,748,591
Adjustments for:			
Depreciation	11	569,267	500,233
Provision for financial investment (write-back)/losses	10	(131,611)	419,052
Provision for loan (write-back)/losses	10	(5,028,185)	4,325,935
Direct loan write-back		(111,545)	(121,009)
Interest income on loans and advances to members		(16,805,551)	(15,955,324)
Investment income		(2,177,822)	(2,422,378)
Interest expense		5,156,707	4,853,569
Operating loss before working capital changes		(7,884,828)	(6,651,331)
Increase in other receivables and other assets		(298,506)	(247,921)
Increase in loans and advances to members		(19,546,374)	(13,772,489)
Increase in other payables and accruals		1,115,284	818,456
Increase in deposits from members		4,364,810	3,944,430
Increase in withdrawable shares		10,941,561	10,917,341
Entrance fees		4,590	4,407
Cash used in operations		(11,303,458)	(4,987,107)
Interest received from members'		16,601,117	15,961,230
Interest expense paid		(5,156,707)	(4,853,569)
Net cash generated from operating activities		140,947	6,120,553
Cash Flows from Investing Activities			
Interest received		2,261,290	2,348,740
Purchase of investment securities		(995,993)	(1,092,099)
Proceeds from sale of investments securities		6,185,843	1,237,532
Purchase of property and equipment	11	(460,916)	(784,155)
Net cash generated from investing activities		6,990,220	1,710,018
Cash Flows from Financing Activities			
Decrease in share capital	16	(108,266)	(32,451)
Training expenses - Education Reserve		(295,569)	(15,682)
Benefits paid	20	(7,000)	-
Dividends paid	15	(314,824)	(1,777,220)
Patronage refund	15	(1,021,312)	(2,012,907)
Net cash used in financing activities		(1,746,971)	(3,838,260)
Increase in Cash		5,384,196	3,992,311
Cash - Beginning of Year		77,791,753	73,799,442
Cash - End of Year		83,175,953	77,791,753
Represented by:			
Cash in hand		1,595,403	1,429,183
Cash at bank		81,580,550	76,362,570
		83,175,953	77,791,753

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)

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(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.

The Co-operative's registered office is at Cnr. Jeremie Street, Chaussee and Trinity Church Road, Castries, Saint Lucia.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on December 12, 2023.

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, 2022 (the reporting date).

(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.

Basis of Measurement

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.

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

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(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 2022 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, 2022. The amendments had no significant impact on 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 derecognise 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.

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.

- 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.

The application of this amendment did not have a material impact on amounts reported in the Credit Union's separate 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 these amendments did not have a material impact on amounts reported and disclosures 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.

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

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

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2022 financial year (Cont'd)

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

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

- IAS 1, 'Presentation of Financial Statements' was 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. Additional amendments clarify how covenants affect the classification of a liability and require additional disclosures. The additional amendments also deferred the effective date by one year.

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*' 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. IFRS Practice Statement 2 illustrates the guidance and examples to explain and demonstrate the "four-step materiality process".

The amendment to IAS 1 is applicable for annual periods beginning on or after January 1, 2023. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. It is not anticipated that the application of these amendments will have a material impact on the disclosures in the Group's consolidated financial statements.

3. Significant Accounting Policies (Cont'd)

(c) Basis of Preparation (Cont'd)

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

- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' was amended to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also clarify the following:
 - that a change in accounting estimate that results from new information or new developments is not the correction of an error; and,
 - the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

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 or disclosures in the Group's consolidated financial statements.

- IAS 12, 'Income Taxes' was amended to clarify that the initial recognition exemption does not apply to transactions that give rise to equal deductible and taxable temporary differences.

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 the Group's consolidated financial statement.

- IFRS 16, 'Leases' was amended to allow a seller-lessee to recognise in profit or loss any gain or loss relating to the partial or full termination of a lease.

This amendment is applicable for annual periods beginning on or after January 1, 2024. It is not anticipated that the application of this amendment will have a material impact on amounts reported in the Group's consolidated 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.

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.

3. Significant Accounting Policies (Cont'd)

(f) 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 flow. The Credit Union's business model assessment is based on the following categories:

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

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

Business model assessment (Cont'd)

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

Assessment of contractual cash flows

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

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

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 lifetimes 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.

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.

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.

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.

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.

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.

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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.

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, which 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 the fair value of these financial assets and liabilities would affect profit or loss and equity.

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, 2022 and 2021 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 non-current assets.

There were no changes in the estimated useful lives of property and equipment in 2022 and 2021.

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.

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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:

	2022 \$	2021 \$
Credit risk exposure relating to on-statement of financial position items: -		
Cash at bank	81,580,550	76,362,570
Financial investments	62,304,816	67,417,886
Other receivables and assets	789,329	490,826
Loans and advances to members	193,729,579	168,839,041
	<u>338,404,274</u>	<u>313,110,323</u>
Credit risk exposure relating to off-statement of financial position items: -		
Loans commitments	8,871,101	10,764,545
	<u>347,275,375</u>	<u>323,874,868</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: -

	2022 \$	2021 \$
Social	3,792,781	2,793,757
Insurance	256,296	388,596
Debt Consolidation	5,734,836	6,367,182
Education	7,192,095	7,711,666
Medical	1,152,162	1,135,775
Mortgages and Real Estate	75,146,941	69,267,666
Renovations	7,066,564	6,318,595
Christmas Wish maker	12,889,370	12,649,987
Vehicles	14,691,557	9,079,533
Refinancing	742,433	631,553
Consumer loans/other	73,635,085	66,295,476
	<u>202,300,120</u>	<u>182,639,786</u>

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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:

	2022 \$	2021 \$
Neither past due nor impaired	185,994,373	164,132,878
Past due but not impaired	4,792,845	4,420,867
Impaired but not deemed total loss	2,652,377	2,795,000
Impaired	10,040,805	12,269,301
Gross	203,480,399	183,618,046
Allowance for impairment losses	(9,750,820)	(14,779,005)
Net	193,729,579	168,839,041

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

	Stage 1		Stage 2		Stage 3		Total
	2022	2021	2022	2021	2022	2021	2021
Gross	\$ 136,051,853	\$ 158,998,194	\$ 3,195,062	\$ 12,350,551	\$ 8,816,082	\$ 12,269,301	\$ 203,480,399
Less allowance for impairment on loans and advances	(3,113,956)	(4,254,222)	(337,110)	(2,235,915)	(6,299,754)	(8,288,868)	(14,779,005)
	132,937,897	154,743,972	2,857,952	10,114,636	2,516,328	3,980,433	193,729,579
							168,839,041

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)

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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:

	2022 \$	2021 \$
Past due up to 30 days	242,383	3,769,925
Past due 31 - 60 days	3,494,854	505,968
Past due 61 - 90 days	1,055,607	144,974
	<u>4,792,844</u>	<u>4,420,867</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.

	2022 \$	2021 \$
Individually Impaired loans		
Stage 3	12,704,256	11,175,978
Total	<u>12,704,256</u>	<u>11,175,978</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, 2022					
Individually impaired loans	246,164	4,939,367	649,493	6,896,232	12,704,256
As at December 31, 2021					
Individually impaired loans	611,998	4,868,240	743,845	4,951,895	11,175,978

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 \$8,042,423 (2021 : \$9,796,470).

(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, 2022.

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Notes to the Financial Statements
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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, 2022 and 2021:

	Receivables - Bonds \$	Receivables - Deposits \$	Receivables - Treasury bills \$	Total \$
As at December 31, 2022				
CariBBB to CariBBB+	22,924,038	-	17,463,580	40,387,619
Unrated	-	20,610,560	-	20,610,560
Total	22,924,038	20,610,560	17,463,580	60,998,179
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

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

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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 80%. 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, 2022							
Other payables and accruals	3,541,717	3,541,717	3,541,717	-	-	-	-
Deposits from members	44,143,167	44,143,167	44,143,167	-	-	-	-
Withdrawable shares	229,634,133	229,634,133	229,634,133	-	-	-	-
	<u>277,319,017</u>	<u>277,319,017</u>	<u>277,319,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	218,692,572	218,692,572	218,692,572	-	-	-	-
	<u>260,897,362</u>	<u>260,897,362</u>	<u>260,897,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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, 2022						
Financial Assets						
Cash at bank	81,580,550	-	-	-	-	81,580,550
Financial investments	-	2,743,421	40,896,160	17,071,158	1,594,081	62,304,816
Other receivables and assets	-	-	-	-	789,329	789,329
Loans and advances to members	-	12,093,994	9,790,686	180,413,024	1,182,695	203,480,399
Financial Liabilities						
Other payables and accruals	-	-	-	-	(3,541,717)	(3,541,717)
Deposits from members	(44,143,167)	-	-	-	-	(44,143,167)
Withdrawable shares	(229,634,133)	-	-	-	-	(229,634,133)
Total interest sensitivity gap	(192,196,750)	14,837,415	50,686,846	197,484,182	24,388	70,836,081

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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, 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	(218,692,572)	-	-	-	-	(218,692,572)
Total interest sensitivity gap	(182,108,359)	16,895,215	53,781,277	177,765,639	658,192	66,991,964

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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: -

	2022 \$	2021 \$
Financial Assets		
Financial investments	61,349,577	66,491,279
Loans and advances to members	202,297,705	182,639,786
	<u>263,647,282</u>	<u>249,131,065</u>
Financial Liabilities		
Deposits from members	44,143,167	39,778,357
Withdrawable shares	229,634,133	218,692,572
	<u>273,777,300</u>	<u>258,470,929</u>

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

	2022 %	2021 %
Financial Assets		
Cash	0.25	0.25
Financial investments	1.25 - 6.75	1.25-6.75
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>2022</u>			
Cash at bank	±0.50%-	±407,903	±407,903
Investment securities	±0.50%-	±310,723	±310,723
Loans and advances to members	±0.50%-	±972,327	±972,327
Members deposits	±0.50%-	±220,715	±220,715
<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

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, 2022				
Financial Assets measured at fair value				
Securities available-for-sale - Listed	-	152,441	-	152,441
Securities available-for-sale - Unlisted	-	-	802,799	802,799
	-	152,441	802,799	955,240
Financial Assets for which fair values are disclosed				
Securities - Financial Investments	-	-	61,247,207	61,247,207
Loan and advances to members	-	-	180,506,584	180,506,584
	-	-	241,753,791	241,753,791
As at December 31, 2021				
Financial Assets measured at fair value				
Securities available-for-sale - Listed	-	123,808	-	123,808
Securities available-for-sale - Unlisted	-	-	802,799	802,799
	-	123,808	802,799	926,607
Financial Assets for which fair values are disclosed				
Investment securities - Financial Investments	-	-	66,801,434	66,801,434
Loans and advances to members	-	-	163,810,643	163,810,643
	-	-	230,612,077	230,612,077

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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 not presented on the Credit Union's statement of financial position at their fair value.

	Carrying amount		Fair value	
	2022	2021	2022	2021
	\$	\$	\$	\$
Investment Securities				
Financial Investments	61,349,577	66,491,279	61,247,207	66,801,434
Financial assets				
Loans and advances to members	192,546,885	167,860,786	180,506,584	163,810,643

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 (3) 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 with the requirement as at December 31, 2022.

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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 \$34,552,360 (2021 - \$32,017,177). 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.

	2022 \$	2021 \$
Institutional capital		
Share capital	16,328,997	16,437,263
Retained earnings	14,120,007	7,236,582
Statutory reserve	35,377,403	33,244,030
Total institutional capital	65,826,407	56,917,875
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	837,465	844,465
Fair value reserve	272,438	243,805
Total transitional fund	2,378,171	2,356,538
Total regulatory capital	68,204,578	59,274,413

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

	2022 \$	2021 \$
Cash on hand	1,595,403	1,429,183
Cash at bank	81,580,550	76,362,570
	83,175,953	77,791,753

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 12.06 of the revised laws of St. Lucia.

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8. Financial Investments

	Cost \$	2022 Carrying Value \$	Cost \$	2021 Carrying Value \$
<u>Fair value through other comprehensive income (FVOCI):</u>				
<u>Listed</u>				
- Eastern Caribbean Financial Holding Limited 20,452 ordinary shares at \$5.40 (2021 - \$4)	204,520	110,441	204,520	81,808
- St. Lucia Electricity Services Ltd. 2,100 ordinary shares at \$20.00 (2021 - \$20.00)	40,000	42,000	40,000	42,000
<u>Unlisted</u>				
- Eastern Caribbean Home Mortgage Bank 1,642 ordinary shares at \$152.36 (2021 - \$152.36)	250,180	250,176	250,180	250,180
- 1st National Bank St. Lucia Limited 33,820 ordinary shares at \$16.34 (2021 - 33,820 at \$16.34)	305,000	552,619	305,000	552,619
Total FVOCI Investments	-	<u>955,240</u>	-	<u>926,607</u>
<u>Amortised cost</u>				
St. Lucia Government Bonds	-	10,462,038	-	11,009,040
St. Lucia Government Treasury Bills	-	1,609,120	-	1,609,120
St. Lucia Government Treasury Note	-	5,000,000	-	10,000,000
Eastern Caribbean Home Mortgage Bank Bond	-	12,462,000	-	12,462,000
	-	<u>29,533,158</u>	-	<u>35,080,160</u>
Repurchase agreements				
First Citizens Investments Bonds	-	10,854,460	-	10,854,460
	-	<u>40,387,618</u>	-	<u>45,934,620</u>
<u>Fixed Deposits</u>				
1st National Bank St. Lucia Limited	-	16,451,960	-	16,146,146
Bank of Saint Lucia Limited	-	4,158,597	-	4,107,256
	-	<u>20,610,557</u>	-	<u>20,253,402</u>
Interest Receivable	-	638,841	-	722,309
Total Amortised cost Investments	-	61,637,016	-	66,910,331
Less Allowance for ECL impairment	-	<u>(287,441)</u>	-	<u>(419,052)</u>
		<u>61,349,575</u>		<u>66,491,279</u>
Total Financial Investments	-	<u><u>62,304,815</u></u>	-	<u><u>67,417,886</u></u>

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9. Other Receivables and Other Assets

	2022	2021
	\$	\$
Other receivables and other assets	977,883	683,077
Allowance for impairment	(188,554)	(192,254)
	<u>789,329</u>	<u>490,823</u>

Movement on the Credit Union's allowance for impairment of other receivable and other assets are as follows:

	2022	2021
	\$	\$
Allowance for impairment		
Balance - beginning of the year	192,254	192,254
Writeback	(3,700)	-
	<u>188,554</u>	<u>192,254</u>

10. Loans and Advances to Members

	2022	2021
	\$	\$
Loans	124,542,492	115,103,151
Mortgages	77,755,213	67,536,635
	<u>202,297,705</u>	<u>182,639,786</u>
Interest receivables	1,182,694	978,261
	<u>203,480,399</u>	<u>183,618,047</u>
Allowance for impairment	(9,750,820)	(14,779,005)
	<u>193,729,579</u>	<u>168,839,042</u>

Movement of allowance for impairment:

	2022	2021
	\$	\$
Opening balance	14,779,005	10,034,018
Loan impairment (recoveries)/additions	(5,028,185)	4,744,987
Closing balance	<u>9,750,820</u>	<u>14,779,005</u>

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

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

	Stage 1: Provision 12- month ECL performing \$	Stage 2: Provision Lifetime ECL performing \$	Stage 3: Provision Lifetime ECL Credit Impaired \$	Total \$
Expected Credit Loss Allowances as at January 1, 2021	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
Expected credit loss recoveries	(1,140,266)	(1,898,805)	(1,989,114)	(5,028,185)
Expected Credit Loss Allowances as at December 31, 2022	3,113,956	337,110	6,299,754	9,750,820

11. Property and Equipment

	Land \$	Freehold Buildings \$	Leasehold Improvem ents \$	Furniture and Equipment \$	Total \$
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 31, 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
Year ended December 2022					
Opening net book value	3,218,986	1,439,111	152,261	821,912	5,632,270
Additions	-	98,678	94,229	268,009	460,916
Depreciation charge (Note 24)	-	(41,964)	(49,298)	(478,005)	(569,267)
Closing net book value	3,218,986	1,495,825	197,192	611,916	5,523,919
At December 31, 2022					
Cost	3,218,986	2,062,415	292,176	3,234,688	8,808,265
Accumulated depreciation	-	(566,590)	(94,984)	(2,622,772)	(3,284,346)
Net book value	3,218,986	1,495,825	197,192	611,916	5,523,919

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12. Other Payables and Accruals

	2022 \$	2021 \$
Accruals	527,831	319,831
Other payables	3,013,886	2,106,602
	<u>3,541,717</u>	<u>2,426,433</u>

13. Deposits from Members

	2022 \$	2021 \$
Registered Homeowners Savings Plan (R.H.O.S.P.)	359,413	410,013
Special savings	36,988,113	33,169,080
S.O.C.A. savings	5,928,903	5,834,651
Debit Card deposits	866,738	364,613
	<u>44,143,167</u>	<u>39,778,357</u>

Members fixed deposits are payable on demand and has effective interest rates ranging from 2% to 4% (2021: 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. Distributions Payable

	2022 \$	2021 \$
Beginning	-	-
Dividends declared	314,824	1,777,220
Patronage refund	1,021,312	2,012,907
Distributions made	(1,336,136)	(3,790,127)
Balance - end of the year	<u>-</u>	<u>-</u>

The dividend proposed and approved at the 2022 annual general meeting was paid by deposits to members' savings accounts. The patronage refund of 8.5% (2021 - 13.5%) 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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Notes to the Financial Statements
For the Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

16. Share Capital

	No. of Shares	2022 \$	No. of Shares	2021 \$
Ordinary Shares				
Balance - beginning of year	3,287,453	16,437,263	3,293,943	16,469,714
Issued	34,951	174,756	-	-
Withdrawn	(56,604)	(283,022)	(6,490)	(32,451)
Balance - end of year	3,265,800	16,328,997	3,287,453	16,437,263

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

	2022 \$	2021 \$
Balance - beginning of year	33,244,030	32,889,905
Allocation from retained earnings	2,128,783	349,718
Entrance fees	4,590	4,407
Balance - end of year	35,377,403	33,244,030

In accordance with Section 119 (2) 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

	2022 \$	2021 \$
Balance - beginning of year	500,000	500,000
Transfer from retained earnings	(295,569)	(15,682)
Training expenses	295,569	15,682
Balance - end of year	500,000	500,000

In accordance with a resolution passed by the members, the Credit Union is required to set aside an education reserve of 10% of its realised surplus from operations 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 realised surplus from operations to be used for the development of registered societies. During the year, no contributions were made to this fund.

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

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

20. Funeral and Burial Benefits Scheme

	2022 \$	2021 \$
Balance - beginning of year	844,465	844,465
Benefits paid	(7,000)	-
Balance - end of year	837,465	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

	2022 \$	2021 \$
Balance - beginning of year	243,805	210,430
Fair value increase in investments at FVTOCI	28,633	33,375
Balance - end of year	272,438	243,805

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

	2022 \$	2021 \$
Interest on savings account - Bank of Saint Lucia Limited	164,153	173,246
Interest on savings account - 1st National Bank St. Lucia Limited	2,205	1,229
Interest on fixed deposits - other	343,608	365,198
Interest on government bonds and treasury bills	1,656,328	1,837,230
Other	11,528	45,475
	2,177,822	2,422,378

23. Other Operating Income

	2022 \$	2021 \$
Insurance administration fees	94,522	94,204
Family Indemnity Plan (FIP) income	175,022	161,996
Other	126,388	54,872
	395,932	311,072

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

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Notes to the Financial Statements

For the Year Ended December 31, 2022

(Expressed in Eastern Caribbean Dollars)

24. Operating and Administrative Expenses

	2022	2021
	\$	\$
Advertising and promotion	509,623	381,723
AGM expenses	73,344	71,002
Audit fees	65,000	65,000
Bank charges	29,033	26,647
Board and committee expenses	159,502	121,507
Credit union week	130,963	51,050
Cuna insurance	1,239,922	1,172,810
Depreciation (Note 11)	569,267	500,233
Donations	98,390	25,600
General insurance	60,492	46,721
Members expenses	320	1,131
Office supplies and stationery	130,825	105,714
Professional fees	7,700	20,348
Property taxes	32,204	32,204
Rent	45,900	45,900
Repairs and maintenance	651,385	690,995
Security	170,525	175,164
Scholarships	130,772	100,016
SOCA expenses	25,700	-
Staff-related expenses (Note 25)	4,221,992	3,418,070
Utilities	412,366	409,046
Debit card production fee and charges	84,802	2,432
	<u>8,850,027</u>	<u>7,462,638</u>

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

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Notes to the Financial Statements
For the Year Ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

25. Staff-related Expenses

Included in operating and administrative expenses are the following: -

	2022 \$	2021 \$
Senior Management		
Salaries	1,095,640	921,790
Vacation accrual	159,036	-
National Insurance contributions	27,000	26,750
Allowances	51,600	51,100
Bonus	42,871	31,740
Gratuity	18,000	33,600
	<u>1,394,146</u>	<u>1,064,980</u>
Other Staff Costs		
Salaries and wages	1,975,625	1,915,089
Vacation accrual	38,669	-
National Insurance contributions	103,907	96,126
Allowances	17,264	13,600
Bonus	74,443	53,560
Overtime	77,349	37,110
Uniforms	21,425	93,714
Staff training and development	130,871	28,779
Staff benefits	275,439	115,112
Gratuity	112,854	-
	<u>2,827,846</u>	<u>2,353,090</u>
	<u>4,221,992</u>	<u>3,418,070</u>

The total number of administrative staff as at December 31, 2022 was 84 (2021 - 79).

26. Related Party Transactions

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

	2022 \$	2021 \$
Shares and deposits	1,489,724	1,483,078
Loans and advances	2,386,358	2,117,998

27. Comparatives

Where necessary, comparative figures have been adjusted to confirm the current year presentation of the financial statement. The changes have no material impact on the financial statements.

NOTES

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