

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

KCCU

**58TH ANNUAL GENERAL MEETING
REPORTS AND ACCOUNTS FOR 2019**



“Opportunities in Challenges”

Monday 30th November, 2020 Commencing at 3:00 pm
Russell’s Auditorium

BOARD OF DIRECTORS



Cynthia Hope-Browne,
President



Angelita Miller, Secretary



Bernard John, Treasurer



Terral Mapp,
Vice President



Marlyn Isaacs-Richards,
Director



Jerome De Shong, Director



Colin John, Director

STANDING ORDERS

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 When a motion is withdrawn any amendment to it falls.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

NOTICE AND AGENDA OF THE 58TH ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on Monday, November 30, 2020, at the Methodist Church Hall, Kingstown at 4:30 pm.

AGENDA

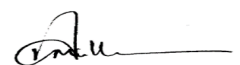
OPENING SESSION

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

BUSINESS SESSION

1. Call to Order
2. Adoption of Standing Orders
3. Minutes of the 57th Annual General Meeting
 - (a) Amendments and Confirmation
 - (b) Matters arising from the Minutes
4. Reports – Presentation and Adoption
 - (a) Board of Directors
 - (b) Treasurer and Auditor
 - (c) Credit Committee
 - (d) Supervisory Committee
 - (e) Education Committee
5. Election of
 - (a) Officers
 - (b) Auditors
6. Resolution
7. New Business
8. Adjournment

Co-operatively yours



Sis. Angelita Miller

CREDIT UNION PRAYER

LORD, Make me an instrument of thy peace
Where there is hatred, Let me sow Love,
Where there is injury Pardon;
Where there is doubt Faith;
Where there is despair Hope;
Where there is darkness Light;
Where there is sadness Joy.

O divine Master, grant that I may not so much seek
To be consoled, as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving, that we receive;
It is in pardoning, that we are pardoned;
It is in dying, that we are born to eternal life,

Bless, O Lord our deliberations and grant that
whatever
We may say and do will have Thy blessing and
Guidance through Jesus Christ our Lord.

Amen.

THE NATIONAL ANTHEM OF ST.VINCENT AND THE GRENADINES

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

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

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

Refrain

Whate'er the future brings
Our faith will see us through
May peace reign from shore to shore
And God bless and keep us true

BROTHERS IN CO-OPERATION

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

Refrain:

Hand in hand on pressing,
All our wrongs redressing,
Work and we right soon shall see
Wide scattered many a blessing
Ernest true Co-operation,
Be our glorious aspiration
Till we see among the nation,
Love for one and all.

Be our efforts never tiring,
Each success a new inspiring,
Here's a cause your aid requiring
Here's work for you.
Come and make each man a brother,
If you're strong come help another,
Strong and weak can aid each other
If their hearts be true.

See the banner waving o'er us,
Hear the men who've gone before us,
Sending back the shouting chorus
Keep the flag unfurled,
Their's the seed that now upspringing,
Hope to many a heart is bringing
All our moans we'll change to singing
Aye, throughout the world.

CORPORATE PROFILE

DATE OF REGISTRATION

12TH April 1958

REGISTERED OFFICE

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

BOARD OF DIRECTORS

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

CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

Bro. Elvis Dublin	-	Chairman
Sis. Akeisha Yearwood	-	Secretary
Bro. Steve Millington	-	Member
Bro. Kazon Simmons	-	Member

EDUCATION COMMITTEE

Sis. Joselle Joslyn-White	-	Chairman
Sis. Gale Thorpe	-	Secretary
Sis. Arlette Maloney	-	Member
Bro. Carlon James	-	Member
Bro. Martin Sheen	-	Member

BANKER

Bank of St. Vincent & the Grenadines

AUDITOR

KPMG

SOLICITOR

Saunders & Huggins

STAFF PROFILE

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

CUSTOMER SERVICES AND ADMIN DEPARTMENT

Mr.	Alonso Munroe	-	Head of Customer Service and Administration
Mrs.	Clairiesa Anderson-Pierre	-	Customer Service Representative
Mr.	Joshua Romeo	-	Customer Service Representative
Ms.	Corina Arrindell	-	Customer Service Representative
Ms.	Michka Charles	-	Receptionist
Mrs.	Senica Williams-Spencer	-	Office Assistant

CREDIT DEPARTMENT

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

LOANS RECOVERIES DEPARTMENT

Ms.	Judith Seaman	-	Head of Recoveries Department
Ms.	Rishma Ashton	-	Recoveries Officer
Mr.	Devorn Walker	-	Recoveries Officer

ACCOUNTS DEPARTMENT

Mr.	Eronne Evans	-	Chief Accountant
Ms.	Allisa Barnum	-	Senior Accounts Clerk
Ms.	Koriene Chance	-	Accounts Clerk
Mrs.	Monique Springer-Cupid	-	Head Teller
Ms.	Shana Cunningham	-	Teller
Ms.	Makini St. Hilaire	-	Teller
Ms.	Zada Stephens	-	Teller
Ms.	Krystal Craigg	-	Teller

BRANCH OFFICES

MARRIAQUA

Ms. Cara Hunter
Ms. Jasmine Woods
Ms. Rhonel John
Ms. Ariel Bulze
Mr. Carlos Ryan
Mr. Arthneil Baker

BEQUIA

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

UNION ISLAND

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

CANOUAN

Ms. Shirlon Ashton

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MINUTES OF THE 57th ANNUAL GENERAL MEETING (AGM)
OF THE
KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU)
HELD AT THE METHODIST CHURCH HALL ON 7th OCTOBER, 2019 BEGINNING AT 4:30 PM.

OPENING SESSION

1. ASCERTAINMENT OF A QUORUM

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

2. CALL TO ORDER AND WELCOME

The meeting was called to order by Bro. Jerome De Shong, Director of KCCU and chairman of the opening session of the Annual General Meeting.

3. PRAYER

The Credit Union prayer was read by the members assembled.

4. NATIONAL ANTHEM AND CREDIT UNION SONG

The National Anthem of St. Vincent and the Grenadines and the Credit Union Song was rendered by Sis. Judith Seaman.

5. APOLOGIES FOR ABSENCE

There were no apologies for absence. Membership was informed of the resignation of Bro. Dominic White from the Board of Directors (BOD) and his replacement was Bro. Bernard John.

6. SILENT TRIBUTE

A one minute silence was observed in memory of members who died.

7. GREETINGS

Greetings were received from the following organizations in attendance:-

- General Employees Co-operative Credit Union Ltd (GECCU)
- SVG Co-operative Credit Union League
- St. Vincent and the Grenadines Teachers Co-operative Credit Union Ltd.
- Police Co-operative Credit Union Ltd.

BUSINESS SESSION

1. CALL TO ORDER

Sis. Cynthia Hope/Browne, President of the Board of Directors and Chairman of the meeting, called the business session to order.

2. ADOPTION OF THE AGENDA AND STANDING ORDERS

Sis. Angelita Miller, Secretary of the Board of Directors (BOD), presented the agenda which was published on page five of the Annual General Meeting (AGM) booklet to the meeting.

A motion to adopt the Agenda and the standing orders was moved by Bro. Rohan Providence and seconded by Sis. Judith Seaman. The motion was carried.

3. ANNUAL GENERAL MEETING DELAY

The President explained the reasons for the delay in holding the AGM. She stated that the postponement was due to complications with the first-time implementation of International Financial Reporting Standards (IFRS) 9 and thanked the Financial Services Authority (FSA) for approving the extension of the statutory meeting due date.

4. MINUTES OF THE 56th ANNUAL GENERAL MEETING

4.1 Amendment and Confirmation

Bro. Harvey Farrell moved a motion, seconded by Bro. Alphonso Myers, to accept the minutes as read. The motion was carried.

Page 3 – correction of Bro. Terral Mapp’s title: delete “Director” and insert “Vice President”. Bro. Jerome De Shong’s title: delete “Vice President” and insert “Director”.

Page 7 – Sis. Akeisha Yearwood’s title should be corrected to read “Member” and delete “Secretary”. For Bro. Elvis Dublin’s title: delete “member” and replace with “Secretary”.

Page 10 item 5 – Apologies for Absence was given for Sis. Marlyn Richards.

Page 14 – Bro. Leroy “Rock” was corrected to read Bro. Leroy “Rocque”.

Page 19 – Bro. “Alleyne” Weekes was corrected to read Bro. “Alain” Weekes.

Page 19 – Sis. “Akisha” Yearwood was corrected to read Sis. “Akeisha” Yearwood.

4.2 Matters Arising

Bro. Cools Vanloo asked for an update on the EC\$900k (k=EC\$ 000’s) loan mentioned on Page 12. The President replied that the security was in the process of foreclosure, advertised and available for sale.

Bro. Harvey Farrell asked for an update on the “Kitchen” lands at Brighton and whether any other investment considerations were made.

Bro. Terral Mapp, Vice President and Chairman of the Building and Investment Committee, responded by referring to page 90 note 12 to indicate that there was a decrease of EC\$653k in the value of the land. He cautioned that holding the property could result in further reductions in value and adversely impact future dividend payments. He stated that divestment was still an option and invited suggestions from the floor. Bro. Romal John suggested that the Kitchen lands be leased.

A motion for the adoption of the minutes was moved by Bro. Harvey Farrell and seconded by Bro. Steve Millington. The motion was carried.

5. REPORTS – PRESENTATION AND ADOPTION

5.1 BOARD OF DIRECTOR’S REPORT

Bro. Timothy Scott moved a motion, seconded by Sis. Annis Bailey-Providence, to accept the BOD Report as read. The motion was carried.

5.1.1 Discussion on BOD Report

Bro. Cools Vanloo asked for an explanation of the relevance of the Economic Review section of the BOD Report, noting that it was too vague and not tailored to show how it affected the Credit Union’s operations. The President responded that its relevance was contextual and geared towards an understanding of the economic environment in which KCCU operated.

Bro. Harvey Farrell commended the outstanding performance of the staff outlined in the Awards section. He also requested an update of the fraud situation at our Canouan branch. He was informed by the President that the perpetrator faced trial in a Court of Law, was found guilty and was sentenced. She also stated that those members whose accounts were affected by the fraud were rectified.

Bro. Martin Sheen asked for a date when the ATM (Automated Teller Machine) implementation would be completed. In addition, he enquired whether or not it would be offered as card services through another institution's ATM system. The President confirmed that the Credit Union was in the testing phase; and on the second question stated that KCCU card services would use the Bank of St. Vincent and the Grenadines ATM network .

Bro. Vanloo inquired on the status of the collateral used to secure COMFI loans and whether any monies were transferred to KCCU upon its liquidation and if not what would the monies be used for when received. The Chief Executive (CEO) of KCCU, Bro. Clement Lynch, answered that loans sourced under COMFI while it was in operation, were mortgaged to that entity and the title vested in that organisation. In order to fully realize on those loans, KCCU was awaiting the transfer of title which was being done through the Liquidator Brian Glasgow of KPMG.

Sis. Brenetta Dublin enquired on the expected length of time for the transfer of title. The CEO replied that the transfer process had been going on for about two (2) years and it was his understanding from the Liquidator that a lawyer was dealing with the legal aspect. It was anticipated that the process would be completed to allow for the recovery of assets attached to KCCU's COMFI loans.

Sis. Marcia Martin inquired to whom her death benefit monies would be paid. The President answered that the funds would be made payable to beneficiaries.

Bro. Cyril Evans expressed concerns about his exclusion from the death benefit plan as he was informed that he did not have a death benefit and was at the age where he could not join. He commented that at the point of joining many years ago it was his understanding that it was automatic.

A suggestion was offered by Bro. Harvey Farrell to have all non-participating membership of the death benefit plan, be informed so that they may have the opportunity to take the decision to join if they were eligible. Sis. Marcelle Burgin cautioned members that it was their responsibility to follow up on the status of their accounts and products they use, in order to ensure that their business were in order to their satisfaction.

The President, on behalf of the BOD, thanked the general membership, staff and volunteers for their contributions towards KCCU's continued success.

An amendment to the agenda was placed before the membership to have elections for the BOD held after the Treasurer's report. Thereafter each subsequent report presentation will be followed by an election to the committee of that report. The motion was moved by Bro. Terral Mapp seconded by Bro. Alphonso Myers. The motion was carried.

A motion was moved for the adoption of the BOD Report by Sis. Marcelle Burgin and seconded by Sis. Joselle White. The motion was carried.

5.2 TREASURER'S AND AUDITOR'S REPORTS

A motion was moved by Bro. Jeremy Jackson and seconded by Sis. Euna Thompson to accept the Treasurer report as read. The motion was carried.

The Treasurer, Bro. Gillon Frederick invited the Auditors KPMG, represented by Nadia Delves, to present the auditors' report.

5.2.1 Auditors Report

Ms. Delves referred to the Independent Auditors' Report on pages 42 to 44. She stated that in the Opinion of KPMG the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with international Financial Reporting standards (IFRS).

Ms. Delves thanked the membership and the Board of Directors for electing KPMG.

5.2.2 Treasurer's Presentation

The Treasurer outlined continued growth, compared with the previous financial year, of KCCU by highlighting key performance indicators:

- Asset base was EC\$103 million (M) a growth of 4%;
- Membership growth and use of the Credit Union's products had seen increases in Term Deposits of 15% and share savings of 6%;
- Growth in interest income from EC\$6.2M to EC\$6.6M, a growth of 6%.

He proposed the following Dividend and Interest rebates:

- Permanent Shares – 6.5 %
- Redeemable Shares – 1.0%
- Loan Interest Rebate – 2.0%

5.2.3 Discussion on Treasurer's and Auditor's Report

The Treasurer explained that the adoption of the International Financial Reporting Standard 9 (IFRS 9) was mandatory and it allowed for better provisioning of loan loss. He thanked the staff who worked tirelessly in implementing IFRS 9.

Bro. Cools Vanloo expressed his concerns that despite growth, the organisation seemed to be moving away from the core principles upon which the Credit Union was founded, such as lending for providential purposes. He pointed out further that more than 90% of the loan portfolio were for consumer and mortgage loans. He asked whether KCCU's lending contributed towards the financing of micro business for the creation of entrepreneurs. He noted a decline in the quantity and value of business loans. He suggested that an allocation be made towards the support of providential business loans including more flexible terms, all geared towards the fulfillment of the Credit Union's economic responsibility to the populace of St. Vincent and the Grenadines.

The Treasurer replied that risks must be balanced with the exclusive pursuit of any one principle to ensure that the organization was not jeopardizing its own viability.

Bro. Jeremy Jackson asked what measures were in place to prevent another late AGM due to IFRS9. The Treasurer commented that the standard was complex, however efforts were made to expose staff to various training workshops. In addition, a third party data mining US based firm will be used. Together these measures would help reducing and eventually eliminating all delays.

The Treasurer also noted that the Credit Union's capital base was not adequate at the present level of 2%. He indicated that the capital base was a cushion used to absorb unexpected losses and should range between 10% and 15%. He stated that work was being done on a capital augmentation plan, the details of which would be put to membership at a subsequent meeting.

Bro. Jackson expressed his view that more work needs to be done to improve the return on assets. The Treasurer said that one option was to increase our investment securities. The Treasurer also informed the membership that KCCU would be embarking on the installation of a solar energy project to save electricity consumption estimated at EC\$1000 to \$2,000 per month.

Bro. Jackson asked for an explanation of the decrease in share capital to which the Treasurer replied that the decline was the result of the redemption of shares once purchased by the other large Credit Unions in the initial amalgamation agreement with Marriaqua Co-operative Credit Union Ltd.

A motion was moved by bro. Cools Vanloo and seconded by Bro. Martin Sheen, to accept the proposed dividends and rebates. The motion was carried.

A motion for the adoption for the Treasurer's report was moved by Sis. Licia Nero and seconded by Sis. Annis Bailey-Providence. The motion was carried.

5.3 CREDIT COMMITTEE REPORT

Bro. Timothy Scott, Secretary of the Credit Committee, presented the Credit Committee's report. A motion was moved by Bro. Clement Lynch and seconded by Bro. Martin Sheen to adopt the report as read. The motion was carried.

5.3.1 Discussion on Credit Committee's Report

Bro. Scott answered earlier inquiries regarding the loans reviewed and approved. He indicated that though the quantity of loans reviewed and approved decreased, the value of loans increased from EC\$37.1M in 2017 to EC\$44.2M in 2018, a growth of 19.2% compared with the previous financial period.

Bro. Vanloo commented that the indication is that larger loans were being granted and noted the decline of business loans from 2011-2018. He suggested that KCCU should allocate monies to lend to members for business purposes, although business loans carried higher risks.

A motion was moved for the adoption of the Credit Committee report by Sis. Marlyn Isaacs-Richards and seconded by Bro. Jerome De Shong. The motion was carried.

5.4 SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

A motion was moved by Bro. Brent Cupid and seconded by Bro. Cools Vanloo for the report to be taken as read. Bro. Rohan Providence, chairman of the Supervisory and Compliance Committee, took to the podium to provide explanations.

5.4.1 Discussion on Supervisory and Compliance Committee's Report

There were no questions.

Sis. Joselle White moved a motion, seconded by Sis. Haynes, for the adoption of the Supervisory and Compliance Report. The motion was carried.

5.5 EDUCATION COMMITTEE REPORT

Sis. Joselle White, Chairman of the Education Committee, stood to present the committee report which was accepted as read through a motion moved by Bro. Rohan Providence and seconded by Sis. Arlette Maloney. The motion was carried.

5.5.1 Discussion on the Education Committee's Report

Sis. Marcelle Burgin questioned whether or not training was provided to new members. Sis. White answered that orientation sessions were held with approximately 20% of the members who joined. Sis. Burgin commented that the number of members attending orientation were low in relation to the numbers who joined.

She also inquired about an allegation leveled at the Education Committee that scholarships were withdrawn from children who did not meet the requisite 75%. Sis. White replied that those not achieving were few and further said that the committee had taken steps, as a first option, to work with students rather than abruptly withdrawing their scholarships.

Bro. Vanloo suggested that other criteria, such as attendance and prowess, be introduced in the granting of scholarships in order to achieve a more inclusive scholarship program.

A motion for the adoption for the report was moved by Bro. Alston Scott and seconded by Bro. Brent Cupid. The motion was carried.

6. ELECTIONS and NOMINATIONS

A motion was moved earlier, at the end of the treasurer's report, for the holding of elections at the adoption of each report.

6.1 Nomination Committee Members

Sis. Euna Thompson	Chairman
Bro. Alphonso Robertson	member
Bro. Dominic White	member

6.2 Board of Directors

Resigned: Bro. Dominic White

Retiring: Sis. Cynthia Hope-Browne and Bro. Jerome De Shong

There were three vacant positions to be filled.

6.3 Members nominated by the Nominations Committee

Sis. Cynthia Hope-Browne
Bro. Jerome De Shong

6.4 Nominated from the floor

Bro. Bernard John
Bro. Rohan Providence

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

6.5 The votes were as follows:

Sis. Cynthia Hope-Browne	90
Bro. Jerome De Shong	70
Bro. Bernard John	76
Bro. Rohan Providence	42

The three vacant positions were filled by Sis. Cynthia Hope-Browne, Bro. Bernard John and Bro. Jerome De Shong.

6.6 Credit Committee

Retiring: Bro. Bernard John (not eligible for re-election) and Bro. Timothy Scott (eligible)

There were two vacant positions to be filled.

6.7 Members nominated by the Nominations Committee

Bro. Timothy Scott
Sis. Cathy- Ann Tommy-Samuel

6.8 Nominated from the floor

Bro. Martin Sheen
Sis. Licia Nero

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

6.9 The votes were as follows

Bro. Timothy Scott	70
Sis. Cathy- Ann Tommy-Samuel	29
Bro. Martin Sheen	30
Sis. Licia Nero	33

The two vacant positions were filled by Bro. Timothy Scott and Sis. Licia Nero.

6.10 Auditors

BDO and Grant Thornton were both nominated but not seconded. KPMG was nominated and seconded. A motion was moved and seconded to close nominations. The motion was carried.

Result: KPMG was elected to serve as auditors.

6.11 Supervisory and Compliance Committee

Retiring: Bro. Rohan Providence

There was one position to be filled.

6.12 Member nominated by the Nominations Committee

Sis. Ruth Alves

6.13 Nominated from the floor

Sis. Joslyn Craigg
Bro. Rohan Providence

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

6.14 The votes were as follows

Sis. Ruth Alves	44
Sis. Joslyn Craigg	35
Bro. Rohan Providence	6

The position was filled by Sis. Ruth Alves.

A motion was moved, seconded and carried for the destruction of the ballots.

7. OTHER BUSINESS

Bro. Colin John, Director, indicated that a committee made up of four (4) persons from the general membership and three (3) from the BOD would be required to review the amendments made to the Bye Laws before it is presented to the general membership for review and approval.

7.1 General Membership Volunteers

Sis. Josyln Craigg
Sis. Licia Nero
Bro. Martin Sheen
Sis. Marcelle Burgin

8. ADJOURNMENT OF MEETING

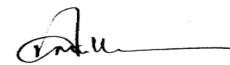
A motion was moved, seconded and carried for the meeting to be adjourned.

C Hope-Browne

Sis. Cynthia Hope-Browne

Sis. Angelita Miller

President



Secretary

9. BOARD OF DIRECTORS REPORT TO THE 58TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

9.1 BACKGROUND AND INTRODUCTION

The Board of Directors of the Kingstown Co-operative Credit Union (KCCU) is pleased to present to you, our members, the annual financial report for the period ended 31st December, 2019 and report on the operational and strategic performance of the Credit Union.

I am happy to report that KCCU, continues to operate in a safe and efficient manner for our membership. We have been operating in our community for over sixty-two (62) years, a great achievement, and during that time we have grown to more than twenty three thousand members with over EC\$111 million (7.8%) in total assets. Many changes have occurred over the years but KCCU never lost focus of service and dedication to its membership.

The period under review had its challenges particularly in the financial sector. The issues with regards IFRS9 and Derisking caused for us to make the necessary changes in order to adapt to new ways of conducting business. Despite the many challenges, KCCU experienced growth in membership, loans and deposits.

9.2 STRATEGIC AGENDA

2019 marked the final year of our three-year strategic plan. Clearly we need to have ideals that are imbedded in our mission and vision, a strategy to map the journey, and goals to keep us on track in our quest for success in the long term.

It must be recognised that some of these goals are continuously evolving in the face of rapid changes, new standards and shifts in members' perceptions.

Our strategy is driven by our quest to provide high quality and affordable services to our members and to grow optimally in all areas of business performance.

Much success was gained through targets and goals for service levels and in meeting members' satisfaction.

Our core mission remains that of promoting and providing affordable high quality financial services that are geared principally to the development of members and our people. This is our ideal and the guiding light that we strive to achieve. To attain this ideal these strategic goals continue to be our prime focus:

- Excellent member satisfaction
- Excellent co-operative citizenry
- High quality products and services
- High co-operation with co-operatives
- To develop high calibre excellent service
- To achieve above average financial performance

9.3 ECONOMIC ENVIRONMENT

Preliminary data, published by the Eastern Caribbean Central Bank (ECCB), indicate that the Vincentian economy improved by 0.5% in 2019. Driving this outturn was increased activity in the tourism and fishing industries, supported by favourable conditions in the global economy. Cruise tourism stood out as the highlight in the economy, growing from 82,079 passengers in 2015 to 255,225 in 2019. Benefitting from increased airlift, facilitated by the Argyle International Airport, the fishing industry also soared, with exports expanding from \$1.5 million in 2015 to \$7.9 million in 2019. The pace of growth in 2019 was partly tempered by a slowdown in the construction (2.1%) and manufacturing industries (20.0%).

Following on the increased activity in 2019, 2020 commenced with an optimistic outlook. In January 2020, a \$1.2 billion budget, with capital expenditure of \$310 million, was presented. These expenditures encompass investments in a suite of construction projects comprising new hotels, a modern cargo port, extensive road repair and footpaths, an athletic track and football field, bridges, and river and coastal defences. Pooled with major private sector investments in, *inter alia*, hotels, a call centre, and a seafood packaging facility, the 2020 budgets projected to favourably impact the Vincentian economy in 2020.

The COVID-19 pandemic, which emerged as a public health issue but evolved into an unprecedented economic crisis, has drastically altered the outlook. ECCB projects a decline of 5.5% - 30% for OECS economies in 2020. Precipitated by travel restrictions, border closures, state of emergencies, and stay-at-home orders globally, tourism in SVG has ground to a halt. Export of fish products has slowed. Further, over 3,000 persons have applied for unemployment benefits and displacement income at the National Insurance Services (NIS) while over 1,000 cruise ship workers have returned home and are presently unemployed.

In response, the national effort saw the crafting of a \$74.05 million supplementary budget to strengthen health services, provide income and related support to displaced persons and businesses and to simulate the construction and agriculture industries. Since COVID-19 KCCU has received requests for moratoriums from 265 members valued at \$12 M. In the financial industry, commercial banks and credit unions implemented loan repayment deferral programmes for affected persons. As at 31 August 2020, commercial banks in SVG reported loan repayment deferrals on 1,824 loans with a total outstanding balance of \$361 million, which represents 28.0 per cent of total loans. The deterioration in economic and labour market conditions worldwide is anticipated to significantly reduce the demand for loans and as such, adversely affect the financial bottom line of financial institutions. This pandemic therefore challenges us to be even more nimble, more efficient, more innovative and more responsive to the needs of members and the society.

9.4 BOARD OF DIRECTORS ELECTIONS, MEETINGS AND ATTENDANCE

The Board of Directors has ultimate responsibility for the governance of the credit union. The Board also functions through a number of sub-committees namely:- Supervisory and Compliance Committee; Credit Committee; Education Committee; Human Resources Committee; and Building and Investment Committee. These committees assisted the board in carrying out its responsibilities during the 2019 financial year.

To further strengthen our governance obligation, Directors are required to complete the due diligence forms once elected to serve.

Meetings of the Board are held every month in addition to convening special meetings as deemed necessary. In August 2019, Bro. Dominic White resigned as Director to the Board. His resignation left a casual vacancy that was filled by Bro. Bernard John.

At the 57th Annual General Meeting three (3) persons were elected to serve on the Board: Cynthia Hope-Browne; Jerome De Shong; and Bernard John.

At its inaugural meeting held to elect the Executive, the Board of Directors elected Sis. Cynthia Hope-Browne as President, Bro Terral Mapp as Vice President, Bro. Gillon Frederick as Treasury and Sis. Angelita Miller as Secretary.

The full Board of Directors comprised:-

Sis. Cynthia Hope-Browne	President
Bro. Terral Mapp	Vice President
Bro. Gillon Frederick	Treasurer
Sis Angelita Miller	Secretary
Bro. Jerome De Shong	Director
Bro. Bernard John	Director (Joined August 2019)
Bro. Dominic White	Director (resigned August 2019)
Bro. Colin John	Director

On behalf of the Board of Directors, I wish to thank Bro. Dominic White for his many years of service to KCCU.

9.5 MEETINGS AND ATTENDANCE

Meetings of the Board were held monthly. In addition, three (3) special meetings were convened.

A summary of attendance is given in Table 1.

Table 1: Summary of Attendance of Board of Directors

Names	Regular Total (12)	Special Total (3)	Total (15)
Sis. Cynthia Hope-Browne	12	3	15
Bro. Terral Mapp	10	3	13
Bro. Gillon Frederick	12	3	15
Sis. Angelita Miller	12	3	15
Bro. Jerome Deshong	12	3	15
Bro. Colin John	5	2	7
Bro. Bernard John	4	2	6
Bro. Dominic White	7	1	8

9.6 MEMBERSHIP

KCCU continues to promote the various benefits of membership despite the challenging economic environment which we are now facing. During the period under review, we had a growth in membership of 1101 new members or 5%. Our total membership as at 31st December, 2019 was 23,213.

We continue to encourage persons to use our online platform to complete applications for membership, especially persons abroad. We are heartened and encouraged by the response of our young people to become members of KCCU. Our products and services are a major attraction to them and particularly our social media interactions.

New members comprised

515 males
586 females

Table 2: Breakdown of New Members

Age Group	New Members 2018	New Members 2019	% 2018	% 2019
Below 20 years	506	542	48	49
21-25 years	118	121	11	11
26-30 years	167	195	16	18
31 – 40 years	132	141	12	13
41 – 50 years	104	79	10	7
Over 50 years	33	23	3	2
	1,060	1,101	100	100

We thank our members for their business throughout the year and we are encouraged that the table above shows that 78% of new members are not more than 30 years of age.

9.7 **HUMAN RESOURCE DEVELOPMENT**

KCCU remains committed to the development of the human resource capabilities. We continue to focus on education, health and training and as a result develop programmes to assist staff, Management Committees as well as the General Membership. KCCU recognises and encourages a healthy lifestyle among its staff.

KCCU collaborated with the Ministry of Health to do a presentation on Diabetes and effects of an unhealthy diet. The session was attended by twenty-five (25) staff members. In addition, the session also included free testing for blood sugar, blood pressure, and BMI checks.

9.8 **STAFF TRAINING AND DEVELOPMENT**

KCCU continues to support initiatives to upgrade staff competencies. One person completed a Masters Degree in Human Resource Management. Currently two staff are pursuing BSc in Banking and Finance and two additional staff BSc in Human Resource Management.

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

Table 3: Staff Training, Consultations, Workshops and Seminars

Name of Training (External)	Facilitator	Date	Names of Persons in Attendance
IFRS 9 Training	Co-operative League Limited, Trinidad and Tobago	12 th to 16 th March, 2019	Allisa Barnum Hadasha Butcher-Cruichshank Jonella Hanson
First Aid, CPR & AED Training	Jaric St. Vincent	29 th March, 2019	Allisa Barnum
Microsoft Projects	Beckles, Barbados	March 2010	Ruth Stowe Alice Adams
Risk Assessment Training	Jaric St. Vincent	21 st August, 2019	Oszette Glasgow Hadasha Butcher-Cruickshank
First Aid, CPR & AED Training	Jaric St. Vincent	12 th October, 2019	Oszette Glasgow Sherry-Ann Parson Shirlon Ashton Rachel Phillips Jared James Ruth Stowe
Emortelle (Software)	MSD Ltd	9 th December, 2019	Oszette Glasgow
Diabetes and Effects of Unhealthy Diet Session	Ministry of Health	December 2019	25 persons attended

Internal Training Sessions	Facilitator	Date	Number of Persons in Attendance
Customer Service - Includes session on Anti-Money Laundering Policy	H.R. Officer	20 th June, 2019	24
	H.R. Officer	18 th July, 2019	16
	H.R. Officer	14 th October, 2019 (Quiz)	24
Customer Service - Focus on Anti-Money Laundering Policy	Compliance Officer	18 th November, 2019	23

9.9 STAFFING

At the end of December, 2019, there was a total of forty-two (42) staff members. The following table sets out the staff count.

Table 4: Staff Count

LOCATION	Male	Female	Total
Kingstown	6	23	29
Mesopotamia	2	4	6
Bequia	1	2	3
Canouan	0	1	1
Union Island	1	2	3
TOTAL	10	32	42

9.10 RECRUITMENT AND TERMINATIONS

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

Marketing Officer (New post) – March 2019
Human Resources Officer (New post) – May 2019
Customer Service Representative – July 2019
Administrative Loans Clerk (new Post – August 2019
Branch Representative, Bequia – November 2019

A total of five (5) persons were recruited. Given our thrust with regards to online services competitive challenges and the growth of the organisation, it is imperative that the key staff be in Place. The Chief Accountant resigned in April 2019 and a suitably qualified replacement was employed in January 2020. Plans are afoot to recruit an Information Technology Officer in 2020.

9.11 AWARDS

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

9.12 UNION MATTERS

Trade Union negotiations between the Commercial Technical and Allied Workers' Union (CTAWU) and the Kingstown Co-operative Credit Union Limited for the contract period 2019-2021 were progressed and completed by the end of the financial year 2019.

9.13 BRANCH OFFICES

KCCU knows the importance of the branches offices in providing services throughout St. Vincent and the Grenadines. We continue to serve the communities of Marriaqua, Bequia, Union Island and Canouan, in addition to our head office in Kingstown. Much attention is devoted to upgrading these facilities for the safety and security of our members and enhancing the technological connectivity of these offices thereby providing a more efficient service to our members. Regular visits are made to our branch offices by our Customer Service Manager, the Marketing Officer, the Supervisory and Compliance Committee, the Compliance Officer as well as the Loans Officers. These visits are to ensure proper supervision and compliance of the day-to-day functioning of these officers, promotion and marketing of our products and services as well as membership drives.

Our outreach programs also extend to our members in the branch offices and needy persons continue to receive Christmas hampers as a small token of our appreciation for their contribution to the Credit Union movement and KCCU in particular.

A Member Day was held on the island of Bequia and the level of participation was commendable, evidenced by the more than 200 persons attended. The AGM booklets for 2019 were distributed and presentations were made on our products and services and various aspects of the Credit Union.

The branch statistics are provided in table 5 and it shows growth in every area for the periods except a small 4.6% reduction (2019 vs 2018) in Bequia loans.

Table 5: Branch Statistics

	MEMBERS			SHARES (EC\$000's)			Loans (EC\$000's)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Marriqua	1,879	1,925	1,988	1,541	1,774	2,115	1,261	1,508	1,912
Bequia	450	521	564	792	955	1,025	564	1,116	1,065
Union Island	289	317	337	580	645	728	1,105	1,452	1,677
Canouan	207	216	221	326	402	422	350	373	582

9.14 CORPORATE GOVERNANCE

During the period under review, Corporate Governance continued to be high on the Agenda for the Board of Directors, Management Committees and Management. We ensured that all statutory obligations were met.

The Bye-Laws were reviewed and redrafted to bring them into line with the extent of the Co-operative Society Act, other Acts and FSA Guidelines and a committee was elected at the last AGM to review the proposed changes pending discussion and approval by the membership. Other operational policies are being reviewed to ensure that they are up to date and relevant to our procedures and processes, as well as compliance requirements. A delinquency policy is being formalized to establish a procedure concerning past due accounts and to ensure proper monitoring and compliance.

The Board continued to address the inadequacy of KCCU's share capital and every effort was made to have a resolution prepared for debate and approval by the membership as a first step to the implementation of appropriate measures in our quest to attaining an acceptable ratio of share capital to total net asset.

The implementation of this capital augmentation plan will strengthen the organization against the risk of unexpected losses and write downs so that our viability is not jeopardized.

9.15 COMMUNITY DEVELOPMENT

KCCU, over the course of 2019, supported a number of community development initiatives mainly in the areas of sports and culture, education and youth development.

Our scholarship programme continues to impact many families and pave the way for many of our young people to acquire an education. Three (3) academic secondary scholarships and three (3) socio-economic scholarships in the amount of \$1,500.00 each are granted annually; two (2) bursaries of \$600.00, one (1) academic and one (1) socio-economic were awarded; and one-off contribution of EC\$150.00 is donated to each CPEA scholarship applicant totalling EC\$8,550.00. The Board of Directors extends congratulations to the awardees and wish them continued success in their academic endeavours.

Hereunder are some of the programs undertaken for 2019:-

- Assistance given to Thomas Saunders Secondary school participation in the Penn State relay games;
- Sponsorship for P'Tani Queen Show – Marriaqua;
- Annual National Primary School Quiz;
- Sponsorship for St. Vincent Grammar School and the Girls' High School Road Relay and Inter-Secondary School Sports Meet; and
- Hosting of the Annual KCYC Summer Camp.

Other outreach Programs

- School and Community visits
- Membership Fun Days
- Senior Care Day
- Membership Development and Training Seminars
- Medical Donations
- Christmas Hampers Donation

9.16 CUSTOMER SERVICES AND MARKETING

KCCU works continuously to improve its customer services and highly prioritizes the relationship with its members. We aim to make the experience of our members an exceptional one and have made efforts to ensure that this is achieved. Our customer service assistance has now extended from walk in services to our online social media platforms on a 24/7 basis. Additionally, amid the Covid-19 pandemic, we have implemented all the officially recommended procedures in our efforts to ensure the safety and health of all stakeholders.

Although still somewhat utilized, posters, pamphlets, and print ads have increasingly given way to search ads, social media marketing, social media paid advertising and search engine optimization as a means of targeting all members and in particular a younger demographic. Members are becoming less interested in going to physical locations and digital services are providing an apt solution in these pandemic times.

In the financial services sector the similarities of products require careful differentiation in order to gain market share by product penetration. To facilitate this tactic strategy, technology, and creative “packaging” has been the foundation of our approach.

In this era of digitization, KCCU continues to utilize and upgrade its website & mobile application (Klick KCCU). Our ATM card service “KCCU Go” is now live and has signed up 1,100 subscribers in nine months. Notwithstanding our rapid migration to the digital platforms we are still very much grounded in the Credit Union principles that champion the relationships with our members one-on-one. We still plan to utilise traditional billboards for island wide visibility and to achieve this a decision was taken to review existing billboard placements and to erect new ones at key locations.

Although we have focused on 'riding the technological wave', KCCU still highly prioritizes connecting with members on a one-on-one basis as a members of fostering a more intimate relationship with our members.

9.17 CO-OPERATIVE MOVEMENT

KCCU continues to provide support to the work of SVG Credit Union League.

During the year under review we continue to participate in the governance of the League by Directorship representation from Bro. Gillon Frederick , KCCU Treasurer and Sis. Ingrid Clarke, KCCU Credit Committee Member and Secretary to the League Board.

KCCU also continues to be represented at the regional level by our participation in the OECS Summit and the CCCU Conventions.

9.18 INVESTMENT AND LENDING

Investment

Total investments as at December 31, 2019 amounted to EC\$6.3 million compared to EC\$4.6 million at the end of 2018. The increase in the portfolio was due mainly to the strategic agenda of the Board of Directors to diversify the income base and utilize excess liquidity.

Investments were made in Treasury Bills and Bonds both on the local and regional markets.

Additionally, KCCU invested in solar energy generation projects and this focused on energy and operating cost efficiencies. The 25kw solar PV system was installed at the Kingstown location. Expansion of the system was done at the Marriqua branch office in 2020.

Loans

The net loans portfolio was EC\$76.6M an increase of EC\$5.6M or 8%. This growth was dominated by mortgages, vehicles and consumer loans. The expected credit loss allowance was EC\$4.6M and EC\$4.0M for 2019 and 2018 respectively.

The net portfolio distribution was 52% for mortgage 7% for vehicles; and 25 % for consumer. These categories accounted for 84% of the portfolio. KCCU continues to provide high quality loan products for its members, however, in making loans available to our members for a wide variety of purposes, the strategic goal is to improve the asset quality by ensuring that we do not jeopardise the viability of the organisation. Credit risk is very important and the aim is to keep the non-performing loan ratio within the standard bench marked of five percent the non-performing loan ratio and keeping it within the regulatory bench mark of 5%.

9.19 CONDOLENCES

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

9.20 Acknowledgements

The Board of Directors takes this opportunity to extend thanks and appreciation to the general membership, for their unwavering support and standing together through 62 years as we continue to build on our success.

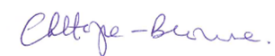
To the various management committees, management and staff, thank you for your support, contributions and dedication. To the Registrar and staff of the Financial Services Authority (FSA) our profound appreciation, for your guidance and oversight. To the Credit Union League, the Co-operative Department,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

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

The Board of Directors thanks you for choosing KCCU as your financial partner. We are grateful for the opportunity to serve you and for the integral role you have played in our 62 year history. We are proud of our past, prepared for the future, 62 years and beyond.

Thank you and may God bless us all!!!

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



Cynthia Hope-Browne
President

10. TREASURER'S REPORT TO THE 58TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

10.1 INTRODUCTION

Brothers and sisters, it is indeed a pleasure to present to you the Treasurer's report, which highlights the financial performance of the Kingstown Co-operative Credit Union for the year ended December 31, 2019. The KCCU brand remained stable in a sector of increasing challenges. Some of the major challenges faced in 2019 were declining interest rates, increased competition from non-banking institutions and the implementation of the IFRS 9.

In spite of these challenges, the organization remained relevant to the needs of its members. It continued to register growth in assets, averaging 8% over for the last five years. The total assets now stand at EC\$ 111 million (M).

10.2 FINANCIAL RESULTS

The table below presents key financial performance indicators for the financial year ended December 31, 2019 with a comparison of the financial year 2018.

10.3 ASSETS

Assets	2019	2018	Growth	Growth %
	EC\$	EC\$	EC\$	
Total Assets	111.6 M	103.3 M	+8.4 M	+8%
Loans (Net)	76.6 M	71.0 M	+5.7 M	+8%
Cash Resources	14.7 M	13.5 M	+1.1 M	+8%
Property, Plant and Equipment	10.1 M	10.0 M	+0.1 M	+1%
Investment Securities	6.3 M	4.6 M	+1.4 M	+31%
Investment Properties	2.7 M	2.8 M	(0.1 M)	(5%)

Total assets increased by 8% in 2019. This was driven significantly by growth in Investment Securities (31%), Loans (8%) and Cash Resources (8%). Following the creation of the Investment Committee to manage investments primarily, there has been major improvement in the Investment Securities category, hence the 31% increase in 2019. There was downward pressure being placed on the interest rates on loans combined with increased competition among credit unions, banks and other players in the financial sector. It was therefore prudent for KCCU to continue to seek alternative sources of revenue.

The demand for loans by members continued to grow in 2019. The net loan portfolio as at December 31, 2019 stood at EC \$76.6 Million (Gross 80 Million) of which the majority of the portfolio was dominated by mortgages, accounting for EC \$47.6 Million or 62%.

Cash resources increased by 8% as new members join KCCU and existing members continue to contribute to our shares and deposits products having been educated on the benefits of thrift and other credit union orientation training.

A decline in Investment Properties was recorded over the period under review, resulting from a write down in the fair value of Investment properties in 2018. This adversely impacted the overall growth in Assets in 2019.

10.4 SHARE CAPITAL AND MEMBERS DEPOSIT

Share Capital and Members Deposits	2019	2018	Growth	Growth %
	EC\$	EC\$	EC\$	
Share Capital	2.3 M	2.2 M	+0.1 M	+3%
Members' Share Savings	52.6 M	49.6 M	+3.0 M	+6%
Deposits	39.3 M	35.8 M	+3.5 M	+10%

The table above shows the movement in the different categories of shares and deposits in KCCU. The Share Capital category is representative of "Permanent Shares", while Members Share Savings represents Redeemable Shares. Growth was experienced in all categories of members saving. The Share Capital category increased by 3%, Members Share Savings increased by 6% and Deposits increased by 10%. Amidst the challenges being faced in the economy, members continue to place confidence in the KCCU brand, as illustrated by their willingness to conduct their business through this institution.

Our Treasurer stated at the last AGM that work was being done on a capital augmentation plan. He noted that KCCU's share capital base at 2% was not adequate for an organization with net assets exceeding \$100 Million. The share capital forms a cushion on which unexpected losses are absorbed and at this meeting we propose to engage our members on this matter. This is particularly important and was brought into sharp focus with the pandemic Covid-19.

10.5 STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Income	2019	2018	Growth	Growth %
	EC\$	EC\$	EC\$	
Interest on Loans	6.4 M	6.1 M	+0.3 M	+6%
Investment Income	482.7 K	553.1 K	(70.4 K)	(13%)
Income on Death Benefit	338.8 K	250.8 K	+88.0 K	+35%
Commissions and Miscellaneous Income	310.7 K	282.2 K	+28.5 K	+10%

Interest on Loans grew by 6% in 2019, while total Investment Income registered a shortfall of 13%. This was not reflective of a decline in investment, but rather a maturity of a number of securities in 2018 compared to 2019.

Income on Death Benefit and Commissions and Miscellaneous Income grew by 35% and 10% respectively.

The following showed the principal expense movement year on year

EXPENSES	2019	2018	Growth	Growth %
	EC\$	EC\$	EC\$	
Repairs and Maintenance	126.2 K	112.0 K	(14.2 K)	(13%)
Fair Value of Investment Properties	147.0 K	-	(147.0 K)	(100%)
Staff Costs	1,626.8 K	1,470.9 K	(156.0K)	(11%)
Insurance on Loans and Shares	433.8 K	395.4 K	{38.4 K}	(10%)
Stationary and Office Supplies	151.7 K	114.4 K	(37.3 K)	(33%)

10.6 DIVIDENDS AND REBATE

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

- Permanent Shares 6.75%
- Redeemable Shares 1.5 %
- Rebates on loan interest 2.25%

10.6 CONCLUSION

KCCU performed comparatively well during the year 2019. The challenges experienced in 2019 has helped the organization to be more proactive, and provided the necessary learning experiences to adapt to an ever changing financial world. The Implementation of IFRS 9 has highlighted the need to grow the capital base of the organization as this new standard requires more provisioning for potential losses. Nevertheless, KCCU would continue with objectives and policies to improve the financial strength of the organization, while maintaining the commitment to its members. It must be noted that the confidence and high regard that is placed in this organization from members continue to be the driving force for continuous improvement of services and adaptation to their needs.

Brothers and sisters, I would like to use this opportunity to thank the membership, staff, committees and the Board of Directors for the continued support in our unwavering quest to achieve growth and sustainability.

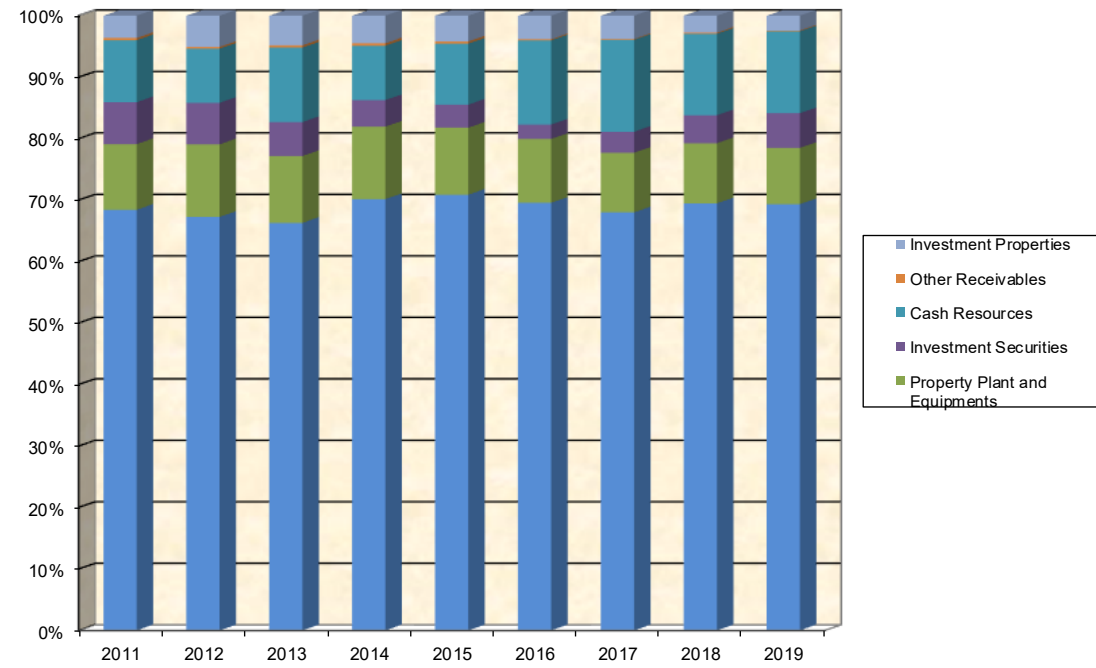
Bernard John

Treasurer

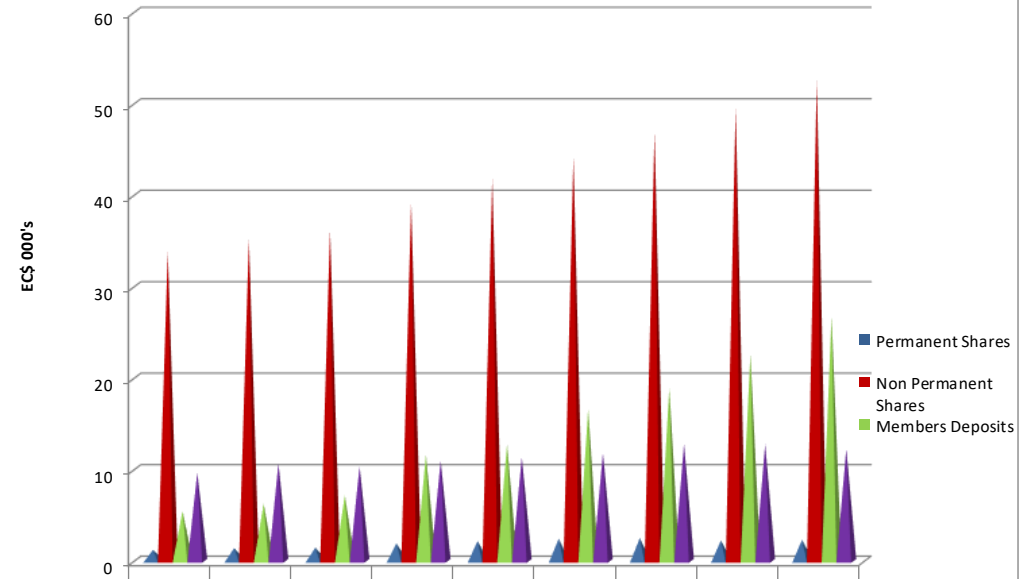
PEARLS RATIOS

	Financial Ratios	Actual 2018	Actual 2019	Standard
P1	<u>Allowance for loan Losses</u> Delinquency >12mths	131%	126%	100%
E1	<u>Net Loan</u> Total Assets	69%	68%	70-80%
E3	<u>Financial Investment</u> Total Assets	4%	6%	<10%
A1	<u>Total Loan Delinquency</u> Total Loan Portfolio	6.1%	5.9%	<=5%
A2	<u>Non Earning Assets</u> Total Assets	3.7%	3.6%	<=5%
R1	<u>Net Loan Income</u> Average Net Loan Portfolio	6.8%	6.9%	10%
R9	<u>Operating Expense</u> Average Total Assets	3.6%	3.7%	5.0%
L1	<u>Net Liquidity</u> Savings	14.5%	14.6%	>15%
S9	<u>Increase in Loans</u> Total Loan portfolio of Previous Year	8%	8%	Not Specified
S10	<u>Increase in Total Assets</u> Total Assets of Previous year	4%	8%	Not Specified

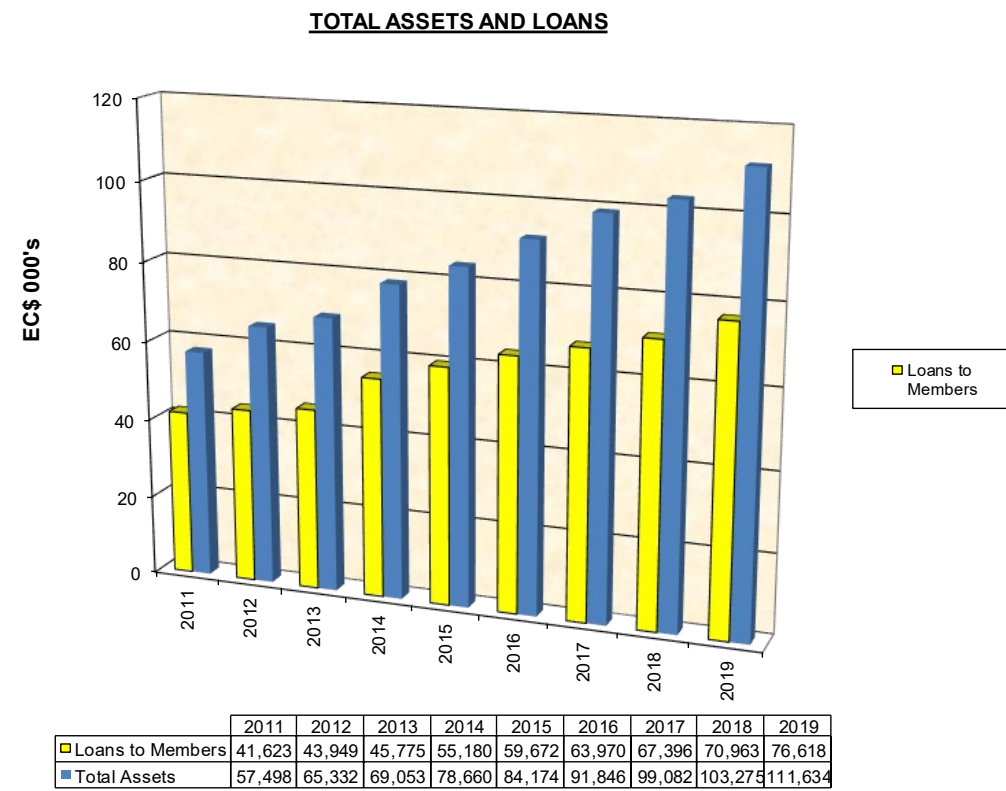
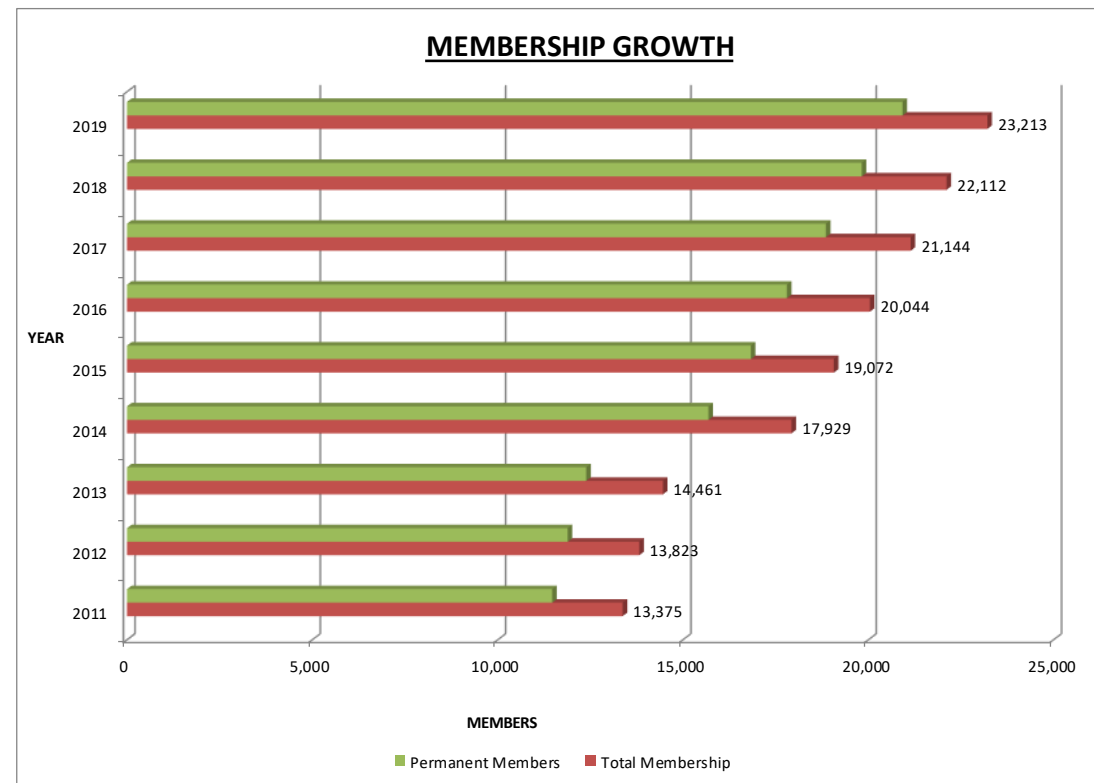
ASSETS



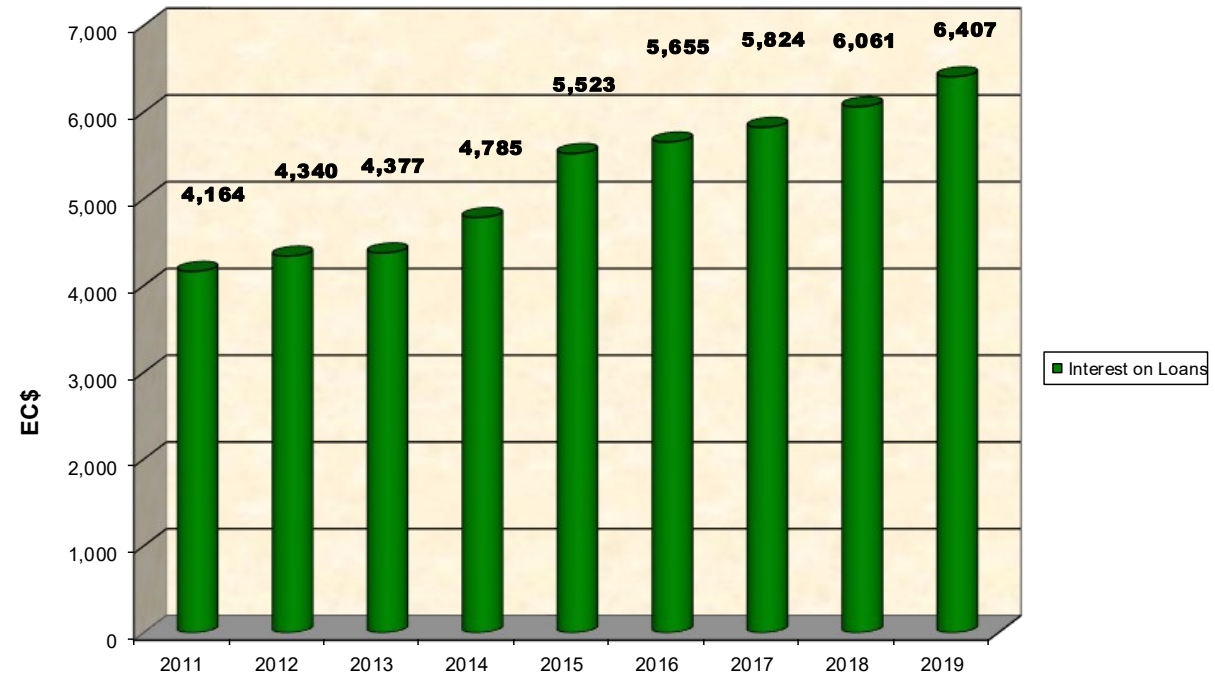
SHARE CAPITAL AND MEMBERS' DEPOSIT



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Permanent Shares	1,200	1,403	1,457	1,921	2,183	2,416	2,500	2,236	2,309
Non Permanent Shares	33,795	35,168	36,191	39,181	41,770	44,218	46,981	49,626	52,603
Members Deposits	5,447	6,265	7,186	11,627	12,772	16,629	18,933	22,597	26,754
BCF Deposit	9,635	10,664	10,339	10,949	11,363	11,808	12,817	12,760	12,264



INTEREST INCOME ON LOANS



Financial Statements

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Year ended December 31, 2019

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

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KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Corporate Information

REGISTERED OFFICE

Granby Street, Kingstown
St. Vincent and the Grenadines

BOARD OF DIRECTORS

Cynthia Hope-Browne – President
Terral Mapp – Vice President
Gillon Frederick – Treasurer (Resigned Feb 2020)
Bernard John – Treasurer (Appointed March 2020)
Dominic White
Colin John
Jerome De Shong

SECRETARY

Angelitha Miller

SOLICITORS

Saunders & Huggins

BANK

Bank of St. Vincent and the Grenadines Limited

AUDITORS

KPMG
First Floor, National Insurance Services Building
St. Vincent and the Grenadines



KPMG

First Floor
National Insurance Services Headquarters
Upper Bay Street
P.O. Box 587, Kingstown
St. Vincent and the Grenadines

Telephone: (784) 451-1300
Fax: (784) 451-2329
Email: kpmg@kpmg.vc

Independent Auditors' Report

To the Members of Kingstown Co-operative Credit Union Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Kingstown Co-operative Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As described in Notes 3(i) and 4(a) to the financial statements, in accordance with the requirements of IFRS 9 *Financial Instruments*, management estimated the expected credit losses (ECL) on its loan portfolio at December 31, 2019. However, we were unable to obtain sufficient appropriate audit evidence to support the underlying assumptions (including the probability of default, loss given default and the exposure at default) utilized by the Credit Union in the process of determining the ECL provision. Consequently, we were unable to determine whether any adjustments might have been necessary to (i) the amounts shown in the statement of financial position for loans to members (net of the related ECL), (ii) the amounts shown in the statement of profit or loss and other comprehensive income for the allowance for impairment on loans, and (iii) the related notes in these financial statements, including also the disclosures outlining the key underlying assumptions.



Independent Auditors' Report (cont'd)

To the Members of Kingstown Co-operative Credit Union Limited

Basis for Qualified Opinion (cont'd)

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean and we have fulfilled our 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 qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019 but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS, 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 Auditors' Report (cont'd)

To the Members of Kingstown Co-operative Credit Union Limited

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

KPMG
Kingstown, St. Vincent and the Grenadines
November 20, 2020

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Statement of Financial Position

As at December 31, 2019

With comparative figures for 2018

(Expressed in Eastern Caribbean dollars)

	Notes	2019 \$	2018 \$
Assets			
Cash and cash equivalents	7	14,708,905	13,549,806
Investment securities	8	6,062,162	4,643,401
Loans to members	9	76,617,693	70,962,622
Other assets	10	132,794	176,374
Investment in associates	11	1,111,794	1,130,990
Investment properties	12	2,682,811	2,829,811
Property and equipment	13	10,110,284	9,982,276
Total assets		<u>111,426,443</u>	<u>103,275,280</u>
Liabilities and Members' Equity			
Liabilities			
Bank overdraft	7	85,980	64,162
Accounts payable and accrued liabilities	14	1,244,838	1,122,132
Deposits	15	39,352,932	35,820,866
Redeemable member shares	16	52,603,437	49,626,991
Total liabilities		<u>93,287,187</u>	<u>86,634,151</u>
Members' Equity			
Share capital	16	2,308,847	2,235,506
Statutory reserve fund	17	5,355,701	5,020,356
Development fund	18	10,000	5,000
Revaluation surplus		5,610,510	5,610,510
Retained earnings		4,854,198	3,769,757
Total members' equity		<u>18,139,256</u>	<u>16,641,129</u>
Total liabilities and members' equity		<u>111,426,443</u>	<u>103,275,280</u>

See accompanying notes to the financial statements.

Approved for issue by the Board of Directors on November 20, 2020 and signed on its behalf by:

 President
Cynthia Hope-Browne

 Treasurer
Bernard John

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Statement of Changes in Members' Equity

For the year ended December 31, 2019

With comparative figures for 2018

(Expressed in Eastern Caribbean dollars)

	Notes	Share capital \$	Statutory reserve fund \$	Development fund \$	Revaluation surplus \$	Retained earnings \$	Total \$
Restated balance at January 1, 2018		2,499,893	4,677,061	15,359	5,480,157	2,589,402	15,261,872
Profit for the year		-	-	-	-	1,697,147	1,697,147
Issuance of shares	16	105,002	-	-	-	-	105,002
Redemption of shares	16	(369,389)	-	-	-	-	(369,389)
Appropriation of development fund	18	-	-	5,000	-	(5,000)	-
Statutory development contribution funds paid		-	-	(15,359)	-	-	(15,359)
Dividends paid		-	-	-	-	(171,792)	(171,792)
Appropriation of statutory reserve	17	-	340,000	-	-	(340,000)	-
Entrance fees		-	3,295	-	-	-	3,295
Revaluation of property and equipment	13	-	-	-	130,353	-	130,353
Balance at December 31, 2018		<u>2,235,506</u>	<u>5,020,356</u>	<u>5,000</u>	<u>5,610,510</u>	<u>3,769,757</u>	<u>16,641,129</u>
Balance at January 1, 2019		2,235,506	5,020,356	5,000	5,610,510	3,769,757	16,641,129
Profit for the year		-	-	-	-	1,421,441	1,421,441
Issuance of shares	16	99,261	-	-	-	-	99,261
Redemption of shares	16	(25,920)	-	-	-	-	(25,920)
Appropriation of development fund	18	-	-	5,000	-	(5,000)	-
Appropriation of statutory reserve	17	-	332,000	-	-	(332,000)	-
Entrance fees		-	3,345	-	-	-	3,345
Balance at December 31, 2019		<u>2,308,847</u>	<u>5,355,701</u>	<u>10,000</u>	<u>5,610,510</u>	<u>4,854,198</u>	<u>18,139,256</u>

See accompanying notes to the financial statements.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

With comparative figures for 2018

(Expressed in Eastern Caribbean dollars)

	Notes	2019 \$	2018 \$
Income			
Interest on loans	19	6,406,689	6,060,707
Investment income	20	548,493	558,034
		<u>6,955,182</u>	<u>6,618,741</u>
Interest expense		(938,517)	(847,912)
Rebates and interest to members		<u>(600,540)</u>	<u>2,387</u>
Net interest income		5,416,125	5,773,216
(Allowance for) Recovery of impairment on financial assets	21	<u>(343,209)</u>	<u>147,926</u>
		<u>5,072,916</u>	<u>5,921,142</u>
Rental income		<u>243,150</u>	<u>244,510</u>
		<u>5,316,066</u>	<u>6,165,652</u>
Selling expenses	22	(339,149)	(498,435)
General and administrative expenses	23	<u>(4,038,724)</u>	<u>(3,632,157)</u>
		<u>938,193</u>	<u>2,035,060</u>
Other income			
Income on death benefit plan – net	24	338,774	250,805
Commissions and miscellaneous income		310,670	282,165
Decrease in fair value of investment properties	12	<u>(147,000)</u>	<u>(942,903)</u>
		<u>502,444</u>	<u>(409,933)</u>
Share of (loss)/profit of associates accounted for using the equity method	11	<u>(19,196)</u>	<u>72,020</u>
Profit for the year		<u>1,421,441</u>	<u>1,697,147</u>
Other Comprehensive Income			
<i>Items that will never be reclassified subsequently to profit or loss</i>			
Appreciation on revaluation of property and equipment	13	-	130,353
Other comprehensive income for the year		-	130,353
Total comprehensive income for the year		<u>1,421,441</u>	<u>1,827,500</u>

See accompanying notes to the financial statements.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows

For the year ended December 31, 2019

With comparative figures for 2018

(Expressed in Eastern Caribbean dollars)

	<u>Notes</u>	2019 \$	2018 \$
Cash flows from operating activities			
Profit for the year		1,421,441	1,697,147
Adjustments for:			
Interest income		(6,942,121)	(6,578,715)
Interest expense		938,517	847,912
Depreciation	13	324,414	331,461
Decrease in fair value of investment properties	12	147,000	942,903
Share of loss (profit) of associates	11	19,196	(72,020)
Allowance for (Recovery of) impairment on financial assets	21	343,209	(147,926)
Cash flows used in operating activities before changes in operating assets and liabilities		<u>(3,748,344)</u>	<u>(2,979,238)</u>
Changes in:			
Other assets		43,580	(46,041)
Loans to members		(6,036,037)	(5,836,673)
Accounts payable and accrued liabilities		122,706	111,088
Deposits		3,662,610	3,675,659
Redeemable member shares		2,976,446	2,645,657
Interest paid		(1,069,061)	(978,456)
Interest received		6,997,445	6,563,058
Dividends and rebates payable		-	(1,034,711)
Net cash generated from operating activities		<u>2,949,345</u>	<u>2,120,343</u>
Cash flows from investing activities			
Acquisition of property and equipment	13	(452,422)	(571,934)
Purchase of investment securities		(1,436,328)	(1,824,297)
Additional investment in associate	11	-	(451,354)
Net cash used in investing activities		<u>(1,888,750)</u>	<u>(2,847,585)</u>
Cash flows from financing activities			
Net proceeds from issuance/(redemption) of shares	16	73,341	(264,387)
Dividends paid		-	(171,792)
Entrance fees received		3,345	3,295
Development fund contributions paid		-	(15,359)
Net cash generated from (used in) financing activities		<u>76,686</u>	<u>(448,243)</u>
Increase (decrease) in cash and cash equivalents		<u>1,137,281</u>	<u>(1,175,485)</u>
Cash and cash equivalents - beginning of year		<u>13,485,644</u>	<u>14,661,129</u>
Cash and cash equivalents - end of year	7	<u>14,622,925</u>	<u>13,485,644</u>

See accompanying notes to the financial statements.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

1. Incorporation and principal activities

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

2. Basis of preparation

a. Statement of compliance

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

b. Significant accounting judgments, estimates and assumptions

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

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

2. Basis of preparation (cont'd)

c. New standards, interpretations and amendments effective during the year

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after January 1, 2019 and have been applied in preparing these financial statements.

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

IFRS 16 Leases

The Credit Union has initially applied IFRS 16 *Leases* from January 1, 2019.

The Credit Union applied IFRS 16 using the modified retrospective approach, under which the right-of-use assets are equivalent to the lease liabilities. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Credit Union determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*, issued by IFRS Interpretations Committee (IFRIC). The Credit Union now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3 (m).

On transition to IFRS 16, the Credit Union elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Credit Union applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(b) As a lessee

As a lessee, the Credit Union leases office space. The Credit Union previously classified leases as operating based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Credit Union. Under IFRS 16, the Credit Union recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property, the Credit Union has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

2. Basis of preparation (cont'd)

c. New standards, interpretations and amendments effective during the year (cont'd)

IFRS 16 Leases (cont'd)

(b) As a lessee (cont'd)

Leases classified as operating leases under IAS 17

Previously, the Credit Union classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Credit Union's incremental borrowing rate as at January 1, 2019. The Credit Union opted for the measurement of the right-of-use assets equivalent to the lease liabilities at transition date as permitted by IFRS 16 transition options.

The Credit Union has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Credit Union used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Credit Union:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) As a lessor

The Credit Union is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Credit Union does not sub-lease any of its properties.

(d) Impact on transition

There was no impact on transition to this standard.

Amendments to IFRS 9 Financial Instruments

Amendments to IFRS 9 *Financial Instruments* relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

There was no impact on the Credit Union's financial statements from the adoption of this amendment.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

2. Basis of preparation (cont'd)

d. New standards, amendments and interpretations not yet effective and have not been early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, the Credit Union has not early adopted these new or amended standards in preparing these financial statements.

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

3. Summary of significant accounting policies

a. Cash, cash equivalents and short-term investment securities

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

b. Loans to members

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

Subsequently loans are carried at amortised cost less allowance for impairment.

c. Interest income and expense

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

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability when calculated. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

d. Accounts payable and accrued liabilities

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

e. Property and equipment

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

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

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

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

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

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

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

f. Investment properties

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

The Credit Union carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income (OCI). The Credit Union engaged an independent valuation specialist to assess fair value for investment properties, land and buildings.

g. Borrowings

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

g. Borrowings (cont'd)

Borrowing costs

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

h. Foreign currency translation

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

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

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

i. Financial instruments

Recognition, initial measurement and derecognition

Recognition and initial measurement

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Recognition, initial measurement and derecognition (cont'd)

Derecognition

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

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

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

Measurement Categories of Financial Assets

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

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

Deposits with Other Institutions, Treasury Bills, Loans and Advances to Members

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Equity Instruments

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

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

Debt Instruments

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

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

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

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

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Business Model Assessment (cont'd)

- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected).

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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

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

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

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

The SPPI Test

Debt Instruments Measured at Amortised Cost

Debt instruments are measured at amortised 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 amortised cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised 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 amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of the allowance for credit losses (ECL) in the statement of financial position.

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Notes to the Financial Statements

For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

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

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

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

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

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

Debt instruments are measured at FVTPL for assets:

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

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

Debt Instruments Designated at FVTPL

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

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

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

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Notes to the Financial Statements

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets

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

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

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

Determining a significant increase in credit risk since initial recognition

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

Expected credit loss impairment model

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

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

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

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Notes to the Financial Statements

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets (cont'd)

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

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

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For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets (cont'd)

Measurement of Expected Credit Losses

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

ECLs are measured as follows:

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

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

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

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Notes to the Financial Statements

For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets (cont'd)

Incorporation of Forward-Looking Information

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

Assessment of Significant Increase in Credit Risk (SICR)

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

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

Some of the indicators which were incorporated included:

- i) Internal credit rating
- ii) External credit rating (as far as available)
- iii) Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. This includes but is not limited to evidence of one or more of the following:
 - a. Delinquency in contractual payments of principal or interest;
 - b. Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
 - c. Breach of loan covenants or conditions;
 - d. Initiation of bankruptcy proceedings;
 - e. Deterioration of the borrower's competitive position.

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Notes to the Financial Statements

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets (cont'd)

Assessment of Significant Increase in Credit Risk (SICR) (cont'd)

- iv) Actual or expected changes in the operating results of the borrower
- v) Significant increase in credit risk on other financial instrument of the same borrower
- vi) Significant change in the value of the collateral supporting the obligation
- vii) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Credit Union and changes in the operating result of the borrower
- viii) Deterioration in the value of collateral.

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

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

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

Improvement in Credit Risk/Curing

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

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Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Impairment of Financial Assets (cont'd)

Improvement in Credit Risk/Curing (cont'd)

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

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

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

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

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

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

Expected Life

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

Presentation of Expected Credit Losses in the Statement of Financial Position

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

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Notes to the Financial Statements

For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

i. Financial instruments (cont'd)

Offsetting Financial Instruments

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

j. Financial liabilities

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

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

k. 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 for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

l. Share capital

Share capital costs

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

Dividends

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

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For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

I. Share capital (cont'd)

Revaluation reserve

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

Retained earnings

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

m. Leases

Policy applicable from January 1, 2019

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

As a lessee

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

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

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

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

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3. Summary of significant accounting policies (cont'd)

m. Leases (cont'd)

As a lessee (cont'd)

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Policy applicable before January 1, 2019

i. Leased assets

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

ii. Lease payments

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

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

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4. Financial risk management

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

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Compliance Officer undertakes both regular and ad hoc reviews of 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 risks including members and of investing deposit receipts in loans and other investments exposes the Credit Union to various financial risks. Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

(a) Credit risk

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

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

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

The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, of groups of borrowers.

Collateral

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

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4. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Collateral (cont'd)

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

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

Impairment and provisioning policies

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

Change in Credit Quality Since Initial Recognition

← Stage 1	Stage 2	Stage 2 →
Initial Recognition	Significant increase in credit risk (SICR)	Credit impaired
12 month expected credit loss	Lifetime credit loss	Lifetime expected credit loss

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

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

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Notes to the Financial Statements

For the year ended December 31, 2019

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4. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Collateral (cont'd)

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

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

Impairment and provisioning policies

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← Stage 1	Stage 2	Stage 2 →
Initial Recognition	Significant increase in credit risk (SICR)	Credit impaired
12 month expected credit loss	Lifetime credit loss	Lifetime expected credit loss

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

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

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4. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Impairment and provisioning policies (cont'd)

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

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

Collective impairment on advances

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

Financial investments

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

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

The following summarizes the maximum credit risk:

	2019	2018
	\$	\$
Deposits with commercial banks	14,084,692	12,975,121
Investment securities	6,062,162	4,643,401
Loans to members	76,617,693	70,962,622
Other assets	61,753	68,202
	<u>96,826,300</u>	<u>88,649,346</u>

The exposures set out above are based on net carrying amounts as reported in the statement of financial position and represent a worst-case scenario of credit risk exposure as at December 31, 2019 and 2018 without taking account of any collateral held or other credit enhancements attached.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

4. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Loans and advances to members are summarized as follows:

	Mortgage \$	Consumer \$	Vehicle \$	Education \$	Promotional \$	Micro- business \$	Total
At December 31, 2019							
Gross loans	40,452,382	20,583,886	5,844,888	2,231,425	2,887,753	8,422,060	80,422,394
Less: ECL allowance on gross loans	(1,296,915)	(1,773,662)	(301,541)	(73,787)	(214,614)	(963,825)	(4,624,344)
	39,155,467	18,810,224	5,543,347	2,157,638	2,673,139	7,458,235	75,798,050
Add: interest receivable	328,914	290,981	51,594	27,225	62,047	58,882	819,643
	<u>39,484,381</u>	<u>19,101,205</u>	<u>5,594,941</u>	<u>2,184,863</u>	<u>2,735,186</u>	<u>7,517,117</u>	<u>76,617,693</u>
At December 31, 2018							
Gross loans	47,079,991	14,520,975	6,315,831	2,736,307	3,437,383	212,396	74,302,883
Less: ECL allowance on gross loans	(1,413,461)	(976,966)	(154,858)	(139,877)	(612,198)	(203,627)	(3,500,987)
	45,666,530	13,544,009	6,160,973	2,596,430	2,825,185	8,769	70,801,896
Add: interest receivable	374,720	169,788	50,478	29,369	69,994	21,877	716,226
Less: ECL allowance on interest receivable	(226,099)	(154,931)	(24,558)	(22,182)	(97,085)	(30,645)	(555,500)
	<u>45,815,151</u>	<u>13,558,866</u>	<u>6,186,893</u>	<u>2,603,617</u>	<u>2,798,094</u>	<u>1</u>	<u>70,962,622</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

4. Financial risk management (cont'd)

(a) Credit risk (cont'd)

Loans and advances to members – credit quality

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

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
As at December 31, 2019				
Mortgage	38,879,963	187,093	1,355,326	40,422,382
Consumer	19,220,442	17,057	1,346,388	20,583,887
Vehicle	5,562,785	-	282,103	5,844,888
Education	2,073,144	-	158,281	2,231,425
Promotional	2,695,232	-	192,520	2,887,752
Micro-business	7,314,182	-	1,137,878	8,452,060
	<u>75,745,748</u>	<u>204,150</u>	<u>4,472,496</u>	<u>80,422,394</u>
Add: interest receivable	267,806	13,077	538,760	819,643
	<u>76,013,554</u>	<u>217,227</u>	<u>5,011,256</u>	<u>81,242,037</u>
Less: ECL allowance	(1,694,289)	(18,859)	(2,911,196)	(4,624,344)
	<u>74,319,265</u>	<u>198,368</u>	<u>2,100,060</u>	<u>76,617,693</u>
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
As at December 31, 2018				
Mortgage	45,530,323	345,987	1,203,681	47,079,991
Consumer	13,743,018	101,903	676,054	14,520,975
Vehicle	6,117,935	-	197,896	6,315,831
Education	2,719,269	-	17,038	2,736,307
Promotional	2,985,526	37,834	414,023	3,437,383
Micro-business	132,591	-	79,805	212,396
	<u>71,228,662</u>	<u>485,724</u>	<u>2,588,497</u>	<u>74,302,883</u>
Add: interest receivable	364,100	6,614	345,512	716,226
	<u>71,592,762</u>	<u>492,338</u>	<u>2,934,009</u>	<u>75,019,109</u>
Less: ECL allowance	(2,099,442)	(153,183)	(1,803,862)	(4,056,487)
	<u>69,493,320</u>	<u>339,155</u>	<u>1,130,147</u>	<u>70,962,622</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***4. Financial risk management (cont'd)****(b) Liquidity risk**

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

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

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

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

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

	1 year \$	1 and 5 years \$	After 5 years \$	Total \$
As at December 31, 2019				
Accounts payable and accruals	1,244,838	-	-	1,244,838
Bank overdraft	85,980	-	-	85,980
Deposits	39,352,932	-	-	39,352,932
Redeemable member shares	52,603,437	-	-	52,603,437
	<u>93,287,187</u>	<u>-</u>	<u>-</u>	<u>93,287,187</u>

	1 year \$	1 and 5 years \$	After 5 years \$	Total \$
As at December 31, 2018				
Accounts payable and accruals	1,122,132	-	-	1,122,132
Bank overdraft	64,162	-	-	64,162
Deposits	35,820,866	-	-	35,820,866
Redeemable member shares	49,626,991	-	-	49,626,991
	<u>86,634,151</u>	<u>-</u>	<u>-</u>	<u>86,634,151</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

4. Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

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

(c) Interest rate risk

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

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

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

4. Financial risk management (cont'd)

(c) Interest rate risk (cont'd)

	Up to 1 Year \$	1 and 5 Years \$	Over 5 Years \$	Non- interest bearing \$	Total \$
As at December 31, 2018					
Financial assets					
Cash	12,975,121	-	-	574,685	13,549,806
Investment securities	913,305	1,275,597	1,895,156	559,343	4,643,401
Other assets	-	-	-	68,202	68,202
Loans to members	1,877,880	27,912,567	41,011,449	160,726	70,962,622
	<u>15,766,306</u>	<u>29,188,164</u>	<u>42,906,605</u>	<u>1,362,956</u>	<u>89,224,031</u>
Financial liabilities					
Trade and other payables	-	-	-	1,122,132	1,122,132
Bank overdraft	64,162	-	-	-	64,162
Deposits	29,990,149	5,830,717	-	-	35,820,866
Redeemable member shares	49,626,991	-	-	-	49,626,991
	<u>79,681,302</u>	<u>5,830,717</u>	<u>-</u>	<u>1,122,132</u>	<u>86,634,151</u>
Total interest sensitivity gap	<u>(63,914,996)</u>	<u>23,357,447</u>	<u>42,906,605</u>	<u>240,824</u>	<u>2,589,880</u>

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

	2019 \$	2018 \$
Financial assets		
Cash at bank - savings accounts only	14,084,692	12,975,121
Investment securities	5,488,600	4,125,420
Loans to members	75,798,050	70,801,896
	<u>95,371,342</u>	<u>87,902,437</u>
Financial liabilities		
Bank overdraft	85,980	64,162
Deposits from members	39,019,301	35,356,691
	<u>39,105,281</u>	<u>35,420,853</u>

Sensitivity analysis

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

4. Financial risk management (cont'd)

(d) Foreign currency risk

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

The Credit Union is exposed to currency risk on financial instruments which are denominated in currencies other than its functional currency. As of reporting date, the Credit Union was exposed to currency risk on financial instruments having a fair value of \$210,062, which are denominated in Barbados currency. Had the Barbados currency either increased or decreased by 5% at reporting date, other comprehensive income would have increased or decreased respectively by \$10,503.

(e) Fair value risk

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

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

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

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

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

5. Capital risk management

The Credit Union's objectives when managing capital are:

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

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

Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10% of its liabilities. The Credit Union is in compliance as at December 31, 2019 (see Note 30).

6. Critical accounting estimates and judgments

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Judgments

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

- Note 3(i): classification of financial instruments: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.
- Notes 3(i) and 4(a): measurement of expected credit losses: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward looking information into measurement of ECL and selection and approval of the models used to measure ECL.

Assumptions and estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2019 is included in the following notes:

- Note 3 (e): valuation of land and building
- Note 3 (f): valuation of investment property

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

6. Critical accounting estimates and judgments (cont'd)

Assumptions and estimates (cont'd)

- Note 3 (i): impairment of financial assets and measurement of expected credit losses: determining the inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 4 (e): determination of the fair value of financial instruments.

7. Cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	624,213	574,685
Deposits and special savings	14,084,692	12,975,121
Cash and cash equivalents in statement of financial position	14,708,905	13,549,806
Bank overdraft	(85,980)	(64,162)
Cash and cash equivalents in statement of cash flows	14,622,925	13,485,644

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

8. Investment securities

	2019	2018
	\$	\$
Amortised cost		
Debt securities	6,062,585	4,633,745
Interest receivable	115,667	60,086
	6,178,252	4,693,831
Less: expected credit losses	(573,985)	(508,325)
Total debt securities	5,604,267	4,185,506

Fair value through profit or loss

Equities	457,895	457,895
	6,062,162	4,643,401

The movements in the expected credit loss are as follows:

	2019	2018
	\$	\$
At December 31,		
Balance, beginning of year	508,325	499,900
Impact of adoption of IFRS 9 in 2018	-	3,407
	508,325	503,307
Charge for the year	65,660	5,018
	573,985	508,325

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

9. Loans to members

Loans to members are comprised of the following:

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

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-business	Total
	\$	\$	\$	\$	\$	\$	
At December 31, 2018							
Gross loans	47,079,991	14,520,975	6,315,831	2,736,307	3,437,383	212,396	74,302,883
Less: expected credit losses on loans	(1,413,461)	(976,966)	(154,858)	(139,877)	(612,198)	(203,627)	(3,500,987)
	45,666,530	13,544,009	6,160,973	2,596,430	2,825,185	8,769	70,801,896
Add: interest receivable	374,720	169,788	50,478	29,369	69,994	21,877	716,226
Less: expected credit losses on interest receivable	(226,099)	(154,931)	(24,558)	(22,182)	(97,085)	(30,645)	(555,500)
	45,815,151	13,558,866	6,186,893	2,603,617	2,798,094	1	70,962,622

The average yield on loans for the year was 8.4% (2018: 8.7%).

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***9. Loans to members (cont'd)**

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

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
As at December 31, 2019				
Mortgage	38,879,963	187,093	1,355,326	40,422,382
Consumer	19,220,442	17,057	1,346,388	20,583,887
Vehicle	5,562,785	-	282,103	5,844,888
Education	2,073,144	-	158,281	2,231,425
Promotional	2,695,232	-	192,520	2,887,753
Micro-business	7,314,182	-	1,137,878	8,452,060
	<u>75,745,748</u>	<u>204,154</u>	<u>4,472,496</u>	<u>80,422,394</u>
Add: interest receivable	267,806	13,077	538,760	819,643
	<u>76,013,554</u>	<u>217,227</u>	<u>5,011,256</u>	<u>81,242,037</u>
Less: expected credit losses	(1,694,289)	(18,859)	(2,911,196)	(4,624,344)
	<u>74,319,265</u>	<u>198,368</u>	<u>2,100,060</u>	<u>76,617,693</u>

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
As at December 31, 2018				
Mortgage	45,530,323	345,987	1,203,681	47,079,991
Consumer	13,743,018	101,903	676,054	14,520,975
Vehicle	6,117,935	-	197,896	6,315,831
Education	2,719,269	-	17,038	2,736,307
Promotional	2,985,526	37,834	414,023	3,437,383
Micro-business	132,591	-	79,805	212,396
	<u>71,228,662</u>	<u>485,724</u>	<u>2,588,497</u>	<u>74,302,883</u>
Add: interest receivable	364,100	6,614	345,512	716,226
	<u>71,592,762</u>	<u>492,338</u>	<u>2,934,009</u>	<u>75,019,109</u>
Less: expected credit losses	(2,099,442)	(153,183)	(1,803,862)	(4,056,487)
	<u>69,493,320</u>	<u>339,155</u>	<u>1,130,147</u>	<u>70,962,622</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

9. Loans to members (cont'd)

The movements in the expected credit losses are as follows:

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

	Mortgage	Consumer	Vehicle	Education	Promotional	Micro-business	Total
	\$	\$	\$	\$	\$	\$	\$
At December 31, 2018							
Balance, beginning of year	1,188,306	386,045	121,888	85,372	98,423	9,072	1,889,106
Impact of IFRS 9 adoption	796,962	791,816	205,171	189,074	297,694	89,086	2,369,803
	1,985,268	1,177,861	327,059	274,446	396,117	98,158	4,258,909
Written-off (net)	(45,156)	(47,447)	(118,622)	(23,558)	-	-	(234,783)
Charge for the year	(300,552)	1,483	(29,021)	(88,829)	313,166	136,114	32,361
Balance, end of year	1,639,560	1,131,897	179,416	162,059	709,283	234,272	4,056,487

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

10. Other assets

	2019	2018
	\$	\$
Interest receivable	41,666	44,974
Prepaid expenses	71,041	91,366
Inventories	-	16,806
Other receivables	20,087	23,228
	<u>132,794</u>	<u>176,374</u>

11. Investment in associates

	2019	2018
	\$	\$
Investments at the beginning of the year	1,130,990	607,616
Additional investment in St. Vincent and the Grenadines Credit Union League Limited	-	451,354
Share of (loss) profit for the year	(19,196)	72,020
	<u>1,111,794</u>	<u>1,130,990</u>

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

During 2017, SVG Small Business and Micro-Finance Co-operative Limited (COMFI) was placed in voluntary liquidation. The liquidator is in the process of determining the value of shareholding to be allocated to the various Credit Unions that currently own shares in the entity. Consequently, the Credit Union has fully provided for impairment losses anticipated on the investment.

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

12. Investment properties

	Land at Canouan \$	Land and building at Kingstown Park \$	Land at Bequia \$	Land at Brighton \$	Total \$
December 31, 2017	355,192	611,791	171,671	2,634,060	3,772,714
Decrease in fair value	(166,266)	(29,741)	(93,523)	(653,373)	(942,903)
December 31, 2018	188,926	582,050	78,148	1,980,687	2,829,811
Decrease in fair value	-	(147,000)	-	-	(147,000)
December 31, 2019	<u>188,926</u>	<u>435,050</u>	<u>78,148</u>	<u>1,980,687</u>	<u>2,682,811</u>

The Credit Union demolished the building on the Kingstown Park property and has made an adjustment to reflect this. The decline of \$147,000 (2018: \$942,903) in the fair value of investment properties was charged to profit or loss.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

13. Property and equipment

	Land \$	Building \$	Furniture & Equipment \$	Total \$
At January 1, 2018				
Cost or valuation	2,361,273	7,052,193	2,456,245	11,869,711
Accumulated depreciation	-	(413,720)	(1,844,541)	(2,258,261)
Net book amount	2,361,273	6,638,473	611,704	9,611,450
Opening net book amount	2,361,273	6,638,473	611,704	9,611,450
Additions	-	255,647	316,287	571,934
Revaluation	349,227	(218,874)	-	130,353
Depreciation charge	-	(144,335)	(187,126)	(331,461)
Closing net book amount	2,710,500	6,530,911	740,865	9,982,276
At December 31, 2018				
Cost or valuation	2,710,500	7,307,840	2,772,532	12,790,872
Accumulated depreciation	-	(776,929)	(2,031,667)	(2,808,596)
Net book amount	2,710,500	6,530,911	740,865	9,982,276
At January 1, 2019				
Cost or valuation	2,710,500	7,307,840	2,772,532	12,790,872
Accumulated depreciation	-	(776,929)	(2,031,667)	(2,808,596)
Net book amount	2,710,500	6,530,911	740,865	9,982,276
Opening net book amount	2,710,500	6,530,911	740,865	9,982,276
Additions	-	-	452,422	452,422
Transfers	121,410	(121,410)	-	-
Depreciation charge	-	(128,275)	(196,139)	(324,414)
Closing net book amount	2,831,910	6,281,226	997,148	10,110,284
At December 31, 2019				
Cost or valuation	2,831,910	7,186,430	3,224,954	13,243,294
Accumulated depreciation	-	(905,204)	(2,227,806)	(3,133,010)
Net book amount	2,831,910	6,281,226	997,148	10,110,284

On May 27, 2019, the Credit Union's land and building were valued by Christopher Browne, independent Chartered Valuation Surveyor, on a market basis. The combined appraisal value was \$9,240,000. The excess of appraised value over cost of \$130,353 was recognized through other comprehensive income in 2018.

Depreciation expense of \$324,414 (2018: \$331,461) was charged to general and administrative expenses.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***14. Accounts payable and accrued liabilities**

	2019	2018
	\$	\$
Accounts payable	432,805	420,068
Payroll obligations	723,273	637,355
Other accruals	88,760	64,709
	<u>1,244,838</u>	<u>1,122,132</u>

15. Deposits

	2019	2018
	\$	\$
Members' demand deposits	26,715,821	22,596,515
Building capitalization fund shares	12,303,480	12,760,176
	<u>39,019,301</u>	<u>35,356,691</u>
Interest payable	333,631	464,175
	<u>39,352,932</u>	<u>35,820,866</u>

The building capitalization fund shares have varying maturity dates.

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

	2019	2018
	%	%
Members' demand deposits	2.26	2.26
Building capitalization fund shares	3.25	3.25

All deposits are denominated in Eastern Caribbean currency.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***16. Share capital****Issued Share Capital**

	2019 Share Numbers	2018 Share Numbers
Redeemable \$5 par value member shares	10,520,687	9,925,398
Non-redeemable fully paid \$5 par value member shares	461,769	447,101
	2019 \$	2018 \$
Paid-up Capital		
Reported as Financial Liabilities		
Redeemable \$5 par value member shares	52,603,437	49,626,991
Reported as Equity		
Permanent fully paid \$5 par value member shares	2,224,812	2,151,595
Subscription for permanent \$5 par value member shares	84,035	83,911
	<u>2,308,847</u>	<u>2,235,506</u>
	<u>54,912,284</u>	<u>51,862,497</u>

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

The Credit Union shall not pay a dividend if its institutional capital is less than 10% of its assets. Institutional capital is currently 16%.

Redemption of Shares

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

17. Statutory reserve

Article 16.1 of the Credit Union's By-Laws provides that entrance fees and fines collected from members, and at least 20% of net profits shall be credited to a Reserve Fund. The Reserve Fund may be used to meet bad debts and other extraordinary losses. The Reserve Fund shall be maintained in a liquid form to the satisfaction of the Registrar. During the year, the Board approved an appropriation of \$332,000 (2018: \$340,000) to the statutory reserve fund.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***18. Development fund**

In accordance with Section 125 of the Co-operative Societies Act 2012, the Credit Union shall appropriate such sums, not exceeding ten percent of net profit, to a Fund, which shall be administered by the National Leagues, for the development of registered societies. During the year, the Board approved an appropriation of \$5,000 (2018: \$5,000) to the development fund.

19. Interest on loans

	2019	2018
	\$	\$
Mortgage loans	3,168,536	3,205,633
Consumer loans	2,492,508	2,323,793
Vehicle loans	606,576	356,267
Education loans	139,069	175,014
	<u>6,406,689</u>	<u>6,060,707</u>

20. Investment income

Investment income comprises:

	2019	2018
	\$	\$
Interest earned on bank deposits and fixed deposits	269,210	273,169
Interest earned on securities at amortised cost	266,222	244,839
Dividends	13,061	40,026
	<u>548,493</u>	<u>558,034</u>

21. Impairment allowance (recovery)

	2019	2018
	\$	\$
Impairment charge – loans (Note 9)	567,857	32,361
Loan write-off recoveries	(290,409)	(185,305)
Write-offs	101	-
Impairment charge – investments (Note 8)	65,660	5,018
	<u>343,209</u>	<u>(147,926)</u>

22. Selling expenses

	2019	2018
	\$	\$
Donations	58,613	75,498
Publicity, promotions and sponsorship	238,991	374,982
Scholarship funds	41,545	47,955
	<u>339,149</u>	<u>498,435</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***23. General and administrative expenses**

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

	2019	2018
	\$	\$
Annual general meeting expenses	63,224	37,397
Annual licence fee	91,079	49,474
Audit fees	96,443	77,772
Bank charges	41,920	23,757
Board and committee meetings	149,116	140,785
Communication expenses	189,817	183,512
Conventions and summits	26,617	22,359
Depreciation expense (Note 13)	324,414	331,461
Electricity	90,113	85,106
General insurance	51,112	53,625
Insurance on loans and shares	433,781	395,404
League dues	68,284	67,364
Other operating expenses	82,987	11,490
Professional fees	69,956	94,530
Rental expense	83,029	66,403
Repairs and maintenance - buildings	84,469	70,584
Repairs and maintenance - equipment	126,215	111,988
Security	144,902	165,846
Staff costs (Note 25)	1,626,825	1,470,872
Stationery and office supplies	151,684	114,403
Travel	26,189	40,257
Water	16,548	17,768
	<u>4,038,724</u>	<u>3,632,157</u>

24. Income on death benefit plan – net

	2019	2018
	\$	\$
Death benefit contributions	532,524	501,805
Death benefit claims paid	<u>(193,750)</u>	<u>(251,000)</u>
	<u>338,774</u>	<u>250,805</u>

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***25. Staff costs**

	2019	2018
	\$	\$
Bonus	55,539	50,180
Staff medical insurance	29,226	26,390
National Insurance contributions	63,426	55,517
Salaries and wages	1,288,340	1,173,053
Staff training and education	39,090	28,754
Staff uniforms	59,281	5,787
Retirement benefit	10,540	72,155
Vacation	81,383	59,036
	<u>1,626,825</u>	<u>1,470,872</u>
Number of employees at reporting date	<u>40</u>	<u>36</u>

26. Related party transactions**(a) Definition of related party**

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

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

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

26. Related party transactions (cont'd)

(a) Definition of related party (cont'd)

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

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

(b) Identity of related parties

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

(c) Related party transactions and balances

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

i) Key management compensation

	Transaction values for the year ended December 31	
	2019	2018
	\$	\$
Salaries and wages	575,464	537,800
National Insurance contributions	17,840	15,818
Total	593,304	553,618

ii) Loans and deposits

a. Loans

	Balance outstanding as at December 31	
	2019	2018
	\$	\$
Directors and committee members	1,273,756	1,058,924
Management staff	885,690	2,026,524
Total	2,159,446	3,085,448

b. Deposits

	Balance outstanding as at December 31	
	2019	2018
	\$	\$
Directors and committee members	88,666	275,472
Management staff	390,459	656,445
Total	479,125	931,917

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

(Expressed in Eastern Caribbean dollars)

26. Related party transactions (cont'd)

(c) Related party transactions and balances (cont'd)

ii) Loans and deposits (cont'd)

No specific allowance has been made for impairment losses on loans with related parties at the reporting date (2018: nil).

27. Income tax

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

28. Commitments

Undrawn loan commitments at year end amounted to \$4,359,822 (2018: \$4,229,742).

29. Subsequent events

COVID-19

Overall risk to operations

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

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

Dividends

On November 13, 2020, the directors declared a dividend of 6.75%, 1.5% and 2.25% rebate on the permanent shares, redeemable shares and loans respectively to all shareholders on record as at December 31, 2019.

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

*(Expressed in Eastern Caribbean dollars)***30. Co-operative Societies Act compliance requirements**

	2019	2018
	\$	\$
Fixed deposits	6,062,585	4,633,745
Cash	14,622,925	13,485,644
Members' deposits and ordinary shares	20,685,510	18,119,389
	91,956,369	85,447,857
Liquid investments to shares and deposits ratio	23%	22%

Section 119 (3) of The Co-operative Societies Act requires that not less than 15% of the Members' shares and deposits be kept in liquid reserve. Liquid reserves of the Credit Union represented 23% (2018 – 22%) of members' shares and deposits.

	2019	2018
	\$	\$
Statutory and other reserves	10,976,211	10,635,866
Total liabilities	93,287,187	86,634,151
Reserves to liabilities ratio	12%	13%

Section 124 (3) of The Co-operative Societies Act requires that statutory and other reserves at no stage be less than 10% of its total liabilities. Statutory and other reserves of the Credit Union represented 12% (2018 – 13%) of its total liabilities.

31. Comparative figures

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

11. **CREDIT COMMITTEE REPORT TO THE 58TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

11.1 **INTRODUCTION**

On this occasion of the 58th Annual General Meeting of the Kingstown Credit Union Ltd, the Credit Committee takes this opportunity to present its report to the members of this noble institution, having served for the year 2019.

The 2019 period saw the following members serving:

Bro. Timothy Scott	Chairman
Sis. Juanika Joseph	Secretary
Bro. Osneith Cato	Committee Member
Sis. Susan Clarke	Committee Member
Sis. Licia Nero	Committee Member

At the 57th Annual General Meeting held on 7th October 2019 at the Methodist Church Hall, Sis Licia Nero was elected as a member. Bro Timothy Scott was elected for a second term.

11.2 **CREDIT COMMITTEE ATTENDANCE REPORT 2019**

<u>Volunteers/Members</u>	<u>Position</u>	<u>Attendance</u>
Bro. Timothy Scott	Chairman	38
Sis. Juanika Joseph	Secretary	32
Bro. Osneith Cato	Member	38
Sis Licia Nero	Member	8
Sis Susan Clarke	Member	31

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

The Credit Committee may be referred to as the heart of the Credit Union as it plays a vital role in its operations. As in previous years, meetings of the Committee were held on Tuesdays at 5pm to conduct review of loan applications made by members in accordance with the Co-operatives Society Act 2012 and the KCCU Bye-laws.

The Committee also conducted periodic checks on loans granted by internal management to ensure that the loans were in compliance with the lending regulations and the Credit Union's loan policy, as approved by the Board. Additionally, periodic site visits were conducted on properties to ensure that funds disbursed were used for the purpose intended.

The Chairman presented monthly reports to the Board of Directors. These reports summarized the activities undertaken by the Committee for the period under review; it included a breakdown of the number of loans approved/ disapproved, the purpose and collateral of each loan presented.

11.4 OVERVIEW

KCCU being cognizant of the financial experienced by members continue to provide loan products which meet its members' need; namely, the Diamond Deal and the KCCU Protect. Also, KCCU continued to promote the debt consolidation product which helped to provide its members with some financial relief.

The Credit Committee continues to provide the much-needed service of financial counseling to members who were increasing debt too rapidly, especially from multiple organizations.

The Credit Committee and the Credit Department, the Delinquency Department and the Board to develop new and innovative loan products that would continue to address members' need, while paying attention to the need to control our delinquency.

11.5 LOAN ANALYSIS

The table below shows a comparison of the loan activities for 2017 to 2019.

YEAR	NO. REVIEWED	NO. APPROVED	VALUE REVIEWED	VALUE APPROVED	APPROVED %
2017	3547	3386	37,059,520	19,869,615	53.6%
2018	3068	3003	44,174,362	20,902,281	47.3%
2019	2713	2452	\$26,214,577	\$19,482,373	74.3%
% Change 2017/2018	24.3%	23.4%	61.2%	13.1%	
% Change for 2018/2019	(11.6)	(18.3)	(40.7)	(6.8)	

11.6 LOAN APPLICATION AND APPROVALS

During the period under review, there was a decline in the loan activity. **2,713** loans were reviewed in 2019 compared to **3,068** in the previous year, representing an **11.6%** decline. Similarly, there was a decline of **18.3%** in loans approved, **2,452** in 2019 compared to **3,003** in 2018. In terms of the value of the loans reviewed during the period, there was a **40.7%** decrease from the previous year, this represents a reduction of **\$18.0 million**. Additionally, the value of the loans approved shows a reduction by **6.8%** compared to 2018, a reduction of **\$1.4 million**.

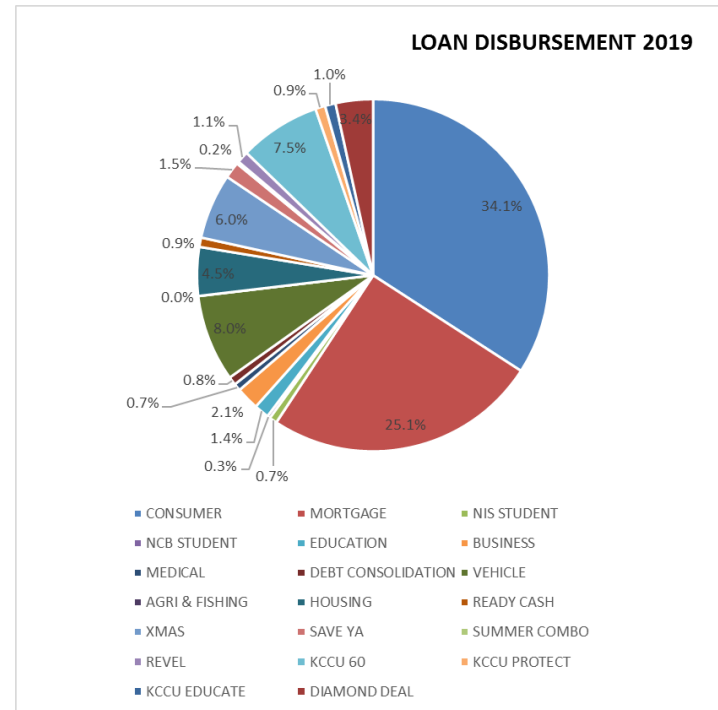
11.7 LOAN DISBURSEMENTS

Table 1. Loans disbursed by type is

TOTAL DISBURSEMENT							
LOAN TYPES	2019			2018			% CHANGE VALUE
	NO.OF LOANS DISBURSED	AMOUNT (\$)	% of TOTAL LOAN VALUE	NO.OF LOANS DISBURSED	AMOUNT (\$)	% OF TOTAL LOAN VALUE	
CONSUMER	4,550	7,917,353	34.13	4,044	7,158,868	29.20	10.60
MORTGAGE	325	5,946,857	25.50	277	7,395,280	30.16	-21.15
NIS STUDENT	16	165,679	0.71	20	165,756	0.68	-0.05
NCB STUDENT	1	62,955	0.27	1	62,955	0.26	0.00
EDUCATION	142	318,799	1.37	188	337,082	1.37	-5.42
BUSINESS	57	487,804	2.1	36	100,591	0.41	384.94
MEDICAL	41	154,036	0.66	83	180,868	0.74	-14.83
DEBT CONSOLIDATION	73	177,541	0.77	48	136,998	0.56	29.59
VEHICLE	345	1,848,238	7.97	336	1,756,207	7.16	5.24
AGRI & FISHING	2	3,015	0.01	3	4,010	0.02	-24.81
HOUSING	387	1,033,592	4.46	326	1,142,310	4.66	-9.52
INS & LIC	0	0	0	2	2,010	0.01	100.00
NCB/CDB/ND	0	0	0	2	43,152	0.18	100.00
READY CASH	222	198,487	0.86	291	191,671	0.78	3.56
XMAS	580	1,391,634	6	655	1,419,125	5.79	-1.94
SAVE YA	108	348,178	1.5	223	711,535	2.90	-51.07
SUMMER COMBO	18	50,400	0.22	0	0	0	0.00
REVEL	126	250,817	1.08	74	118,714	0.48	111.28
KCCU 60	248	1,728,612	7.45	441	3,280,641	13.38	-47.31
KCCU PROTECT	19	212,052	0.91	45	312,183	1.27	-32.07
KCCU EDUCATE	27	224,010	0.97	0	0	0	0.00
DIAMOND DEAL	132	795,563	3.43	0	0	0	0.00
TOTAL	7,418	115,624		7,095	24,519,956		

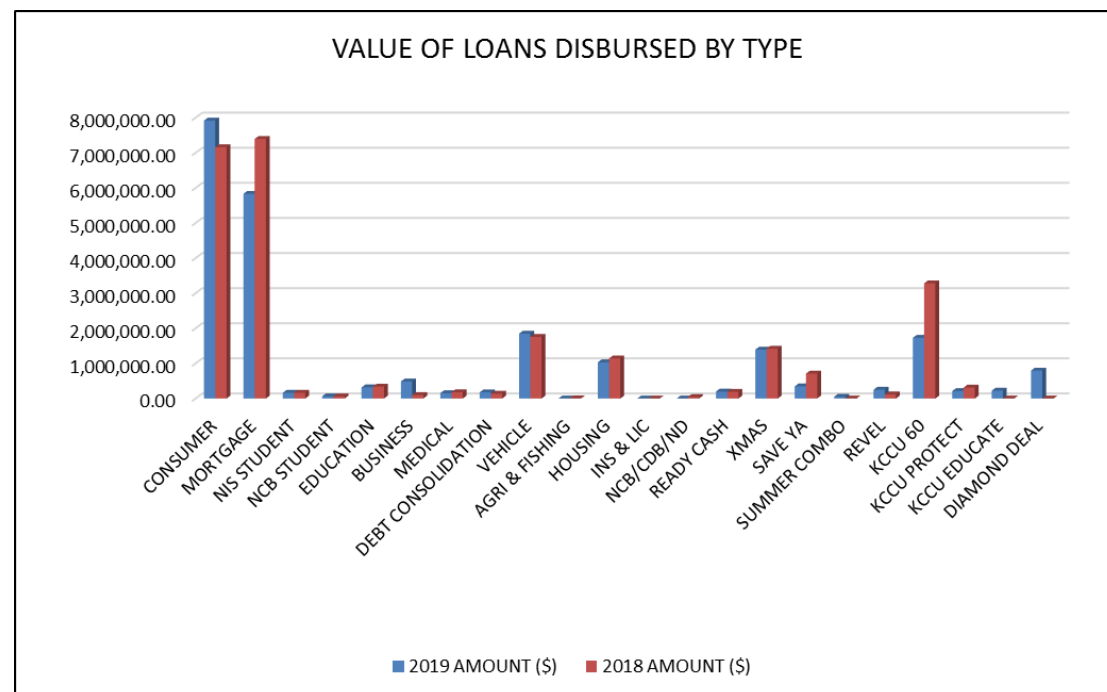
The Pie Chart in Table 2 below illustrates the percentage of funds disbursed by loan category in 2019.

Table 2



Based on the analysis of the period under review, Mortgages and Consumer loans continue to account for the majority of the loans disbursed, **34.1%** and **25.1%** respectively. Two new loan products were introduced during the period, KCCU Educate and Diamond Deal, which accounts for **1.0%** and **3.4%** respectively. The regular vehicle loans accounted for **8.0%**, KCCU 60 represents **7.4%** while housing **4.5%** of the disbursements for the year.

Table 3



The Column Chart in Table 3 above depicts a graphical representation of the data presented for the period under review compared to 2018. It shows that the majority of the loans disbursed in both 2019 and 2018 were heavily concentrated in the mortgages and consumer loan products.

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

11.7 DELINQUENCY

The delinquency rate stood at 5.9% (representing EC\$5.7 Million) at the end of financial year 2019; the delinquency in 2018 was 6.11%. This representative of an improvement in the rate of 3.43% on the 2018 figure. Please note that the delinquency in 2017 was 7.55%. The delinquency is concentrated in the Property/Mortgage category of the loan portfolio.

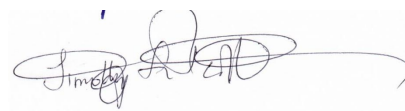
The Credit Committee continues to work with the Recoveries Department in an effort to reduce the level of delinquency in the organization. However, special commendation must be given to the Recoveries' Department, which continue to play a vital role in the reduction of the delinquency over the years.

11.8 ACKNOWLEDGEMENT

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

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

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



Timothy Scott
ka Joseph

Chairperson



Juani-

Secretary

12. REPORT OF THE SUPERVISORY AND COMPLIANCE COMMITTEE TO THE 58TH ANNUAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LTD

12.1 INTRODUCTION

The Supervisory and Compliance Committee is pleased to report that during the period under review it has endeavoured to deliver its mandate in accordance with the Cooperative Societies Act 2012 and has achieved this with the co-operation and assistance of the staff and members of the Kingstown Co-operative Credit Union Limited.

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

12.2 COMPOSITION AND ATTENDANCE OF THE SUPERVISORY AND COMPLIANCE COMMITTEE

Sis. Marlyn Richards Chairperson (Resigned March 16th, 2020)

Sis. Ruth A Alves Chairperson (Appointed March 18th, 2020)

Sis. Akisha Yearwood Secretary

Bro. Elvis Dublin Member

Bro. Steve Millington Member

On April 15, 2020, the SCC took the decision to fill the vacancy at the next AGM, following Sister Richards resignation, as the resignation was in the midst of the Covid-19 pandemic that was beginning to affect St. Vincent and the Grenadines, and in accordance with the Co-operative Societies Act 2012 65 (8) which states: "Where a vacancy occurs in the supervisory and compliance committee, the supervisory and compliance committee may fill such vacancy until the next annual meeting of the co-operative society."

	Present	Absent	Excused
Sis. Marlyn Richards	23	-	-
Sis. Ruth A Alves	23	-	5
Sis. Akisha Yearwood	28	-	-
Bro. Elvis Dublin	26	-	2
Bro. Steve Millington	27	-	1

12.3 REGULATION THAT GOVERNS THE SUPERVISORY AND COMPLIANCE COMMITTEE

The main duties, functions and powers of the SCC are stipulated in sections 65, 66, 69-70 of the Co-operative Societies Act 2012. The SCC is also guided by the Kingstown Co-operative Credit Union Limited Bye-laws.

12.4 DUTIES

Guided by section 66 of the Co-operative Societies Act 2012, the SCC undertook the following in accordance with the Act:

12.4.1 CASH COUNTS

The SCC conducted surprise cash counts at the Kingstown, Canouan and Union Island branches based on the criterion of completeness, accuracy, performance and previously identified internal control weaknesses over cash management.

All concerns and recommendations were brought to the Board's attention in a report issued by the SCC.

12.4.2 MEETINGS WITH OFFICERS, COMMITTEES AND THE BOARD OF DIRECTORS

Part of the SCC's mandate is to work closely with all other committees as we all strive to protect member's funds and ensure that sound decisions are taken in the best interest of KCCU.

12.4.2.1 Credit Committee

The SCC met with the Credit Committee once during the period and participated in discussions with them at Board of Directors meetings. The underwriting process was reviewed and recommendations were put forward by the SCC for consideration, along with the development of a delinquency and loan write-off policy.

12.4.2.2 Human Resource Committee

SCC met with this committee where pertinent points such as succession planning, vacation leave accrual, the revised CTAWU agreement, the senior management agreement, staffing issues and the performance appraisal system, were raised. The SCC felt that these points required immediate redress by the committee.

12.4.2.3 Investment and Building Committee

The SCC sought to obtain a distinction between this committee and the Asset Liability Management

(ALM) Committee as the members overlapped. It was noted that the ALM identifies what are the available resources and the Investment and Building Committee recommends how to utilise those available resources. It was noted that the existing Investment Policy was not approved and that it made no reference to the relevant sections in the Co-operative Societies Act 2012 and FSA Guidelines.

12.4.2.4 Marketing Officer

The newly appointed Marketing Officer summarised her duties which included new product promotion, marketing penetration of existing products and market research. She also noted that she worked closely with the Education Committee and the Chief Executive Officer.

12.4.2.5 Human Resource Officer

A meeting was held with the newly appointed Human Resource Officer to get an appreciation of her duties and how it differs from that of the Human Resource Committee. Basic duties highlighted were:

- a) Upkeep of staff files
- b) Vacation planning and sick leave
- c) Business planning and budgetary control
- d) Training and development

12.4.2.6 Board of Directors

The SCC was able to meet with the Board of Directors once during this term due to the onset of the Covid-19 pandemic from March 2020 and the social distancing measures recommended by the health authorities.

Inconsistencies in the Bye laws and the monthly Board reports were raised. A 'Health Check' was proposed for the Board which outlined the duties of the Board, their role and expectations. Each Board member was given the 'Health Checklist' for further review and analysis.

12.4.2.7 Recoveries Manager

The Recoveries Manager undertakes the task of property management and supervisor of the Marriaqua branch in addition to her function. Based on discussions held it was determined that the loan underwriting and delinquency policies need immediate revision. KCCU has already engaged parties to compile these two policies.

12.4.2.8 Compliance Officer

The SCC met with the Compliance Officer twice during this term as the officer is required to periodically report to the Board and the SCC in accordance to section sixty-seven (67) of the Co-operative Societies Act 2012.

The Compliance Officer's reports were reviewed and areas of improvement were communicated and subsequent improvements were noted in reports that followed.

12.4.3 BRANCH VISITS

The SCC commits to visiting each branch every quarter to follow up on recommendations from the last visit and to ensure that internal controls are operating the way they ought to throughout all its offices. During our last visits to Bequia, Canouan and Union Island it was noted that several recommendations made by the SCC were yet to be effected. Meetings were held with the Customer Service Manager which addressed some of the issues affecting operations and personnel at the Branch Offices.

12.5 CONCERNS ADDRESSED AND RECOMMENDATIONS


The SCC on a monthly basis highlighted internal control weaknesses based on validation procedures conducted in accordance with internal, local and generally accepted policies and procedures. Most of these concerns were discussed at BOD meetings, however the implementation rate can be improved to minimise KCCU’s vulnerabilities.

During this term, KCCU was faced with many challenges as several key positions were not filled in a timely manner. Namely, Chief Accountant and IT Officer. It is believed that this may have contributed to the delay in recommendations put forward by the SCC not being addressed within a timely manner.

12.6 CONCLUSION

As KCCU is now facing many more challenges with the ongoing Covid-19 pandemic, we are now required to adapt at a faster pace to changes in the macro-economic environment. KCCU should ensure that they respond to internal control improvements expeditiously.

The Supervisory and Compliance Committee wishes to thank the management and membership of KCCU for the opportunity to serve and extend best wishes for financial health in the future.



Sis. Ruth Alves

Sis Akisha Yearwood
Chairperson



Secretary

13. EDUCATION COMMITTEE REPORT FOR THE 58TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

13.1 INTRODUCTION

On behalf of the Education Committee, it's my pleasure to present the annual Education Committee report to the members of the Kingstown Co-operative Credit Union Limited in the year 2020.

13.2 MEMBERSHIP

The following members were appointed by the Board of Directors to serve on the Education Committee following the 57th Annual General Meeting.

Sis. Joselle White	Chairperson
Sis. Gale Thorpe	Secretary
Sis. Arlette Maloney	Member
Bro. Carlon James	Member
Bro. Martin Sheen	Member

13.3 MEETING ATTENDANCE

A total of 18 meetings were held for the year and the attendance was as follows:

<u>Names</u>	<u>Attendance</u>
Sis. Joselle White	18
Sis. Sis. Gale Thorpe	14
Sis. Arlette Maloney	15
Bro. Carlon James	17
Bro. Martin Sheen	17

13.4 THE ROLE OF EDUCATION COMMITTEE

The Committee is mandated to convene at least three times per month and report monthly to the Board of Directors. The principal role of the Education Committee is to provide awareness to members and non-members by keeping them updated with current information. We are entrusted with the responsibility of organizing, executing and facilitating education activities in collaboration with management and staff of Kingstown Co-operative Credit Union, and, in accordance with bye-laws.

13.5 YEAR IN REVIEW

This year in review highlights the following undertakings during the period, which include but not limited to: Secondary School Scholarship Award Ceremony, Annual Primary School Quiz, Senior Care Day, Orientation Sessions, and Hamper Distribution along with the formulation of the quarterly Newsletter.

13.6 SECONDARY SCHOOL SCHOLARSHIP AWARD CEREMONY

The KCCU's scholarship award ceremony currently into its 26th year, expresses the credit union's commitment to corporate social responsibility. It is also a celebration of our student's milestone; where we celebrate with them their achievements and the commencement of a transition to a different chapter in their lives. Our scholarships are currently valued at \$1,500.00 per year. All other remaining applicants collected \$150.00 towards the purchase of school supplies.

On August 6th, 2019, parents, students, members of staff, members of KCCU and officials witnessed our ceremony under the theme, "Go Confidently in the Directions of Your Dreams" at the Methodist Church Hall. Our Motivational Speaker was Ms. Ruth Stowe, Marketing Officer of the Kingstown Co-operative Credit Union. There were also brief addresses from in-house staff and Mrs. Kay Martin Jack, Senior Education Officer in the Ministry of Education. Entertainment was provided by the Lowmans Primary School Dances, and the Secondary School Calypso Monarch 2018, Damien Noel. The scholarship awardees were as follows:

Academic Scholarship Recipients:

Academic Scholarship	School Attended	Placement
Kianna Bailey	Kingstown Preparatory	G-25th O-42nd
Aroma David	Richland Park Government	G-3rd O-3rd
Andre Bowman	Richland Park SDA	B-13th O-29th
Hyrone Johnson	Cw. Prescod Primary	B-22nd O-58th
Kahrice Jones	Kingstown Government	G-175th -299th
Ciara George	Cw. Prescod Primary	G-23rd O-39th

Bursaries were awarded to two students to the value of \$600.00 per student during the first term of the school year in order, to assist with the purchase of textbooks and uniforms.

The following were the bursary recipients for the academic year 2019-2020:

Bursaries Recipients:	School Attended	Placement
Academic: Chinaza Walcott	Petersville Primary School	G-136 th O-157 th
Socio-Economic: Jemariah David	Marriaqua Government	G-138th O- 234th

13.7 SCHOLARSHIP HOLDERS SCHOOL REPORTS

The Committee continues to play a critical role in examining school reports to ensure that they are preserving the 75% and up average grade. We are very pleased because we have experienced great success with more than 90% of our students successfully achieving the 75% grade average. We offer face-to-face support and encouragement to those students who are not performing well to ensure they continue their scholarship.

13.8 SENIOR CARE DAY

Senior Care Day was held on the 14th December 2019 at the Rawacou Recreational Grounds. This day is a yearly planned activity that is highly anticipated by our senior members. It's a day where they are able to socialize and enjoy all of our planned activities that are tailored to our participant's abilities in a safe and secure environment. We had about one hundred and sixty (160) persons in attendance on the day.

Activities that had taken place were:

- *Health Talk*
- *Health Checks- Testing: Pressure and Sugar Levels, Weight and Counseling*
- *Manicure and Pedicure*
- *Distribution of Gift Bags*
- *Free Giveaways*
- *Dance to fitness (BeFit)*
- *Christmas Carolling*
- *Dominoes Competition*
- *Outdoor Grilling*
- *Transportation was provided*

13.9 ANNUAL PRIMARY SCHOOL QUIZ

On the Saturday 30th November 2019, fifty eight (58) students from twenty-nine (29) primary schools (grades 5 & 6) throughout the country showcased their knowledge of a wide range of topics during our preliminaries school quiz held at the St. Vincent Boys' Grammar School. The top six schools with the highest scores were able to gain entrance into the finals.

Twelve (12) students from the said six schools faced the judges in the finals on Saturday 12th December 2019 at the Reuben John Development Centre. The competition consisted of four rounds of questions: Multiple Choice, Close-Ended, Buzzer and Spelling B. Students were challenged on questions from five (5) categories: Credit Union Affairs, General Knowledge, History, Sports and Spelling Bee.

These quizzes aim to encourage a diverse, fun and exciting education experience. Our quiz is also enthusiastically supported by the Ministry of Education, principals and teachers. In the end, all finalists went home with a prize. Prizes included cash, kindles, tablets, vouchers and school supplies.

The results of the final were as follows:

- 1st place – Kingstown Preparatory Government School
- 2nd place –Chateaubelair Government School
- 3rd place –Barrouallie Government School
- 4th place –Pamelus Burke Primary School
- 5th place - Marriaqua Government School
- 6th place –Calliaqua Primary School

13.10 ORIENTATION SESSIONS

Unfortunately, the Committee was not able to host as much orientations sessions as intended. We held an orientation on February 4th 2020. The Committee provided our new members with pertinent information on all the products and services of the Kingstown Co-operative Credit Union, and the benefits to be derived from such. Furthermore, a platform was provided where the new members were able to interact with the management and staff of KCCU.

13.11 NEWS LETTER

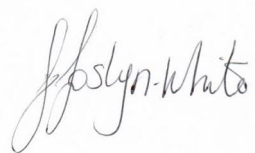
Our featured pack KCCU quarterly newsletters is filled with very informative articles reporting on trends, health & precautionary measures, promotions and insightful advertisements. We are currently working feverishly to have the newsletter available as a PDF online. The most recent newsletters were printed for the Christmas Holidays and in the month of May.

13.12 DISTRUBUTION OF CHRISTMAS HAMPER

The Committee was able to spread Christmas joy during the busiest time of the year throughout St. Vincent & the Grenadines. Thirty hampers were distributed to needy families valued at two hundred and fifty dollars (\$250.00). This gesture was also in sync with our core value, "People Helping People". We strongly believe in building Co-operative relationships with our members, and by extension, the community as a whole.

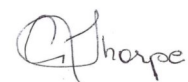
13.13 CONCLUSION

The Education Committee would first of all like to take this opportunity to thank our members for their continued support. We also thank the Board of Directors, Chief Executive Officer, other Management Committees, and the Staff for their continued support and guidance during our year. Special thanks to Sis. Clairiesa Pierre and Sis. Alice Adams-Francois for their unwavering assistance. We look forward to another year of member-based initiatives that would improve our member's experience and satisfaction.



Sis. Joselle Joslyn-White
Sis. Gale -Thorpe

Chairperson



Secretary

14. **RESOLUTION TO AMEND THE BYE-LAWS OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION (KCCU) TO BRING IT INTO COMPLIANCE WITH THE CO-OPERATIVE SOCIETIES ACT NO 12 OF 2012 AND TO INCREASE THE SHARE CAPITAL OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LTD (KCCU)**

WHEREAS the Bye-Laws of the KCCU are required to be amended to bring them into compliance with provisions of the Saint Vincent and the Grenadines Co-operatives Societies Act No. 12 of 2012 ("The Act") and to specifically include provisions for qualifying and equity shares;

AND WHEREAS it is necessary to amend the Bye Laws in relation to the eligibility requirements for membership of the KCCU;

AND WHEREAS it is necessary to amend the Bye Laws of the KCCU to provide for the current membership as a result of the changes in relation to the re-classification of shares;

AND WHEREAS the KCCU has identified that the implementation of a Capital Augmentation Plan is required to raise the level of the share capital of the KCCU by:

1. *increasing the number of shares required for membership eligibility;*
2. *the introduction of equity shares; and introduction of a mandatory five-year annual share subscription for existing and new members.*

BE IT RESOLVED that the respective Bye Laws be amended as follows:

1. **ARTICLE 2 INTERPRETATION (Definition)**

BYE- LAW 2 IS HEREBY AMENDED:

BY INSERTING:

A definition of "equity shares" after "Credit Union" to state as follows:

"Equity shares" means the common stock or risk capital in addition to qualifying shares purchased by individual and institutional members, as their ownership stake in the safety, soundness and competitiveness of the credit Union.

BY INSERTING:

A definition of "qualifying shares" after "Member" to state as follows:

"Qualifying shares" means the mandatory, non-withdrawable minimum shares to be purchased by an approved applicant to be admitted and to enjoy the full rights and privileges of becoming a member of the credit union".

2. **ARTICLE 4 - MEMBERSHIP**

BYE- LAW 4 IS HEREBY AMENDED:

BY DELETING BYE-LAW 4.3:

“Upon application of membership as provided in section 4.2 above the applicant shall pay an entrance fee as stipulated in the schedule of fees and shall subscribe to a minimum of five (5) shares. Upon acceptance of each application by the board and payment in full towards the value of (5) shares the applicant shall be registered as a member”.

And replacing the same as follows:

“Upon application of membership as provided in section 4.2 above the applicant shall pay an entrance fee and shall subscribe to a minimum of sixty (60) qualifying shares. Upon obtaining full membership, the member shall maintain twenty (20) equity shares. Upon acceptance of each application by the board and payment in full towards the value of (60) Qualifying shares the applicant shall be registered as a member”.

BY DELETING BYE-LAW 4.6:

“No person shall exercise the rights of a member unless he has made full payment towards the value of twenty (20) permanent shares and has been duly registered as a member.”

And replacing the same as follows:

“No person shall exercise the rights of a member unless he has made full payment towards the value of sixty (60) qualifying shares.”

Members are also required to subscribe to twenty (20) equity shares each year for a period of five consecutive years.

BY DELETING BYE-LAW 4.13(b):

“A person ceases to be a member:

(b) on ceasing to hold at least five (5) shares;”

And replacing the same as follows:

“A person ceases to be a member:

(b) on ceasing to hold at least sixty (60) qualifying shares”

BE IT FURTHER RESOLVED as follows:

3. CURRENT MEMBERSHIP

- i. The current membership shall be qualified for membership by holding 60 fully paid up qualifying shares.
- ii. The qualifying shares are to be paid up by converting the amount held in the members' Qualifying Shares account using a five Eastern Caribbean dollar (EC\$5.00) par value.
- iii. In the event that a member does not have sufficient Qualifying Shares to cover the transfer, the difference will be transferred from the member's "Share" Savings account.

In the event that a member does not have sufficient "Share" Savings to cover the transfer, there will be a six (6) month period in which the Qualifying Shares must be paid up.

- i. If the member fails to fully pay up the sixty (60) Qualifying Shares, the member will be subject to termination provisions contained in the Bye Laws.

Members are also required to subscribe to twenty (20) equity shares each year for a period of five consecutive years.

BE IT FURTHER RESOLVED as follows:

The members of the KCCU agree to the introduction of an annual share subscription of Twenty (20) equity shares at a value of \$5.00 per share for a period of five (5) years commencing on 1st January 2021.

The members hereby authorize the Board of Directors to transfer EC\$100.00 from their "Share" Savings converted to their equity shares by semi-annual transfers of EC\$50.00 by January 1st and July 1st of each consecutive year for a period of five (5) years. The Equity Shares are for the specific purpose of increasing the share capital of the KCCU as part of its Capital Augmentation Plan.

At the end of five years and the full payment of the annual share subscription, a member may voluntarily continue contributions to equity shares.

IN WITNESS WHEREOF the undersigned have executed their names this _____ day of _____ 20_____.

KCCU Xmas (Dip & Win) Giveaway



2019 IN REVIEW

Ms. P'Tani 2019



KCCU Xmas (Dip & Win) Giveaway



KCCU Scholarship Award Ceremony



KCCU School Quiz



SVG Grammar School & Girls High School Road Relay



Turning Skills into Business Seminar



KCCU School Quiz



KCCU Summer Camp



School Visit

Senior Care Day



**Membership Fun day
(Bequia)**



KCCU Summer Camp



**Turn Skills into Bills
Seminar**

School Visit



NOTES

NOTES

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

P.O BOX 1533, GRANBY STREET, KINGSTOWN, ST.VINCENT

TEL: (784) 457-2409 FAX: (784) 456-2976

EMAIL: kccu@vincysurf.com

www.facebook.com/kccu

WEBSITE: www.kingstowncreditunion.com

BUSINESS HOURS

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

Saturday 9:00 am - 12:00 noon

BRANCH OFFICES

MESOPOTAMIA

CANOUAN

UNION ISLAND

BEQUIA