

THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD.



ANNUAL REPORT 2022

To Grow With Us, Save With Us





Mission & Vision Statements

MISSION STATEMENT

To Enhance The Quality Of Life Of Our Members And Of The Entire Community By Providing Superior Quality Financial Services To Them Through A Well-Trained Staff And The Utilization Of Appropriate Technology

VISION STATEMENT

To Become The First-Choice Financial Institution For The Community We Serve



Core Values

Integrity



Confidentiality

**Good Governance
&
Competence**

Member Focused



Innovation

**AGM 2023 Theme: Holistic Growth
Through People-Centric Leadership**



Credit Union Song & Prayer

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
And where there is sadness, joy

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

Bless O Lord, our deliberations
And grant that whatever we
may so do
Will have thy blessing and
guidance
Through Jesus Christ our Lord
Amen

Credit Union Song

Verse 1:

With us there are no barriers
Cause we are all the same
The more of us the happier
The louder we'll proclaim
That we are owner members
Our rule is honesty
We are the Credit Union
And all the world can see

Chorus:

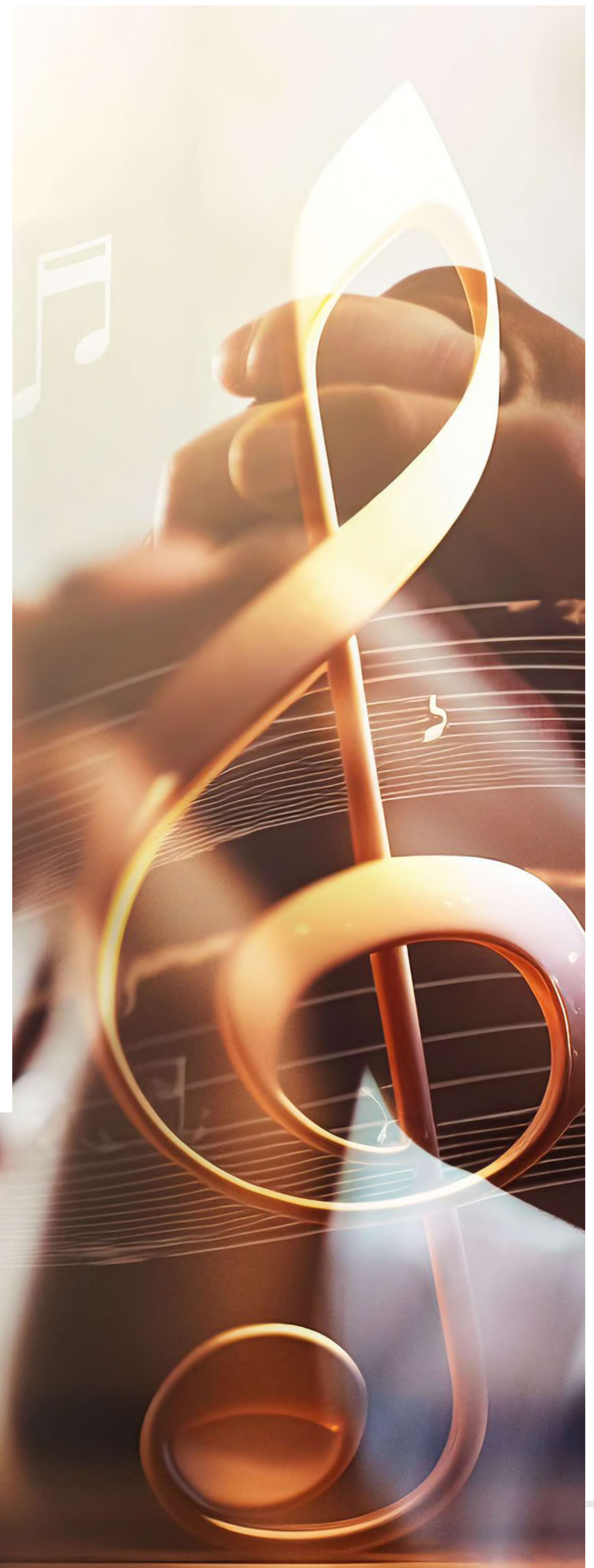
Together we give and receive
Together we help each other to
achieve
Cause in our world today
It's not safe to be alone
Let's make each other's cares
To be our own

Verse 2:

We all will be true savers
Though it is great or small
We will become shareholders
Providing loans for all
So when great need arises
There's no uncertainty
Once in the Credit Union
There's help for you and me

Verse 3:

We pledge to be of service
To better our land
We harbour no prejudice
Upon this theme we stand
One man one vote for members
Of high or low degree
For in the Credit Union
There's pure democracy





Corporate Information

The Communal Co-operative Credit Union Ltd. Head Quarters Halifax Street, St. George

Telephone: (473) 440-1755

Fax: (473) 440-7545

Email: comcreditunion@thecommunalcu.com

Website: www.thecommunalcu.com



Grand Anse Business Centre Grand Anse Shopping Complex

Telephone: (473) 439-1755

Fax: (473) 439-7545

Carriacou Branch Office

Alexis Food Complex
Harvey Vale, Carriacou

Telephone: (473) 443-6699

Fax: (473) 443-8899

Gouyave Branch Office

Central Depradine Street, St. John

Telephone/Fax: (473) 437-1129

Perdmontemps Branch Office

Perdmontemps, St. David

Telephone/Fax: (473) 440-4264

Bankers

Republic Bank (G'da) Ltd.

Grenada Cooperative Bank Ltd.

Executive Officers

President: Sis. Petra Fraser

Vice President: Bro. Michael Francois

Treasurer: Bro. Joel Noel

Secretary: Sis. Dawn Walker

Assistant Secretary/Treasurer: Bro. Jason Hinds

General Manager: Bro. Phil Antoine

Auditors

BDO Eastern Caribbean

Solicitors/Attorneys

Law Office of George E. D. Clyne

Wilkinson, Wilkinson & Wilkinson

Grant Joseph & Co.

Duncan Phillip & Associates



THE COMMUNAL MOBILE APP



Banking Anywhere Literally



iOS

Scan to
Download



Android

Scan to
Download



Browser

Scan for Online
Banking

Make Your Banking Faster & Smarter ... Avoid Lines With Our Mobile Banking App



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Notice Of The 41st Annual General Meeting

Dear Member,

Notice is hereby given of the **41st Annual General Meeting** of **The Communal Co-operative Credit Union Ltd.** to be held on **Wednesday 7th June 2023** at the **G'da Trade Centre Annex** at **Morne Rouge, St. George's**, beginning at **3:00pm** with simultaneous **Live Streaming** via **Zoom**.

To register for in-person or virtual attendance, please email marketing@thecommunalcu.com, call 440-1755 (Ext. 132) or scan the QR code.

Agenda

1. Call to Order
2. Ascertainment of Quorum
3. Adoption of the Agenda
4. Election of Officers
 - 4.1 Nominations Committee Report
 - 4.2 Elections
 - 4.3 Voting
 - 4.4 Sitting of New Directors
5. Review and Confirmation of the Minutes of the 40th Annual General Meeting
6. Reports
 - 6.1 Board of Directors
 - 6.2 Supervisory & Compliance Committee
 - 6.3 Credit Committee
 - 6.4 Treasurer
 - 6.5 Auditor (BDO Eastern Caribbean)
7. Resolutions
 - 7.1 Approval of Budget
 - 7.2 Appointment of Auditors
 - 7.3 Payment of Dividend
 - 7.4 Adjustment to Erma Whint Health Assistance Fund
8. Any Other Business
9. Conclusion

Empowering Members, Building The Future

June 7th 2023
Starting @3:00pm

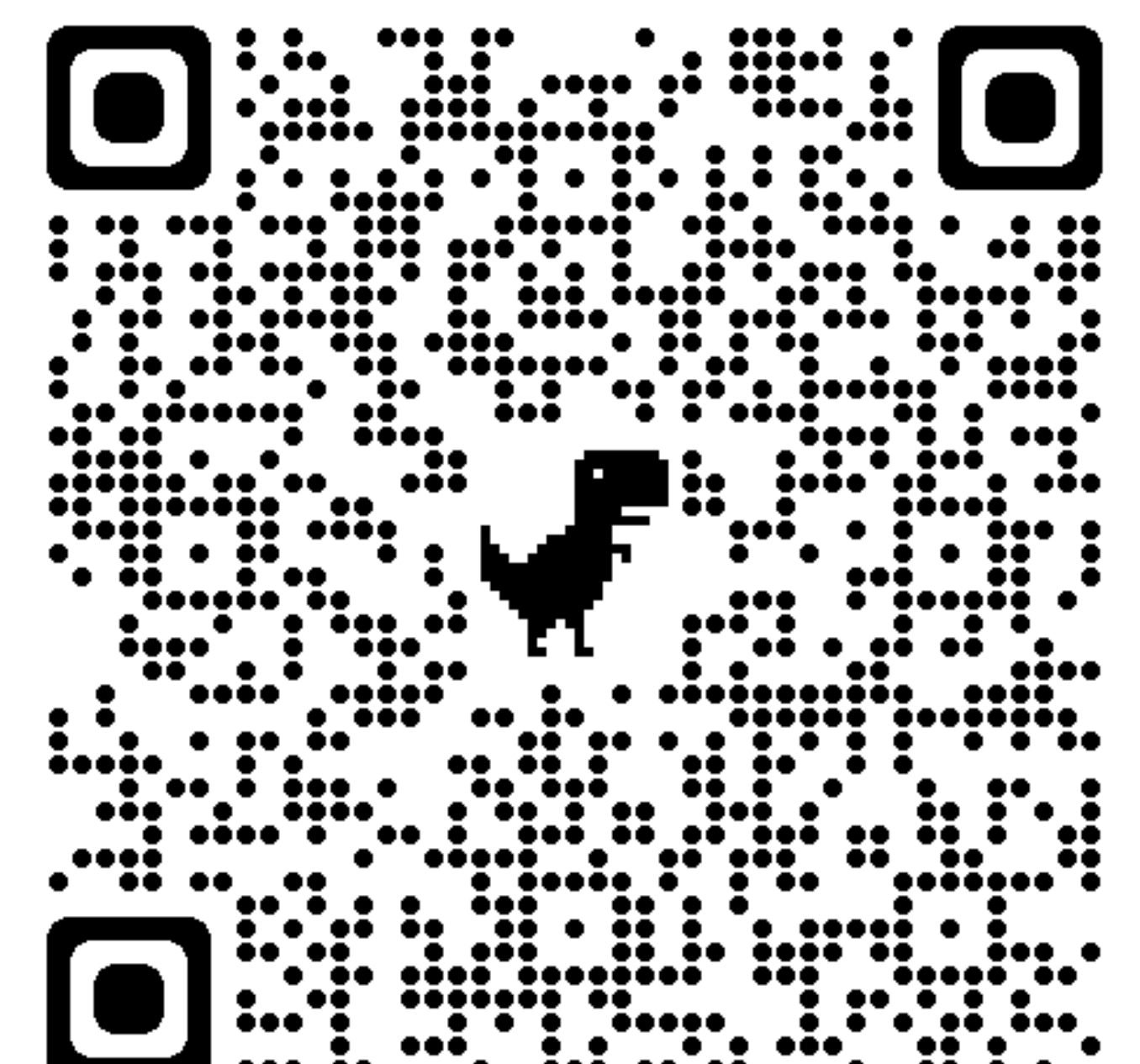
REGISTER TODAY

The Communal Co-operative Credit Union Ltd.
41st Annual General Meeting

At The G'da Trade Center & Via Zoom

Grow With Us, Save With Us +1 (473) 440-1755 thecommunalcu.com

Sis. Dawn Walker
Secretary





Standing Orders

- 1.** No member shall address the meeting except through the Chairman.
- 2.** A member, attending in person, shall stand when addressing the Chairman and any utterances shall be clear and relevant to the agenda item under discussion.
- 3.** A member, attending in-person, shall only address the meeting when called upon by the Chairman to do so, shall state his/her name first and immediately sit once finished.
- 4.** A member, attending virtually, shall only be acknowledged via the "Raise Hand" feature and address the meeting when called upon by the Chairman to do so, shall state his/her name first and immediately mute his/her microphone once finished.
- 5.** A member shall not speak twice on the same subject except:
 - a) he/she, with the permission of the Chairman, rises to raise an objection or provide an explanation; and
 - b) the mover of a motion who has a right to reply.
- 6.** No speeches shall be made after the question has been put to and carried or negated by the meeting.
- 7.** The mover of a procedural motion (adjournment, postponement, lay on table) shall have no right of reply.
- 8.** A member rising on a point of order shall state the point clearly and concisely, and such point of order must have relevance to the Standing Orders.
- 9.** A member shall not call to order another member but may draw a breach of order to the attention of the Chairman.
- 10.** Under no circumstance shall a member call to order the Chairman.
- 11.** A question shall not be put to a vote if a member desires to speak on it or move an amendment to it, except the following:
 - a) a Procedural Motion;
 - b) the Previous Question;
 - c) Proceed to the next business or the Closure; and
 - d) That the question be put now, all of which may be moved at any given time.
- 12.** Only one (1) amendment shall be before the meeting at any given time.
- 13.** When a motion is withdrawn, any amendment to it automatically fails.
- 14.** The Chairman shall have, in addition to his/her ordinary vote, a casting vote in the event where there are equal votes on a motion at hand.
- 15.** If there is an equality of votes on an amendment and the Chairman does not exercise his/her casting vote, the amendment automatically fails.
- 16.** The Chairman shall make provisions for the protection of members from vilification or personal abuse.
- 17.** No member shall impute improper motives against the Chairman, Board of Directors, Officers, or any other member.
- 18.** Only members are allowed to vote.



Board Of Directors



Sis. Petra
Fraser



Bro. Michael
Francois



Sis. Dawn
Walker



Bro. Joel
Noel



Bro. Jason
Hinds



Sis. Lawrence
Griffith



Sis. Sibyl
Alexander



Sis. Shurla
Harris-Fields



Bro. Keron
Noel



Board Of Directors Report

Composition

During the year, Sis. Sibyl Alexander was appointed by the Board in January 2022 to fill the vacancy arising due to the earlier resignation of Bro. David Bruno. Additionally, Bro. Phil Antoine resigned in June 2022 while Bro. Ernest Bleasdille and Sis. Shawna Thomas-Cuffie both retired after serving two (2) consecutive terms on the Board of Directors.

At our 40th Annual General Meeting, the following members were elected to serve on the Board of Directors:

- Bro. Jason Hinds
- Bro. Keron Noel
- Sis. Shurla Harris-Fields
- Sis. Sibyl Alexander

As such, the Board of Directors comprised of the following members:

- Sis. Dawn Walker
- Bro. Jason Hinds
- Bro. Joel Noel
- Bro. Keron Noel
- Sis. Lawrene Griffith
- Bro. Michael Francois
- Sis. Petra Fraser
- Sis. Shurla Harris-Fields
- Sis. Sibyl Alexander

Elected Executive Officers

At the 1st meeting of the Board of Directors held on 1st September 2022, the following Directors were elected as the Executive Officers:

- Sis. Petra Fraser
President
- Bro. Michael Francois
Vice President
- Sis. Dawn Walker
Secretary
- Bro. Joel Noel
Treasurer
- Bro. Jason Hinds
Assistant Secretary/Treasurer

The Key Pillars Of Focus

Under the theme *"People...Purpose...Passion! Our Way to Success"*, the year 2022 embodied a year of re-building, re-strategizing, and re-invigoration as we dug our way out of the trenches of the lingering adverse effects of the Covid-19 Pandemic coupled with and compounded by escalating inflation and diminishing financial performance. At the dawn of the year, the Board of Directors was compelled to re-assess our direction as an organization, and on this basis identified five (5) key pillars of focus:

During the year under review, many resources and much effort were expended in these areas to address structural issues within our credit union and set us on a robust foundation to marked improvement in all aspects of operations and financial sustainability. To this end, I am pleased to present the following report on our performance during the year under review.

1 Member Care

2 Improved Service Delivery And Excellence

3 Development Of Digital Platforms And E-Services

4 Remote Working Capability & Flexibility

5 Astute Delinquency Management

Corporate Governance

The Board, in compliance with our bye-laws, met regularly to ensure good governance and direct the management of the affairs and business of the credit union. These meetings included the examination of management reports and deliberations on other pertinent matters related to the operations of our credit union. Additionally, four (4) Joint Committee meetings were convened during the year under review. The following table outlines the 2022 attendance records of our Board of Directors:

Board Of Directors Attendance Records For January To August 2022

MEMBERS	(TOTAL: 7) BOARD MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Sis. Petra Fraser	7	2
Bro. Phil Antoine	6	2
Sis. Shawna Thomas-Cuffie	5	1
Bro. Joel Noel	5	1
Sis. Dawn Walker	7	2
Bro. Ernest Bleasdille	7	1
Bro. Michael Francois	7	2
Sis. Lawrene Griffith	7	2
Sis. Sibyl Alexander	7	1



Board Of Directors Report



Board Of Directors Attendance Records For September To December 2022

MEMBERS	(TOTAL: 5) BOARD MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Sis. Petra Fraser	5	2
Bro. Michael Francois	5	2
Sis. Dawn Walker	5	2
Bro. Joel Noel	4	1
Bro. Jason Hinds	4	2
Sis. Lawrene Griffith	5	2
Sis. Sibyl Alexander	4	2
Sis. Shurla Harris-Fields	5	2
Bro. Keron Noel	3	1

Corporate Governance (cont'd)

In executing our mandate to govern and monitor the progress and development of our credit union by providing the requisite oversight of and guidance to our management team, the following Committees were constituted:

- Annual General Meeting Committee
- Bye-Laws Review Committee
- Human Resources Committee
- Investment, Finance & Delinquency Management Committee
- Loans Committee
- Marketing Committee
- Nominations Committee
- Risk & Compliance Committee

These committees met as often as needed to deliberate on crucial matters under their purview and provide robust oversight and support to management and sound guidance to the wider Board of Directors in our decision-making.

In order to augment and strengthen governance within our credit union, the following training opportunities were afforded to Officers during the year:

NAMES	TRAINING DETAILS	FACILITATED BY	DATE ATTENDED
Petra Fraser	Caribbean Education Leadership Development	CaribDE	January 9 – 15
Phil Antoine	Caribbean Education Leadership Development	CaribDE	May 1 – 7
Petra Fraser Joel Noel	CCCU Annual Convention	Caribbean Confederation of Credit Unions	June 17 - 22





Board Of Directors Report

Financial Performance Highlights

During the year under review our financial performance experienced a buoyant resurgence after five (5) consecutive years of decline. For the first time since 2017, we achieved a net surplus in excess of \$1m, and after the devastating loss in 2021, achievement of a net surplus of \$1.16m is highly commendable.

Our total assets now stand at \$262.9m, which represents an increase of 12.6% over the prior year.

With our loan portfolio constituting a key component of total assets, we note the growth, albeit minimal, of 0.8%. Our cash and cash equivalents remain elevated at \$36.2m, which represents a year-on-year increase of 106.2%, surpassing the requisite liquidity benchmarks for our credit union.

Our institutional capital improved appreciably to \$22.2m or 8.5% as a percentage of total assets as we commenced the phased implementation of the increase in our Qualifying Equity Shares to five hundred dollars (\$500) in December 2022.

Members' deposits increased by 8.4% to \$223m as more and more members, new and existing, continue to safeguard their assets at our credit union.

Operational Performance Highlights

With a strong sense of urgency and purpose in satisfying the detailed objectives under the five (5) key pillars of focus for the year, the Board, in conjunction with our management team, achieved significant strides in all areas.

Pillar # 1: Member Care

Our membership grew by 3.1% year-on-year, closing out the year at twenty-seven thousand four hundred and ninety-four (27,494). Our credit union remains the largest by membership, which continues to underscore the loyalty of our members and their confidence in the management of our business and affairs.

A comprehensive Anti-Money Laundering (AML) and Sanctions Risk Assessment was completed in March 2022, offering invaluable insight into strengths and weakness of our compliance regime in dealing with the inherent risks faced by our credit union in the provision of products and services to our members and identifying opportunities for improvement in our AML/Sanctions policies, procedures, and processes. Pursuant to the findings and recommendations of this Assessment, a 2-year Risk & Compliance Strategic Plan was developed, which creates a robust framework to address deficiencies in a structured and efficient manner.

At our 2022 AGM, our credit union launched the Members Group Health & Life Plan, which was a truly historic and momentous occasion as the only credit union in Grenada with such a product. At the conclusion of the Open Enrolment period, almost three hundred (300) members, existing and new, were able to obtain critical health and life insurance

coverage for themselves and their loved ones.

This year saw the return of International Credit Union Day celebrations, after a two (2) year hiatus due to the Covid-19 Pandemic, which provided a great opportunity for all our members to come together and enjoy the fruits of our collective labour. Our members were also treated across all Branches in October 2022 as part of the commemoration of our anniversary.

During the year, our Employee Assistant Program experienced an appreciable increase in the number of non-staff members receiving assistance in addressing issues related to their mental and emotional well-being. The Board continues to strongly encourage eligible members to take full advantage of this Program to prevent and cope with workplace violence, trauma, and other emergency response situations.





Board Of Directors Report

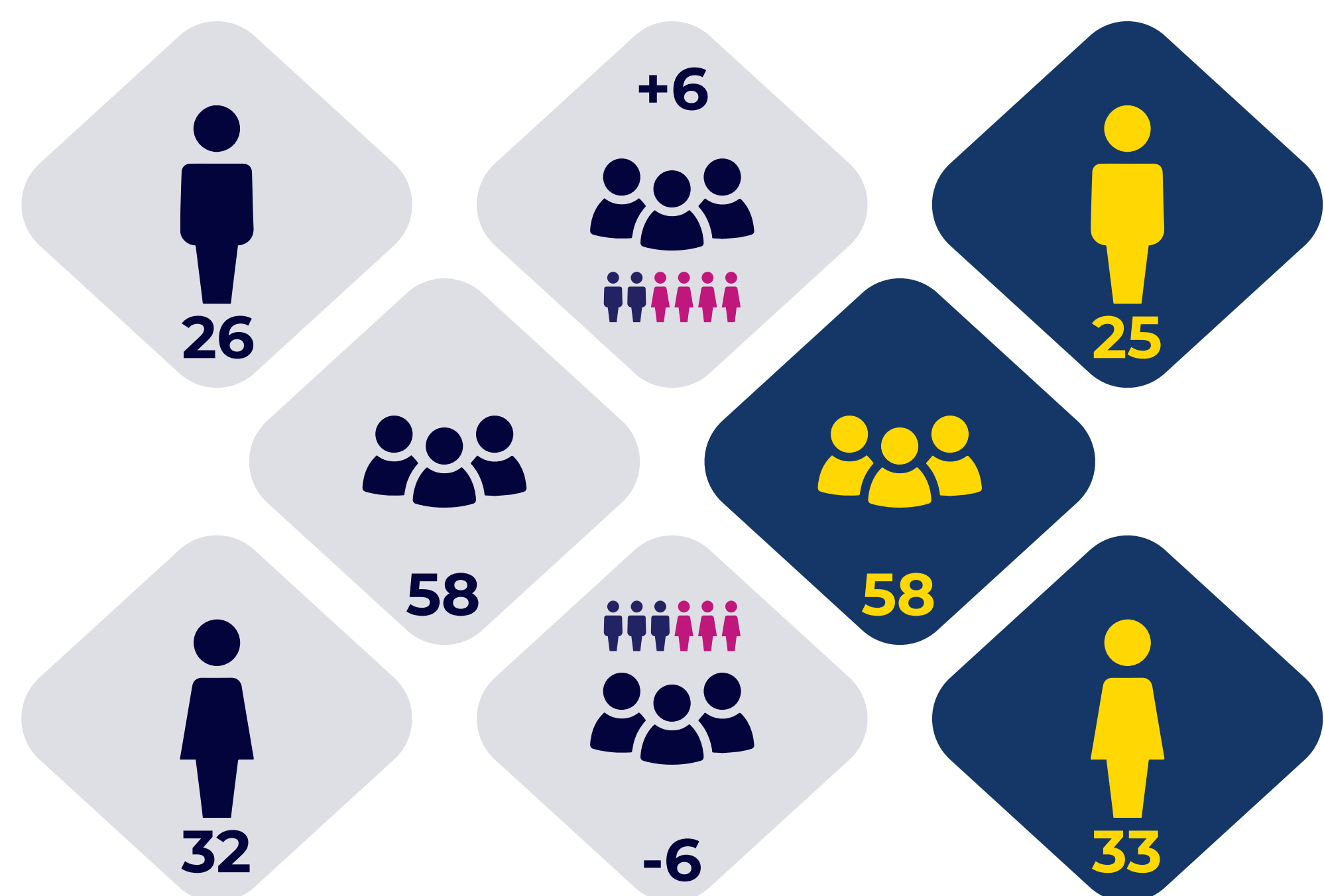
Pillar # 2: Improved Service Delivery And Excellence

In December 2021, the Board approved the framework for the undertaking of a Job Evaluation Exercise aimed at reviewing and recommending improvements to job descriptions of all employees, organizational structure, job grading and classification, salary and benefits package and performance management system. The Exercise was completed in November 2022, proposing several recommendations to enhance the management of our human resources, who, with a greater sense of purpose and passion, remain the catalyst to our lasting success as a credit union. The implementation of the recommendations, once reviewed and approved by the Board, are expected to commence in 2023.

During the year, we continued to prioritize capacity building of our human resources, as a key focus area of our strategic plan, by providing the training, found on the table to the right, to our staff members:



Additionally, the graphic below outlines our changes in our complement of staff, which is expected to increase in 2023, to serve our valued members:



NAMES	TRAINING DETAILS	FACILITATED BY	DATE ATTENDED
John Marryshow	Caribbean Education Leadership Development	CaribDE	January 9 – 15
Lyndon Clyne	Project Management	UWI Open Campus	January 26 - April 20
Ann-Marie Montrose Elsa Hastick Fiona Alexander-Baptiste Larissa La Touche-Francis Mellisa Robertson	Women in Finance	Jamaica Institute of Financial Services	March 3
Jayde Williams Sheldon Baptiste	Cyber Security Operations	T.A. Marryshow Community College	March 23 – May 4
Ann-Marie Montrose	HR Metrics and Analytics	International Business and Economic Forum	April 26 - 29
Christopher Holder	Caribbean Education Leadership Development	CaribDE	May 1 – 7
Magdalene Steele Sherene Thomas	Digital Marketing Analytics	UWI (Roytec)	June 11, 18 & 25
Mellisa Robertson	The Professional Supervisor	Celestial Self Development	June 21 – 27
Sherene Thomas Magdalene Steele	Effective Business Writing	UWI (Roytec)	June 27 - 28 & July 4 - 5
Janelle Gabriel Larissa La Touche-Francis	Suspicious Activity Reporting and Member Due Diligence	AML Commission	July 7
Janelle Gabriel Larissa La Touche-Francis	Anti-Fraud Seminar	Jamaica Institute of Financial Services	July 14
Larissa La Touche-Francis	Investigative Report Writing	The Caribbean Institute of Forensic Accounting	October 13
All Staff	Annual AML/CFT Training	Risk and Compliance Manager (In house)	October 21 - November 10
Shirley Stephen	Mortgage Underwriting Programme – Module 3	Eastern Caribbean Home Mortgage Bank	November 7 - 11

In July 2022, the Board approved the appointment of our new General Manager, Mr. Phil Antoine, whose tenure commenced at a crucial juncture. We were extremely pleased to welcome Mr. Antoine to The Communal family in this new role and are confident that through his drive, commitment and tenacity, the day-to-day leadership of the business and affairs of our credit union has been placed in good hands.

The General Manager comes with a wealth of knowledge and profound understanding and appreciation of the vision, mission, ethos, values, people, and challenges of our credit union and has given a firm commitment to moving our credit union upwards and forward towards a path of improvement and financial sustainability.

During the month of November 2022, the Board approved ten (10) broad recommendations aimed at enhancing our member experience when utilizing our telephone service and we expect to realize meaningful improvements during the first quarter of 2023.





Board Of Directors Report

Pillar # 3: Development Of Digital Platforms & E-Services

During the year under review, we continued to invest resources in the promotion of D-cash, the digital equivalent of the EC dollar. With uptake being somewhat subdued, we aim to provide greater incentives to encourage member (individual and business) to enroll and be part of this transformational product for our credit union, country, and currency union as a whole.

In August 2022, the “Fast Funds” feature of our International Debit Card was launched, which provides a more cost-effective, safer, and faster means of transferring funds – whether for savings or loan payments – directly to your local account from anywhere in the world. We continue to work with our regulatory bodies to satisfy all compliance concerns as we roll out this service en masse in 2023.

During the last quarter of the year, significant investments were made for the first phase of the upgrade our IT infrastructure, including switches, firewalls, VPNs, and servers. These upgrades are aimed at promoting institutional strengthening and resilience as we lay the foundation for greater digitization in the future.

Pillar # 4: Remote Working Capability & Flexibility

With the effects of the Covid-19 Pandemic still lingering, the Board continued to champion significant investment in equipment and technology to provide remote working capability for almost all staff. It is our intention to build on this investment by incorporating “virtual services” to our members in the near future.



Pillar # 5: Astute Delinquency Management

With the discontinuation of moratoriums effective September 2021, delinquency management became a focal point as an area that needed serious attention and improvement. To this end, the Board approved a comprehensive Delinquency Management Plan in August 2022, with specific deliverables and measurable targets, aimed at curbing our delinquency. During the year under review, the number of delinquent accounts decreased by 3.5% and the value of delinquent loans decreased by \$3.6m or 17.5%. Our delinquency ratio, after deteriorating to a high of 13.3% during 2021, improved to single digits, ending at 9.71% as of 31st December. The marked improvement in this area of our operations, in the absence of significant loan portfolio growth, unequivocally underscores the herculean efforts of the Recoveries Team and the Board’s commitment to make delinquency management a top priority. A revised Collections/Delinquency Management Policy is under review and approval has already been given to increase personnel in the Recoveries Unit to bolster progress towards the attainment of the industry benchmark of five percent (5%) soonest.





Board Of Directors Report

Outlook

After experiencing the nadir of our financial performance in 2021, the Board undertook a painstaking deep dive to gain understanding and clarity of the pathway to recovery. The inability to realize a surplus in 2021 created deep scars and warranted profound soul searching as we felt a need to restore whatever confidence was lost by our valued members due to such a disheartening performance. We believe that our members' trust and loyalty are unequivocally deserving of much more. The Board remains confident that with the pending amendments to our credit risk management policy, subject to the approval of our revised bye-laws by GARFIN, the dual objective of robust loan portfolio and net surplus growth will become the norm in the short-term and other crucial changes enacted in this past year will re-position our credit union towards a pathway of financial viability and sustainability. With excess liquidity, our credit union is poised for substantial investments to foster wealth creation for the benefit of our membership.

In the coming year, management, with the support and guidance of the Board, has pledged to work relentlessly to address areas of weakness and grasp opportunities to restore our credit union to its rightful place in the market and inspire hope among our membership. Against this backdrop, the theme "Holistic Growth through People-Centric Leadership" was selected to encapsulate our focus to build on the improvements and successes realized in 2022 while learning from the mistakes as well. We are poised for takeoff, and each member is encouraged to fasten your proverbial seatbelt and enjoy the flight to a better and more prosperous future over the ensuing years.



Acknowledgements

Again, we must recognize the contributions of the management and staff of our credit union for their pivotal role in engineering the turnaround achieved in 2022 and remain forever appreciative of their efforts and hard work. We must also recognize our members for the confidence demonstrated in the leadership provided by our Board of Directors and your patience and loyalty as we strive to realize our vision and mission. I must also place on record my gratitude to my fellow Directors for their votes of confidence, which have afforded me the opportunity to serve another year as your President.

In closing, I wish to reiterate that the Board remains highly committed and motivated to steer our credit union through this period of recovery towards greener pastures and on to a pathway of resilience, resounding success and financial stability and sustainability. We remain optimistic that the year 2023 will be one where we achieve holistic growth throughout our credit union by positively impacting the life of every member.



Sis. Petra Fraser
President



Management Team



Bro. John
Marryshow



Bro.
Christopher
Holder



Sis. Melissa
Robertson



Bro. Elvis
Frederick



Bro. Phil Antoine



Sis. Ann-
Marie
Montrose



Sis. Fiona
Alexander-
Baptiste



Bro.
Sheldon
Baptiste



Sis. Larissa
La Touche-
Francis



Credit Administration Team



Sis.
Glennisha
Williams



Bro. Alonzo
Pope



Sis. Shirley
Stephen



Bro. Christopher
Holder



Sis. Lorna
Cyrus



Sis. Stonna
Barry



Bro.
Germain
Knight



Sis. Elsa
Hastick



Credit Administration Team: Securities & Recoveries Unit



**Bro.
Morland
Humphrey**



**Bro. Karel
Collier**



**Sis. Kizzy
Brown**



**Bro. Leroy
Peters**



Finance Team



**Bro. Kervis
Renaud**



**Bro. Clinton
Moses**



**Sis. Fiona
Alexander-
Baptiste**



**Sis. Alison
Noel**



**Sis. Carol
Paul**



Grand Anse Business Centre Team



Sis. Michele
Grey



Bro. Taricke
Anthony



Bro. Joshua
Young



Bro. Bryan
Robinson



Bro. Elvis
Frederick



Sis. Anique
Silvester



Bro. Kirlan
Hosten



Bro. Keston
Calliste



Sis.
Abbegale
Goddard



Human Resources Team



Sis. Ann-Marie Montrose

Information Technology Team



Bro. Jayde
Williams



Bro. Sheldon
Baptiste



Bro. Lyndon
Clyne



Marketing Team



Sis. Sherene
Thomas-Isaac



Sis. Magdalene
Steele

Risk & Compliance Team



Sis. Janelle
Gabriel



Sis. Larissa La
Touche-Francis



Operations Team: Member Services Unit



Sis. Melissa
Robertson



Bro. John
Marryshow



Sis. Jeanette
Rattoo-Humphrey



Sis. Mary
Holder



Bro. Koss St.
Bernard



Sis. Lindel
Lewis



Bro. Rodney
Jessemy



Sis. Cordina
Miller



Sis. Shevon
Noel



Bro. Kayden
Felix



Sis. Betty Charles-
Lashley



Sis. Shenel
Alexander



Sis. Alanna Pascal-
Joseph



Operations Team: Carriacou Branch



Sis. Cassandra
Cox-Peters



Bro. Husby
Adams



Sis. Treicia
Mitchell-Frank

Operations Team: Gouyave Branch



Sis. Verdesa
Morain



Sis. Rhonda
Charles



Operations Team: Perdmontemps Branch



Bro. Germain
Knight

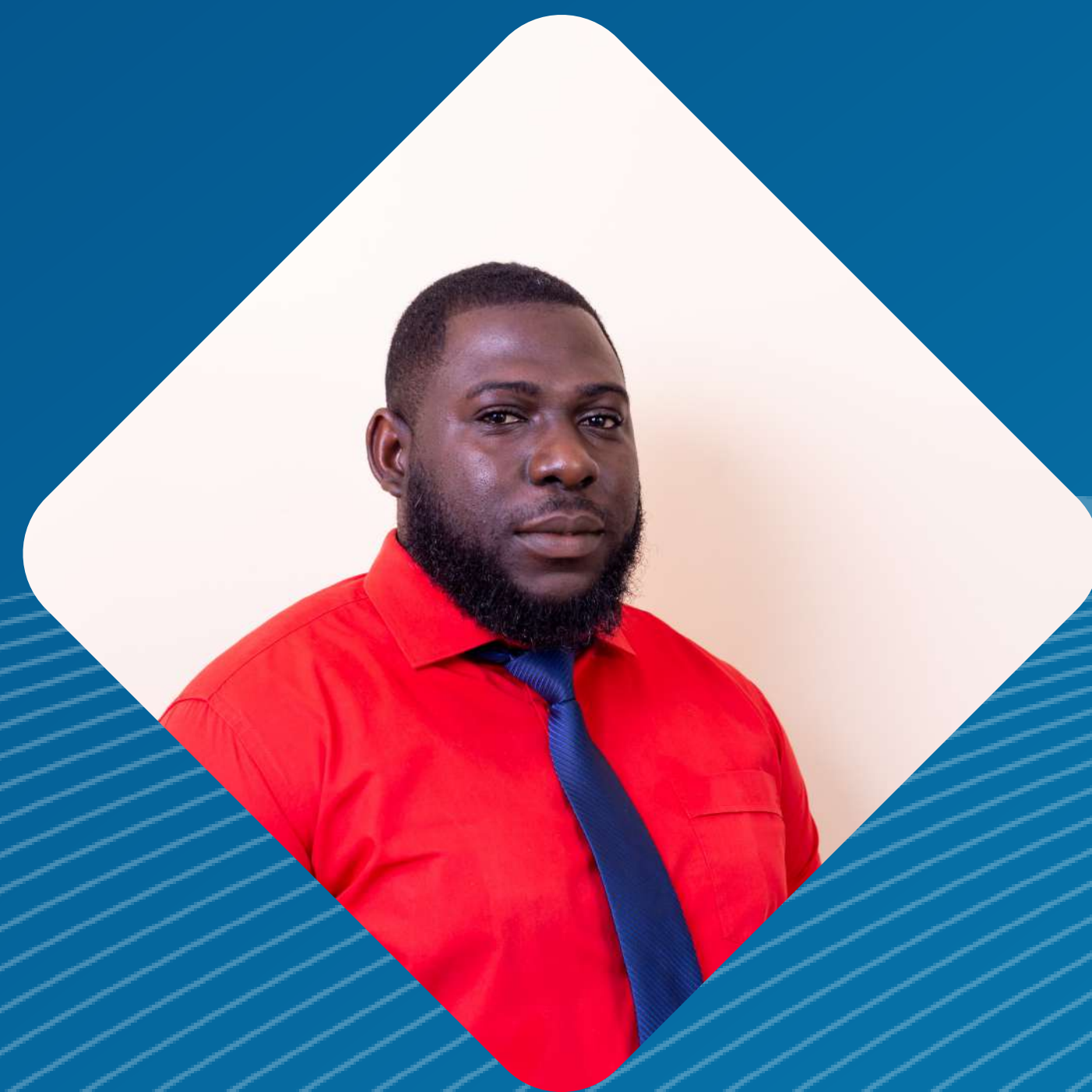


Bro. Kirlan
Hosten



Bro. Taricke
Anthony

Operations Team: e-Services Unit



Bro. Ryan
Antoine



Sis. Suieann
Telesford



Bro. Kellon
Sylvester



Bro. Kelon
Passe

MEMBERS

LET'S UPDATE YOUR

ACCOUNT

INFORMATION



Help The Communal Co-operative Credit Union Ltd. comply with its regulatory requirements and facilitate more effective communication of new products, special promotions, news & events to YOU, our valued members!

WHAT'S REQUIRED

Two Forms Of VALID Photo ID

- Voters Registration Card
- Driver's License
- Passport
- NIS Card

Proof Of Address

- Utility Bill
- Lease Agreement
- Statement(Credit Card, Hire Purchase, Bank or Property Tax Notice)

Reminder:
-Documents must NOT be older than 3 Months.
-Cell phone bills are NOT accepted
-Document MUST show your full name and residential address.

Proof Of Employment or Income

- Official Job Letter or stamped Pay Slip
- Business Registration Documents
- Tax Returns (Overseas Members Only)

Reminder:
-Job Letter or Pay Slip must NOT be older than 3 Months.
-Tax Return MUST be for last year



You can update your information by speaking to our helpful Member Service Officers at any of our branches conveniently located at Halifax Street, Grand Anse, Gouyave, Perdmontemps and Carriacou.



Credit Committee



Bro. Allen
Gilbert



Sis. Glendalyn
Phillip



Sis. Sandra
Aird



Sis. Sheena
Lewis



Sis. Lisa
Grappy-
James



Credit Committee Report

Overview

The Credit Committee hereby submits its annual report to our valued members of The Communal Co-operative Credit Union Ltd., informing on the loan portfolio performance for the year ended 31st December 2022. Although our credit union is still in recovery mode from the effects of the Covid-19 Pandemic, we managed to maintain a reasonable loan portfolio and are grateful to God for his sustenance over the past year.

Composition

During the year under review, Sis. Roseline Telesford retired after faithfully serving for six (6) consecutive years. At the 2022 Annual General Meeting, Bro. Allen Gilbert and Sis. Sandra Aird were re-elected unopposed to serve a second term while no new member was elected to replace Sis. Telesford. Therefore, the number of Committee members now stands at five (5) and comprise the following members:

Bro. Allen Gilbert
Chairman
Sis. Lisa Grappy-James
Secretary
Sis. Glendalyn Phillip
Member
Sis. Sandra Aird
Member
Sis. Sheena Lewis
Member

Credit Committee Attendance Records For January To August 2022

MEMBERS	(TOTAL: 31) MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Bro. Allen Gilbert	31	2
Sis. Lisa Grappy-James	29	2
Sis. Roseline Telesford	31	1
Sis. Glendalyn Phillip	30	2
Sis. Sandra Aird	29	2
Sis. Sheena Lewis	31	2

Credit Committee Attendance Records For September To December 2022

MEMBERS	(TOTAL: 13) MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Bro. Allen Gilbert	13	2
Sis. Lisa Grappy-James	13	1
Sis. Glendalyn Phillip	13	2
Sis. Sandra Aird	12	2
Sis. Sheena Lewis	12	2

The Role Of The Credit Committee

- 1 Make recommendations to the Board on the performance of the credit function regarding standards, policies and procedures to be followed by the Credit Union for approving and granting loans
- 2 Monitor lending, tracking and collection activities, procedures and results through reports requested and provided by management
- 3 Review lending activity reports (e.g. applications, loans pending, denied, extensions and consolidations) from management
- 4 Review and approve loans within its authority limit
- 5 Ensure that the General Manager implements approved policies and procedures to improve underwriting, appraisal, and collections, and to reduce delinquent accounts and charge-offs
- 6 Assess the state and growth of the loan portfolio and make recommendations for improvement

Chairman's Remarks

As Chairman, it has been a privilege to continue to serve in this capacity. As a working professional, it is sometimes challenging to find the time for all activities, but on most occasions a balance was found. The individual members of the Credit Committee provide great support in making attainment of our functions possible. Each member is unique and provides expertise from their respective professional disciplines and experience. The Committee continued to meet virtually, which has proven to be effective and may likely become the new normal. I continue to serve wholeheartedly and pledge to do so with integrity and professionalism, with the objective of realizing the sustainable development of our credit union.



Credit Committee Report

The Role Of The Credit Committee (cont'd)

In light of the foregoing, the Credit Committee continued to review loan applications within its purview, which averaged three (3) applications per week. During our review and deliberations, several policy issues were identified, which prompted certain recommendations to be made to the Board. The Committee maintained close communication with the General Manager relative to reports, extraordinary loans, and other issues.

During the year under review, lending activities were generally satisfactory and loan interest income targets were met, especially for the last few months of 2022. Notwithstanding, loan portfolio growth remains an area of concern.

It is the view of the Committee that the complement of personnel in the Loans & Credit Administration (including Recoveries) must be increased to augment the efficacy of their operations. While the loan approval teams work very well, special training is recommended for loan underwriters, appraisers, and Committee members in relation to assessing applications inclusive of credit scores & tax returns for overseas members, valuations and appraisals, and building estimates.



Loan Portfolio Loan Disbursements

The table below shows the loans disbursed in the various categories by loan type:

DESCRIPTION	COUNT		ADVANCE AMOUNT	
	#	%	VALUE	%
BUSINESS LOAN	14	1%	\$1,334,141.90	3%
PERSONAL AND LIVING	1,221	64%	\$18,549,928.08	35%
MOTOR VEHICLE	109	6%	\$5,430,221.84	10%
CONSOLIDATION	32	2%	\$3,306,516.16	6%
HOUSING LOANS	54	3%	\$10,265,563.79	20%
LAND	30	2%	\$3,823,268.44	7%
BRIDGING LOANS	43	2%	\$4,685,759.36	9%
STUDENT LOANS	11	1%	\$26,828.00	0%
BUSINESS LINE OF CREDIT	93	5%	\$152,640.00	0%
GIFT OF CHEER XMAS	101	5%	\$1,261,860.57	2%
ENERGY EFFICIENT	1	0%	\$56,000.00	0%
SPECIAL AUTO LOANS	16	1%	\$751,646.00	1%
GIFTS OF LOVE 2.0	174	9%	\$2,929,018.42	6%
Totals	1,899	100%	\$52,573,392.56	100%



Credit Committee Report

Loan Disbursements (cont'd)

It can be noted that the largest volume and value of loans came from Personal and Living Expenses, followed by Housing and Motor Vehicle loans. It is also significant to note that Fisheries and Farming loans were non-existent during this period.

The total disbursements for the year 2022 was \$52.6 million, representing a year-on-year reduction of 11%, which can plausibly be attributed to economic contraction created by the Covid-19 Pandemic, and increasing global inflation due to the Russia-Ukraine war. While the timelines for the turnaround of the local and global economies are uncertain, the Credit Committee remains hopeful of improvement in the near future.

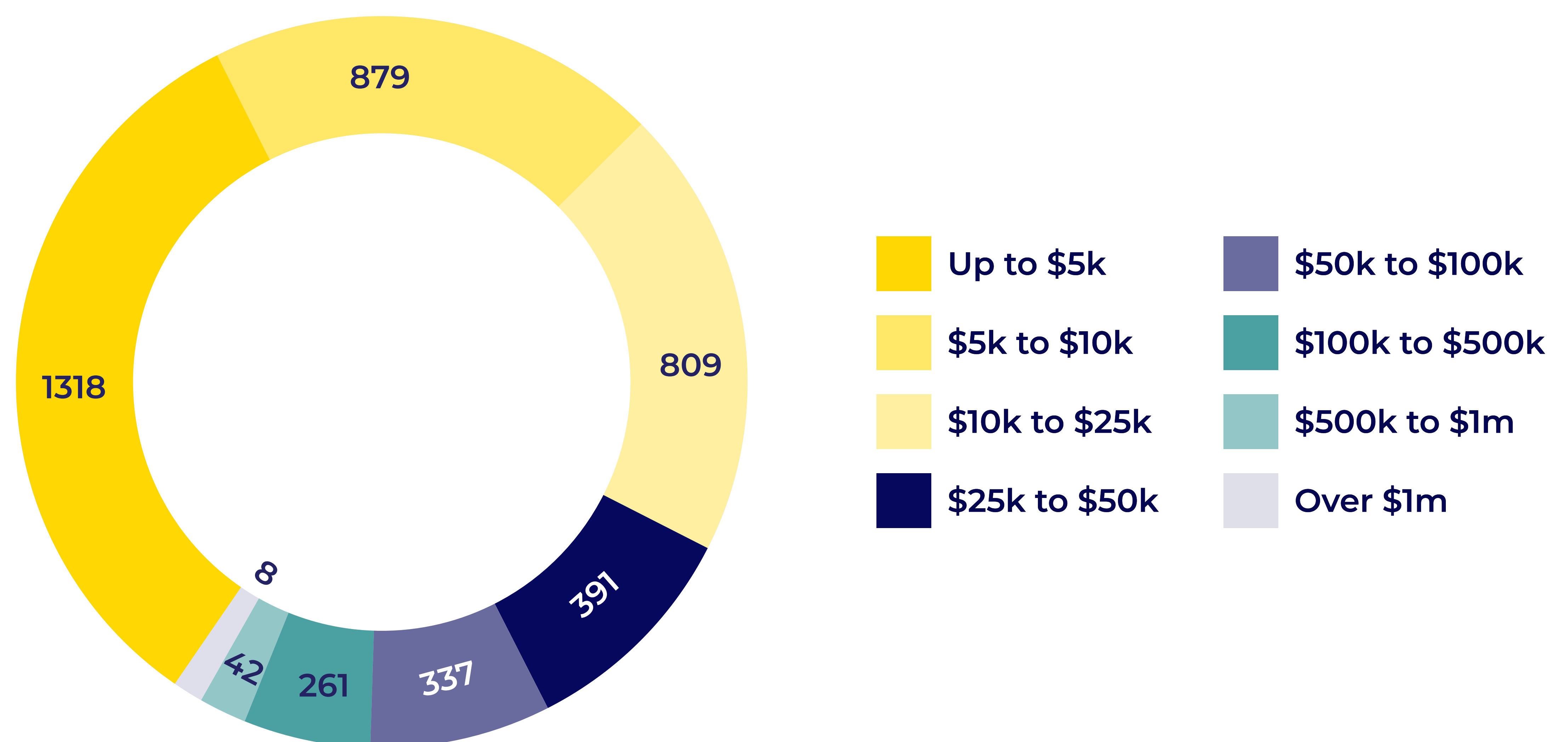
Loan Stratification

The following charts show the categorization of loans, within a range of values and by type, disbursed for the year 2022:

RANGE	LOAN COUNT	TOTAL VALUE
Up to \$5k	809 20%	\$2,358,077.56 1.34%
\$5k to \$10k	879 22%	\$6,570,094.49 3.73%
\$10k to \$25k	1318 33%	\$20,972,232.82 11.90%
\$25k to \$50k	391 10%	\$13,500,048.52 7.66%
\$50k to \$100k	261 6%	\$18,297,612.85 10.38%
\$100k to \$500k	337 8%	\$77,715,297.96 44.10%
\$500k to \$1m	42 1%	\$27,177,900.07 15.42%
Over \$1m	8 <1%	\$9,628,030.66 5.46%
Grand Total	4045 100%	\$176,219,294.93 100%

Loan Stratification By Count

During the year, the majority of loans disbursed were within the \$10k to \$25k category, which is consistent with the primary loan purpose being that of personal and living expenses. On the other hand, the \$100k to \$500k category had the largest value of disbursed loans.





Credit Committee Report

Credit Committee Loan Review

The following table presents the number and value of loan applications reviewed during the year under review along with the resulting decision or status as of 31st December 2022:

DECISION TYPE	COUNT	VALUE (XCD)
APPROVED	1,784	\$36,928,701.28 86%
DECLINED	54	\$1,914,490.77 3%
CANCELLED	120	\$7,476,871.98 6%
IN PROCESS	110	\$8,543,150.91 5%
TOTAL	2,068	\$54,863,214.94 100%



Among the loans reviewed by the credit union in 2022, there was an approval rate of 86%, with only 3% of these loan applications being denied. We believe that this illustrates a significant improvement in the pre-evaluation and underwriting processes resulting in most submitted loans being worthy of approval.

Nevertheless, a very small minority of loans were denied or declined for the following reasons:

- Insufficient Security
- High DSR (debt service ratio)
- Risky Venture
- Delinquent Credit History

Additionally, some loans were deferred and eventually approved or declined for the following reasons:

- Improper/substandard/incomplete estimates
- Insufficient financial background information
- Lack of/weak proof of income

Delinquency & Recoveries

Delinquency

Delinquency continued to be a challenge for our credit union due to the pandemic, increasing to above 12% at times; however, due to the stellar efforts of our Recoveries Team, it has reduced to 9.71% at the end of 2022. The Recoveries Team continues to work hard by employing all available measures to remedy the situation.

At the start of the year, there were six hundred and seventy-one (671) delinquent loans in January 2022, which eventually decreased to six hundred and thirty-seven (637) by December 2022. Furthermore, the total value of delinquent loans has decreased by approximately four million dollars (\$4m)



The following table presents the number and value of loan applications reviewed during the year under review along with the resulting decision or status as of 31st December 2022:

MONTH	NO. OF DELINQUENT LOANS	VALUE (\$)	% OF PORTFOLIO
Dec-21	660	20,724,631.69	11.91%
Jan-22	671	21,039,684.97	12.12%
Feb-22	676	20,488,097.04	11.75%
Mar-22	684	21,785,490.13	12.55%
Apr-22	681	20,290,624.60	11.66%
May-22	683	18,923,321.79	10.85%
Jun-22	692	18,887,126.51	10.82%
Jul-22	713	19,204,966.18	10.95%
Aug-22	718	19,694,704.93	11.20%
Sep-22	724	19,012,307.22	10.82%
Oct-22	719	18,086,194.05	10.30%
Nov-22	710	17,396,194.05	9.86%
Dec-22	637	17,107,632.91	9.71%



Credit Committee Report

Recoveries And Mitigation

Our Recoveries Team continues to work assiduously to regularize delinquent accounts and boost collections by affording members reduced repayment plans during a period of monitoring to ultimately aid in the determination on loan restructuring where applicable in an effort to bring our delinquency ratio to an acceptable percentage in the short term and under five percent (5%) in the medium to long term.

Tips To Consider When Applying For A Loan

We encourage members to apply the following tips in preparation for loan requests:

- 1** Begin by saving a small percentage (5% to 25%) of earnings every month.
- 2** Always visit a loans officer first to see how much money you can qualify for and get advice on what is needed and how to proceed.
- 3** Always use an approved valuator or building contractor to get your builder's estimate.
- 4** Keep good records of all financial and business transactions made, if self-employed.
- 5** Always get job letters and other important documents on a credible letterhead.
- 6** Avoid bad debts (They could stain your record and hinder further opportunities to qualify for loans)

SWOT Analysis

The following graphic highlights some of the key issues promoting or hindering growth in the credit union's loan portfolio and Loans & Credit Administration Department:

The Credit Committee stands committed to working to improve and build our credit union together with you, our valued members.



Bro. Allen Gilbert
Chairman





It Takes A Whole Community At Communal:

Achieving Regulatory Compliance For Our Credit Union

Why Is Regulatory Compliance Such a Big Deal?

Simply put, regulatory compliance requires an entity, like our credit union, to abide by local and international laws and regulations relevant to its operations. It is a mandatory requirement for every entity in every sector in every country with a robust business and economic landscape. Compliance regulations are not put in place to make life more difficult (although they often seem to). In fact, they provide benefits and protection to our credit union, our employees, all our stakeholders and the economy as a whole.

In the financial services industry, the sheer volume of laws, regulations, standards, and guidelines has increased dramatically in the last few decades and continues to evolve over time leaving our credit union under immense pressure to implement necessary policies and stay current with the everchanging regulatory landscape. This is necessary as lapses in regulatory compliance or failure to comply can have several adverse consequences such as penalties, fines, reputational damage, financial losses, business disruptions or even closure of our credit union.

On the other hand, an organization that achieves regulatory compliance can confidently indicate that it has met specific industry-accepted standards. By following the laws and regulations relevant to our business operations, we can prove our integrity (a core value of our credit union), reliability, and ethics, all of which can engender stakeholder trust and strengthen our competitive position. Given regulatory compliance is such a big deal, The Communal must take a comprehensive, intentional approach to adherence. The responsibility, however, does not sit only on the shoulders of our employees, but also requires the assistance of all stakeholders, including you, our valued members!

All Hands On Deck!

A significant legal requirement for our credit union is to establish customer identity and identify risk factors. Know Your Customer (KYC) procedures help to prevent identity theft, money laundering, financial fraud, terrorism financing and other financial crimes.

To comply with this regulation, our employees must ask you for information in relation to your identity and must verify that this information is accurate and credible. In Grenada, the mandatory KYC requirements that must be met are as follows:

1. Evidence of proof of identity
2. Proof of address
3. Proof of source(s) of income

All members of The Communal are therefore required to ensure that current information is provided to the Credit Union and the relevant documentation is kept on file. Our credit union continues to work assiduously to strengthen the execution of our KYC policy and establish a more robust compliance framework and your co-operation can have a big impact!

Let's do it together!

Let's make Communal Compliant!



Supervisory & Compliance Committee



Bro. Clint
Roberts



Sis. Desnor
Paul



Sis. Theresa
Noel



Sis. Chinnel
Andrews



Bro. Dick
Noel



Supervisory & Compliance Committee Report

Supervisory & Compliance Committee Report

This report was prepared in accordance with the requirements of Section 66(1) (F) of the Co-operative Societies Act No. 08 of 2011 with Amendments in 2017 and the bye-laws of The Communal Credit Union, Ltd. which were revised in August 2022.

The Supervisory and Compliance Committee is pleased to present its report for the year ending 31st December 2022 at the 41st Annual General Meeting of The Communal Co-operative Credit Union Ltd. The report covers the period January to December 2022 and presents an appraisal and opinion of the performance, actions, considerations, and activities completed during the year under review.

The Committee acknowledges the seven (7) overarching principles of the Credit Union League, which were sanctioned by the Credit Union National Association (CUNA), in the execution of its functions. The seven (7) principles are as follows:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member's Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Co-operation among Co-operatives
7. Concern for Community

Composition

Subsequent to the Annual General Meeting, the Supervisory and Compliance Committee was constituted on 1st September 2022. Bro. Clint Roberts was elected to serve as Chairman and Sis. Chinnel Andrews was elected as Secretary.

Your esteemed Committee comprised of the following members and the particulars of our meeting attendance are captured in the adjacent tables:

- Bro. Clint Roberts
Chairman
- Sis. Chinnel Andrews
Secretary
- Sis. Theresa Noel
Member
- Sis. Desnor Paul
Member
- Bro. Dick Noel
Member

Supervisory & Compliance Committee Attendance Records For January To August 2022

MEMBERS	(TOTAL: 12) MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Sis. Theresa Noel	12	2
Sis. Kenita Paul	12	2
Bro. Anthony Phillip	11	2
Sis. Desnor Paul	12	2
Bro. Clint Roberts	11	2

Supervisory & Compliance Committee Attendance Records For September - December 2022

MEMBERS	(TOTAL: 3) MEETING ATTENDANCE	(TOTAL: 2) JOINT COMMITTEE MEETING ATTENDANCE
Bro. Clint Roberts	3	2
Sis. Chinnel Andrews	3	2
Sis. Theresa Noel	3	2
Sis. Desnor Paul	3	2
Bro. Dick Noel	3	2





Supervisory & Compliance Committee Report

Method Of Operations

The role of the Supervisory and Compliance Committee is to act as an internal auditor to safeguard the assets of the Communal Credit Union by reviewing and sample testing operational procedures, monitoring the management of the Credit Union and ensuring compliance within the Act, the Regulations, Bye-laws and policies of the Credit Union. To this end, the Supervisory and Compliance Committee accomplished the following tasks during the period under review:

1. Performed Cash Counts at all branches
2. Verified Assets Register Management and Assets Protection
3. Reviewed the Members' Equity Share Register
4. Reviewed Minutes of Board Meetings
5. Reviewed Bank Reconciliations
6. Reviewed Member Complaints
7. Conducted Meetings with Loan Officers, Credit Committee, and other management personnel as needed
8. Monitored the attendance of Management Committee members
9. Reviewed the loan files of Directors and Committee members to ensure proper servicing and no impairment in the security offered
10. Examined Draft Unaudited Financial Statements
11. Examined random monthly samples of new loan applications and existing loans
12. Verified and reviewed monthly financial statements and financial reports
13. Monitored the performance of the institutional capital
14. Monitored the delinquency ratio and made recommendations
15. Reviewed the new Credit Risk Management Policy
16. Reviewed new accounts to ascertain AML/CTF compliance
17. Reviewed the Draft Revised Bye-Laws

Training

No training was facilitated during the period January to December 2022.

Findings Related To The Scope Of Works Undertaken

1. Results for the Cash Counts were satisfactory
2. Attendance by management committee members were generally good
3. Meetings were held as needed and the annual reports were prepared
4. There is greater need to utilize strong and consistent cost control measures

Recommendations

In order to improve the general operations of The Communal Co-operative Credit Union Ltd., the Supervisory and Compliance Committee offered the following recommendations:

1. Continuous development of an effective AML/CTF program to demonstrate our commitment to conducting business ethically and responsibly
2. Promotion of The Communal's vision and core principles at all branches with the aim of educating members
3. Completion of the Annual Audit in a timely manner to ensure compliance with the laws of Grenada
4. Remediation of all issues in the Management Letter in a timely manner
5. Launch innovative programs to stimulate members' interest to improve their involvement in the credit union, especially the Annual General Meeting and the Credit Union Day celebrations
6. Adoption of cost-effective measures to reduce controllable expenses
7. Development and promotion of new products and services for members, focusing on targeted marketing techniques to increase our loan portfolio
8. Diversification of the investment portfolio to maximize the risk/return tradeoff
9. Continuous training opportunities for staff and committee members to develop competencies and efficiencies

Conclusion

Notwithstanding the recommendations above, the Supervisory and Compliance Committee is confident that there are adequate and applicable measures in place to improve and ensure the long-term sustainability of the Credit Union

Acknowledgements

The Supervisory and Compliance Committee wishes to express appreciation for the invaluable support, commitment and guidance from the Board of Directors, Credit Committee, Management and Staff, the Grenada Cooperative League and GARFIN in making it possible for this Committee to accomplish its mandate during the period under review.

As Chairperson of the Supervisory and Compliance Committee, I have been privileged to work with a dedicated team and would like to take this opportunity to extend profound gratitude for their professionalism, support and guidance provided.



Bro. Clint Roberts
Chairman



MEMBERS GROUP HEALTH & LIFE PLAN

Medical, Dental, Vision,
Basic Life, Accidental Death
& Dismemberment Coverage

Join Now



For more information:

- Visit a Communal branch and speak with a Member Services Officer
- Call the credit union on 440-1755 / Call or visit AIB on 435-6851 / 409-6862



Treasurer's Report

The year under review encapsulated a series of deliberate measures to revive our credit union financially and restore our operations towards financial viability and sustainability. This report, inclusive of the Audited Financials, is submitted in accordance with Section 64. (D) of our Byelaws and Section 130 (1) of the Cooperative Societies Act of 2017, summarizes the financial performance and health of our credit union for the year ended 31st December 2022.

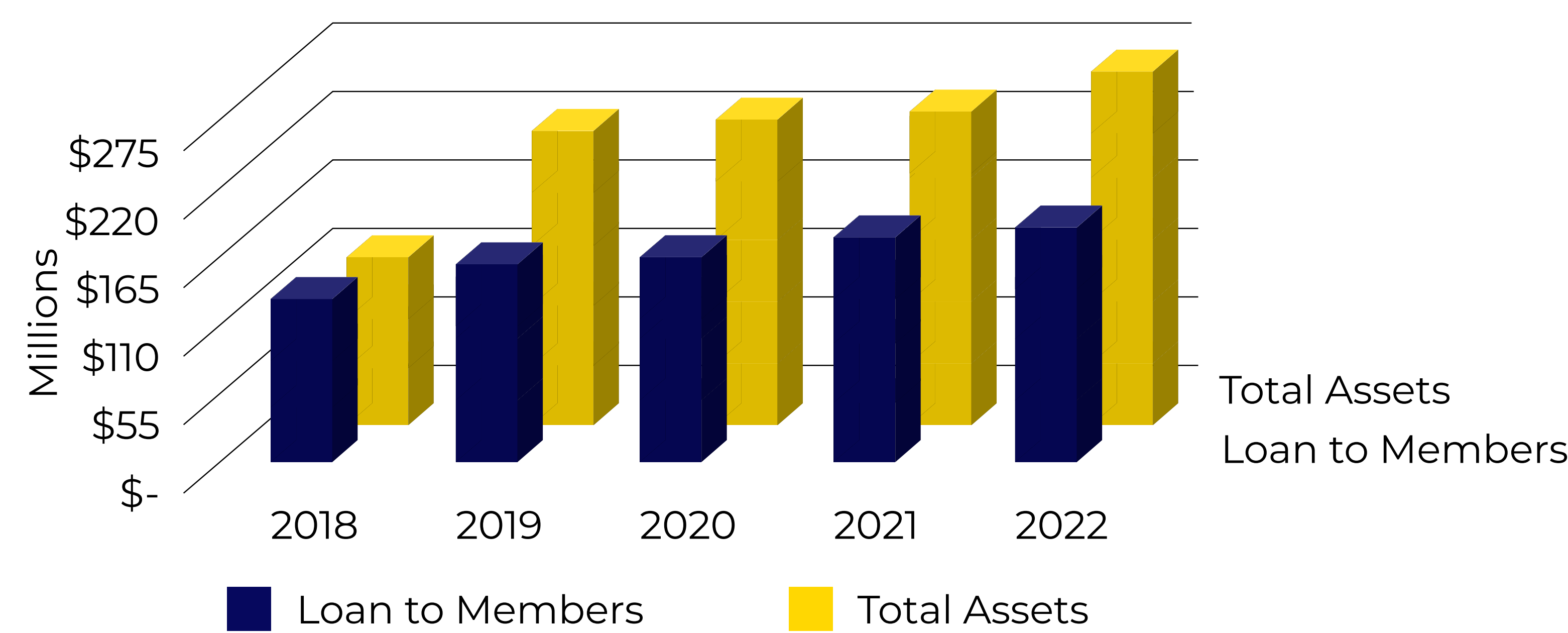
Statement Of Financial Position

Assets

At the end of the year under review, our total assets were \$262.9m, representing an increase of \$29.4m or 12.6% compared to the prior year. Our earning assets increased by 2.5% whereas our non-earning assets grew more appreciably by 92.7%. The significant growth in non-earning assets was dominated by substantive increases in our cash and cash equivalents to the tune of \$36.2m. While we have achieved and surpassed the required liquidity benchmarks, we must strive to better optimize the deployment of our non-earning assets to accrue benefits to our members. As such, our credit union is well-placed and poised to pursue and undertake major investments in the immediate term.

Our loan portfolio only grew marginally by \$1.3m or 0.8% compared to the prior year. While there was a deliberate strategy to focus on small consumer-type loans with higher interest rates to boost our loan interest income, which proved successful, our credit union must now transition to achieving the dual-objective of growth in our loan portfolio and loan interest income.

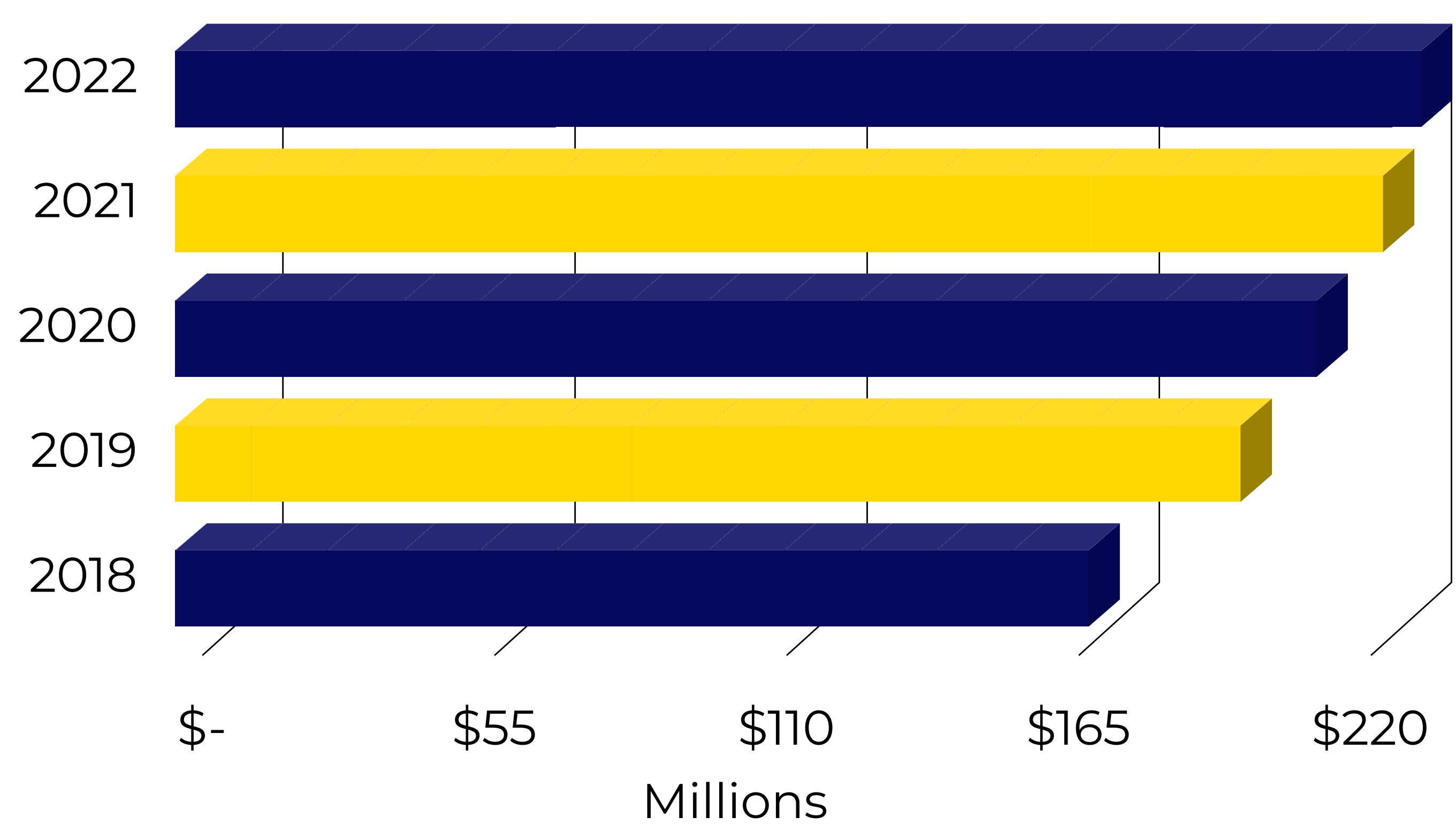
Growth In Assets & Loans



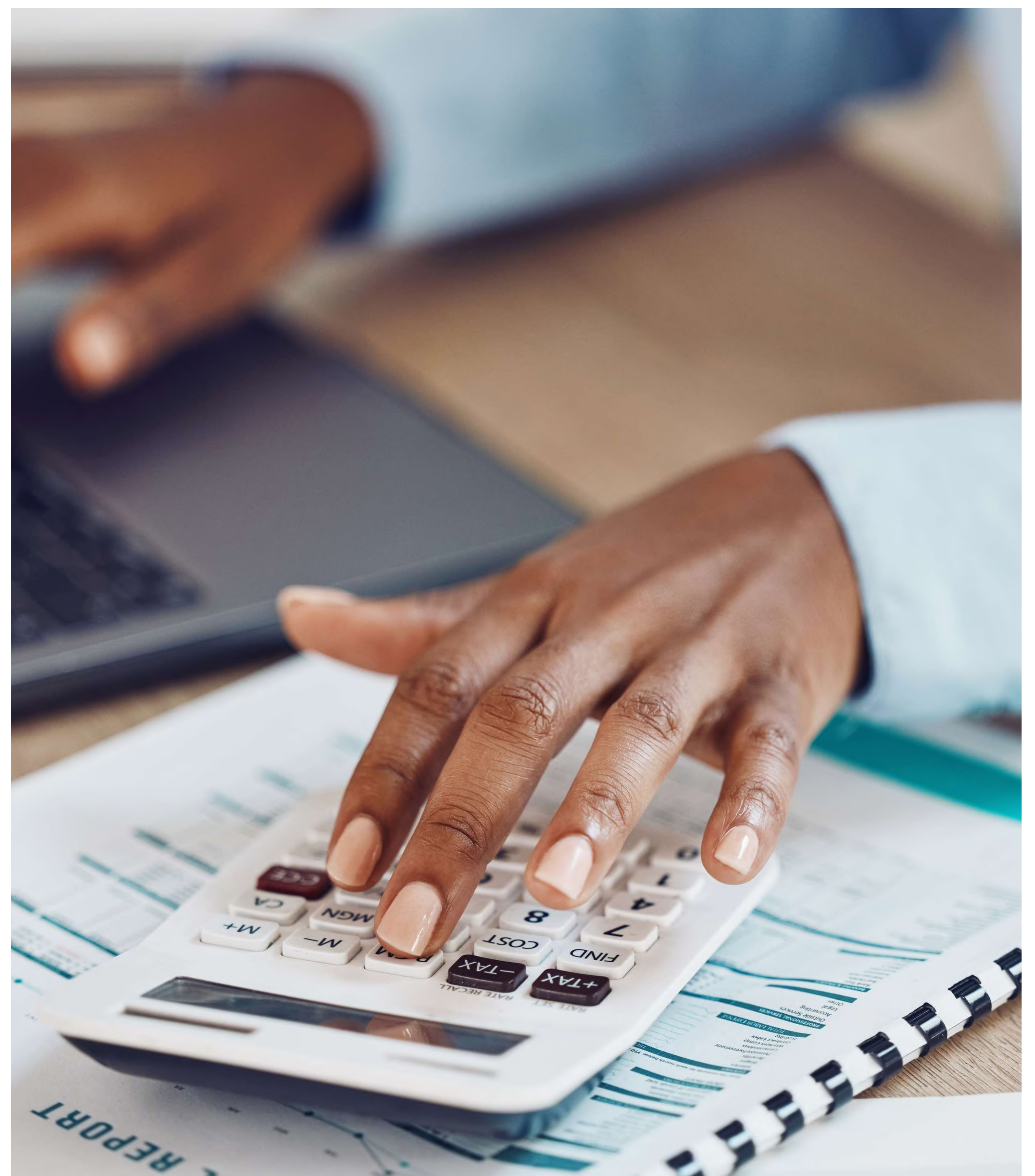
Liabilities

At the end of the year under review, members' deposits were \$223.0m, representing a year-on-year increase of \$17.2m or 8.4%, which underscores the confidence members possess to safeguard their savings with our credit union. This substantial growth in deposits, especially after slowing significantly in 2021, can also be an indicator of uncertainty within the economy as we traverse the post-pandemic road to recovery, which is being impaired by growing inflation. As more and more members continue to place their hard-earned savings with us, we must be equal to the task of aggressively pursuing more attractive opportunities to accrue returns to our loyal members – whether through loans or other investments.

Growth In Members' Deposits



	Q1	Q2	Q3	Q4
12300	14000	15230	17000	
15300	15520	15664	16000	
16850	16449	17000	18055	
18445	19554	19442	19120	
19500	19990	22000	23000	
22000	22984	26000	26440	
24120	25120	28000	29320	





Treasurer's Report

Capital

With the commencement of the implementation of the increase in Qualifying Equity Shares to five hundred dollars (\$500) in December 2022, our institutional capital improved appreciably to \$22.2m, representing an increase of \$4.1m or 23.3% compared to the prior year. While some members may question the timing of this decision, we must be cognizant of the need to augment our capital adequacy, which is the bedrock for future growth and development. Notwithstanding, management must also be held accountable for ensuring healthy financial performance so as to promote the financial well-being of our members by way of regular payment of dividends.

The prudential ratios evaluating our financial performance against the industry standards are highlighted below:

PRUDENTIAL RATIO	BENCHMARK	2022	2021
Effective Financial Structure			
Net Loans to Total	70% - 80%	66.3%	74.1%
Deposits to Total Assets	70% - 80%	84.8%	88.1%
Institutional Capital to Total Assets	Min ≥ 7%	8.5%	7.7%

Asset Quality			
Total Delinquent Loans to Gross Loans	Max ≤ 5%	9.7%	11.9%
Non-Earning Assets to Total Assets	Max ≤ 5%	19.5%	11.4%

Rates of Return & Costs			
Operating Expenses to Average Total Assets	Max ≤ 5%	3.4%	3.6%
Net Income to Average Assets (ROA)	Min ≥ 2%	4.1%	3.9%

Liquidity			
Liquid Assets-Short term Payables to Total	Min ≥ 15%	26.7%	18.6%
Liquid Reserves to Total Savings Deposits	10%	11.0%	11.6%



Statement Of Comprehensive Income

During the year under review, the primary source of our revenue, loan interest income, grew by over \$1m or 9.0% compared to the prior year and coupled with the creditable growth in investment and other income, the outcome was overall year-on-year growth in total revenue by \$1.2m or 8.8% -- a first since 2017. While it is only the beginning of our road to sustained financial health and performance, management must be lauded for their efforts in engineering this turnaround.

With the implementation of several Board-approved cost control directives, our interest expense, and general and administrative expenses only grew marginally by 0.1% and 2.3% respectively compared to the prior year.

Furthermore, with the concerted effort to curb our delinquency, we were able to achieve some reduction in our expected credit loss expense by 19.9%.

Overall, by following the simple formula of growing our revenue and curbing our expenditure, we were able to achieve a net surplus before transfers of \$1.2m, representing a year-on-year increase of \$1.3m or 1,203.9%.

Conclusion

Under the guidance of the Board of Directors, management has demonstrated the wherewithal to engineer a turnaround in our financial performance after a most disappointing result in 2021. A seemingly insurmountable challenge was dispensed to management, and they have risen admirably to the task. I am highly optimistic that a solid foundation that augurs well for future financial performance has been laid.

Our credit union finds itself in a position whereby we are well-positioned and poised to transition to the next level of financial performance that every member can be satisfied with and proud of. The bar has been lifted and management has given the firm commitment to spare no effort in building on the gains of 2022 to ensure holistic growth in 2023 and beyond.

Acknowledgements

I take this opportunity to express my appreciation to our members and Board of Directors for their confidence in affording me another opportunity to serve as Treasurer and the management and staff for their unwavering support throughout the past year.



Bro. Joel Noel
Treasurer



Independent Auditor's Report





**THE COMMUNAL CO-OPERATIVE
CREDIT UNION LIMITED**

Financial Statements

**For the year ended December 31, 2022
(With comparative figures for 2021)**

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Communal Co-operative Credit Union Limited
Grenada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Communal Co-operative Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Grenada and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Credit Union's 2022 Annual Report

Management is responsible for the information included in the Credit Union's 2022 Annual Report, other than the financial statements and our auditor's report thereon. The Credit Union's 2022 Annual Report is expected to be made available to us after the date of this auditor's 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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

To the Members of
The Communal Co-operative Credit Union Limited
Grenada

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

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

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

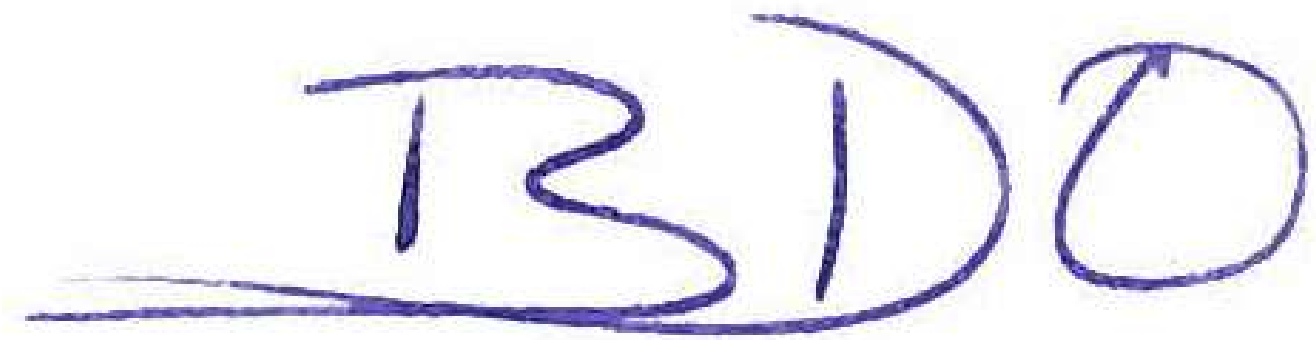
INDEPENDENT AUDITOR'S REPORT (cont'd)

To the Members of
The Communal Co-operative Credit Union Limited
Grenada

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
May 22, 2023

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Financial Position
As at December 31, 2022
With comparative figures as at December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	2022 \$	2021 \$
EARNING ASSETS			
Investment properties	4	3,168,800	3,168,800
Loans to members	5	174,350,269	173,019,087
Investment securities at amortised cost	6(i)	27,521,969	23,809,618
Investment security at fair value through OCI	6(ii)	99,745	99,745
Total earning assets		205,140,783	200,097,250
NON-EARNING ASSETS			
Property, plant, and equipment	7	6,525,070	6,546,418
Intangible assets	8	21,892	310,292
		6,546,962	6,856,710
Other assets			
Right-of-use asset	9(i)	321,886	273,643
Inventories	10	266,721	130,001
Receivables and prepayments	11	14,460,030	8,633,474
Cash and cash equivalents	12	36,197,393	17,551,976
Total non-earning assets		51,246,030	26,589,094
TOTAL ASSETS		262,933,775	233,543,054
CAPITAL AND LIABILITIES			
Institutional capital			
Members qualifying equity shares	13(i)	9,593,280	6,548,027
Statutory reserve	14	3,651,733	3,393,388
Accumulated surplus		8,984,858	8,093,951
		22,229,871	18,035,366
Members' other equity shares	13(ii)	5,121,753	5,492,046
Other funds and reserves			
Development fund	15	34,711	-
Members' health fund reserve	16	33,342	37,342
		68,053	37,342
TOTAL EQUITY		27,419,677	23,564,754
Non-current lease liability	9(ii)	150,311	175,850
Current liabilities			
Current portion of lease liability	9(ii)	208,547	143,261
Members' deposits	17	222,990,870	205,741,774
Non-interest-bearing liabilities	18	12,164,370	3,917,415
TOTAL LIABILITIES		235,514,098	209,978,300
TOTAL EQUITY AND LIABILITIES		262,933,775	233,543,054

The notes on pages 50 to 79 are an integral part of these financial statements.


Chairman

APPROVED ON BEHALF OF THE BOARD


Director

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2022
With comparative figures for the year ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Note	2022 \$	2021 \$
INCOME			
Loan interest income	19	12,224,359	11,217,688
Interest expense	20	(4,592,245)	(4,589,759)
Net interest income		7,632,114	6,627,929
Interest income - investment		1,049,847	996,758
Other operating income	21	1,459,915	1,260,757
Lease interest expense	9(ii)	(30,279)	(31,073)
Net income		10,111,597	8,854,371
General and administrative expenses	22	(8,372,195)	(8,185,048)
Bad debts recovered		99,386	136,126
Rental income		240,000	240,000
Expected credit loss expense		(921,763)	(1,150,257)
		(8,954,572)	(8,959,179)
Net surplus (loss) for the year before transfers		1,157,025	(104,808)
Deduct: Transfer to statutory reserve	14	(231,405)	-
Transfer to development fund	15	(34,711)	-
Net surplus (loss) for the year after transfers		890,909	(104,808)

The notes on pages 50 to 79 are an integral part of these financial statements.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Changes in Members' Equity
For the year ended December 31, 2022
With comparative figures for the year ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Note	Qualifying Shares	Other Equity Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 January, 2021		6,337,875	5,497,402	3,367,844	68,655	8,437,618	23,709,394
Net movement in shares		210,155	(5,356)	-	-	-	204,799
Entrance fees		-	-	25,544	-	-	25,544
Net movement on other funds and reserve		-	-	-	(31,313)	(238,861)	(270,174)
Net loss for the year		-	-	-	-	(104,808)	(104,808)
Balance at 31 December, 2021		6,548,030	5,492,046	3,393,388	37,342	8,093,949	23,564,755
Net movement in shares		3,045,250	(370,293)	-	-	-	2,674,957
Entrance fees		-	-	26,940	-	-	26,940
Net movement on health fund reserve	16	-	-	-	(4,000)	-	(4,000)
Transfers to other reserves	14,15	-	-	231,405	34,711	(266,116)	-
Net surplus for the year		-	-	-	-	1,157,025	1,157,025
Balance at 31 December, 2022		9,593,280	5,121,753	3,651,733	68,053	8,984,858	27,419,677

The notes on pages 50 to 79 are an integral part of these financial statements.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Cash Flows
For the year ended December 31, 2022
With comparative figures for the year ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Net surplus (loss) for the year after transfers		890,909	(104,808)
Adjustments for non-cash transactions:			
Depreciation	7,22	709,841	773,006
Amortisation	8,22	288,400	287,340
Depreciation expense on right-of-use assets	9(i),22	173,505	168,970
Bad debts recovered		(99,386)	(136,126)
Bad debt expense		921,763	1,150,257
Lease interest expense	9(ii)	30,279	31,073
Gain on disposals		(44,000)	-
Operating surplus before working capital changes		2,871,311	2,169,712
(Increase)/decrease in inventories		(136,720)	67,057
(Increase)/decrease in receivables and prepayments		(5,826,558)	1,515,731
Increase in members' deposits		17,249,096	11,933,905
Increase/(decrease) in non-interest-bearing liabilities		8,246,955	(1,969,886)
Net cash generated from operating activities		22,404,084	13,716,519
Cash flows from investing activities			
Increase in investment securities		(3,712,351)	2,350,903
Purchase of property, plant, and equipment		(688,493)	(295,459)
Purchase of intangible asset		-	(31,589)
Proceeds from disposal of fixed assets		44,000	-
Increase in members' loans		(2,153,559)	(16,100,147)
Net cash used in investing activities		(6,510,403)	(14,076,292)
Cash flows from financing activities			
Lease payments		(212,280)	(203,280)
Entrance fees received		26,940	25,545
Net movement in other funds and reserves	14,15,16	262,116	(270,173)
Shares issued		2,674,960	204,797
Net cash generated from (used in) financing activities		2,751,736	(243,111)
Net increase/(decrease) in cash and cash equivalents		18,645,417	(602,884)
Net cash and cash equivalents - January 1, 2022		17,551,976	18,154,860
Net cash and cash equivalents - December 31, 2022		36,197,393	17,551,976

The notes on pages 50 to 79 are an integral part of these financial statements.

1. Corporate information

The Credit Union was registered on 19th October, 1965 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest. The Credit Union employed on average 55 persons during the year (2021:55).

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors and authorised for issue on May 11, 2023.

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments - fair value through profit or loss
- Investment property

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

(c) Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Credit Union's annual financial statements for the year ended December 31, 2022 except for the adoption of new standards and interpretations below.

2. Significant accounting policies (cont'd)

(c) *Changes in accounting policies and disclosures (cont'd)*

(ii) New accounting standards, amendments and interpretations (cont'd)

a) *New standards, interpretations and amendments effective from 1 January 2022*

New standards impacting the Credit Union that will be adopted in the annual financial statements for the year ended 31 December 2022, and which have given rise to changes in the Board's accounting policies are:

- **Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)**
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- **Reference to the Conceptual Framework (Amendments to IFRS 3).**
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for annual reporting periods beginning on or after 1 January 2022.
- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).**
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

2. Significant accounting policies (cont'd)

(c) *Changes in accounting policies and disclosures (cont'd)*

(ii) New accounting standards, amendments and interpretations (cont'd)

b) *New standards, interpretations, and amendments not yet effective*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Credit Union has decided not to adopt early.

The following amendments are effective for periods beginning on or after 1 January 2023:

- IFRS 17 Insurance contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for periods beginning on or after 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-Current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

The Credit Union is currently assessing the impact of these new accounting standards and amendments.

2. Significant accounting policies (cont'd)

(d) *Property, plant and equipment*

Land and Buildings comprise properties located at Halifax Street, St. George and Perdmontemps, St. David. Land and buildings are stated at cost, less subsequent depreciation on buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in the fund. Decreases that offset previous increases of the same assets are charged against the surplus directly in the fund; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Buildings	- 2.5%
Leasehold improvements	- 20%
Furniture, fixtures, and equipment	- 10%
Computers	- 20%
Motor vehicle	- 20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2. Significant accounting policies (cont'd)

(e) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Credit Union and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The intangible assets are amortized as follows:

	Per annum
Computer software	20%

(f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property of the Credit Union comprises of land and building situated at Herbert Blaize Street, St. George's held for long-term rental yields and which is not occupied by the Credit Union. Investment property is treated as a long-term investment and is carried at fair value. The Credit Union investment property is being depreciated using the straight-line method over a period of forty (40) years.

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property of the Credit Union comprises of land and building situated at Herbert Blaize Street, St. George's held for long-term rental yields and which is not occupied by the Credit Union. Investment property is treated as a long-term investment and is carried at fair value. The Credit Union investment property is being depreciated using the straight-line method over a period of forty (40) years.

2. Significant accounting policies (cont'd)

(h) Financial instruments

(i) Classification and measurement

Initial recognition

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Credit Union recognises loans to borrowers on the date on which they are originated. All other financial instruments (including regular-way purchases and sale of financial assets) are recognised on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Credit Union classifies all of its assets at either:

- Amortised cost or
- FVPL

The Credit Union retained the existing requirements in IAS 39 for the classification of financial liabilities which is at amortised cost.

Amortised cost

The Credit Union measures its cash and cash equivalents, debt securities, mortgage and other loans and contributions and other receivables at amortised cost. Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets 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.

2. Significant accounting policies (cont'd)

(h) *Financial instruments (cont'd)*

(i) Classification and measurement (cont'd)

Financial assets at fair value through profit or loss

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

The Credit Union irrevocably elected to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income.

When equity investment designated as measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to accumulated surplus.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

(ii) Impairment

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Credit Union to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Credit Union has been recording an allowance for expected credit losses for all loans and individual debt securities and accounts receivable.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Credit Union expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures which are credit impaired or for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Significant accounting policies (cont'd)

(h) *Financial instruments (cont'd)*

(ii) Impairment (cont'd)

Impairment of financial assets (cont'd)

The Credit Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Credit Union may also consider a financial asset to be in default when internal or external information indicates that the Credit Union is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Credit Union.

Based on the above process, the Credit Union classifies its ECLs into Stage 1, Stage 2 and Stage 3.

Stage 1

When financial assets are first recognised, the Credit Union recognises an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets have been reclassified from Stage 2.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the Lifetime ECLs. Stage 2 also include facilities, where the credit risk has improved, and financial assets have been reclassified from Stage 3.

Stage 3

Financial assets considered credit-impaired. Here the Credit Union records an allowance for the Lifetime ECLs.

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 asserted period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.
- 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 the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

2. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(ii) Impairment (cont'd)

Calculation of ECLs

Stage 1

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Credit Union calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

Stage 3

For financial assets considered credit-impaired, the Credit Union recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets.

(iii) Impairment of other financial assets

Investment securities and Cash and cash equivalents

The Credit Union's cash at bank and investment securities are deposits placed with reputable institutions and countries where there has been no significant default. The Credit Union therefore considers the risk of default to be low. The ECLs on these instruments were therefore determined to be zero.

Receivables and prepayments

The Credit Union's receivables and prepayments are mostly short-term with minimal exposure to risk. The ECLs on these instruments were assessed on an individual basis.

(iv) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Credit Union determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off. However, the financial assets could still be subject to enforcement activities in order to comply with the Credit Union's procedures.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
For the year ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

2. Significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(v) Derecognition of financial assets

The Credit Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Credit Union recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Credit Union retains substantially all the risks and rewards of ownership of a transferred financial asset, the Credit Union continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(vi) Financial liabilities

When financial liabilities are recognised, they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost.

Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive income.

(vii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any assets, then that asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies (cont'd)

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short-term demand deposits with original maturities of three (3) months or less.

(j) Receivables and prepayments

Receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

(k) Accounts payables

Payables are obligation to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

(l) Equity shares

Members' shares are classified as equity.

(m) Provisions

Provisions are recognised when the Credit Union has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(n) Employee benefits

Pension benefits

The Credit Union operates a defined contribution pension plan. The Credit Union pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The Credit Union's contribution is recorded as an expense in the statement of comprehensive income.

(o) Revenue recognition

i) Interest income

Interest income is recognised on an accrual basis.

ii) Investment income

Investment income is recognised on an accrual basis.

iii) Rental income

Rental income is recognised on the accrual basis.

(p) Dividends

Dividends that are paid during the period are accounted for as an appropriation of surplus in the statement of changes in members' equity.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
For the year ended December 31, 2022
(Expressed in Eastern Caribbean Dollars)

2. Significant accounting policies (cont'd)

(q) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date. The resulting profits and losses are dealt with in the statement of comprehensive income. There are no foreign currency borrowings.

(r) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Credit Union has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statement of financial position date.

(s) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Credit Union's incremental borrowing rate is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Credit Union if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Credit Union is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

2. Significant accounting policies (cont'd)

(s) Leases (cont'd)

When the Credit Union revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(t) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions and market rates during the year.

3. Critical accounting estimates and judgments in applying accounting policies

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Credit Union's reported assets, liabilities, revenues, and expenses. The items which may have the most effect on these financial statements is set out below.

Valuation of property

The Credit Union utilises professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

Fair value of equity investments

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exists, costs is used as an appropriate estimate of fair value.

Property, plant, and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

Calculation of expected credit loss allowances

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to change in circumstances and of forecast economic conditions. The Credit Union's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

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4. Investment properties

	2022 \$	2021 \$
Land at Green Street	186,250	186,250
Building at H.A. Blaize Street	2,003,042	2,003,042
Cost - ending of year	2,189,292	2,189,292
Revaluation	979,508	979,508
Fair value - ending of year	3,168,800	3,168,800
Carrying amount - January 1	3,168,800	3,168,800
Carrying amount - December 31	3,168,800	3,168,800

As of reporting date, investment properties comprise:

	2022 \$	2021 \$
Properties held for lease	2,796,300	2,796,300
Properties held for development	372,500	372,500
	3,168,800	3,168,800

The Credit Union's investment properties were revalued on September 9, 2019, by an independent firm, Gleans Construction and Engineering Co. The directors have agreed to carry the properties at revalued amount as per the valuation report. The fair value of the investment properties was determined using the market comparable approach.

5. Loans to members

	2022 \$	2021 \$
House and land	97,647,564	114,700,642
Motor vehicle	13,099,055	13,623,152
Business	7,461,884	9,488,991
Promotional	12,361,330	12,839,971
Personal and others	45,653,641	23,281,396
Total loans	176,223,474	173,934,152
Interest receivable	517,195	682,732
	176,740,669	174,616,884
Less: Allowance for expected credit loss	(2,390,400)	(1,597,797)
	174,350,269	173,019,087

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 4% and 15% per annum (2021: 4% and 15% per annum).

Allowance for expected credit loss

	2022 \$	2021 \$
Balance, beginning of year	1,597,797	1,275,652
Increase in allowance for loan loss	921,763	1,150,257
Bad debts written off	(129,160)	(828,112)
Balance, end of year	2,390,400	1,597,797

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6. Investment securities

(i) Debt securities at amortised cost

	2022 \$	2021 \$
(a) Treasury bills and notes		
Government of St. Vincent - 91 day treasury bills	1,487,024	-
Government of St. Lucia - 91 day treasury bills	1,585,144	-
Government of St. Lucia - 180 day treasury bills	1,975,652	-
Government of St. Lucia - 365 day treasury bills	2,025,509	1,949,553
Government of St. Lucia - 3 year treasury notes	-	3,000,000
Government of Grenada - 365 day treasury bills	1,961,000	1,469,985
Government of Antigua - 180 day treasury bills	374,611	-
Government of Antigua - 365 day treasury bills	4,803,774	3,355,982
Government of Antigua - 2 year treasury notes	400,000	400,000
Government of Antigua - 3 year treasury notes	1,500,000	1,000,000
	<u>16,112,714</u>	<u>11,175,520</u>
(b) Bonds		
Eastern Caribbean Home Mortgage Bank - 1 year bond	-	1,500,000
Government of St. Lucia - 2 year bond	1,770,394	1,748,077
Government of St. Lucia - 5 year bond	1,000,000	1,000,000
Government of St. Lucia - 6 year bond	200,000	200,000
Government of St. Lucia - 7 year bond	500,000	500,000
Government of St. Vincent - 7 year treasury bond	496,073	683,930
Government of St. Vincent - 8 year treasury bond	509,000	509,000
	<u>4,475,467</u>	<u>6,141,007</u>
(c) Term deposits		
First Citizens Investment Services	760,392	760,392
Grenada Co-operative League Limited - Deposit (i)	628,407	615,481
Grenada Co-operative League Limited - Deposit (ii)	255,125	252,599
Ariza Credit Union Limited	2,222,491	1,900,228
Grenada Union of Teachers Co-operative Credit Union Limited	1,328,843	1,290,139
Grenville Co-operative Credit Union Limited	1,493,759	1,450,252
Gateway Co-operative Credit Union Limited	244,771	224,000
	<u>6,933,788</u>	<u>6,493,091</u>
	<u>27,521,969</u>	<u>23,809,618</u>

(ii) Equity security at fair value through other comprehensive income

9,949 ordinary shares in the Grenada Co-operative League Limited	99,745	99,745
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7. Property, plant, and equipment

	Land \$	Buildings \$	Leasehold improvement \$	Furniture, fixtures, and equipment \$	Computer equipment and software \$	Motor vehicles \$	Work-in- progress \$	Total \$
Cost								
As at January 1, 2021	1,051,566	4,921,885	1,657,897	1,946,484	2,142,128	109,995	137,337	11,967,292
Additions	-	36,455	-	26,413	85,897	-	146,694	295,459
Transfers	-	-	(78,789)	75,594	3,195	-	-	-
As at December 31, 2021	1,051,566	4,958,340	1,579,108	2,048,491	2,231,220	109,995	284,031	12,262,751
As at January 01, 2022	1,051,566	4,958,340	1,579,108	2,048,491	2,231,220	109,995	284,031	12,262,751
Additions	-	-	-	37,335	82,436	153,000	415,722	688,493
Transfers	-	-	-	(499)	-	(109,995)	-	(110,494)
As at December 31, 2022	1,051,566	4,958,340	1,579,108	2,085,327	2,313,656	153,000	699,753	12,840,750
Accumulated depreciation								
As at January 1, 2021	-	1,456,675	528,433	1,372,704	1,475,520	109,995	-	4,943,327
Charge for the year	-	123,503	278,391	121,219	249,893	-	-	773,006
As at December 31, 2021	-	1,580,178	806,824	1,493,923	1,725,413	109,995	-	5,716,333
As at January 01, 2022	-	1,580,178	806,824	1,493,923	1,725,413	109,995	-	5,716,333
Charge for the year	-	123,958	283,988	121,535	179,085	1,275	-	709,841
Disposal	-	-	-	(499)	-	(109,995)	-	(110,494)
As at December 31, 2022	-	1,704,136	1,090,812	1,614,959	1,904,498	1,275	-	6,315,680
Carrying amounts								
As at January 01, 2021	1,051,566	3,465,210	1,129,464	573,780	666,608	-	137,337	7,023,965
As at December 31, 2021	1,051,566	3,378,162	772,284	554,568	505,807	-	284,031	6,546,418
As at December 31, 2022	1,051,566	3,254,204	488,296	470,368	409,158	151,725	699,753	6,525,070

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8. Intangible assets

	Intangible assets \$	Total \$
Cost		
As of January 1, 2021	1,419,793	1,419,793
Additions	31,590	31,590
As of December 31, 2021	1,451,383	1,451,383
As of January 1, 2022	1,451,383	1,451,383
Additions	-	-
As of December 31, 2022	1,451,383	1,451,383
Accumulated depreciation		
As of January 1, 2021	853,751	853,751
Charge for the year	287,340	287,340
As of December 31, 2021	1,141,091	1,141,091
As of December 31, 2021	1,141,091	1,141,091
Charge for the year	288,400	288,400
As of December 31, 2022	1,429,491	1,429,491
Net book value		
As of January 1, 2021	566,042	566,042
As of December 31, 2021	310,292	310,292
As of December 31, 2022	21,892	21,892

9. Leases

(i) *Right of use asset*

	2022 \$	2021 \$
January 1, 2022	273,643	442,613
Modification of lease term	221,748	-
Amortisation	(173,505)	(168,970)
December 31, 2022	321,886	273,643

Right-of-use assets include leased office space.

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9. Leases (cont'd)

(ii) Lease liability

	2022 \$	2021 \$
January 1, 2022	319,111	491,318
Modification of lease term	221,748	-
Interest expense	30,279	31,073
Lease payments	(212,280)	(203,280)
December 31, 2022	358,858	319,111
Current portion	(208,547)	(143,261)
Non-current portion	150,311	175,850

The discount rate applied is 7.84% (2021: 7.84%).

10. Inventories

	2022 \$	2021 \$
IDC materials	199,067	93,376
Stationery and office supplies	24,395	16,389
Advertising and promotional materials	42,534	20,022
T-Shirts	725	214
	266,721	130,001

11. Receivable and prepayments

	2022 \$	2021 \$
Matured financial assets	1,745,282	1,745,282
ATM receivables	13,443,608	7,466,162
Prepayments	201,196	366,544
Other receivables	477,891	404,512
Interest receivable on investments	337,335	396,256
	16,205,312	10,378,756
Less: Allowance for expected credit loss	(1,745,282)	(1,745,282)
	14,460,030	8,633,474

Matured financial assets relate to matured fixed deposits with British American Insurance Company Limited and CLICO International Life totaling \$1,745,282. This amount has been provided for in full as there is considerable doubt concerning recovery.

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12. Cash and cash equivalents

	2022 \$	2021 \$
Cash on hand	4,404,296	6,330,914
Cash at bank	31,793,097	11,221,062
	36,197,393	17,551,976

13. Equity shares

(i) *Qualifying equity shares*

	2022 No. of shares	2022 \$	2021 No. of shares	2021 \$
Qualifying shares				
Authorised number of shares of \$5 nominal value	Unlimited		Unlimited	
Issued and fully paid				
Balance, beginning of year	1,309,606	6,548,030	1,267,575	6,337,875
Issued during the year	609,050	3,045,250	42,031	210,155
Balance, end of year	1,918,656	9,593,280	1,309,606	6,548,030

Qualifying shares are mandatory non-withdrawable shares and each member is required to own a minimum of one hundred (100) fully paid up shares of \$5.00 each.

(ii) *Other equity shares*

	2022 \$	2021 \$
Issued and fully paid		
Balance, beginning of year	5,492,046	5,497,402
Issued during the year	745,060	-
	6,237,106	5,497,402
Repurchased during the year	(1,115,353)	(5,356)
Balance, end of year	5,121,753	5,492,046

Other equity shares represent shares purchased by members in excess of mandatory minimum qualifying share requirement amount of \$500.00 (100 shares @ \$5.00 each).

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14. Statutory reserve

	2022 \$	2021 \$
Balance at beginning of the year	3,393,388	3,367,844
Add: Transfer from surplus	231,405	-
Entrance fees	26,940	25,544
Balance at ending of the year	3,651,733	3,393,388

In accordance with Section 125 (4) of the Co-operative Societies Act No. 8 of 2011, at least 20% of the surplus for the year shall be transferred to a Reserve Fund. Entrance fees collected during the year are also credited to this reserve.

15. Development funds

	2022 \$	2021 \$
Balance, beginning of year	-	23,726
Transfer from earnings in current year	34,711	-
Payment from funds	-	(23,726)
Balance, end of year	34,711	-

This fund is calculated at 3% of the surplus for the year and is payable to the Grenada Cooperative League Limited in accordance with Section 126 of the Co-operative Societies Act No. 8 of 2011.

16. Members' health fund reserve

	2022 \$	2021 \$
Balance, beginning of year	37,342	44,929
Payment from funds	(4,000)	(7,587)
Balance, end of year	33,342	37,342

Transfers to members' health fund reserve is discretionary. No allocation for the reserve was made during the year.

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17. Members' deposits

	2022 \$	2021 \$
Term deposits	32,577,183	32,064,754
Regular savings	155,858,166	143,934,260
Special savings	17,828	153,345
Education savings plan	715,866	723,090
Retirement saving plan	6,833,320	5,674,419
Escrow savings	7,551,197	7,523,527
Gold account	36,832	28,515
Su Su savings	157,466	125,073
Tiered savings	8,792,429	8,586,916
Other deposits	10,450,583	6,927,874
	<u>222,990,870</u>	<u>205,741,774</u>

Interest is payable on these amounts at rates varying between 0% to 3.5% per annum (2021: 0.2% and 5% per annum).

18. Non-interest-bearing liabilities

	2022 \$	2021 \$
Interest payable	451,596	442,059
Death claims payable	1,206,254	300,312
Sundry creditors and accruals	188,323	159,707
Payroll payables	391,521	233,952
Insurance payables	42,980	42,528
ATM payables	9,685,988	2,543,091
Payable to members	115,269	115,269
Accrued liability	25,417	27,267
Other payables	57,022	53,229
	<u>12,164,370</u>	<u>3,917,415</u>

19. Loan interest income

	2022 \$	2021 \$
House and land	6,559,128	5,952,272
Motor vehicle	1,108,977	1,040,899
Business	602,525	665,499
Promotional	1,122,429	1,219,328
Personal and others	2,831,300	2,339,690
	<u>12,224,359</u>	<u>11,217,688</u>

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20. Interest expense

	2022 \$	2021 \$
Term deposits	787,410	776,363
Regular savings	3,062,482	3,213,465
Education savings plan	20,915	20,117
Retirement saving plan	182,742	160,926
Gold account	1,617	5,784
Su Su savings	3,770	4,068
Tiered savings	143,286	61,917
Other deposits	390,023	347,119
	<u>4,592,245</u>	<u>4,589,759</u>

21. Other operating income

	2022 \$	2021 \$
Application fees	551,181	624,996
ATM transactions	266,760	223,575
Closure of accounts fees	54,849	30,192
Commission	2,076	2,257
Financial statement fees	10,480	5,747
Foreign exchange gain	19,769	15,942
IDC transactions	226,081	127,225
Late fees	132,207	71,786
Miscellaneous	(25)	-
Night Depository fees	1,200	450
Over the counter fees	150,239	157,867
Sale of passbooks	774	529
Service charges	324	191
Sale proceeds of fixed assets	44,000	-
	<u>1,459,915</u>	<u>1,260,757</u>

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22. General and administrative expenses

	2022 \$	2021 \$
Advertising and promotions	243,902	333,435
Bank Charges	234,991	217,426
Depreciation	1,176,679	1,229,315
Governance	90,982	43,535
Honorarium	95,755	114,475
League dues	115,000	115,000
Office Expenses	142,777	170,600
Other Administrative Cost	2,126,747	1,701,951
Personnel Costs	3,406,212	3,529,695
Securities	257,968	270,205
Utilities	481,182	459,411
	8,372,195	8,185,048

23. Income tax

The Credit Union is exempt from the payment of Income Tax under Section 25 (P) of the Income Tax Act 1994.

24. Commitments

(i) Undisbursed members' loans

At the end of the financial year the Credit Union had a commitment in respect of loans approved and not disbursed amounting to \$6,538,929 (2021: \$1,765,230).

ii) Operating leases

As at 31st December, the Credit Union was committed to lease payments as follows:

	2022 \$	2021 \$
Within one (1) year	215,280	161,430
Between one (1) to two (2) years	152,490	185,220
	367,770	346,650

25. Financial risk management

The Credit Union's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate
- Operational risk

Risk management structure

The Credit Union of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies, and procedures. Day-to-day adherence to risk principles are carried out by the executive management of the Credit Union in compliance with the policies approved by the Credit Union of Directors.

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, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. 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 following committees are part of the management team of the Credit Union.

Credit committee

This committee considers all applications for loans and makes recommendations to the Credit Union in respect of the applications and performs such duties as prescribed in the articles of the Co-operative Act, the regulations and the By-Laws of the Credit Union.

Supervisory Committee

The supervisory committee examines the books of the Credit Union, confirms the deposits of the members, and performs such other duties as are prescribed by the Co-operative Act, the regulation and the By-Law of the Credit Union.

Investment Committee

The Investment Committee is elected by the Board of Directors. This Committee assists in identifying the current and future investment opportunities available to the Credit Union.

25. Financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Credit Union's receivables from the inability of members to repay loans, the inability of investments and cash and cash equivalents to be recuperated or interest on them to be realized, and receivables to not materialize.

Management credit risk

The Credit Union's main objective as regards to credit risk is to protect against any unwanted counterparty credit exposures, maintain credit risk at a manageable level and identify and avoid material credit failure that would impart earnings.

The Credit Union measures and manages credit risk on an aggregate basis by including all existing relationships with a particular customer or related entity of the same corporate organization. When measuring credit risk, the Credit Union takes a conservative view towards uncertainty and error in the direction of overstating the risk.

Loans

Exposure to credit risk is managed through regular analysis of the ability of borrowers to settle outstanding balances and meet repayment obligations, and by changing lending limits when appropriate.

Other financial assets

With respect to credit risk arising from the other financial assets of the Credit Union, which comprise cash and cash equivalents and investments, the Credit Union's exposure to credit risk arises from default of the counter-party. The Credit Union seeks to hold its funds with financial institutions which management regards as sound. The markets for investments are monitored regularly to ensure the returns are guaranteed.

Exposure to credit risk

The Credit Union's maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	Maximum exposure	
	2022 \$	2021 \$
Cash and cash equivalents	36,197,393	17,551,976
Investment securities	27,621,714	23,909,365
Receivables and prepayments	14,460,430	8,633,474
Loans to members	176,740,669	174,616,884
	255,020,206	224,711,699

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25. Financial risk management (cont'd)

Exposure to credit risk (cont'd)

Concentration of credit risk on loan to members:

	2022 \$	2021 \$
House and land	97,647,564	114,700,642
Motor vehicle	13,099,054	13,623,152
Business	7,461,884	9,488,991
Promotional	12,361,330	12,839,971
Personal and others	45,653,641	23,281,396
	<u>176,223,473</u>	<u>173,934,152</u>

Analysis of gross carrying amount and corresponding ECL are as follows:

Loan to members	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2022				
Gross loans	134,715,763	23,095,059	18,929,847	176,740,669
ECL	(187,450)	(94,605)	(2,108,345)	(2,390,400)
Net balance	<u>134,528,313</u>	<u>23,000,454</u>	<u>16,821,502</u>	<u>174,350,269</u>
Balance at December 31, 2021				
Gross loans	126,894,017	29,502,941	18,219,926	174,616,884
ECL	(68,061)	(61,870)	(1,467,867)	(1,597,798)
Net balance	<u>126,825,956</u>	<u>29,441,071</u>	<u>16,752,059</u>	<u>173,019,087</u>

	2022 %	2021 %
Stage 1	76.22	72.67
Stage 2	13.07	16.90
Stage 3	10.71	10.43
	<u>100.00</u>	<u>100.00</u>

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25. Financial risk management (cont'd)

Credit risk (cont'd)

Analysis of gross carrying amount and corresponding ECL are as follows:

Receivables and prepayments	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2022				
Gross receivables	14,460,030	-	1,745,282	16,205,312
ECL	-	-	(1,745,282)	(1,745,282)
Net balance	14,460,030	-	-	14,460,030
Balance at December 31, 2021				
Gross receivables	8,633,474	-	1,745,282	10,378,756
ECL	-	-	(1,745,282)	(1,745,282)
Net balance	8,633,474	-	-	8,633,474

	2022 %	2021 %
Stage 1	89.23	83.18
Stage 2	-	0.00
Stage 3	10.77	16.82
	100.0	100.00

Write off policy

The Credit Union writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer meet the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counter-party. The Credit Union has guidelines that set out the acceptability of different types of collateral.

The types of collateral held by the Credit Union are registered mortgages over property, bills of sale on motor vehicles and other assets, liens on deposits and shares, guarantees and promissory notes.

25. Financial risk management (cont'd)

Credit risk (cont'd)

Collateral (cont'd)

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. Liquidity, funding risk, and related processes and policies are overseen by management of the Credit Union.

Liquidity management is primarily designed to ensure that funding requirement of the Credit Union can be met or to satisfy the demands of customers for additional borrowing. The primary source of funds of the Credit Union is from members' deposit. Additional funds are also sourced through credit facilities from the Credit Union's bankers.

All of the Credit Union's financial liabilities at year end are payable on demand.

Currency risk

Currency risk is the risk that the value of cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union operates primarily in the Eastern Caribbean Dollars and is therefore not subject to significant foreign currency risk. However, some of its transactions are in United States Dollars but as the Eastern Caribbean Dollar is pegged to the United States Dollar, there are no significant currency risk exposures.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

Floating rate instrument expose the Credit Union to cash flow interest risk whereas fixed rate instruments expose the Credit Union to fair value interest rate risk.

Management of interest risk rate

The Credit Union's exposure to interest risk is managed through the matching of funding products with financial services and monitoring market conditions and yields.

25. Financial risk management (cont'd)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personal, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risk arises from all of the Credit Union's operations. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

26. Related party transactions

(a) *Definition of related party*

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

- (i) A person or a close member of that person's family is related to the Credit Union if that person:
 - 1) has control or joint control of the Credit Union;
 - 2) has significant influence over the Credit Union; or
 - 3) is a member of the key management personnel of the Credit Union or of a parent of the Credit Union.
- (ii) An entity is related to the Credit Union if any of the following conditions applies:
 - 1) 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).
 - 2) 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).
 - 3) Both entities are joint ventures of the same third party.
 - 4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

26. Related party transactions (cont'd)

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

(iii) An entity is related to the Credit Union if any of the following conditions applies (cont'd)

- 5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- 6) The entity is controlled or jointly controlled by a person identified in (a).
- 7) 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).
- 8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Credit Union or to the parent of the Credit Union.

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) A number of transactions have been entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

Key management comprises directors and senior management of the Credit Union. Compensation to and other balances with these individuals are as follow:

	2022 \$	2021 \$
a. Balances held by directors and key management at year-end were:		
Loans and advances	4,080,695	2,550,789
Deposits and shares	1,424,993	1,337,217
b. Compensation paid to key management		
Salaries	847,086	965,878



Erma Whint Health Assistance Fund

Overview

The Erma Whint Health Assistance Fund was established at the 29th Annual General Meeting of The Communal Co-operative Credit Union Ltd. in 2011. This Fund is used to provide grant assistance up to one thousand Eastern Caribbean dollars (EC\$1,000.00) to members and their immediate families requiring medical assistance.

The Fund is administered by a committee that is made up of a Director, Supervisory & Compliance Committee Member, Credit Committee Member, and a Staff Member.

To qualify for the fund persons must have been a member of Communal for at least two (2) years and their account must be in good standing. The member must not have health coverage (insurance) and must not be eligible for any private or government-sponsored coverage (such as NIS).

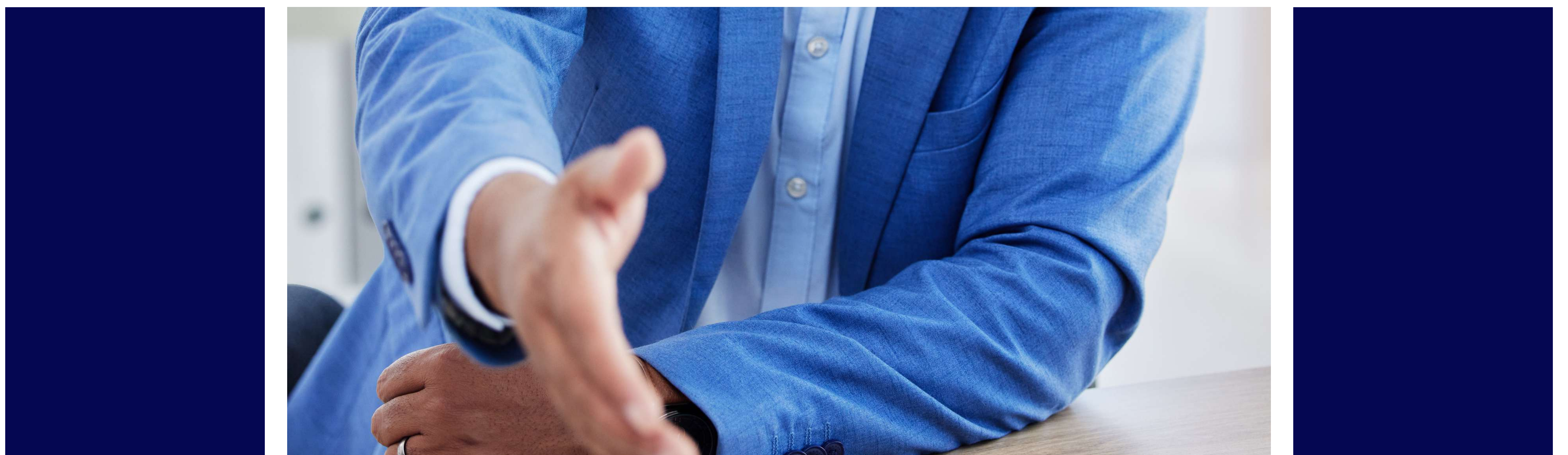
The fund does NOT cover cosmetic surgery, dental surgery, purchase/payment of regular or routine medications or medical procedures and travel expenses.

Fund Activity For 2022

NO. OF APPLICATIONS:	4
NO. OF APPROVED APPLICATIONS:	4
NO. OF DECLINED APPLICATIONS:	0
OPENING BALANCE AS OF 1ST JANUARY 2022:	\$37,342.47
AMOUNT DISBURSED:	(4,000.00)
BALANCE AT AS 31ST DECEMBER 2022:	\$33,342.47



We encourage our members to take advantage of this Fund set up in honour of our former dedicated staff, Ms. Erma Whint, and look forward to assisting more of our members in the coming year.





Nominations Committee Report

The Board of Directors, at its meeting held on 27th April 2023, acting in accordance with Article XIII (41) (2) of the Bye-Laws, appointed a Nominations Committee for the purpose of proposing members to fill vacancies on the Board of Directors, Supervisory & Compliance Committee and Credit Committee, for which elections will be conducted at the 41st Annual General Meeting (AGM).

Composition

The Nominations Committee comprised of the following persons:

- Sis. Lawrene Griffith
Board of Directors Representative
- Bro. Isaac Bhagwan
General Membership Representative
- Sis. Larissa La Touche-Francis
Staff Representative

Meetings

The Nominations Committee convened a virtual meeting on 28th April 2023 to discuss matters under its purview.

Invitation For Nominations

Given that no member of the Board of Directors, Supervisory & Compliance Committee nor Credit Committee was due to retire after the expiration of a second consecutive term, and all members whose first term was due to expire at the 41st AGM had expressed their interest in continuing to serve for a second term, the Committee opted to recommend them to serve for a second term, which precluded the need to publish an invitation to fill vacancies.

Recommendations

The criteria used by the Committee to recommend members to fill vacancies on the Board of Directors, Supervisory & Compliance Committee and Credit Committee were based on the following International Union norms of good governance principles:

- Integrity
- Commitment to service without reward
- Availability to attend meetings
- Good financial standing
- Expertise and experience
- Demonstration of interest in the credit union movement
- Good interpersonal skills

The Nominations Committee again assessed the members of the Board of Directors, Supervisory & Compliance Committee and Credit Committee whose first term was due to expire against the aforementioned criteria and was satisfied in making the following recommendation for their continuance for a second term:

BOARD OF DIRECTORS	YEAR ELECTED	END OF 1ST TERM
Bro. Michael Francois	2020	2023
Bro. Joel Noel	2020	2023
Sis. Dawn Walker	2020	2023

SUPERVISORY & COMPLIANCE COMMITTEE	YEAR ELECTED	END OF 1ST TERM
Bro. Clint Roberts	2020	2023

CREDIT COMMITTEE	YEAR ELECTED	END OF 1ST TERM
Sis. Lisa Grappy-James	2020	2023

The following persons will continue to serve unfinished terms:

BOARD OF DIRECTORS	YEAR ELECTED	END OF 1ST TERM	END OF 2ND TERM
Sis. Petra Fraser	2018	2021	2024
Sis. Lawrene Griffith	2021	2024	N/A
Sis. Sibyl Alexander	2022	2025	N/A
Bro. Jason Hinds	2022	2025	N/A
Sis. Shurla Harris-Fields	2022	2025	N/A
Bro. Keron Noel	2022	2025	N/A

SUPERVISORY & COMPLIANCE COMMITTEE	YEAR ELECTED	END OF 1ST TERM	END OF 2ND TERM
Sis. Theresa Noel	2018	2021	2024
Sis. Desnor Paul	2019	2022	2025
Sis. Chinnel Andrews	2022	2025	N/A
Bro. Dick Noel	2022	2025	N/A

CREDIT COMMITTEE	YEAR ELECTED	END OF 1ST TERM	END OF 2ND TERM
Sis. Glendalyn Phillip	2018	2021	2024
Bro. Allen Gilbert	2019	2022	2025
Sis. Sandra Aird	2019	2022	2025
Sis. Sheena Lewis	2021	2024	N/A



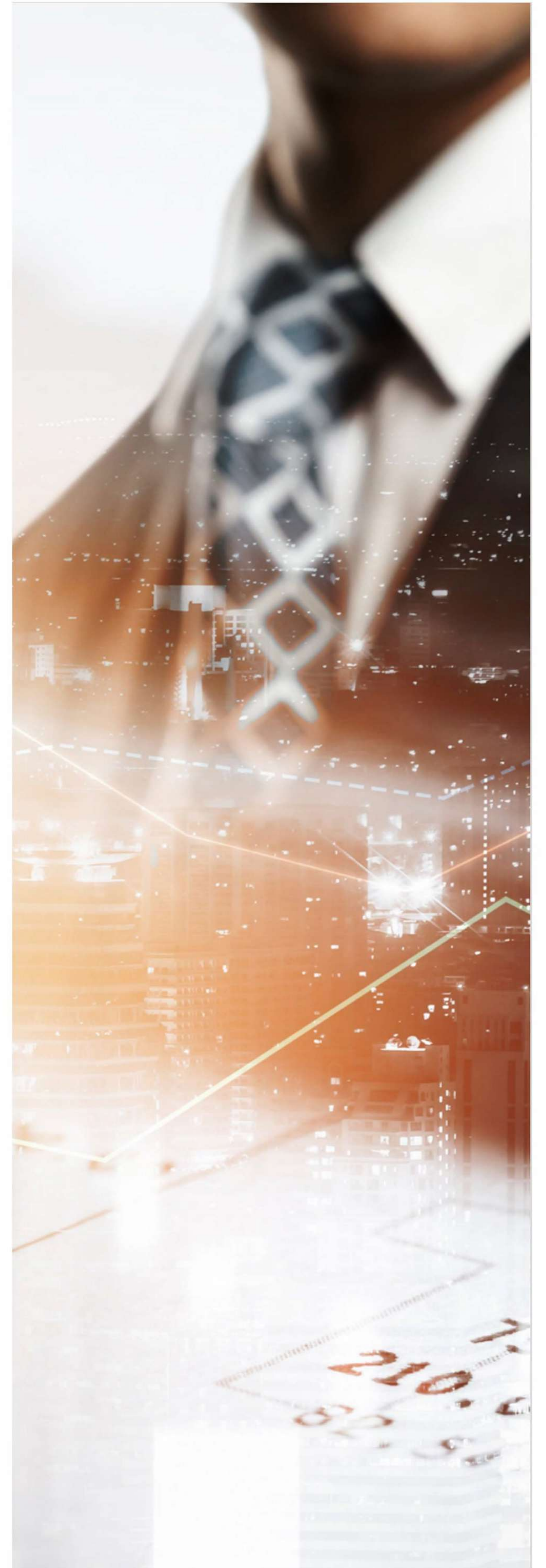
Nominations Committee Report

Acknowledgements

The Nominations Committee expresses appreciation to the Board of Directors for the opportunity given to serve and to the management and staff for providing the necessary support during the execution of its work.

The Committee also extends gratitude to the members who expressed interest in continuing to serve our credit union.

Bro. Isaac Bhagwan
Chairman





Budget

PROFIT & LOSS

	BUDGET FY2022	ACTUAL FY2022	BUDGET FY2023	VARIANCE BUDGET FY2023 VS ACTUAL FY2022	
INCOME					
Income From Loans	13,692,935	12,775,540	13,551,943	776,403	6.1%
Other Income	2,064,506	2,297,967	2,930,986	633,019	27.5%
TOTAL INCOME	\$15,757,441	\$15,073,507	\$16,482,929	\$1,409,422	9.4%
EXPENSES					
Interest on Deposits	4,198,570	4,592,245	3,703,723	(888,522)	-19.3%
Personnel Costs	4,209,669	3,406,212	4,108,259	702,047	20.6%
Operating Expenses	5,763,384	5,918,025	6,203,136	285,111	4.8%
TOTAL EXPENSES	\$14,171,622	\$13,916,482	\$14,015,118	\$98,636	0.7%
SURPLUS/(DEFICIT) BEFORE TRANSFERS	\$1,585,819	\$1,157,025	\$2,467,811	\$1,310,786	113.3%

CAPITAL EXPENDITURE

Building	4,600,000
Computer Software	61,000
Data Processing Equipment	572,297
Furniture & Equipment	137,024
Investment Property	8,440,000
Leasehold Improvements	500,000
Signage	25,000
TOTAL	\$14,335,321



Resolutions

Approval Of Budget

WHEREAS it is required by Article XI of the Bye-Laws that a function of the Annual General Meeting is to receive and approve the budget for the current financial year;

AND WHEREAS the 2023 budget, presented on page 83 of this booklet, is broadly aggregated as follows:

Total Income: \$16,482,929
Total Expenses: \$14,015,118
Net Surplus: \$2,467,811
Capital Expenditure: \$14,335,321

BE IT RESOLVED that the budget for 2023, as presented, be approved.

Appointment Of Auditors

WHEREAS Sections 135 and 136 of the Cooperative Societies Act (2011) provide for the appointment of an auditor on a rotation basis for a period not exceeding five (5) consecutive years;

AND WHEREAS the firm BDO Eastern Caribbean has served The Communal for the past four (4) years;

BE IT RESOLVED that the firm BDO Eastern Caribbean be appointed as the Auditor for 2023 in conformity to the Regulations.

Payment Of Dividend

WHEREAS it is required by Article XXII of the Bye-Laws that the members at an Annual General Meeting may declare dividends out of net surplus, after setting aside the prescribed reserves and recovering all or any deficit previously incurred;

AND WHEREAS the benchmark for the payment of such dividend in accordance with Section 129 of the Cooperative Societies Act (2011) and as amended in 2017, must be on attainment of institutional capital of at least seven percent (7%) of the total assets;

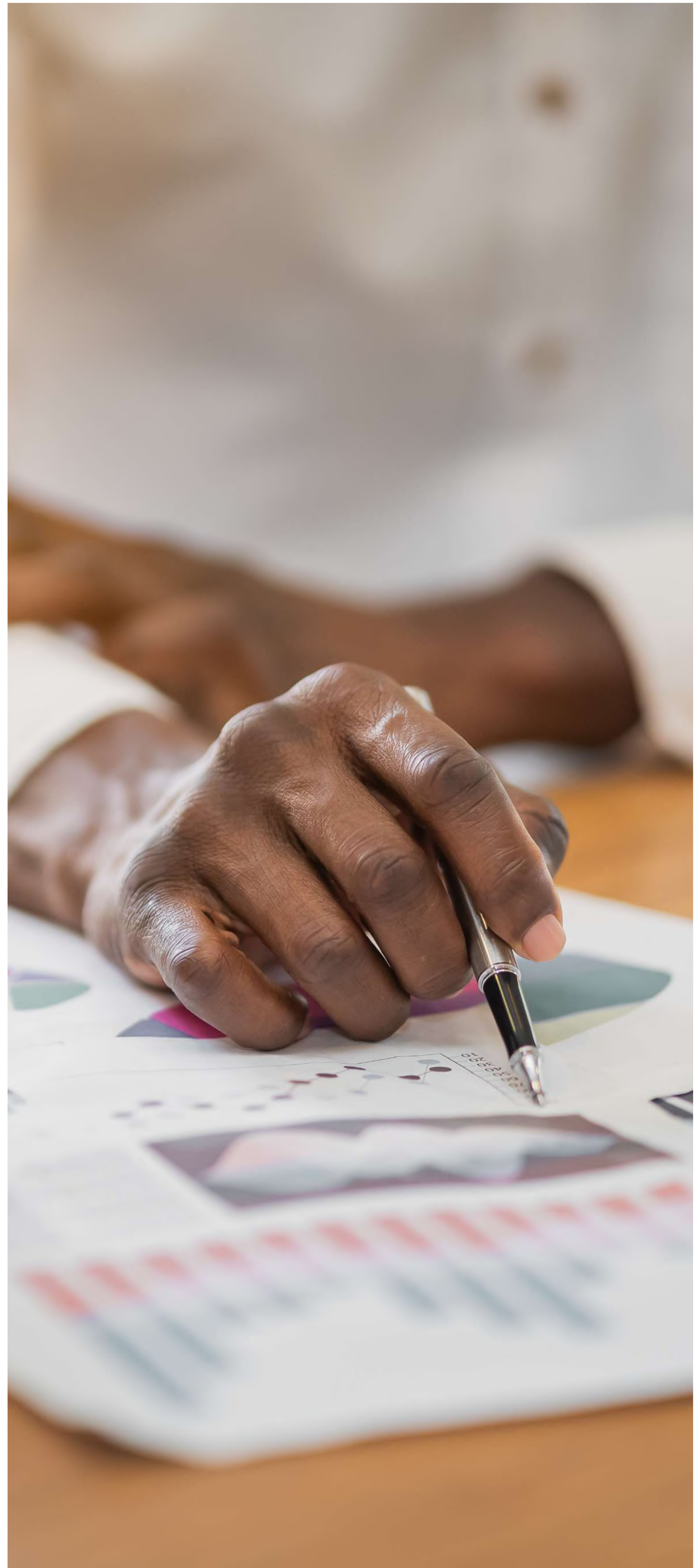
BE IT RESOLVED that a dividend of 4.0% be declared on all shares paid up before and during the dividend period of 2022.

Adjustment To Erma Whint Health Assistance Fund

WHEREAS the membership of The Society, at our 29th Annual General Meeting in 2011, approved the establishment of the Erma Whint Health Assistance Fund to provide grant assistance to eligible members to defray medical expenses;

AND WHEREAS the Fund has been under-utilized since its inception and health-related expenses have increased significantly in recent years, especially since the onset of the Covid-19 Pandemic;

BE IT RESOLVED that the grant funding per application available to eligible members be increased to two thousand Eastern Caribbean dollars (EC\$2,000) effective 1st July 2023 whilst all other terms and conditions remain unchanged.





Minutes Of The 40th Annual General Meeting

Held On Wednesday 24th August 2022 At The G'da Trade Centre Annex And Virtually Via Zoom

Opening Session

Call to Order

The Opening Session was called to order at 3:55pm by the General Manager, Bro. Phil Antoine.

Invocation

The prayer was done by Director Shawna Thomas-Cuffie.

National Anthem

The Chair invited everyone to stand and called on Bro. Bryan Robinson to offer a rendition of the National Anthem on the steelpan.

Minute of Silence for Deceased Members

The Chair, in remembrance of beloved members who passed away during the year 2021, invited everyone to remain standing to observe a minute of silence.

Welcome Remarks

Sis. Michele Grey welcomed everyone to the 40th Annual General Meeting (AGM) of The Communal Co-operative Credit Union Limited, surmising that the performance of the credit union over the past year will be reviewed, in addition to what members can look forward to, with the much-anticipated launch of a brand-new product today.

Sis. Grey highlighted that the effects of the Covid-19 Pandemic placed tremendous pressure on financial institutions worldwide, including The Communal and recognizing the needs of our members, especially in relation to medical expenses, a brand-new product is expected to be unveiled to assist in taking care of those needs. She also emphasized that this product was not just new to The Communal but will be a first for any credit union in Grenada.

Sis Grey extended best wishes to all for an enjoyable evening's proceedings.

Remarks – Grenada Co-operative League Limited

The General Manager, Mr. William Joseph, offered greetings on behalf of the League and commended The Communal on the theme chosen for the AGM, highlighting the passion it evoked, which was befitting of the time.

He shared that the Credit Union sector is moving ahead with digital transformation as this is the way forward and urged the movement to not only master business operations and grow shareholder value, but also focus on research into social and demographic trends in the society to ensure relevance and fitness of the movement going forward. Mr. Joseph stated that new times require new thinking, new paths and new actions and that passion and prudential management must be sustained for the achievement of enhanced financial results and our credit union cannot rest until the members receive bigger and better "Susu hands".

In closing, Mr. Joseph expressed thanks for the invitation and wished The Communal continued success and a successful AGM.

Remarks – Grenada Authority for the Regulation of Financial Institutions (GARFIN)

The Executive Director (Ag.), Mr. Denis Felix, congratulated The Communal on the hosting of its 40th AGM within the allotted time despite the challenge of dealing with the lingering impact of Covid-19 and conveyed greetings on behalf of the Board of Directors, Management, and staff of GARFIN.

Mr. Felix highlighted the performance of the sector on a consolidated basis for the year 2021, noting improvement in total assets, total loans, deposits, capital and reserves and total net operating surplus. He indicated that total assets increased by 6.8% to \$1.2 billion and with respect to prudential performance, the sector continued to perform well, especially in relation to liquidity whereby all credit unions surpassed the minimum standard of 15% of total unincumbered deposits and offered commendation for same. He also noted that there was deterioration in loan delinquency from 5.8% in December 2020 to 7.2% in December 2021, stressing that credit unions must monitor their respective delinquency situations closely and implement creative measures for improvement. Mr. Felix reminded the membership that as the Regulator, there was understanding of the plight of the members, but cautioned that in satisfying the needs of members, credit unions must remain strong and, in this regard, GARFIN must be considered a friend of all credit unions.

Mr. Felix pointed out that The Communal showed notable performance for the year 2021, with total assets of \$233.5m accounting for 20% of the total assets of the sector thus making our credit union the 3rd largest credit union in the sector and an integral part of the financial system. He urged all stakeholders to work together to protect the gains of The Communal and the sector at large.

Mr. Felix highlighted some measures to enhance supervision including the finalization of the long-outstanding new Co-operatives Societies Regulations, which provide for a new benchmark for capital and enhanced requirements for good governance and fit and proper criteria for directors. He indicated that work will therefore commence on the Co-operative Societies Act with an estimated completion date of not more than 90 days or not later than November 15, 2022. Additionally, he hinted at the implementation of a risk-based supervisory framework to assist and identity risk within credit unions thus improving efficiency and effectiveness and allowing for closer monitoring of governance practices in keeping with Board mandates. He then offered some advice to the soon-to-be appointed Officers to prepare for the challenge of running a financial institution in this challenging time as standards of accountability, fit and proper criteria and good governance continue to rise.

Mr. Felix expressed his thanks for the invitation and wished The Communal success, noting his great appreciation for the contribution the credit union has made and continues to make to the development of the movement.



Minutes Of The 40th Annual General Meeting

Feature Presentation: Members Group Health & Life Plan

Ms. Desnor Paul of Agostini Insurance Brokers (G'da) Ltd. and Mr. Joseph Patrick of Guardian General Insurance both thanked The Communal for partnering with their respective companies to offer such a comprehensive Group Health and Life Plan to its members and in the process making The Communal the first credit union in Grenada to offer such a product.

Ms. Paul explained that the Plan provides members and their loved ones with insurance coverage for medical, dental, vision, life, accidental death, and dismemberment. She indicated that the maximum age limit for the Plan is 59 years and upon attainment of 60 years, one will be transferred to the Senior Section of the Plan; however, she quickly highlighted that during the 3-month Open Enrolment period ending on October 24, 2022, members who are 60 years and over can join the Plan with no questions asked.

Both Ms. Paul and Mr. Patrick urged all members to sign up for the Plan and indicated that if there were additional queries or concerns, arrangements will be made to forward information accordingly.

Presentation of Tokens

The Chair invited the President and Secretary of the Board of Directors, Sis. Petra Fraser and Sis. Dawn Walker, respectively, to present tokens of appreciation to the following members whose terms had expired after giving six (6) years of yeoman service to The Communal:

Board of Directors:

Sis. Shawna Thomas-Cuffie
Bro. Ernest Bleasdille

Credit Committee:

Sis. Roseline Telesford

Supervisory & Compliance Committee:

Sis. Kenita Paul
Bro. Anthony Phillip

A message, on behalf of Sis. Roseline Telesford, was read by Sis. Lisa Grappy-James, conveying her profound gratitude and appreciation for the opportunity to serve on the Credit Committee.

Vote of Thanks

Sis. Walker expressed her pleasure in conveying gratitude to all those who contributed to the Opening Session of the AGM, stating that this is the most important meeting of the membership, and the credit union is ever grateful for the contributions made at this meeting.

Sis. Walker extended appreciation to all the respective presenters/speakers for the invocation, remarks and presentation and noted that the comments were well received. She offered a special commendation to Agostini Insurance Brokers & Guardian General Insurance for such an informative and important presentation to the members of The Communal.

In closing, Sis. Walker commended the AGM Committee for the work done to ensure the meeting was a success and the entire membership of The Communal for attending the 40th AGM.

Business Session

Call to Order

The Business Session was called to order at 5:45pm by the President, Sis. Petra Fraser, who welcomed everyone to the 40th AGM of The Communal. The Chair then invited the Secretary of the Board of Directors, Sis. Dawn Walker, to read aloud the Notice and Agenda of the 40th AGM.

Ascertainment of Quorum

There were 151 members (37 via Zoom and 114 in person) in attendance at the commencement of the Business Session. Permission was then sought from and granted by the Executive Director (Ag.) of GARFIN, Mr. Denis Felix, to continue with the business of the meeting in the absence of a quorum.

Standing Orders

The Chair read aloud the Standing Orders for the benefit of in-person and virtual attendees.

Adoption of the Agenda

The Chair opened the floor and invited members to indicate whether there were any suggested amendments to the proposed agenda, as read aloud by the Secretary, Sis. Walker, and then proposed a motion for the adoption of the agenda.

There being no amendments, the proposed agenda was then adopted on a motion moved by Bro. Raymond Lockiby and seconded by Sis. Jennifer Gulston-Gittens.

Nominations Committee Report

The Chair invited the Chairman of the Nominations Committee, Bro. Isaac Bhagwan, to present the Nominations Committee Report, which was then adopted on a motion moved by Sis. Jennifer Gulston-Gittens and seconded by Bro. Nash Griffith.

After the adoption of the Nominations Committee Report, the Chair then invited questions and or comments from the membership. Sis. Lydia Courtney-Francis inquired whether consideration was given to the pending regulations in the nomination of the members to fill vacancies on the Board of Directors and Supervisory & Compliance Committee, to which Bro. Bhagwan confirmed that, as is customary, nominees were selected against the fit and proper and other criteria such as being in good financial standing.





Minutes Of The 40th Annual General Meeting

Elections & Voting

The Chair invited the Presiding Officer, Bro. Simeon Collins, to conduct the elections and voting process to fill vacancies on the Board of Directors, Credit Committee and Supervisory & Compliance Committee.

Bro. Collins read the biographies of the nominees and then invited each of them to stand and be identified before the membership, all of whom did so with the exception of Bro. Francis Antoine who was absent without an excuse.

Bro. Collins then invited any nominations from the floor, after which Sis. Shurla Harris-Fields was then nominated for the Board of Directors on a motion moved by Bro. Nash Griffith and seconded by Bro. Herro Stroude. There being no further nominations from the floor, a motion for nominations to cease was then moved by Sis. Chinnel Andrews and seconded by Sis. Deborah Cameron.

Bro. Collins indicated that, as directed by the General Manager, Bro. Phil Antoine, the voting process will be conducted by the raise of hands in the interest of time. However, Sis. Deborah Cameron objected and requested that the voting process be conducted by secret ballot in accordance with the bye-laws, which was accepted.

Bro. Collins then instructed that a ballot paper be given to each in-person attendee and alerted the virtual attendees that an electronic poll will be displayed on their screens to facilitate their voting. After tallying of the in-person votes by Mr. Reuben John (Partner, BDO Eastern Caribbean), Bro. Nash Griffith and Bro. Kervis Renaud and the online votes, the following results were confirmed:

Credit Committee:

Bro. Allen Gilbert and Sis. Sandra Aird were re-elected unopposed to serve a second term on the Credit Committee.

Board of Directors:

Bro. Jason Hinds – 74 (11 online and 63 in-person)
 Bro. Keron Noel – 67 (7 online and 60 in-person)
 Sis. Shurla Harris-Fields – 66 (10 online and 55 in-person)
 Sis. Kathy Thompson – 54 (6 online and 48 in-person)
 Sis. Sibyl Alexander – 54 (4 online and 50 in person)
 Sis. Sally Ann Bhagwan-Logie – 38 (8 online and 30 in-person)

With only four (4) vacancies existing on the Board of Directors, President Fraser exercised her casting vote in favour of Sis. Sibyl Alexander and the following members were elected to serve on the Board of Directors:

Bro. Jason Hinds
 Bro. Keron Noel
 Sis. Shurla Harris-Fields
 Sis. Sybil Alexander

Supervisory & Compliance Committee:

Sis. Desnor Paul was re-elected unopposed to serve a second term on the Supervisory & Compliance Committee and the votes for the other nominees were as follows:

Sis. Chinnel Andrews – 79 (18 online and 61 in-person)
 Bro. Dick Noel – 71 (17 online and 54 in-person)
 Sis. Danielle Hillaire – 60 (10 online and 50 in-person)

With only three (3) vacancies existing on the Supervisory & Compliance Committee, the following members were elected accordingly:

Sis. Desnor Paul
 Sis. Chinnel Andrews
 Bro. Dick Noel

Bro. Collins thanked the membership for exercising their voting rights during the voting and elections process, congratulated the new members of the Board of Directors and Supervisory & Compliance Committee and the continuing members of the Credit Committee, and wished them well during their tenure serving The Communal.

Sitting of New Directors

The Chair thanked the outgoing Directors Bleasdille and Thomas-Cuffie for their invaluable contributions to the credit union, highlighting the pleasure it was to have worked with them on the Board of Directors over the years and wished them well in the future while sharing her expectation that they will continue to avail themselves for the benefit of our membership. She then invited the newly elected Directors Hinds, Noel and Harris-Fields to sit at the head table.

Resolutions

In the interest of time, the Chair proposed a motion to advance voting on the Resolutions, which was moved by Bro. Sheldon Baptiste and seconded by Sis. Janelle Thomas.

Appointment Of Auditor:

The Chair invited the Treasurer, Bro. Troy Noel, to present the resolution to re-appoint BDO Eastern Caribbean as the auditor for 2022, after which the floor was opened for any queries and or comments.

There being no questions, the resolution was supported by the majority and passed.



Approval Of Budget:

The Chair invited the Treasurer, Bro. Troy Noel, to present the resolution to approve the budget for 2022, after which the floor was opened for any queries and or comments.

Sis. Lydia Courtney-Francis raised objections to the proposed budget, indicating that the projected growth in revenue was never previously achieved by the credit union and thus unrealistic and sought clarity on the plans of the Board of Directors and management to assure members that the proposed budget was achievable. In response, the General Manager, Bro. Phil Antoine, indicated that the plans and strategies, as approved by the Board of Directors, were outlined in the respective reports of the Board of Directors and Credit Committee contained within the Annual Report and encouraged Sis. Courtney-Francis to read same. He also shared that as of 30th June 2022, the actual financial performance of the credit union was ahead of the budget and management's outlook remained positive.

There being no other questions, the resolution was supported by the majority and passed.



Minutes Of The 40th Annual General Meeting

Amendments to Bye-Laws:

The Chair invited the General Manager, Bro. Phil Antoine, to present the resolution recommending amendments to the bye-laws, after which the floor was opened for any queries and or comments.

Sis. Chinnel Andrews queried whether it was wise, per proposed Bye-law 10. (B), to grant membership to someone 14 years old and suggested that a special meeting, to afford more in-depth discussions, would have been the right mechanism to table such a resolution. Sis. Deborah Cameron also voiced her unequivocal support of a special meeting to table such a resolution.

Bro. Antoine, in response, indicated that the proposed amendment to allow persons 14 years old to become members was meant to bring our bye-laws in alignment with the Act, which permitted same since 2011. However, he then highlighted that such a member is unable to apply for loans and execute any legal documents before attainment of the age of 18 years as outlined by the proposed Bye-law 16. Bro. Antoine then indicated that while a special meeting could have been used to table the resolution, management took the decision to afford members the opportunity to raise concerns and queries on the proposed amendments during five (5) virtual engagements meetings held prior to the AGM.

Sis. Lydia Courtney-Francis also suggested a need for more member engagement and further review of the proposed amendments and raised queries in relation to the minimal number of Credit Committee meetings (proposed Bye-law 72), the limited duties of the Treasurer (proposed Bye-law 64. (D)) and whether any consideration to the pending amendments to the Act and Regulations were considered during the work of the Bye-Laws Review Committee.

Bro. Antoine indicated that the bye-laws allow the Credit Committee to convene as many meetings as necessary and the bye-laws of our credit union, or any entity, cannot outline each and every duty of the Treasurer, but will broadly outline core functions and then indicate "other duties" as a broad category to include everything else. He also indicated that once the pending amendments to the Act and Regulations are passed, pertinent revisions to our bye-laws will be submitted accordingly to our membership for approval.

The Chair noted the concerns of the members while highlighting that getting a quorum for meetings and member engagement remain a challenge as again confirmed by the inability to achieve a quorum for the AGM but pledged greater efforts in the future to improve member engagement.

There being no other questions, the resolution was supported by the majority and passed.

Approval of Honorarium Structure:

The Chair invited the General Manager, Bro. Phil Antoine, to present the resolution to approve a new honorarium structure for members of the Board of Directors, Credit Committee and Supervisory & Compliance Committee, after which the floor was opened for any queries and or comments.

There being no questions, the resolution was supported by the majority and passed.

Review and Confirmation of the Minutes of the 39th AGM

The Minutes of the 39th AGM were taken as read and the Chair invited members to indicate if there were any corrections or amendments to the Minutes, after which Bro. Phil Antoine indicated that the year of the 38th AGM on page 85 be corrected from 2022 to 2021.

There being no further amendments nor corrections, the Chair proposed a motion for the adoption of the Minutes as amended, which was moved by Sis. Kathy-Ann Thompson and seconded by Bro. Simeon Collins.

Matters Arising from the Minutes of the 39th AGM

There were no matters arising from the Minutes of the 39th AGM.

Board of Directors Report

President Fraser presented the report of the Board, outlining the major activities and financial performance highlights of the credit union during the year 2021 and then proposed a motion for the adoption of same, which was moved by Bro. Nash Griffith and seconded by Sis. Kathy Ann Thompson, after which queries and or comments were invited from members.

Sis. Deborah Cameron queried whether any feasibility study was done for the Carriacou Branch in relation to its transition from Hillsborough to Harvey Vale and requested Branch performance data be presented to the AGM. President Fraser indicated the Board was in receipt of a document and every assurance was given by the then General Manager, Sis. Lydia Courtney-Francis, that the move was justified and sound. The General Manager, Bro. Phil Antoine, commended the question, indicating that Branch performance data and assessments have long been sought and recommended by the Supervisory & Compliance Committee; however, due to some limitations of the core operating system, branch accounting was not an entirely straightforward matter, but every effort will be made to furnish a future AGM with more info in respect of the performance of all Branch offices.

Bro. Lennard Law recommended that the credit union institute overdraft facilities/lines of credit to assist its business members and generate additional interest income, to which the General Manager, Bro. Phil Antoine, indicated that this product was already in existence at the credit union.

Bro. Joseph Antoine raised governance concerns about the appointment of the General Manager, Bro. Phil Antoine, who was previously a member of the Board of Directors, to which the Chair assured the membership that the entire recruitment process was done with full transparency by an independent firm, Caribbean Institute of Leadership and Coaching and the recommendation of Bro. Antoine was submitted to the Board after a robust and comprehensive recruitment process.

Sis. Kathy-Ann Thompson suggested that greater focus must be placed on our value in the market and what would set us apart from the others, which should be excellent customer service.

Bro. Edwin Thomas extended hearty congratulations to the newly elected Officers and the General Manager and then queried about the existence of an Extraordinary Credit Committee and Human Resource (HR) team in the credit union. The General Manager, Bro. Phil Antoine, indicated that an Extraordinary Credit Committee exists and meets as required to review related-party loan applications; however, in a recently concluded On-site Inspection by GARFIN in July 2022, grave concerns were raised about the inappropriate approval of related-party loans by the former General Manager. which has since been corrected.



Minutes Of The 40th Annual General Meeting

He also shared that an HR Committee of the Board exists to provide guidance to the office in relation to all personnel matters. Bro. Thomas raised further concerns about the adequacy of the HR Unit at the credit union, to which the Chair indicated that, while the HR Manager is assisted by the Administrative Manager for some responsibilities, an HR Audit is ongoing and any recommendations of same to address deficiencies will be given serious consideration.

Sis. Lydia Courtney-Francis congratulated the newly elected Officers and wished them well while urging that The Communal returns to becoming the community credit union it once was and suggested that consideration should be given to relocation outside of the town of St. George. She further suggested that the Board ought to review its Strategic Plan to determine ways to boost the revenue base of the credit union and sought clarity on whether the credit union was registered with the Eastern Caribbean Partial Credit Guarantee Corporation. The Chair noted the comments and suggestions from Sis. Courtney-Francis and assured the membership that every effort will be made by the Board to restore confidence, premised on sound financial performance and excellent customer service, in our credit union.

Supervisory & Compliance Committee Report

The Chair invited the Chairman of the Supervisory & Compliance Committee, Sis. Theresa Noel, to present the report on the work of the Committee during the year 2021 and then proposed a motion for the adoption of same, which was moved by Bro. Sheldon Baptiste and seconded by Sis. Daniele Hillaire.

The Chair then invited queries or comments from the members, to which there were none.

Credit Committee Report

The Chair invited the Chairman of the Credit Committee, Bro. Allen Gilbert, to present the report on the work of the Committee during the year 2021 and then proposed a motion for the adoption of same, which was moved by Sis. Sally Ann Bhagwan-Logie and seconded by Bro. Nash Griffith.

The Chair then invited queries or comments from the members, to which there were none.

Treasurer's Report

The Chair invited the Treasurer, Bro. Troy Noel, to present his report on the financial performance of the credit union during the year 2021 and then proposed a motion for the adoption of same, which was moved by Sis. Daniele Hillaire and seconded by Sis. Deborah Cameron.

The Chair then invited queries or comments from the members, to which there were none.

Auditor's Report

The Chair invited the representative of BDO Eastern Caribbean, Mr. Reuben John, to present the Auditor's report on the financial performance of the credit union during the year 2021 and then proposed a motion for the adoption of same, which was moved by Sis. Daniele Hillaire and seconded by Bro. Isaac Bhagwan.

The Chair then invited queries or comments from the members, to which there were none.

Any Other Business

The Chair opened the floor and provided the opportunity for members to raise any other matter they wished to address at the AGM.

Bro. Joseph Antoine suggested that for future meetings, more emphasis should be placed on improving the virtual component, especially during the elections and voting process, to ensure online attendees are able to participate fully in the AGM and urged the credit union to ensure more focus is placed on climate change in order to achieve long-term sustainability for the benefit of our members.

Sis. Deborah Cameron again shared her concerns in relation to the viability of the Carriacou Office and urged the Board to take a deeper look into its relocation.

Bro. Nash Griffith again suggested that The Communal reach out to the farming community and create avenues for more lending to this sector of the economy. He also praised the Board and management for ensuring staff and members were cared for during the difficult times brought on by the Pandemic although the overall financial performance was abysmal.

Bro. Isaac Bhagwan commended the Management team on the hosting of the 40th AGM and congratulated those members who had agreed to serve and were elected to so do. He voiced his displeasure with the manner in which some parts of the meeting were rushed and suggested a comprehensive review be conducted to ascertain ways and means to achieve a quorum and greater member engagement.

Mr. Reuben John of BDO Eastern Caribbean suggested that after collection of members' ballots during the election and voting process, the count and tallying of same can done under the supervision of the Auditor in a separate room or area while the Business Session of the AGM continues, which would augur well for better time management.

Conclusion

The Chair expressed her gratitude to everyone for their respective contributions during the AGM and assured the membership that their feedback will be given serious consideration as the newly elected Board of Directors oversees the development of the credit union towards improved financial performance and operational efficiencies for the current year and beyond, after which she proposed a motion to conclude the 40th AGM.

There being no other business, the meeting ended at 9:15 p.m. on a motion moved by Bro. Nash Griffith and seconded by Bro. Isaac Bhagwan.





Deceased Members



MEMBER NAME	ADDRESS	MEMBER NAME	ADDRESS
Agnes Lashington	Balthazar, St. Andrew	John Telesford	Vincennes, St. David
Amos Lewis Rouse	St. George	John Trevor	Vincennes, St. David
Angus Francis	Calliste, St. George	Joseph Francis	Pomme Ross, St. David
Anthony Teka	Victoria, St. Mark	Keniel Gulston	St. Pauls, St. George
Brenda Neckles	River Road, St. George	Leslie Thomas	Grand Anse, St. George
Carlyle James	Beaulieu, St. George	Llyod Chetram	Brothers Estate, St. John
Celia Edwards	Woodlands, St. George	Lorna E.U. Robinson	Church St., St. George
Charles Victor	Perdmontemps, St. David	Margaret Philbert	Beausejour, St. George
Daniel James	Morne Fendue, St. Patrick	Mary Blackman	Crochu, St. Andrew
Deborah Samuel	Fontenoy, St. George	Neta Brown	Laura Land, St. David
Denise Ghita	Providence, St. David	Norris Neckles	Corinth, St. David
Denise Lewis	Brooklyn, New York, USA	Peter Mc Queen	Mt. Parnassus, St. George
Derek Perry Henry	Woodlands, St. George	Peter Rennie	Brunswick, Carriacou
Desmond Collins	Westerhall, St. David	Peter Whiteman	Redgate, St. David
Emmanuel Penny	Snug Corner, St. George	Rawlings Francis	Happy Hill, St. George
Esmail Andall	New Hampshire, St. George	Richard Smith	St. Pauls, St. George
Evangeline Baptiste	New Hampshire, St. George	Rockel Bartholomew-Etienne	St. George
Everest Gilchrist	Westerhall, St. David	Rogdrick Joseph	Perdmontemps, St. David
Faithlyn Thomas	Brooklyn, New York, USA	Sharon Marshall	Perdmontemps, St. David
Francis Pierre	Back Street Tempe, St. George	Sterlin Stephen	Vendomme, St. George
Gregory Hagley	Syracuse, St. David	Veronica Alexander	La Digue, St. Andrew
Henry Clement	Gouyave, St. George	Veronica Simon	South Chelsea, London, UK
Jeanette Celestine	Calivigny, St. George	Von J. Hazzard	Perdmontemps, St. David
John Joachim Regis	Snug Corner, St. George		



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