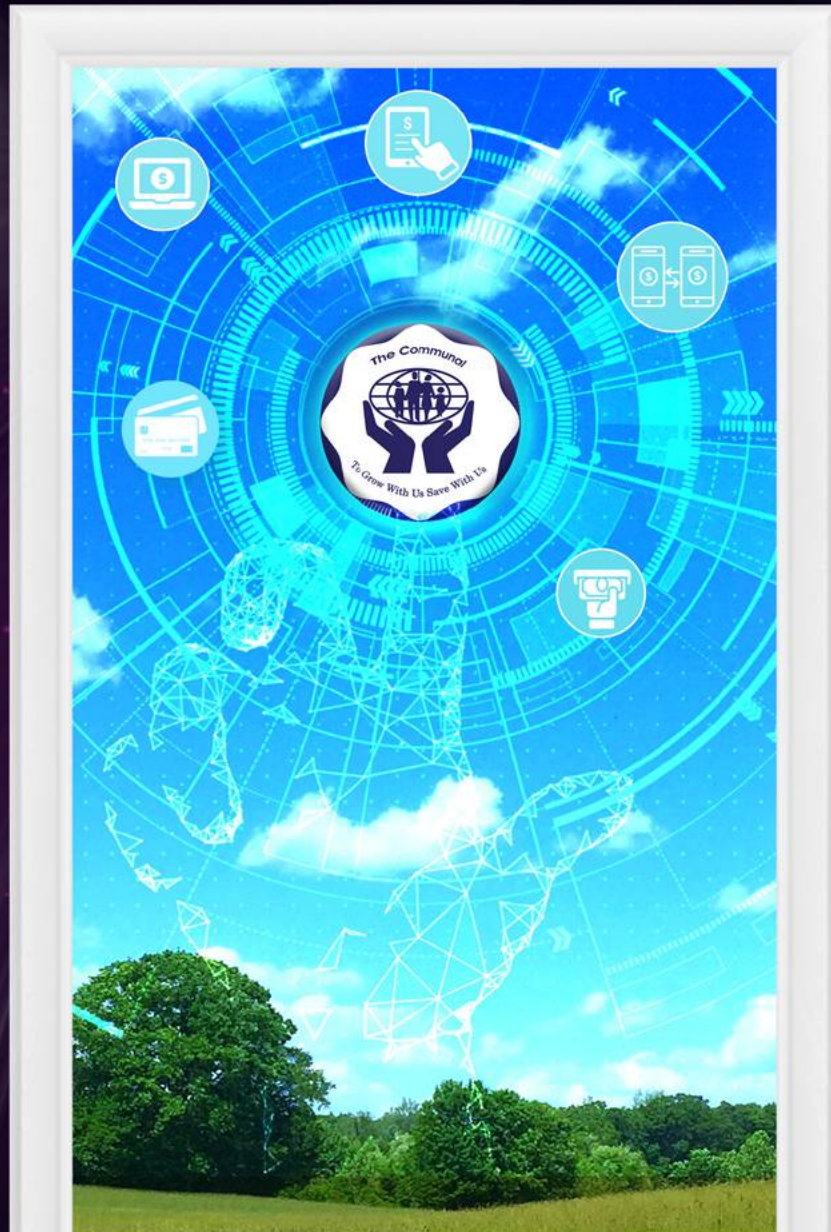


THE COMMUNAL 38TH ANNUAL REPORT 2019



DEMONSTRATING

RESILIENCE

IN TIMES OF UNCERTAINTY

BRAND AMBASSADOR



You know the performer but do you know the man?

Hollice 'Mr. Killa' Mapp; Grenada's first talent search winner, the first non-Trinidadian to win the International Soca Monarch (ISM) title, celebrated, pre-eminent soca performer – the best in the Caribbean and among the greatest in the world, versatile songwriter, musician, first Grenadian artiste to possess his own international publishing company, proprietor of a multi-media company inclusive of a radio station, audio and visual productions; a humanitarian, entrepreneur, and farmer - just some of his innumerable achievements

The man - Hollice Mapp, has spent the last two decades being a REBEL (Revolutionizing Entertainment; Breaking Evolutionary Limitations), with his every decisive action to create opportunities for the empowerment of the youth in his community and by extension his country.

As a large-scale farmer, he is promoting agriculture as a worthwhile venture for lifting the youth out of poverty, by employing young farmers. The farm serves dual roles; bolstering food security and supporting the work of the Hollice Mapp Foundation (HMF – Helping Mold the Future), a nonprofit organization dedicated towards the development and support of the underprivileged.

From very humble beginnings, Hollice has proven – through his numerous achievements - that you can carve your way to the top; through focus, dedication, hard work, perseverance and always allowing the Creator to be in control.

Communal is proud to have Mr. Hollice Mapp as our Brand Ambassador and to partner with him on this latest venture.



VISION STATEMENT

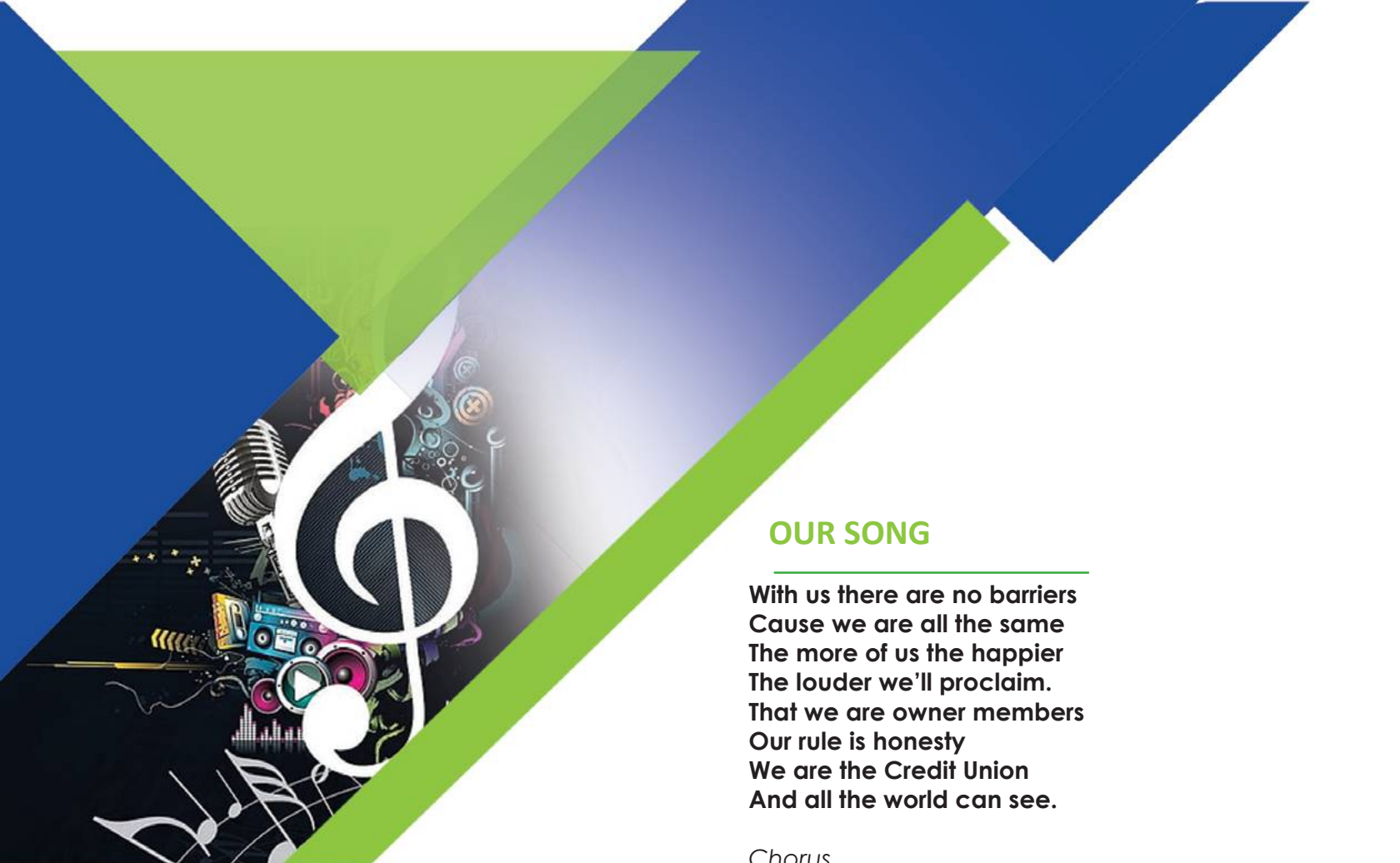
To become the first choice financial institution for the community we serve.

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.

THEME FOR AGM 2020

Demonstrating Resilience in Times of Uncertainty.



OUR 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

OUR SONG

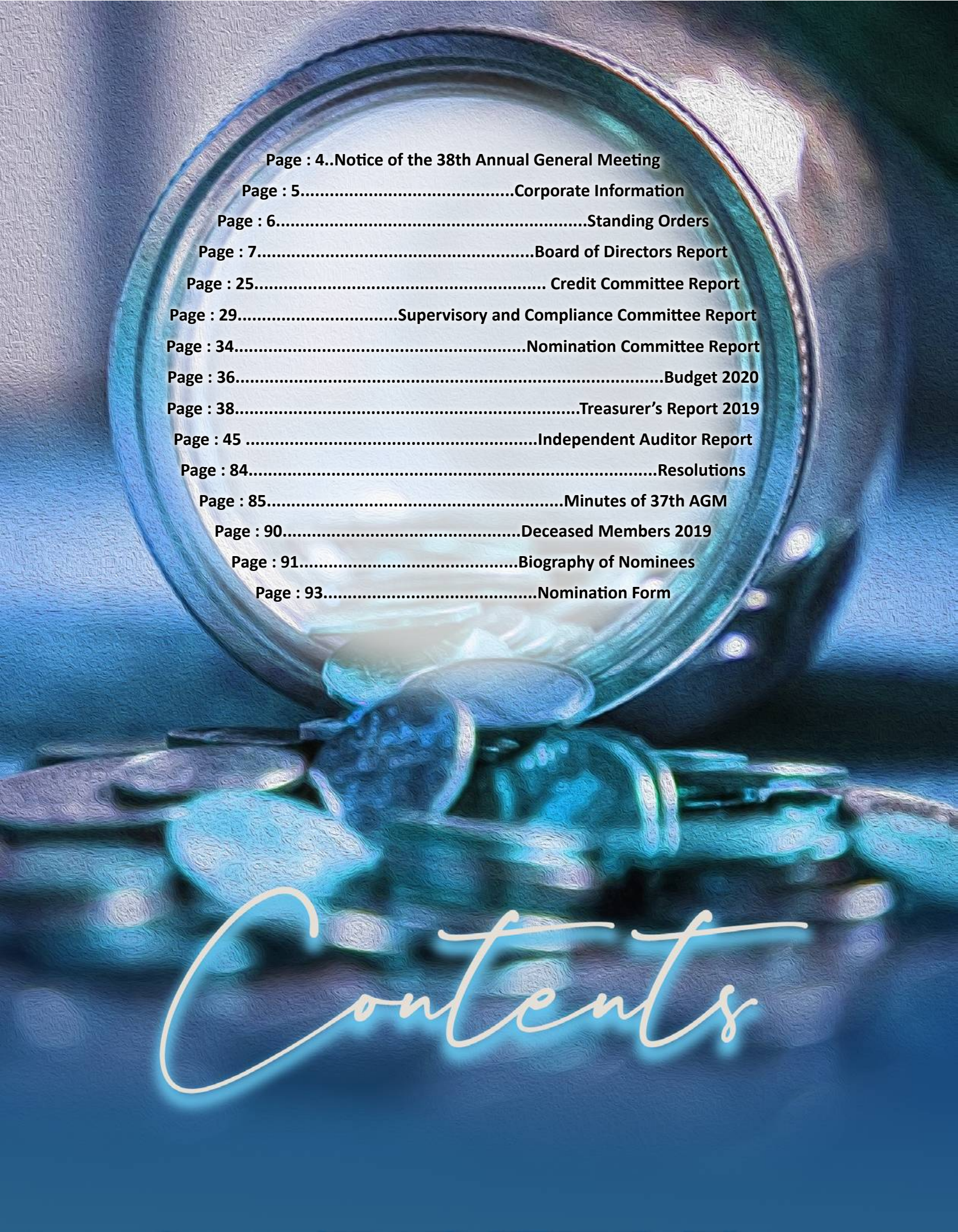
With us there are no barriers
Cause we are all the same
The more of us the happier
The louder we'll proclaim.
That we are owner members
Our rule is honesty
We are the Credit Union
And all the world can see.

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.*

**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**

**We pledge to be of service
To better our land
We harbor 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.**



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NOTICE OF THE 38TH ANNUAL GENERAL MEETING

Dear Member,

Notice is given that the 38th Annual General Meeting of The Communal Co-operative Credit Union Limited will be held on **September 8th, 2020**, at the Grenada Trade Centre Annex, Morne Rouge, St. George's, beginning at **3.30p.m.**

AGENDA

1. Call To Order
2. Welcome Remarks
3. Ascertainment of Quorum
4. Adoption of Agenda
5. Standing Orders
6. Reports
 - 6.1 Board of Directors Report
 - 6.2 Supervisory and Compliance
 - 6.3 Credit Committee
 - 6.4 Treasurer and Auditors
 - 6.5 Budget
7. Resolutions
 - 7.1 Increase in Qualifying Shares
 - 7.2 Approval of Budget
 - 7.3 Appointment of Auditors
 - 7.4 Dividend Payment
8. Nominations Committee Report
 - 8.1 Election of Officers
 - 8.2 Voting
 - 8.3 New Directors join the meeting in observer status
9. Minutes of Annual General Meeting (AGM held June 19th, 2019)
 - 9.1 Corrections/Amendments
 - 9.2 Confirmation
 - 9.3 Matters Arising
10. Any Other Business


SHAWNNA THOMAS-CUFFIE
SECRETARY

CORPORATE INFORMATION

COMMUNAL CO-OPERATIVE CREDIT UNION LTD

Halifax Street
St. George
Telephone: (473) 440-1755
Fax: (473) 440-7545
Email: comcreditunion@thecommunalcu.com
Website: www.thecommunalcu.com

GRAND ANSE BUSINESS CENTRE

Food Fair Shopping Complex
Grand Anse
St. George
Telephone: 439-1755
Fax: 473-439-7545

PERDMONTEMPS BRANCH OFFICE

Perdmontemps
St. David
Telephone/Fax: (473) 440-4264

GOUYAVE BRANCH OFFICE

Central Depradine Street
Gouyave
St. John
Telephone/Fax: (473) 437-1129

CARRIACOU BRANCH OFFICE

Alexis Food Complex
Harvey Vale
Carriacou
Telephone: (473) 443-6699
Fax: (473) 443-8899

AUDITORS

BDO Eastern Caribbean

BANKERS

Republic Bank (Grenada) Ltd
Grenada Co-operative Bank
CIBC First Caribbean International Bank

SOLICITORS/ATTORNEYS

Law Office of George E. D. Clyne
Wilkinson, Wilkinson & Wilkinson
Grant Joseph & Co

EXECUTIVE OFFICERS

PRESIDENT:
Jusceno Jacob

VICE PRESIDENT:
Jennifer Gulston-Gittens

TREASURER:
David Bruno

SECRETARY:
Shawna Thomas -Cuffie

ASST. SECRETARY/ TREASURER:
Petra Fraser

GENERAL MANAGER:
Lydia Courtney-Francis



COMMUNAL CREDIT UNION

STANDING ORDER

1. (a) A member shall stand when addressing the Chair.
(b) Speeches shall be clear and relevant to the subject of the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak twice on the same subject except:
 - (a) The mover of a motion has the right to reply
 - (b) He/she rises to object or to explain (with permission of the Chair).
4. No speeches shall be made after the question has been put and carried or negated.
5. The mover of a procedural motion (adjournments, postponement, lay on table) shall have no right of reply.
6. A member rising on a point of order shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders).
 - (a) A member shall not 'call' another member 'to order' but may draw the attention of the Chair to a 'Breach of Order'.
 - (b) In no event can a member call the Chair 'to order'
7. A question should not be put to the vote if a member desires to speak on it or move an amendment to it – except that a 'Procedural Motion', the Previous Question', 'Proceed to the next business' or the 'Closure', 'That the question be put now', may be moved at any time.
8. Only one amendment shall be before the meeting at one and the same time.
9. When a motion is withdrawn, any amendment to it fails.
10. The Chairman shall have, in addition to his ordinary vote, a "Casting Vote" in the case where there are equal votes on the motion at hand.
11. If there is an equality of votes on an amendment and if the Chairman does not exercise his casting vote the amendment is lost.
12. The Chairman shall make provisions for the protection of members from vilification (personal abuse).
13. No member shall impute improper motives against the Chairman, Board of Directors, Officers, or any other member.
14. Only members are allowed to vote.

Board of Directors

FOR THE YEAR ENDED
31ST DECEMBER 2019



Jennifer Gulston-Gittens



Jusceno Jacob



Jude Hector



Petra Fraser



Phil Antoine



Shawna Thomas-Cuffie



Ernest Bleasdille



Claudia Alexis



David Bruno

INTRODUCTION

Fellow members, we bring you the 2019 Board of Directors Report. Amid the constantly changing tides in the market, Communal continues to hold its own.

It is a great honour, therefore to bring you the Board of Directors Report for another year. In this report we share with you updates on the performance and accomplishments of our Credit Union for 2019 and examine the plans and programmes for the upcoming year.

BOARD COMPOSITION

Fellow members, at the last Annual General Meeting held on June 19th 2019, the following members were elected to serve as your Board of Directors:

Ernest Bleasdille - 2nd 3-year term
Shawna Thomas-Cuffie - 2nd 3 year term
Phil Antoine - 1st 3 year term

ELECTION OF BOARD OF DIRECTORS

Your Board of Directors is comprised as follows

- Claudia Alexis
- Phil Antoine
- Ernest Bleasdille
- David Bruno
- Petra Fraser
- Jude Hector
- Jusceno Jacob
- Jennifer Gulston-Gittens
- Shawna Thomas-Cuffie

At the first Board of Directors meeting, the following Officers were elected as the Executive of Communal, as listed below:

Jusceno Jacob - President

Jennifer Gulston-Gittens - Vice President

Shawna Thomas-Cuffie - Secretary

David Bruno - Treasurer

Petra Fraser - Asst. Secretary/
Treasurer

CORPORATE GOVERNANCE

During the year, the Board held regular monthly meetings, convened four (4) Joint Committee Meetings as well as two (2) meetings with the Regulator.

To facilitate its role, the Board re-established the sub-committees from the previous year (Finance & Investment, Mortgage & Loan, Marketing, HR, AGM), and established a new Bylaws Review Sub-Committee in 2019 to critically assess the rules by which we are governed.

Our existing Bylaws were amended in 2008 and are presently grossly outdated. There were two amendments to the Co-operatives Societies Act in 2011 and 2017 respectively; in addition, the current financial landscape is highly competitive and a new set of our Bylaw is overdue.

COMMUNAL'S OPERATIONAL AND FINANCIAL PERFORMANCE

We are proud to report that 2019 was a year of success. We kicked off the year with one of the greatest achievements of Communal with the opening of the Grand Anse Business Centre, the newest office of Communal, situated at the Food Fair Shopping Centre, Grand Anse, and the only facility of its kind in the Credit Union sector.

Several customers are served through this new centre and in particular our objective is to uplift our small businesses, not only through financing, but in training and development. To this end, we will be establishing a Business Incubator to support our members.

In June 2019, Communal was the first Credit Union to open an ATM in Carriacou at the business hub in Harvey Vale. This machine has been providing much needed service to the residents of southern Carriacou and the Yachting and Visitor communities who frequent Carriacou.

Less than 9 months later, and after 20 years of service to the sister isles, in February 2020 Communal moved its full operation to the Alexis Supermarket Complex at Harvey Vale with an enhanced office environment and new services. We are also pleased that going forward, members on the sister isles can join us for live Annual General Meeting at this new location.

Despite the external environment in which we operate, Communal achieved the **\$200M** Asset benchmark. In 2019, Communal was identified as one of 9 in the OECS and 1 in 3 in Grenada as a Systematically Important Financial Institution (SIFI).

Grenada continues to be the fastest growing economy within the OECS in 2019 and this growth rate is expected to continue in 2020. The Government continues to focus also on Construction, Tourism, Education, Health and Agriculture.

During 2019 we realized net membership growth of 1,416 members; new avenues for membership from youth are being pursued and for the first time, we presented to TAMCC Opening Assembly where the full compliment of students were present.

OVERALL FINANCIAL INDICATORS

With Income from Loans being the main contributor to our revenues, we had to find creative ways to generate growth during the year and in March 2019, we launched one of the most revolutionary loan products in the market with our Dreams Come Home Promotion at the all time low rate of 4.99%. Not only did this promotion benefit Communal's members, the customers of other financial institutions benefited also, as they too were able to negotiate lower rates with their financiers.

The addition of the Grand Anse Business Centre has also contributed to the overall performance in 2019.

2019 saw our total assets hit the \$200M mark for the first time, and currently stands at **EC\$210M**.

There was strong growth year on year in key indicators, with Total Earning Assets recording a 19% growth year on year. Loans recorded a 15% increase, while investment in regional bonds/deposits grew on average by 40%.

Members Deposits continue to show year on year growth as well, ending with a growth rate of 11%.

The biggest growth recorded in our Balance Sheet is for Member's Equity Qualifying Shares, which ended the year at \$6M, a growth rate of 50%. At the same time, overall Equity grew by 13%.

Among the other major achievements for 2019 is that Communal surpassed the statutory requirement for Institutional Capital Ratio of 7.0% and reduced Delinquency below the 5% benchmark, ending the year at 4.88%.

We therefore recorded growth in all major categories of deposits, loans, assets and our



DREAMS COME HOME

COMMUNAL MORTGAGE

Interest rates as low as

4.99%



Get The Communal Experience.....
Where Dreams Come Home

Promotion ends July 31 2019. Terms and Conditions Apply

Call us or visit our offices today to speak to a Loans Representative.

 (473) 440-1755  thecommunalcu.com  comcreditunion@thecommunalcu.com

capital. Our overall performance is highlighted in the Treasurer's Report and the Financials as detailed in the Audited Financial Statements.

EMERALD ANNIVERSARY

2019 saw the Communal celebrating 55 years of service to our nation. The celebrations kicked off with a Press Conference and the launch of our Emerald Line of Credit, synonymous with the anniversary.

It was only fitting that for this Emerald Anniversary, we honoured the three (3) founding members who are still with us today - Mr. Henry Scoon, Mr. Winston Whyte and Mr. Lennard George.

Staff and members were also rewarded for their contributions to our dear Communal with a series of activities and treats. We took the opportunity to also educate members and the general public on Communal and the contributions we are making to nation building.

EXTERNAL ENVIRONMENT

According to the 2020 Budget Speech from the Prime Minister of Grenada, the average Gross Domestic Product (GDP) growth in the independent countries of the Caribbean Community (CARICOM) is projected to accelerate from 2.7% in 2019 to 8.8% in 2020, largely driven by the oil find in Guyana. In the Eastern Caribbean Currency Union (ECCU), average growth is estimated at 4% in 2019 and is projected to decelerate to 3.6% in 2020.

Post-hurricane rehabilitation activities in Dominica, especially in 2019 and tourism activities in other member countries underpin the relatively robust average growth estimate in 2019, while the projected slowdown in economic activity in 2020 largely reflects

softening economic conditions forecasted for the economies of the ECCU member countries.

Here at home, Grenada continues on the path of positive growth. Preliminary data for the first half of 2019 indicates that the economy is poised to experience its seventh consecutive year of growth estimated to be 3.2% in real terms. Growth in 2019 was mainly fueled by activity in the Tourism, Education and Transport Sectors, complemented by relatively strong performances in the wholesale/retail and manufacturing sectors. It is anticipated that Grenada's growth rate in 2020, would trend above the ECCU average.

Unemployment continues to fall after an all time high in 2013, when the unemployment rate was over 40%. Data collected for the first quarter of the 2019 Labour Force Survey, indicate that the unemployment rate fell to 15.2%.

Average inflation, as measured by the Consumer Price Index, remained subdued in 2019, estimated at 1%.

These figures are indicative of some of the growth we have seen in 2019, and for 2020 Communal plans to exploit opportunities this current environment presents through its Rural Development Drive and its Business Incubator.

COMPLIANCE AND RISK MANAGEMENT

The Compliance Unit continues to work assiduously to ensure adherence to all Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) laws, rules, regulations and guidelines.

In 2019, some strides have been made in implementing the risk based approach as outlined in the Financial Action Task Force (FATF) recommendations. New Members accounts are

now being assessed and rated based on the entire client portfolio and the level of potential risk exposure to the organization.

The ultimate objective is to ensure that adequate due diligence is being applied on all accounts held and effective authorization and monitoring mechanisms are enforced for high risk accounts.

The Digital EC Currency (DXCD) Pilot Project, in which we are participating and the eminent launch of the EC crypto-currency will require strict enforcement of the AML/CFT regime.

AML/CFT Training was also a key focus in 2019 with Board, Management Committees and staff all undergoing Anti-Money Laundering and Counter Terrorist Financing training.

We took the step to increase the staffing to two (2) in this newly created Compliance department, and the Compliance and Supervisory Committee has spent numerous hours in its work in 2019, doing oversight that spans across the entire business.

We encourage our members to comply with these new regulations and to co-operate with our staff when doing business at our various branches. In so doing, you are protecting your own organisation.

MARKETING INITIATIVES

With the celebration of our Emerald Anniversary in October 2019, we launched our loan promotion and awareness campaign as early as June 2019. In our thrust to keep Communal's name relevant and be known in every household across Grenada, we continued our platinum sponsorship of Inspire Humanity on the Grenada Broadcasting Network.

As of our commitment to Sponsorship and Corporate Social Responsibility, the following are a few of the staple initiatives we support.

DIASPORA RELATIONS

We continue to engage the diaspora and for the first time in 2019, we visited Montreal and Toronto.

Our relationships with Realtors - Century 21, Insurance Company - Netherlands Insurance and Engineers - Barry's Construction as a holistic package continued into its second year. The Come Home to Paradise Campaign in the diaspora, is ongoing with advertising at the Consulate Offices and at the Maurice Bishop International Airport in Grenada.

Grenadians in the Diaspora are interested in investing at home and Communal is providing that opportunity.

In 2019, we supported a number of marketing initiatives, and gave donations to many organisations, schools and churches.

Highlighted below are some of the major sponsorship programmes

CAROLS BY CANDLELIGHT

Communal is happy to be associated with this event for the second time. The annual signature holiday fundraiser of the Rotary Club of Grenada, Carols by Candlelight is a family holiday event, which features a host of activities and attractions and held in December annually

We see the joy Santa Claus brings with hundreds of giveaways for children; and the enjoyment this Yuletide event provides to thousands of Grenadians with specialty food and drinks and much more available at the event..

We look forward to this continued partnership of sharing and giving back to Grenadians with this service club.

MENTAL MATH

For the first time this year, we supported the Ministry of Education with this programme which is run across the six (6) parishes of Grenada. The finals were held in Carriacou. The only other sponsor to this event is Pearson Printers and therefore gives Communal a good opportunity to reach students.

We pledge our commitment to continue supporting this programme.

GRENADA BRAIN BEE COMPETITION

One of the oldest on the calendar for Communal, Brain Bee is an exciting competition to be a part of. Based on the medical profession and supported by the St. George's University, students have the opportunity to compete for a championship that gives them the opportunity to participate in a global competition.

This is a signature programme of the Grenada Baptiste Church and we look forward to continue our contribution in this regard

MAROON FESTIVAL

Steeped in the cultural heritage of the sister isles, Maroon Festival is sacred to the people of Carriacou and Petite Martinique. Deemed a time when praise and thanks are given for the opening of the planting season, Communal is pleased to continue its association with this festival.

This year, we delivered the sponsors remarks on behalf of all sponsors at the official opening ceremony.

T. A. MARRYSHOW COMMUNITY COLLEGE HYBRID TELECOMMUNICATIONS UPGRADE PROJECT

Communal is extremely proud to partner with TAMCC on this project. We all know that our

young people are the ones who will shape the future of this nation.

Assisting in funding the above project not only allows Communal's name to become synonymous with the project at the college but further demonstrates our support to educating our young people who are the future leaders of Grenada.

CORPORATE SOCIAL RESPONSIBILITY

Our 3 signature programmes continue to touch the lives of our members and Communal remains committed to these as we cement our brand in this society.

Below are highlights of these programmes:

BRIAN CAMPBELL EMPOWERMENT

This year's training has been deemed a success based on feedback from Instructors, trainees, quality of items produced under each program, performance ratings from instructors, the extremely low attrition rate, and observation from the Program Coordinator.



A total of 66 participants in Grenada and Carriacou participated in the programme this year. A programme run to provide members with life skills to improve their standard of living and

by extension, that of their families. Members receive a certificate of competence in the area of participation.



TAMCC's management expressed its delight with the opportunity given in forging such a worthwhile partnership and more importantly, being able to assist participants in fulfilling one of their dreams. This signature programme of Communal provides life skills to members every year and this year was no different.



After a successful programme, graduation was held on September 26th, 2019 with participants receiving their certificates of completion from the college, followed by an exhibition.

RODNEY MAURICETTE MEMORIAL SCHOLARSHIP

The Communal remains committed to providing educational assistance to its members through the Rodney Mauricette Scholarship programme.

To date, twenty-eight (28) students are enrolled in the programme and the pay-out amount for the year 2019 was \$28,214.00

ERMA WHINT MEDICAL ASSISTANCE

The fund continues to provide much needed support to our members requiring medical assistance.

Of the eight (8) applications received during the year, seven (7) met the criteria at a cost of **\$6,500.00**

Members are encouraged to take advantage of this fund which provides grant assistance up to **EC\$1,000.00** to members and their immediate families requiring medical assistance.

STAFF TRAINING AND DEVELOPMENT

Communal values the development of its staff and supports their academic advancement. Apart from support to pursue courses, the training calendar ensures a wide range of courses that are relevant to Communal's delivery of member services and to prepare the organisation for the changing environment.



Janelle Gabriel

During the year, two members of staff successfully accomplished academic achievements.

Janelle Gabriel

Janelle successfully completed the certificate programme with the Florida International Bankers Association. She was awarded as an Anti Money Laundering Certified Associate



Kirlan Hosten

Kirlan Hosten

Currently pursuing ECHMB Mortgage Underwriting course and has successfully completed Module 1.

See Appendix below for a summary of courses completed by all staff in 2019

STRATEGIC PLAN AND BUDGET 2020

During 2019, the Board of Management has been focused on expanding the revenue base of Communal, despite the limited opportunities in the market.

Over the last 12-18 months, we have invested in two (2) leased properties at Grand Anse and Harvey Vale. Grand Anse is already delivering positive results and we anticipate the same for Harvey Vale.

Safety and Security as well as business continuity is high on the agenda. In 2019 we invested in hardware and software that will ensure a 2nd backup site being established off-site from the main branch, as well as increased security to minimise intrusion into our network. In 2020 staff training will include cyber awareness so that everyone is fully aware of their roles in Cyber security risk management.

The 2020 budget reflects the operating needs of Communal. The Board of Directors has given provisional approval and the membership is asked ratify this budget.

STAFFING

In 2019, our Emerald anniversary, we attained the level of 55 staff members across our 5 branches.

Three (3) staff members left the organisation for various reasons and we take the opportunity to wish them well in their future endeavours and look forward to continue serving them as Communal members.

ACKNOWLEDGEMENTS

The Board of Directors will like to thank the general membership for the confidence placed in us to manage your financial affairs and the co-operation provided in the implementation of its plan over the past year – especially with the increase in qualifying share requirement as a means of increasing our institutional capital.

We are particularly pleased by the increased attendance at our AGM last year and signs of increased loyalty experience over the year. We look forward to this trend continuing – Welcome Home!

The Board also recognises that the continued success and progress of the Communal in 2019 was not by chance, but due to the support, hardwork and dedication of our management committees (Credit and Supervisory and Compliance), Management and staff. We are sincerely thankful for your stewardship.

Let us continue to work together to build our Communal.



JUSCENO JACOB
PRESIDENT

STAFF TRAINING AND DEVELOPMENT

ATTENDEE	WORKSHOP	FACILITATED BY	DATE
Larissa La Touche-Francis	Technical Compliance Questionnaire workshop	Financial Intelligence Unit	April 18, 2019
Kirlan Hosten	Mortgage Underwriting Programme Module1	ECHMB	May 6-10, 2019
Lisa Simeon Stonna Barry Shevon Noel Mary Holder	Customer Service Short course	UWI Open Campus	May 6 – July 4, 2019
Larissa La Touche-Francis Mellisa Robertson Fiona Alexander-Baptiste Ann-Marie Montrose Kimberly Andrews	Leadercast 2019	Caribbean Institute of Leadership & Coaching (CILC)	May 10, 2019
Larissa La Touche-Francis	Anti-Financial Crime/CFT Symposium	ACAMS	May 31, 2019

Shawna Thomas-Cuffie Lydia Courtney-Francis Karena Tyson Jayde Williams	OECS Credit Union Summit	St. Lucia Co-operative Credit Union League	June 5-9, 2019
Larissa La Touche-Francis Janelle Gabriel	AML/CFT Standards training workshop	Financial Intelligence Unit	June 11-13, 2019
Morland Humphrey	Operational and Product Marketing Seminar	Caribbean Credit Card Corporation	July 11-12 2019
Lydia Courtney-Francis Theresa Noel Kurt Hercules	Caribbean Confederation of Credit Unions Convention	CCCU	July 28 – 31, 2019
Larissa La Touche-Francis Janelle Gabriel	Mutual Evaluation Training workshop	Financial Intelligence Unit	September 13, 2019
Elvis Frederick Lyndon Clyne	Sharetec Users' Conference	Bradford Scott	September 15-18
Jayde Williams	Cyber Security	TAMCC	September 18-19
Karena Tyson	Effective Leadership & Enhanced Supervision	Grenada Co-operative League Limited	September 18-19, 2019
Lyndon Clyne	ATM Training	King Computer Corporation	September 23-27, 2019
Lydia Courtney-Francis	Forensic Certified Public Accountant Programme	Caribbean Institute of Forensic Accounting	October 2019
All Staff	Annual AML/CFT training	Financial Intelligence Unit	October 08 & 09, 2019
Janelle Gabriel	Anti Money Laundering Certified Associate	Florida International Bankers Association	November 2019

Fiona Alexander-Baptiste Morland Humphrey Larissa La Touche-Francis	Enterprise Risk Framework for Credit Unions	Grenada C-operative League Limited	November 19 – 20, 2019
Kimberly Andrews Larissa La Touche-Francis Ann-Marie Montrose	Disruptive Leadership Conference	Go Blue Inc.	November 14-15, 2019
Jeanette Rattoo Cheressa Rennie Anique Silvester	Leadership & Business Etiquette		



MANAGEMENT TEAM

Fiona Alexander-Baptiste, Larissa La Touche-Francis, Mellisa Robertson, John Marryshow, Ann Marie Montrose, Lydia Courtney-Francis, Kimberley Andrews



ACCOUNTS DEPARTMENT

Kervis Renaud, Kingsturn Noel, Cordina Miller, Carol Paul, Alison Noel, Bryan Robinson, Elvis Frederick, Karel Collier, Shevon Noel, Fiona Alexander-Baptiste, Koss St. Bernard



LOANS AND CREDIT ADMINISTRATION

Alonzo Pope, Elsa Hastick, Stonna Barry, Shirley Stephen, Lorna Cyrus, Glennisha Williams, John Marryshow



MEMBER SERVICE

Rodney Jessamy, Alana pascal, Mary Holder, Mellisa Robertson, Betty Charles, Jeanette Rato, Shenel Alexander, Keston Calliste



CARD SERVICES AND ONLINE BANKING UNIT

Kellon Sylvester, Ryan Antoine, Morland Humphrey, Kellon Passe



DELINQUENCY & SECURITIES DEPARTMENT

Christopher Holder, Jamie Julien, Leroy Peters



MARKETING TEAM

Magdalene Steele, Carlon Gabriel, Sherene Thomas



GRAND ANSE BUSINESS CENTRE

Cherissa Rennie, Kirlan Hosten, Michele Boney, Glendon Roberts, Anique Silvester, Tara Eastman-Charles, Kimberley Andrews, Suieann Telesford



RISK AND COMPLIANCE

Janelle Gabriel, Larissa La Touche-Francis



PERDMONTEMPS BRANCH

Karena Tyson, Lisa Simon



CARRIACOU BRANCH

Husby Adams, Cassandra Cox-Peters, Treicia Mitchell-Frank



GOUYAVE BRANCH

Verdessa Morain, Ronda Charles



IT DEPARTMENT

Jayde Williams, Sheldon Baptiste, Lyndon Clyne

COMMUNAL SMALL BIZ LOAN



...MY SMALL BIZ
...MY COMMUNAL
...MY SUCCESS



**CASH
SUPPORT**



**PROFESSIONAL
ADVICE**



**MARKET
ACCESS**

Call or Visit Us Today At Our
GRAND ANSE BUSINESS CENTRE



439-1755



comcreditunion@thecommunalcu.com

COMMUNAL CO-OPERATIVE CREDIT UNION CREDIT COMMITTEE REPORT

FOR YEAR ENDED 31ST DECEMBER 2019

The Credit Committee submits its annual report to its valued members of The Communal Co-operative Credit Union informing of the performance for the year ended December 31st, 2019.

The 37th Annual General Meeting of The Communal Co-operative Credit Union was held on June 19th 2019. At the meeting Mr Allen Gilbert and Ms S. Pamela Aird were elected as the newest members to serve on the Credit Committee. Their appointment was in accordance with No. 59 of Article XVII of the Bye laws which states:

“that the composition of the Credit Committee shall consist of at least five (5) but no more than seven (7) members”.

COMPOSITION OF COMMITTEE

Prior to the staging of the 2019 AGM the Committee comprised the following members:-

- Mr. Jerome Thomas
- Mr. Austin Redhead
- Mrs. Roselyn Telesford
- Ms. Rhona Andrew
- Mr. Kurt Hercules
- Mrs Glendalyn Phillip

Mr. Kurt Hercules was reappointed as the Chairman of the committee and Mrs Glendalyn Phillip as the Secretary. The roles and responsibilities along with the purpose of the Committee were outlined to members for the benefit of its proper functioning.

At the end of 31st December, 2020, Chairman, Kurt Hercules resigned from the Committee. We thank him for his services and wish him well in his new career.

ACTIVITIES DURING THE YEAR

Several Promotions were held during the year to facilitate our members lending requirements. Our signature Mortgage product “Dreams Come Home was launched in March, with our Anything Summer Loan in August, our Emerald Line of Credit in October and Joy to You’ Christmas in December, all of which were successful.

Throughout the period, meetings were held every Tuesday. At these meetings, the committee reviewed and decided on loan application in excess of the office’s approval limit. This function is a collaborative effort between the loans officers, Management and the Committee thus setting out to arrive at the best decisions and being cognisant to the CCCU Mission statement, which is to enhance the quality of life for its members while at the same time safeguarding the assets of the institution and its members.

The loans declined were due to the following:

1. High Debt service ratio
2. Inability to repay loan
3. Inadequate securities
4. History of delinquencies with Financial Institutions
5. High risk ventures

The loans deferred were due to the following:

1. Insufficient information provided for applications presented for review.
2. To give financial advice that would benefit both the member and the credit union.

From our analysis of loans, it is evident that our members need financial counselling and guidance which will lead them to make to best financial decision and improve their lives.

ANALYSIS OF LOANS

With use of our new software, loans analysis and the authorisation process has been improved; we expect that this method of approval will continue to enhance the process and wait time for members will drop, making the overall service delivery much more efficient.

With the launch our Business Centre at Grand Anse, we have seen a great number of our small business members expressing interest in lending activities.

The launch of our Emerald Line of Credit in November 2019 is geared specifically towards assisting our members with working capital.

Based on the seasonality of some of industries; retail trade, construction, fisheries and tourism that our members are involved in their need for working capital financing is constant. To meet those needs, loans are being frequently refinanced. Within the constraints of risk and loan administration expenses, the need to fund small businesses provides an opportunity for the Credit Union to assist those who require working capital financing for small businesses.

SUMMARY OF STATISTICS

During the Year, value of loans received by Communal was EC\$ 66,768,591.40. The Monthly breakdown is below.

TOTAL LOANS REVIEWED BY CREDIT COMMITTEE	
Month	Gross Loan Amt.
Jan-19	\$3,313,186.47
Feb-19	\$3,112,797.30
Mar-19	\$5,839,303.38
Apr-19	\$5,507,252.47
May-19	\$5,069,021.58
Jun-19	\$5,491,679.20
Jul-19	\$11,673,314.40
Aug-19	\$6,339,779.91
Sep-19	\$5,549,279.78
Oct-19	\$4,022,819.41
Nov-19	\$5,273,067.90
Dec-19	\$5,877,185.87
TOTAL	\$67,068,687.67

DELINQUENCY REPORT

One of the roles of Credit Committee is to provide oversight of the loan portfolio in accordance with section 60 of the Co-operative Society Act. The Credit Committee also has the responsibility of reviewing and monitoring the delinquent loans throughout the period. The Committee has requested from the loans department, a number of delinquent loan files for review over the period.

The following table provides information on trajectory of Communal's delinquency situation for the past 4 years

Year	Delinquency Rate
2016	5.06%
2017	4.77%
2018	9.41%
2019	4.88%

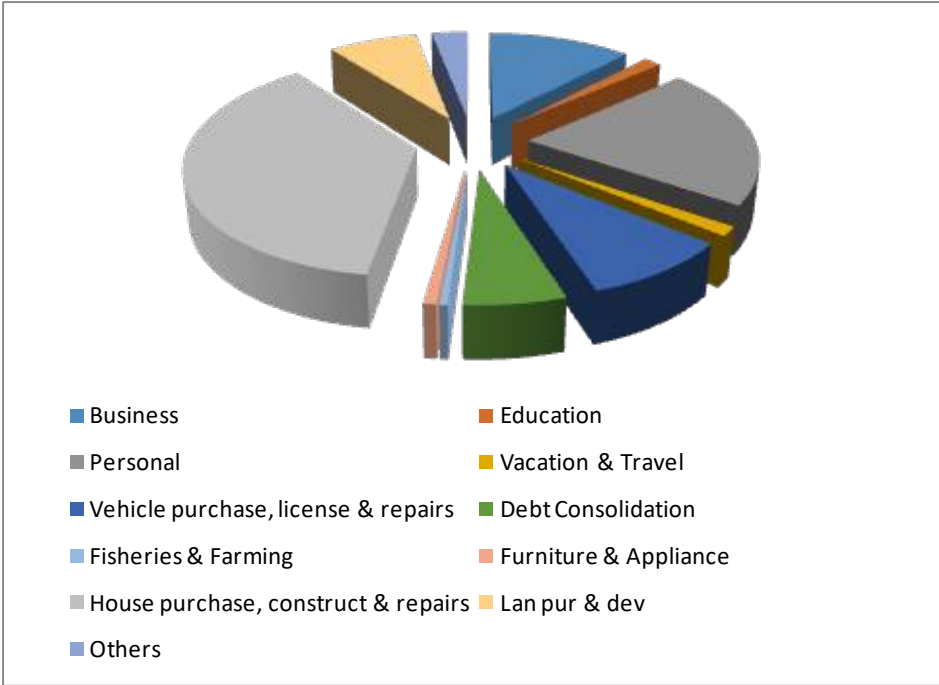
This shows remarkable improvement over prior year , as we are back on track, achieving

the benchmark set for the sector. And for the year todate, the downward trend continued.

LOAN STATISTICS

LOANS BY PURPOSE 2019			
Purposes	No.	Amount	Amt.%
Business	157	\$8,090,568.43	12.1%
Education	65	\$1,013,851.50	1.5%
Personal	1325	\$14,074,712.39	21.0%
Vacation & Travel	55	\$899,463.78	1.3%
Vehicle purchase, license & repairs	227	\$6,108,226.04	9.1%
Debt Consolidation	83	\$4,045,721.36	6.0%
Fisheries & Farming	16	\$337,473.27	0.5%
Furniture & Appliance	35	\$519,933.30	0.8%
House purchase, construct & repairs	401	\$24,924,844.58	37.2%
Lan pur & dev	54	\$5,036,802.61	7.5%
Others	33	\$2,017,090.30	3.0%
TOTAL	2451	\$67,068,687.56	100.0%

LOANS BY CATEGORIES



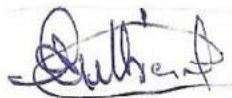
RECOMMENDATIONS

The Credit Committee recommends the following:-

- Revision of Loan Policy to accommodate the competitive landscape in the financial services sector, the change in the economy and more recently COVID-19
- Expert Training of all Loans Officers, including underwriting, in preparation of loan applications for submission to the Credit Committee.
- An Internal Auditor to monitor loan disbursements, security documents, policy adherence etc.

ACKNOWLEDGEMENT

The Committee thanks everyone within the organisation who continues to facilitate the work of the Committee. We also thank our valued members for making Communal their choice of financial institution. We are here to serve you and appreciate that we are operating in challenging times and will continue to work towards members achieving their goals.



Prepared By
ALLEN GILBERT
CHAIRPERSON (AG)



CREDIT COMMITTEE

(Back L to R) Austin Redhead, Allen Gilbert
(Front L to R) Glendalyn Phillip, Roselyn Telesford, Pamela Aird

SUPERVISORY AND COMPLIANCE COMMITTEE'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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 By-Laws of The Communal Credit Union which was revised in May 2008.

The Supervisory and Compliance Committee is pleased to present its report for the year ending December 31, 2019 at this the 38th Annual General Meeting of the Communal Credit Union. The report covers the period January to December 2019 and presents an appraisal and opinion of the performance, actions, considerations and activities completed during the year under review.

The Committee acknowledges the seven overarching principles of the Credit Union League which was sanctioned by the Credit Union National Association (CUNA) in the execution of its functions. The seven 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 OF THE COMMITTEE

Subsequent to the Annual General Meeting, the Supervisory and Compliance Committee was constituted on June 26, 2019. Mrs. Theresa Benjamin-Noel was elected to serve as Chairman and Ms. Kenita Paul elected as Secretary.

Your esteemed committee comprises of the following members and particulars of attendances are captured in the table below:

- Mrs. Theresa Noel - Chairman
- Ms. Kenita Paul - Secretary
- Mr. Devon La Touche - Member
- Mr. Anthony Phillip - Member
- Ms. Desnor Paul - Member

MEETINGS AND ATTENDANCE

Members	Portfolio	REGULAR MEETINGS		JOINT COMMITTEE MEETINGS	
		No. of Meetings Held	Attendance	No. of Meeting Held	Attendance
Theresa Noel	Chairman	17	17	5	5
Kenita Paul	Secretary	17	16	5	3
Devon La Touche	Member	17	17	5	4
Anthony Phillip	Member	17	16	5	4
Desnor Paul	Member	17	8*	5	2

*Desnor Paul joined the committee 26 June 2019.

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, regulations, By-laws and policies of the Credit Union. To this end, the Supervisory and Compliance Committee (SCC) accomplished the following task during the period under review:

1. Performed Cash Counts at all branches;
2. Verified Assets Register Management and Assets Protection;
3. Reviewed member's Equity Share register
4. Reviewed the Board Minutes
5. Reviewed Bank Reconciliations
6. Reviewed Members Complaints
7. Conducted Meeting with the Compliance Officer
8. Reviewed the Membership Data
9. Monitored the Management Committee meeting attendance;
10. Reviewed the loan files of Directors and Committee members to ensure proper servicing and no impairment in the security offered
11. Examined Draft Audited Financial Statements
12. Examined random monthly samples of new loan applications and existing loans.
13. Analyzed the top fifty (50) largest delinquency loan files
14. Verified and reviewed monthly financial statements and financial reports
15. Monitored the performance of the institutional capital
16. Conducted a Meeting with the Credit Committee

17. Reviewed the following Policies:

- Loans & Collections Policy
- Investments Policy
- Personnel Policy, and the
- Compliance Policy

18. Reviewed new accounts to ascertain AML/CTF compliance

19. Observe the Credit Committee and the process of approving loans

TRAINING

The Committee participated in the AML/CTF Training session organized by Communal except for Miss Kenita Paul who was out of island.

The Committee would also like to take this opportunity to express thanks to all requisite staff for their co-operation and patience during these undertakings.

FINDINGS RELATED TO THE SCOPE OF WORKS UNDERTAKEN

- A. Results for the Cash Counts were satisfactory;
- B. Attendance by management committee members were generally good;
- C. Meetings were held as needed and the annual report was prepared;
- D. Management was notified that some of the procedures related to its recovery methods that needs to be strengthened.
- E. We note the improvement in the work of Security and Delinquency toward the end of the year. The unit needs to continue its proactive approach when dealing with delinquent loans

RECOMMENDATIONS

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

1. AML/CTF continuous development of and effective program demonstrating our commitment to conducting business ethically and responsibly.
2. Development and promotion of new products and services for members and direct targeting to increase loan portfolio
3. Promotion of the Communal's vision and core principles at all branches aimed at educating members.
4. Investment in attractive and lucrative long-term investment opportunities to increase earning capacity
5. Continuous training opportunities for staff and committee members to develop competencies and efficiencies
6. Create innovative ways to stimulate interest amongst members to increase the level of participation in Communal activities especially the Annual General Meeting and the Credit Union Day celebrations through community engagements.

CONCLUSION

The Supervisory and Compliance Committee is satisfied that appropriate measures are in

place to propel The Communal Credit Union compared to 2018.

ACKNOWLEDGEMENTS

The Supervisory and Compliance Committee wishes to express appreciation for the invaluable assistance, guidance and commitment of the Board of Directors, Credit Committee, General Manager, Deputy Manager, Managers, supervisors, staff, Grenada Cooperative League and GARFIN in making it possible for this Committee to accomplish its task 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 gratitude for their time and the wisdom that they have provided.



THERESA NOEL
CHAIRMAN



SUPERVISORY COMMITTEE:

Kenita Paul, Devon La Touche, Anthony Phillip,
Desnor Paul, Theresa Noel



The Communal Co-operative
Credit Union Ltd.

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LINE OF CREDIT

GET FROM
\$1,000
UP TO
\$300,000

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EASY PROCESS**

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INTRODUCTORY RATES**

Specially Designed for our Small Business Owners
and Members with the need for Cash Overdraft
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- + SAME DAY APPROVAL
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*Terms and conditions and conditions apply.

NOMINATION'S COMMITTEE REPORT

ANNUAL GENERAL MEETING 2020

INTRODUCTION

The Board of Directors, at its meeting July 4, 2019 acting in accordance with Article XIII (41) (2), appointed a Nomination's Committee for the purpose of proposing members to fill vacancies for which elections would be held at the 38th Annual General Meeting.

The Nomination's Committee comprised of the following persons:

Ms. Petra Fraser - Board Member

Mrs. Mellisa Robertson - Member of Staff

Mrs. Kathy Ann Thompson - Member

Board of Directors:

Mr. Jusceno Jacob and Ms. Claudia Alexis have completed their second term and are due to retire.

Mr. Jude Hector has resigned leaving the position vacant.

Supervisory Committee:

Mr. Devon La Touche has completed his second term and is due to retire.

Credit Committee:

During the year, Mr. Kurt Hercules resigned leaving the position vacant.

The General Membership at this meeting may make its own nominations from the floor to fill any vacancies on the respective committees. The criteria for accepting nominations and the recommendations to fill the vacancies on the management committee are based on International Credit Union norms of good governance especially covering the principles of integrity, together with the following:

- Commitment to serve without reward
- Availability to attend meetings
- Good financial standing with the Credit Union
- Expertise and experience
- Demonstration of interest in the Credit Union Movement
- Good inter-personal skills/team player

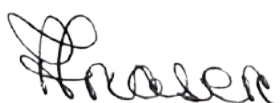
The Nomination Committee's recommendations are as follows:

	RETIRED/RESIGNED	NOMINATED	TERM
Board of Directors	Mr. Jusceno Jacob	Mr. Michael Francois	1st
	Ms. Claudia Alexis	Mr. Troy Noel	1st
	Mr. Jude Hector	Mrs. Dawn Walker	1st
Supervisory Committee	Mr. Devon La Touche	Mr. Clint Roberts	1st
Credit Committee	Mr. Kurt Hercules	Mrs. Lisa Grappy-James	1st

The following persons will continue to serve unfinished terms on the various committees:

		Year Elected	End of First Term	End of Second Term
Board of Directors	Mrs. Jennifer Gulston-Gittens	2015	2018	2021
	Mr. Ernest Bleasdille	2016	2019	2022
	Ms. Shawna Thomas-Cuffie	2016	2019	2022
	Mr. Phil Antoine	2018	2021	2024
	Ms. Petra Fraser	2018	2021	2024
	Mr. David Bruno	2018	2021	2024
	Supervisory Committee	Mr. Anthony Phillip	2016	2019
Ms. Kenita Paul		2016	2019	2022
Mrs. Theresa Noel		2018	2021	2024
Ms. Desnor Paul		2019	2022	2025
Credit Committee	Mr. Austin Redhead	Serving un-expired term (2018)	2018	2021
	Ms. Roslyn Telesford	2016	2019	2022
	Mrs. Glendalyn Phillip-Samuel	2018	2021	2023
	Ms. Sandra Aird	2019	2022	2025
	Mr. Allen Gilbert	2019	2022	2025

The Nominations Committee expresses thanks to all persons of the Management Committee for agreeing to serve the Credit Union.



PETRA FRASER (MS.)
CHAIRPERSON

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

BUDGETED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 2020

INCOME	BUDGET	ACTUAL
	2020	2019
Interest Income – Loans to Members	11,112,542	10,188,147
Interest Payments to Members	(4,362,098)	(4,154,244)
Net interest income	6,750,444	6,033,903
Interest – Financial Assets	1,235,113	1,401,238
Other Operating Income	800,585	1,668,440
NET INCOME	8,786,142	9,103,581
GENERAL ADMINISTRATIVE COSTS		
Personnel Costs	3,096,360	2,948,827
Governance	248,066	167,221
Depreciation	1,036,979	1,013,234
Utilities	437,095	468,996
Advertising & promotions	402,729	582,130
Other Admin. Costs	2,131,787	2,179,114
League Dues	115,000	115,001
Honorarium	118,240	92,696
Expected Credit Loss	690,000	392,891
TOTAL GENERAL ADMINISTRATIVE EXPENSES	8,276,256	7,960,110
NET SURPLUS BEFORE TRANSFERS	509,886	1,143,471



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TREASURER'S REPORT 2019

The financial statements included, and the analysis provided herein are submitted as part of this report, and are in accordance with the Section 56(E) of the Bye-Laws of Communal, and the Co-operative Societies Act of 2011, and the amended Act No. 20 of 2017, Section 130 (1).

Preliminary figures for 2019 indicated the credit union sector hit the **\$1BN** mark in assets, a growth rate of 15.3% on 2018. The major contributor to this growth was in Investments, which registered a growth rate of 60.1% ending the year at **\$114M**.

Operating Performance 2019 - THE CREDIT UNION SECTOR

The performance of the sector is highlighted below with comparative analysis and Communal's stake.

TOTAL CREDIT UNION SECTOR *				COMMUNAL CREDIT UNION			
Category	2019 EC\$M	2018 EC\$M	% change	2019 EC\$M	2018 EC\$M	% change	Communal % Share
Investments	114	71.2	60.10%	38	27.4	38.60%	33.00%
Fixed Assets	1014	879	15.30%	210.8	187.3	13%	21.00%
Total Loans	735.2	654.7	12.30%	140	122.1	15%	19.00%
Total Deposits	849	743	12.50%	183	163.2	10.80%	22.00%
Membership	71,666	66,389	7.90%	24,962	24,286	2.78%	34.80%
Delinquency	5.20%	5.30%	-2%	4.88%	9.41%	-48%	

*Sector Information Taken from GARFIN'S Consolidated Report

These financial statements show the financial position for the year ended 2019, with comparatives to 2018, as performed by Audit Firm of BDO Eastern Caribbean. The three main statements included, being Statement of Financial Position, Statement of Comprehensive Income, and the Statement of Cash Flow as well as changes in Members' Equity are analysed below and form part of this accompanying report.

OPERATING PERFORMANCE 2019

The Communal's overall performance continued to strengthen over the past year and this can

be seen by the growth recorded in the major categories of performance within each of the statements.

Summary of each statement's explanations are provided below.

STATEMENT OF FINANCIAL POSITION

This statement reports on three main elements of Total Assets, Liabilities and Capital.

TOTAL ASSETS

During 2019, we saw the assets of Communal meet the hallmark of \$200M for the first time,

ending 2019 at \$210.8M, an increase of \$23.5M or 12.5% on prior year.

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. Worthy of note, is the re-classification of our Investment Property at HA Blaize Street, which is in compliance with International Financial Reporting Standards; this has contributed \$1.7M to the growth in our Asset Base.

CLASSIFICATION OF ASSETS

For the purposes of reporting, Assets are categorised into Earning and Non-Earning.

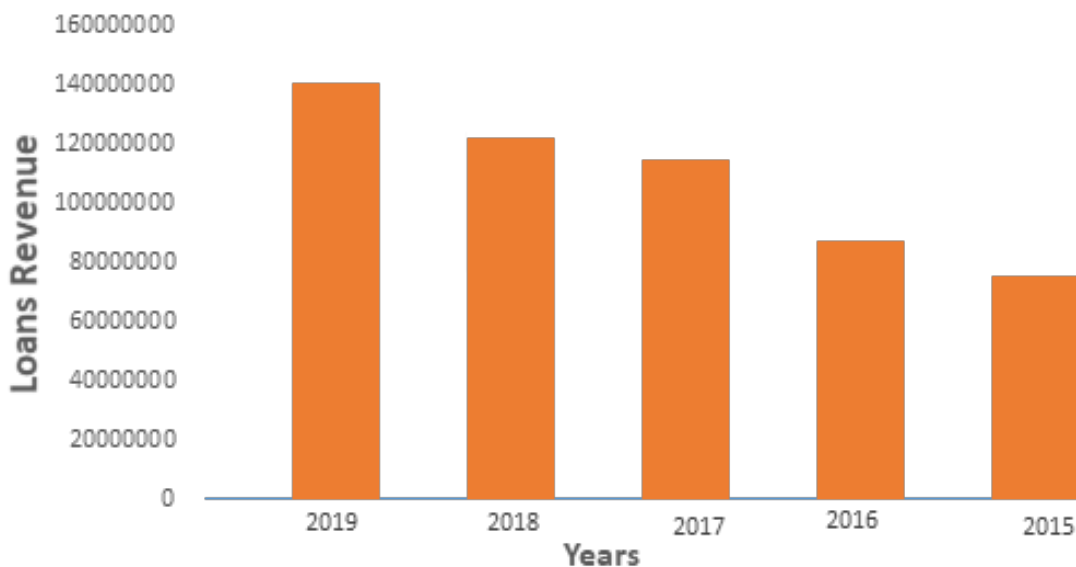
EARNING ASSETS

In the case of our Credit Union, our Earning Assets are 86% of our Total Asset base and predominantly include Loans to our Members, Investment in Financial Assets and Real Property.

Loans to Members

Loans, which is part of the total Earning Assets is registered as 67% of our Total Assets, and is the main income generating source for our credit union. At the end of 2019, this portfolio grew by approx. 15% and stood at \$140.2M gross. We continue to work assiduously to uplift the lives of our members and assist them in attaining their life's dreams, both personally and professionally, and through their businesses.

See Graph Below showing the Loan Performance Over the Past Five Years



We saw a remarkable improvement in our Delinquency Management by year end, achieving a rate below the benchmark, and ending the year at 4.88%. This is an improvement of 48% on prior year, with the value of Delinquent Loans being \$6,898,524, and Total Arrears of \$2,353,088. We commend

our Recoveries Team for this achievement and thank you, our members, as well as encourage you to continue honouring your commitments to our organisation.

With the new standard on reporting provisioning for Expected Credit Loss (ECL), past delinquency

rate will have a huge bearing on profitability, therefore the need to ensure delinquency is maintained at a very low rate, and we should seek to improve on the results of 2019.

Financial Assets

We have recorded growth of \$10.8M or 40% year on year, which are mostly investments in Term Deposits, Treasury Bills and Government Bonds. At end December 2019, total Financial Assets were \$37.8M.

The return generated on this investment averaged 3.71% in 2019, whereas bank deposits rates for us are close to zero, and the overall market return is averaging approx. 2.5%.

Investment Property

Our Investment Property at H.A. Blaize has been bringing returns to Communal. This property was valued at \$3.8M in 2019 and generated income of \$229.8K during the year.

NON-EARNING ASSETS

These are essential assets used in the normal day-to-day operations of the organisation and do not directly generate income, but contribute to the overall effectiveness of running our credit union. These Assets are our Property, Plant, Equipment, Intangibles to include Computer Software, Cash and Other Cash Equivalents. In 2019, they accounted for \$29.5M or 13.98% of our Total Assets. The benchmark for the industry is <=5%.

PROPERTY, PLANT AND EQUIPMENT (PPE)

An increase reported year on year in Property and Computer Equipment, both essential

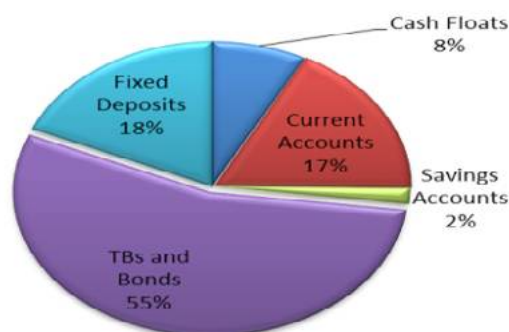
elements of efficiency and effectiveness. During 2019, we relocated our Hillsborough Office to Harvey Vale, a strategic move as the first and only financial institution to offer services to the developing business hub of Carriacou.

Cash and Cash Equivalents

Our cash position continues to remain strong as we seek the best investments for the liquidity we are now reporting.

The cash distribution below shows an increase in investments to 55% of the total liquidity this past year. This is part of our ongoing effort to seek alternative sources of investment.

Cash Distribution



Year on year, the total cash balance remained stable, with the ratio being 27%, well above the benchmark of 15%.

CAPITAL AND LIABILITIES

Deposits Held

The main components of our liabilities are our obligations to members and other institutions for deposits held. Below is a synopsis of our deposits growth year on year.

YEAR	2019	2018	2017	2016	2015
Deposit Balance	180,952,617.00	162,800,735	146,712,325	121,546,981	104,951,433
Growth	11%	11%	21%	16%	27%

We have seen an increase of 11.2% year on year on deposits and the figure continues to grow. At end December 2018, deposits were EC\$163M, while at end December 2019, that figure increased to EC\$180.9M. The Deposits to Total Assets ratio is still at a high of 85.8%, which is five (5) percentage points above the standard; we continue to look at more effective ways to bring this ratio in line with the benchmark.

CAPITAL STRUCTURE

Institutional Capital

Year end results show that we closed out the year 2019 at 8.32% for Institutional Capital, a huge improvement after ending the year 2018 at 6.83%. With the restatement of 2019 results, Institutional Capital recorded a rate of 7.67%

We recognize that the process of the Share Sweep which commenced on November 30, 2019 separating Equity Shares and the mandatory Qualifying Equity Shares, as required by the Regulations, have been a major contributor in this achievement.

We ended the year with Qualifying Equity Shares of 1,204,198 a value of \$6,020,990 compared to 2018's Qualifying Shares of 804,240 with a value of \$4,021,200, an increase of 49.7% year on year.

We are pleased we were able to achieve this milestone standard of 7% Institutional Capital after many years, and are able to pay a dividend in 2019, as per Resolution #4, and proposed

before the membership at this Annual General Meeting for approval.

Statutory Reserves & Accumulated Surplus

Annually, the Act requires 20% of surplus to be set aside as Statutory Reserve for strengthening of Communal's capacity to withstand shocks that may be internal or environmental. In 2019, Statutory Reserves grew by 9% on 2018 figures.

The accumulated surplus at year end was \$8.3M, before dividend payment.

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income is one of the key financial statements required in a complete set of financial statements for distribution by Communal.

The statement covers the same period of time annually and consists of two all major sources of Communal's revenues - Income from Loans and Other Income.

The totals from each of the above are summarised below. The net income earned will cause an increase in the shareholders' equity account - Retained Earnings.

Below is the presentation of our comprehensive income statement, analyses over the past three (3) years, which shows the source of Communal's income, and the cost of our operations:

CATEGORY	2019	2017	Increase/ (Decrease)	%
Income on Members' Loans	10,188,147	8,959,852	225,441	2%
Interest on Investments	1,401,238	1,162,694	273,991	24%
Rental Income	229,800	246,100	-11,110	-5%
Other Income / Recoveries	1,438,640	845,959	349,488	32%
TOTAL INCOME	13,257,825	11,214,605	837,810	7%
OUR COST TO OPERATE THE CREDIT UNION WAS:				
Operating Expenses	7,960,110	5,918,007	1,089,768	-16%
Interest to Members	4,154,244	3,770,954	-233,155	5%
NET INCOME BEFORE PROVISIONS	1,143,471	1,525,644	-18,803	-2%
FROM WHICH WE SET ASIDE:				
Statutory Provision @ 20%	-228,694	-305,129	-3,761	-2%
Development Fund to GCCL @ 3%	-34,304	-15,256	22,681	195%
NET SURPLUS	880,473	1,205,259	37,723	-4%
FROM WHICH WE ALLOCATE				
Deduct Dividend Payment & Empowerment, Health Fund, Social fund	-607,690	-135,719	498,862	458%
	272,782	1,069,540	-536,586	-66%
TO WHICH WE ADD:				
Undistributed Surplus From Previous Years	5,752,582	3,077,563	1,605,479	39%
Add Adjustments from Prior Years	1,708,800		912,689	115%
LEAVING US WITH TOTAL UNDISTRIBUTED SURPLUS	7,734,164	4,147,103	1,981,582	34%

Our interest rate on deposits continues to be the single highest cost of operations at 30.8% of income; and while credit unions have traditionally paid higher than market interest rates on these instruments, prevailing market conditions and unprecedented changes require us to take a measured review, as we seek to invest more into our credit union, that will lead to greater sustainability and eventually high returns to members in the longer term.

At 31st December, 2019, total operating expenses was \$7.9M, an increase of \$1M or 16.5%. This ratio is well in line with the standard, performing

at 3.75% against a benchmark of 5%. Communal has always operated well within this standard.

Overall performance showed a net surplus before appropriation of \$1.1M, and in line with 2018.

After all appropriations, net surplus was \$880K, from which dividends will be declared.

See below Ratio Analysis for critical areas of measurements on performance in 2019 compared with prior year.

FINANCIAL RATIOS	Required Ratio	Actual Ratio 2019	Actual Ratio 2018
EFFECTIVE FINANCIAL STRUCTURE			
Net Loans / Total Assets	70-80%	66.52%	65.18%
Deposits / Total Assets	70-80%	85.83%	86.88%
Institutional Capital / Total Assets	7%	8.32%	7.67%
Shares/Total Assets	10-20%	5.43%	5.32%
Total Capital/Total Assets	10%	10.92%	10.92%
ASSET QUALITY			
Total Loan Delinquency / Gross Loan Portfolio	<=5%	4.88%	9.41%
Non-Earning Assets / Total Assets	<=5%	13.59%	11.24%
LIQUIDITY			
Liquid Assets-Short-Term Liabilities / Unencumbered Deposits	Min. 15%	27.00%	27.35%
SIGNS OF GROWTH			
Growth in Loans to Members	≥ 10%	14.83%	6.56%
Growth in Savings Deposits	20%	10.03%	10.97%
Growth in Institutional Capital	>5%	21.95%	35.85%
Growth in Total Assets	> or =inflation	12.49%	10.32%
Growth in Membership	>12%	4.90%	-6.06%

ACKNOWLEDGEMENT

Communal continues to play a pivotal role in the lives of our members, as we seek to enable their financial well-being. The success of Communal is your success and in 2019, despite the challenges and competitive landscape we operated in, we have delivered another successful result.

The hard work of all the teams involved must go on record and we are extremely pleased that we will declare a dividend at today's meeting. This means that Communal would have delivered returns on all investments made by members in both Shares and Deposits.

Let us now focus on growing our credit union, and I therefore call on all players - Board of Directors, Committees, Management, Staff and You - our Members, to join forces to achieve this goal.

Thank you all and best wishes.



DAVID BRUNO
TREASURER



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

FINANCIAL STATEMENTS

**for the year ended December 31, 2019
with comparative figures for 2018**

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

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The Financial Services Centre
P.O. Box 561
Kingstown Park
St. Vincent and the Grenadines

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2019, 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, 2019, 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 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.

Emphasis of matter

We draw attention to Note 29 of the financial statements, events after the reporting date, which describes the uncertainty related to the Coronavirus outbreak. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements of The Communal Co-operative Credit Union Limited for the year ended December 31, 2018 were audited by another firm of auditor who expressed an unmodified opinion on those financial statements in their report dated May 22, 2019.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements (cont'd)

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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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
August 26, 2020

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Financial Position
As at December 31, 2019
With comparative figures as at December 31, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	2019 \$	Restated 2018 \$	2017 \$
EARNING ASSETS				
Investment properties	4	3,168,800	3,168,800	1,514,733
Loans to members	5	140,243,250	122,133,218	114,609,342
Investment securities at amortised cost	6(i)	37,767,510	26,882,828	24,713,944
Investment security at fair value through OCI	6(ii)	99,745	99,745	99,745
Total earning assets		181,279,305	152,284,591	140,937,764
NON-EARNING ASSETS				
Property, plant, and equipment	7	7,084,132	6,495,539	6,355,474
Intangible assets	8	850,000	1,118,900	-
		7,934,132	7,614,439	6,355,474
Other assets				
Right of use of asset	9(i)	293,449	-	-
Inventories	10	87,332	113,367	72,572
Receivables and prepayments	11	7,545,276	5,696,292	4,162,668
Cash and cash equivalents	12	13,645,448	21,671,370	18,329,725
Total non-earning assets		21,571,505	27,481,029	22,564,965
TOTAL ASSETS		210,784,942	187,380,059	169,858,203
CAPITAL AND LIABILITIES				
Institutional capital				
Members qualifying equity shares	13(i)	6,020,990	4,021,200	3,771,800
Statutory reserve	14	3,186,964	2,921,270	2,666,899
Accumulated surplus		8,309,146	7,438,661	4,147,103
		17,517,100	14,381,131	10,585,802
Members' non-qualifying equity shares	13(ii)	5,421,265	5,952,582	5,738,425
Other funds and reserves				
Development fund	15	34,304	11,623	15,256
Micro-capital grant		-	-	54,697
Special fund	16	-	48,089	33,652
Members' health fund reserve	17	54,239	60,739	67,519
		88,543	120,451	171,124
TOTAL EQUITY		23,026,908	20,454,164	16,495,351
Non-current lease liability				
Non-current lease liability	9(ii)	128,687	-	-
Current liabilities				
Current portion of lease liability	9(ii)	176,733	-	-
Members' deposit	18	180,952,617	162,800,735	146,712,325
Non-interest-bearing liabilities	19	6,499,997	4,125,160	6,650,527
TOTAL LIABILITIES		187,758,034	166,925,895	153,362,852
TOTAL EQUITY AND LIABILITIES		210,784,942	187,380,059	169,858,203

The notes on pages 53-83 are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD



Chairman



Director

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2019
With comparative figures as at December 31, 2018
(Expressed in Eastern Caribbean Dollars)

	Note	2019 \$	2018 \$
INCOME			
Interest income - loans to members	20	10,188,147	9,962,706
Interest payments to members	21	(4,154,244)	(4,387,399)
Net interest income		6,033,903	5,575,307
Interest - financial assets		1,401,238	1,127,247
Other operating income	22	1,303,663	1,025,545
Lease interest expense	9(ii)	(28,647)	-
Net income		8,710,157	7,728,099
General and administrative expenses	27	(7,538,572)	(6,246,376)
Bad debts recovered		134,977	63,607
Rental income		229,800	240,910
Expected credit loss expense		(392,891)	(623,966)
		(7,566,686)	(6,565,825)
Net surplus for the year before transfers		1,143,471	1,162,274
Deduct: Transfer to statutory reserve		(228,694)	(232,455)
Transfer to development fund		(34,304)	(11,623)
Net surplus for the year after transfers		880,473	918,196

The notes on pages 53-83 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, 2019
With comparative figures as at December 31, 2018
(Expressed in Eastern Caribbean Dollars)

	Qualifying Shares \$	Non- qualifying Shares \$	Statutory Reserve \$	Other Fund and Reserves \$	Accumulated Surplus \$	Total \$
Balance at 1 January, 2018	3,771,800	5,738,425	2,666,899	171,124	4,147,103	16,495,351
Accumulated depreciation adjustment	-	-	-	-	262,738	262,738
Net movement in shares	249,400	214,157	-	-	-	463,557
Entrance fees	-	-	21,916	-	-	21,916
Net movement on other funds and reserve	-	-	232,455	(50,673)	(344,077)	(162,295)
Liability no longer payable	-	-	-	-	501,824	501,824
Net surplus for the year	-	-	-	-	1,162,274	1,162,274
Balance at 31 December, 2018, as previously reported	4,021,200	5,952,582	2,921,270	120,451	5,729,862	18,745,365
Valuation appraisal	-	-	-	-	1,708,799	1,708,799
Balance at 31 December, 2018, as restated	4,021,200	5,952,582	2,921,270	120,451	7,438,661	20,454,164
Adoption of IFRS 16 Leases	-	-	-	-	4,689	4,689
Net movement in shares	1,999,790	(531,317)	-	-	-	1,468,473
Entrance fees	-	-	37,000	-	-	37,000
Net movement on other funds and reserve	-	-	228,694	(31,908)	(277,675)	(80,889)
Net surplus for the year	-	-	-	-	1,143,471	1,143,471
Balance at 31 December, 2019	6,020,990	5,421,265	3,186,964	88,543	8,309,146	23,026,908

The notes on pages 53-83 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, 2019
With comparative figures as at December 31, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Net surplus for the year before transfers		1,143,471	1,162,274
Adjustments for non-cash transactions:			
Depreciation	7, 27	723,165	557,626
Amortisation	8, 27	290,068	279,725
Loss on disposal of property, plant, and equipment		-	299
Depreciation expense on right of use asset	9(i), 27	169,913	-
Lease interest expense	9(ii)	28,647	-
Operating surplus before working capital changes		2,355,264	1,999,924
Decrease/(increase) in inventories		26,035	(40,795)
Increase in receivables and prepayments		(1,848,984)	(1,533,624)
Increase in members' deposits		18,151,882	16,088,410
Increase/(decrease)/in non-interest-bearing liabilities		2,374,837	(2,525,366)
Cash generated from operating activities		21,059,034	13,988,549
Lease payments		(181,900)	-
Net cash generated from operating activities		20,877,134	13,988,549
Cash flows from investing activities			
Increase in investment securities		(10,884,682)	(2,168,884)
Purchase of property, plant, and equipment		(1,311,758)	(380,520)
Purchase of intangible asset		(21,168)	(1,398,625)
Increase in members' loans		(18,110,032)	(7,523,876)
Net cash used in investing activities		(30,327,640)	(11,471,905)
FINANCING ACTIVITIES			
Entrance fees received		37,000	21,916
Net movement in other funds and reserves		(80,889)	(162,296)
Shares issued		1,468,473	463,557
Transfer of liability no longer needed		-	501,824
Net cash provided by financing activities		1,424,584	825,001
Net increase/(decrease) in cash and cash equivalents		(8,025,922)	3,341,645
Net cash and cash equivalents - January 1, 2019		21,671,370	18,329,725
Net cash and cash equivalents - December 31, 2019		13,645,448	21,671,370

The notes on pages 53-83 are an integral part of these financial statements.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

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 fifty-five (55) persons during the year (2018:56).

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) Basis of Preparation

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 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.

(b) Basis of measurement

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

(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, 2019 except for the adoption of new standards and interpretations below.

2. Significant accounting policies (cont'd)

(c) *Changes in accounting policies and disclosures*

(ii) New accounting standards, amendments and interpretations

a) *New standards, interpretations and amendments effective from 1 January 2019*

New standards impacting the Board that will be adopted in the annual financial statements for the year ended 31 December 2019, and which have given rise to changes in the Board's accounting policies are:

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. Details of the impact on this standard has had are given in note 26.

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2019 but have not had a material effect on the Board and so have not been discussed in detail in the notes to the financial statements:

- IFRS 9 (2014) Financial Instruments (Amendment - Prepayment Features with Negative Compensation and Modification of Financial Liabilities)
- IAS 28 Investments in Joint Ventures (Amendment - Long-term Interests in Associates and Joint Ventures)
- Annual Improvements to IFRSs 2015 - 2018 Cycle (IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing Costs)
- IAS 19 Employee Benefits (Amendment - Plan Amendment, Curtailment or Settlement) IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23)

A narrow-scope amendment was made to IFRS 9 that addresses concerns about how IFRS 9 classifies particular pre-payable financial assets. It amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. However, the calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain. The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability.

2. Significant accounting policies (cont'd)

(c) *Changes in accounting policies and disclosures*

(iii) New accounting standards, amendments and interpretations

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 Board has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment - Definition of Material)
- IFRS 3 *Business Combinations* (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting *IFRS 17 Insurance Contracts (effective 1 January 2021)* - In June 2019, the IASB issued an exposure draft to amend IFRS 17, including a deferral of its effective date to 1 January 2022. At the time of writing, these amendments had not been finalised.

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

(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 recognized 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.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant accounting policies (cont'd)

(d) *Property, plant and equipment (cont'd)*

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.

(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%

2. Significant accounting policies (cont'd)

(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) 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

From 1st January, 2018 the Credit Union classifies all of its assets at either:

- Amortised cost or
- FVPL

Before 1st January, 2018, the Credit Union classified its financial assets as held-to-maturity, loans and receivables and available-for-sale.

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

2. Significant accounting policies (cont'd)

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

(i) Classification and measurement (cont'd)

Amortised cost

From 1st January, 2018 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.

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.

From 1st January 2018 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.

2. Significant accounting policies (cont'd)

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

(ii) Impairment (cont'd)

Impairment of financial assets (cont'd)

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).

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)

(g) *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.

(iii) 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.

2. Significant accounting policies (cont'd)

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

(iv) **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.

(v) **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 derecognized 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.

(h) **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.

(i) **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.

(j) **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.

(k) **Equity shares**

Members' shares are classified as equity.

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2. Significant accounting policies (cont'd)

(l) 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.

(m) 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.

(n) Revenue recognition

i) Interest income

Interest income is recognized on an accrual basis.

ii) Investment income

Investment income is recognized on an accrual basis.

iii) Rental income

Rental income is recognised on the accrual basis.

(o) Dividends

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

(p) 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.

(q) 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.

2. Significant accounting policies (cont'd)

(r) 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.

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.

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2. Significant accounting policies (cont'd)

(s) 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 are 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

	2019 \$	2018 \$
Land at Green Street	186,250	186,250
Building at H.A. Blaize Street	1,273,751	1,328,483
Written down value - beginning of the year	1,460,001	1,514,733
Less: Depreciation	-	(54,732)
Written down value - ending of the year	1,460,001	1,460,001
revaluation surplus	1,708,799	1,708,799
Fair value - ending of year	<u>3,168,800</u>	<u>3,168,800</u>
Carrying amount - January 1	3,168,800	2,375,542
Accumulated depreciation	-	(915,541)
Valuation appraisal	-	1,708,799
Carrying amount - December 31	<u>3,168,800</u>	<u>3,168,800</u>

As at September 2019, the Credit Union's investment properties were revalued based on valuations performed by an independent appraiser. The fair value of the investment properties were determined using the market comparable approach.

5. Loans to members

	2019 \$	2018 \$
House and land	76,801,480	66,990,203
Motor vehicle	12,209,526	12,509,178
Business	8,262,030	7,557,559
Promotional	14,298,486	7,828,433
Personal and others	29,605,001	28,819,165
Total loans	141,176,523	123,704,538
Less: Allowance for expected credit loss	(933,273)	(1,571,320)
	<u>140,243,250</u>	<u>122,133,218</u>

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 4.99% and 15% per annum.

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6. Investment securities

(i) Debt securities at amortised cost

	2019 \$	2018 \$
(a) Treasury bills and notes		
Government of St. Lucia - 365 day treasury bills	1,949,553	1,949,553
Government of St. Lucia - 3 year treasury notes	3,000,000	-
Government of St. Lucia - 5 year treasury notes	1,000,000	-
Government of Grenada - 365 day treasury bills	5,148,804	5,939,013
Government of St. Vincent - 5 year treasury bills	-	600,000
Government of Antigua - 180 day treasury bills	1,541,003	550,850
Government of Antigua - 365 day treasury bills	2,866,651	407,583
Government of Antigua - 2 year treasury notes	400,000	400,000
Government of Antigua - 3 year treasury notes	1,000,000	1,000,000
(b) Bonds		
Eastern Caribbean Home Mortgage Bank - 1 year bond	5,000,000	2,000,000
Government of St. Lucia - 2 year bond	1,748,077	1,748,077
Government of St. Lucia - 5 year bond	1,000,000	2,000,000
Government of St. Lucia - 6 year bond	700,000	700,000
Government of Dominica - 5 year bond	500,000	500,000
Government of St. Vincent - 3 year treasury bond	509,000	509,000
Government of St. Vincent - 7 year treasury bond	1,059,644	561,787
(c) Term deposits		
First Citizens Investment Services	4,883,684	2,714,375
Grenada Co-operative League Limited - Deposit (i)	585,265	568,218
Grenada Co-operative League Limited - Deposit (ii)	247,622	245,171
Ariza Credit Union Limited	1,821,126	1,781,355
Grenada Union of Teachers Co-operative Credit Union Limited	1,216,080	1,180,660
Grenville Co-operative Credit Union Limited	1,367,001	1,327,186
Gateway Co-operative Credit Union Limited	224,000	200,000
	37,767,510	26,882,828

(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, 2018	1,051,566	4,895,885	159,159	1,578,758	1,373,907	109,995	551,109	9,720,379
Additions	-	18,000	520,526	209,186	145,616	-	534,761	1,428,089
Transfer to intangible assets	-	-	-	-	-	-	(1,047,569)	(1,047,569)
Disposals	-	-	-	-	(1,495)	-	-	(1,495)
As at December 31, 2018	1,051,566	4,913,885	679,685	1,787,944	1,518,028	109,995	38,301	10,099,404
As at January 01, 2019	1,051,566	4,913,885	679,685	1,787,944	1,518,028	109,995	38,301	10,099,404
Additions	-	8,000	868,069	99,696	246,809	-	89,184	1,311,758
As at December 31, 2019	1,051,566	4,921,885	1,547,754	1,887,640	1,764,837	109,995	127,485	11,411,162
Accumulated depreciation								
As at January 1, 2018	-	1,087,918	101,008	1,184,033	947,948	43,998	-	3,364,905
Adjustment to depreciation	-	-	-	(150,950)	(111,788)	-	-	(262,738)
Disposals	-	-	-	-	(1,196)	-	-	(1,196)
Charge for the year	-	122,847	27,022	119,625	211,401	21,999	-	502,894
As at December 31, 2018	-	1,210,765	128,030	1,152,708	1,046,365	65,997	-	3,603,865
As at January 01, 2019	-	1,210,765	128,030	1,152,708	1,046,365	65,997	-	3,603,865
Charge for the year	-	122,955	199,906	158,651	219,654	21,999	-	723,165
As at December 31, 2019	-	1,333,720	327,936	1,311,359	1,266,019	87,996	-	4,327,030
Carrying amounts								
As at January 01, 2018	-	4,859,533	58,151	394,725	425,959	65,997	551,109	6,355,474
As at December 31, 2018	-	4,754,686	551,655	635,236	471,663	43,998	38,301	6,495,539
As at December 31, 2019	1,051,566	3,588,165	1,219,818	576,281	498,818	21,999	127,485	7,084,132

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8. Intangible assets

	Intangible assets \$	Total \$
Cost		
As of January 1, 2018	-	-
Additions	351,056	351,056
Transfer from work-in-progress	1,047,569	1,047,569
As of December 31, 2018	1,398,625	1,398,625
As of January 1, 2019	1,398,625	1,398,625
Additions	21,168	21,168
As of December 31, 2019	1,419,793	1,419,793
Accumulated depreciation		
As of January 1, 2018	-	-
Charge for the year	279,725	279,725
As of December 31, 2018	279,725	279,725
As of December 31, 2018	279,725	279,725
Charge for the year	290,068	290,068
As of December 31, 2019	569,793	569,793
Net book value		
As of January 1, 2018	-	-
As of December 31, 2018	1,118,900	1,118,900
As of December 31, 2019	850,000	850,000

9. Leases

(i) *Right of use asset*

	2019 \$	2018 \$
January 1, 2019	463,362	-
Amortisation	(169,913)	-
December 31, 2019	293,449	-

Right-of-use assets include leased office space.

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9. Leases

(ii) Lease liability

	2019	2018
	\$	\$
January 1, 2019	463,362	-
Adjusted through retained earnings	(4,689)	-
Interest expense	28,647	-
Lease payments	(181,900)	-
December 31, 2019	305,420	-
Current portion	(176,733)	-
Non-current portion	128,687	-

The discount rate applied is 7.84%, see note 28.

10. Inventories

	2019	2018
	\$	\$
IDC materials	24,085	27,682
Stationery and office supplies	18,338	13,139
Advertising and promotional materials	44,909	72,546
	87,332	113,367

11. Receivable and prepayments

	2019	2018
	\$	\$
Matured financial assets	1,745,282	1,745,282
Payroll deductions	-	139,745
ATM receivables	6,106,588	4,278,383
Prepayments	276,703	279,990
Other receivables	605,349	622,541
Interest receivable on investments	556,636	375,633
	9,290,558	7,441,574
Less: Allowance for expected credit loss	(1,745,282)	(1,745,282)
	7,545,276	5,696,292

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

	2019	2018
	\$	\$
Short-term investment	-	5,983,943
Cash on hand	3,729,493	2,091,006
Cash at bank	9,915,955	13,596,421
	13,645,448	21,671,370

13. Equity shares

(i) Qualifying shares

	2019	2019	2018	2018
	No. of shares	\$	No. of shares	\$
Qualifying shares				
Authorised number of shares of \$5 nominal value	Unlimited		Unlimited	
Issued and fully paid				
Balance, beginning of year	804,240	4,021,200	754,360	3,771,800
Issued during the year	399,958	1,999,790	49,880	249,400
Balance, end of year	1,204,198	6,020,990	804,240	4,021,200

Qualifying shares are mandatory non-withdrawable shares and each member is required to own a minimum of sixty (60) fully paid up shares of \$5.00 each.

(ii) Non-qualifying shares

	2019	2018
	\$	\$
Issued and fully paid		
Balance, beginning of year	5,952,582	5,738,425
Issued during the year	-	214,157
Repurchased during the year	(531,317)	-
Balance, end of year	5,421,265	5,952,582

Non-qualifying shares represent non-mandatory shares purchased by members who have not met the mandatory minimum qualifying share requirement amount of \$300.00 (60 shares @ \$5.00 each).

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14. Statutory reserve

	2019 \$	2018 \$
Balance at beginning of the year	2,921,270	2,666,899
Add: Transfer from surplus	228,694	232,455
Entrance fees	37,000	21,916
Balance at ending of the year	<u>3,186,964</u>	<u>2,921,270</u>

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

	2019 \$	2018 \$
Balance, beginning of year	11,623	15,256
Transfer from earnings in current year	34,304	11,623
Payment from funds	(11,623)	(15,256)
Balance, end of year	<u>34,304</u>	<u>11,623</u>

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. Special fund

	2019 \$	2018 \$
Balance at beginning of the year	48,089	33,652
Add: Net Allocation for the year	14,679	100,000
Less: Funds disbursed in current year	(62,768)	(85,563)
Balance at ending of the year	<u>-</u>	<u>48,089</u>

This fund was created to assist with members' empowerment and development.

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17. Members' health fund reserve

	2019	2018
	\$	\$
Balance, beginning of year	60,739	67,519
Payment from funds	(6,500)	(6,780)
Balance, end of year	54,239	60,739

5% of the previous year's operating surplus is allocated to this fund to provide medical assistance to members.

18. Members' deposits

	2019	2018
	\$	\$
Term deposits	28,453,317	27,390,071
Regular savings	127,721,486	123,022,088
Special savings	505,261	405,325
Education savings plan	707,533	682,020
Retirement saving plan	5,169,406	4,771,765
Escrow savings	7,915,571	3,681,369
Gold account	205,798	108,945
Su Su savings	164,800	170,350
Tiered savings	5,310,918	-
Other deposits	4,798,527	2,568,802
	180,952,617	162,800,735

Interest is payable on these amounts at rates varying between 0.2% and 5% per annum.

19. Non-interest-bearing liabilities

	2019	2018
	\$	\$
Interest payable	365,978	414,367
Death claims payable	225,737	232,167
Sundry creditors and accruals	152,068	141,819
Payroll payables	60,677	186,406
Insurance payables	40,267	39,910
ATM payables	5,489,071	2,908,461
Payable to members	115,889	116,144
Accrued liability	22,540	30,000
Other payables	27,770	55,883
	6,499,997	4,125,160

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20. Interest income - loans to members

	2019 \$	2018 \$
House and land	4,879,325	3,200,740
Motor vehicle	1,035,255	712,853
Business	584,560	505,392
Promotional	2,582,244	4,904,600
Personal and others	1,106,763	639,121
	<u>10,188,147</u>	<u>9,962,706</u>

21. Interest payments to members

	2019 \$	2018 \$
Term deposits	724,917	854,542
Regular savings	2,941,050	3,062,445
Education savings plan	19,917	31,989
Retirement saving plan	144,318	173,137
Gold account	7,487	5,929
Su Su savings	5,850	4,660
Tiered savings	38,903	-
Other deposits	271,802	254,697
	<u>4,154,244</u>	<u>4,387,399</u>

22. Other operating income

	2019 \$	2018 \$
Application fees	604,162	373,060
ATM transactions	185,561	97,157
Closure of accounts fees	85,427	259,882
Commission	2,602	3,059
Financial statement fees	16,335	17,547
Foreign exchange gain	15,736	6,422
I.D. cards	-	14,319
IDC transactions	126,433	105,523
Late fees	68,143	82,456
Miscellaneous	4,607	17,404
Over the counter fees	192,609	45,259
Sale of passbooks	996	1,363
Service charges	1,052	2,094
	<u>1,303,663</u>	<u>1,025,545</u>

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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 date of the statement of financial position, the un-disbursed loans committed amounted to four million and thirty-five thousand, four hundred and seventy dollars (\$4,035,470).

ii) Operation lease

As at 31st December, 2019, the Credit Union was committed to lease payments as follows:

	2019	2018
	\$	\$
Within one (1) year	176,733	145,200
Between one (1) to Two (2) years	128,687	175,100
	305,420	320,300

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.

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25. Financial risk management (cont'd)

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.

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.

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25. Financial risk management (cont'd)

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	
	2019	2018
	\$	\$
Cash and cash equivalents	13,645,448	21,671,370
Investment securities	37,867,255	26,982,573
Receivables and prepayments	7,545,276	5,696,292
Members' loans	140,243,250	122,133,318
	199,301,229	176,483,553

Concentration of credit risk on members' loans:

	2019	2018
	\$	\$
House and land	76,801,480	66,990,203
Motor vehicle	12,209,526	12,509,178
Business	8,262,030	7,557,559
Promotional	14,298,486	7,828,433
Personal and others	29,605,001	28,819,165
	141,176,523	123,704,538

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

Members' loans	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2019				
Gross loans	125,871,608	9,715,975	5,588,940	141,176,523
ECL	(109,345)	(32,727)	(791,201)	(933,273)
Net balance	125,762,263	9,683,248	4,797,739	140,243,250
Balance at January 1, 2019				
Gross loans	110,485,304	2,317,038	10,902,196	123,704,538
ECL	-	-	(1,571,320)	(1,571,320)
Net balance	100,485,304	2,317,038	9,330,876	122,133,218

	2019	2018
	%	%
Stage 1	89.16	89.31
Stage 2	6.88	1.87
Stage 3	3.96	8.81
	100.00	100.00

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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, 2019				
Gross receivables	7,545,276	-	1,745,282	9,290,558
ECL	-	-	(1,745,282)	(1,745,282)
Net balance	7,545,276	-	-	7,545,276
Balance at January 1, 2019				
Gross receivables	5,696,292	-	1,745,282	7,441,574
ECL	-	-	(1,745,282)	(1,745,282)
Net balance	5,696,292	-	-	5,696,292

	2019 %	2018 %
Stage 1	81.21	76.68
Stage 2	0.00	0.00
Stage 3	18.79	23.32
	100.00	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)

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

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.

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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 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:

	2019 \$	2018 \$
a. Balances held by directors and key management at year-end were:		
Loans and advances	520,286	634,338
Deposits and shares	1,229,147	1,146,954
b. Compensation paid to key management		
Salaries	702,313	576,658

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27. General and administrative expenses

	2019 \$	2018 \$
Advertising and promotions	582,128	399,195
Depreciation	1,013,233	837,352
Governance	167,220	128,711
Honorarium	92,695	101,587
League dues	115,000	115,000
Other Administrative Cost	2,150,473	1,815,129
Personnel Costs	2,948,829	2,469,773
Utilities	468,994	379,629
	7,538,572	6,246,376

28. Effect of change in accounting policy

- (i) IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The Credit Union adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Credit Union elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Credit Union does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilized

The Credit Union adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Credit Union elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

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28. Effect of change in accounting policy (cont'd)

(i) IFRS 16 (cont'd)

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The standard requires the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- a. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- b. Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- c. Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- d. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Credit Union previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Credit Union recognizes right-of-use assets and lease liabilities for most leases.

On adoption of IFRS 16, the Credit Union recognized right-of-use asset and lease liability as follows:

Classification under IAS 17	Right of use asset	Lease liability
Operating lease	<p>Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.</p> <p>All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above</p>	<p>Measured at the present value of the remaining lease payments, discounted using the Credit Union's incremental borrowing rate as at 1 January 2019. The Credit Union's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 7.84%</p>

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28. Effect of change in accounting policy (cont'd)

(i) IFRS 16 (cont'd)

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	As previously presented December 31, 2018	Adjustments	IFRS 16 presentation January 1, 2019
Assets			
Noncurrent assets			
Right-of-use asset	-	463,362	463,362
Liabilities			
Noncurrent liabilities			
Lease liability	-	305,420	305,420
Current liabilities			
Current portion of lease liability	-	153,253	153,253
Equity			
Accumulated surplus	7,438,661	4,689	7,443,350

(ii) Change in Investment Property Cost Model to Fair Value Model

The Credit Union's investment properties are previously recorded and accounted for using the cost model in accordance with IAS 40. During 2019, the Credit Union appraised such properties, resulting to a gain.

IAS 40 allows switching from cost model to fair value model only if the change results in the financial statements providing better, more reliable information and as long as the entity would be able to determine the fair value on a regular basis.

The change from cost model to fair value model of valuation of its investment property is regarded as a change in accounting policy in accordance with IAS 8. This change have been applied retrospectively adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

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28. Effect of change in accounting policy (cont'd)

(ii) Change in Investment Property Cost Model to Fair Value Model

The effect of change in accounting policy in the financial position is as follows:

	Cost Model as at December 31, 2018	Remeasurement	Fair Value Model as at December 31, 2018
Investment Property	2,375,542	793,258	3,168,800
Accumulated depreciation	(915,541)	915,541	-
Other assets	184,211,259	-	184,211,259
Total assets	185,671,260	1,708,799	187,380,059
Total liabilities	166,925,895	-	166,925,895
Accumulated Surplus	5,729,862	1,708,799	7,438,661
Other equity items	13,015,503	-	13,015,503
Total equity	18,745,365	1,708,799	20,454,164

The change in accounting policy does not have any effect on the Credit Union's income statement.

29. Events after the reporting date

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic. The global impact of the outbreak has been rapidly evolving and resulted in many countries instituting quarantines and restrictions on travel and limiting hours of operations for non-essential offices. Such actions have resulted in disruption in global supply chains and is adversely impacting a number of industries in which the Credit Union's stakeholders operate. This situation has presented material uncertainty and risk if the global response to contain COVID-19 escalates. The extent of COVID-19's effect on the Credit Union's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Nevertheless, the Credit Union could experience adverse effect on its business, financial condition, results of operations and cash flows, which may be due to negative impacts to occupancy of its properties, customers and investees inability to fulfill their financial commitments, decrease in values of its investment portfolio, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. The Communal Co-operative Credit Union Limited is currently unable to reasonably estimate the overall impact of COVID-19 on its business and financial results.

RESOLUTIONS 2020

1. INCREASE IN QUALIFYING SHARES

Whereas Article VIII of the Byelaws requires a member to hold forty (40) shares at a par value of \$5.00 each;

And Whereas these Qualifying Equity Shares form part of the Credit Unions' Institutional Capital

And Whereas the Credit Unions have been advised that the Co-operatives Society Act requires an Institutional Capital of 7%

And Whereas on one of the factors for Communal to achieve the stipulated ratio is through Equity Qualifying Shares

Be It Resolved that the permanent Share Holding of members of The Communal be increased to One Hundred (100) per person. And be it further resolved that such permanent shares are non-withdrawable from The Communal

Be It also Resolved that the Byelaws be updated to reflect this change.

2. APPROVAL OF BUDGET

Whereas it is required by the Byelaws Article XI, Section 37 B-8 that this Annual General Meeting receive and approve the budget for the current financial year

And whereas the Budget is presented at the Annual General Meeting for approval on page 36, with the following main categories:

	2020 - \$
Total Income	13,148,240
Total Expenses	12,638,354
Surplus	509,886

Be it resolved that the 2020 Budget, be approved as presented by this Annual General Meeting.

3. APPOINTMENT OF AUDITORS

Whereas it is the requirement of Section 136 (c) that, appointment of Auditors for the credit Union shall be on a rotation basis, and no one auditor can serve the Credit credit Union union for more than five (5) consecutive years

And Whereas the firm of BDO has served The Communal satisfactorily for the past year

Be it resolved that the firm of **BDO Eastern Caribbean** be appointed as auditors for the ensuing year, in order to conform to the regulations

4. PAYMENT OF DIVIDEND

Whereas it is required by the Byelaws Article XXII 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 Co-operative Societies Act of 2011 and as amended in 2017, must be on attainment of Institutional Capital of at least 7% to Total Assets ratio,

Be it resolved that a dividend of 4% be declared on all qualifying shares paid up before and during dividend period of 2019

MINUTES OF THE 37TH ANNUAL GENERAL MEETING OF THE COMMUNAL CO-OPERATIVE CREDIT UNION

THE THEME OF THE AGM IS “CELEBRATING 55 YEARS, FOCUSED ON TRANSFORMATION AND NEW EXPERIENCES.”

Meeting was held on June 19th at the Grenada Trade Center Annex.

The meeting commenced at 4:15pm and the opening session was chaired by Dir. Jude Hector.

The invocation and credit union prayer was led by Fr. Marcin Rumik. He prayed for the success and the sustainability of the Communal Co-operative Credit Union and also for the Board of Directors to be given the wisdom to deal with challenges. He pronounced blessings on the organization.

Ms. Kenita Paul of the Supervisory and Compliance Committee did the welcome remarks to the AGM gathering. She stressed on the need for all of us to take the opportunity to partake in the AGM and to work towards the growth of the credit union.

Greetings were brought by sister credit unions who congratulated the Communal on their success for the last financial year. Mr. William, General Manager of the Grenada Co-operative League also brought commendations to the Communal on its last year and spoke about the need for the credit union to still seek novel opportunities to make successful strides in this market.

Mr. Albert Andall, an official from the Grenada Authority for the Regulation of Financial Institution brought some relevant remarks on the need for regulations to be adhered to strictly.

He stressed the need for the Communal to understand its place in the financial landscape and to be an example especially in the area of meeting the institutional capital.

Our guest speaker, Ms. Sybil Welsh, advisor in the Planning and Project Department in the ECCB spoke about the various changes which are eminent in the financial market. She spoke about the need to plan strategically to take on the various projects which are coming on stream. She asserted the need for the credit unions to come to the state of readiness to be able to implement the programmes the region will undertake in the near future. She urged the credit union to not get left behind and to make advances to meet the needs of the members. She also touted the benefits of the FinTech system which is revolutionizing the way credits unions are doing business.

The vote of thanks was done by Chinnel Andrews, Marketing Officer. Ms. Andrew thanked all of the participants who took the time to enrich the opening ceremony. All of the specially invited guests were thanked for their words of commendations and encouragement to The Communal.

The Opening Ceremony came to a close and the guests were escorted out during a short break to facilitate the transition into the business segment.

The business session of the AGM was chaired by the President of the Board, Mr. Jusceno Jacob who also called the meeting to order. Permission was granted by GARFIN represented by Mr. Denis Felix as we did not have a quorum of three hundred (300) to commence the meeting. There were three hundred and thirty (330) persons in attendance at the commencement of the business meeting.

The President of the Board, thanked the chairman for chairing the opening ceremony. He then introduced the Board of Directors at the head table to the AGM body.

The notice of the meeting and the agenda was read by Shawna Cuffie, secretary of the Board. The chairman then made some changes in the wording of the resolution number 4 changing “to be increased to \$600” to “to be increased to \$ 500” instead. The adoption of the agenda was moved by Jusceno Jacob and seconded by Shelly Ann Benjamin.

MINUTES

A motion was moved by Nash Griffith and seconded by Shelly Ann Benjamin for the minutes to be taken as read.

Corrections to the minutes were made and we proceeded to matters arising from the minutes.

Mr. Edwin Thomas corrected a procedure and addressed the chairman by stating there was no need to adopt the minutes as there were no matters arising.

BOARD OF DIRECTORS REPORT

The Chairman of the Board then requested that a motion be moved to adopt the Board of Director’s Report. This motion was moved by Nash Griffith and seconded by Shelly Mitchell. The report was

present by the President of the Board, Jusceno Jacob. He highlighted some key areas and then opened up for matters arising from the report.

There were some discussions arising from the report as it relates to the training of staff. Mr. Edwin Thomas stated that he noted that the branch in Carriacou was excluded from a particular training reported on page 39. He applauded the training and cited that this was necessary for the growth and development of the organization.

Mr. Thomas raised another point about the growth in the diaspora and requested more information on this reported growth.

Mr. Isaac Bhagwan, in response to the Board of Directors Report raised a concern about the issue of dormant membership as a percentage of the reported total of 24,286 stated in the report. He sought information about the actions of the Board of Directors in terms of pursuing the dormant members to transition them to active members.

Mr. Bhagwan in the course of the meeting, like Mr. Thomas previously, clarified that a motion to adopt must be moved at the end of the item. He also suggested the use of one term “adopt” or “confirm” not both.

Mr. Nash Griffith noted the success of the Brian Campbell Empowerment Programme since its inception. He observed that the persons who would have gone into business for themselves do need to partner with the credit union in their entrepreneurial venture.

SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

A motion was moved for the adoption of the Supervisory and Compliance Report by Ms. Janelle Thomas and seconded by Nash Griffith.

This report was presented by the chairman of the committee, Ms. Theresa Noel. She made some brief remarks to highlight the challenges they face with members' accounts to be in compliance with the regulations. Ms. Noel also educated the AGM on the fines the credit union will face if they are not compliant.

Some major challenges were the members' accounts which were not up to date. On some accounts there were pertinent pieces of information missing and this posed a problem in the completion of the transactions. Even in the area of applying for loans, she stressed the need for our members to submit the needed documentation in a timely manner in order for the applications to be processed. Members were encouraged to submit their IDs and current updated information like addresses and phone numbers. Ms. Noel stressed the need for all members to ensure that their accounts are up to date. The approval of the report was voted on by the majority of the AGM.

CREDIT COMMITTEE REPORT

The motion to adopt the Credit Committee Report was moved by Mr. Edwin Thomas and seconded Mr. Peters.

The report was presented by the chairman of the Credit Committee, Mr. Kurt Hercules. He highlighted some areas which were very challenging for the past year. He too urged the members to comply with the credit union's requests when applying for loans.

He shared that many times loans cannot be processed in timely manner due to the lack of information on the files. This slows down the processing time and makes the member in turn very frustrated. He acknowledged that many members were quite disgruntled about the time taken to process loans. He asserted the need for all members to be knowledgeable on what is

needed to start the loans application. Members were also encouraged to seek information online as well before going to the credit union.

Mr. Martin Bedeau have some stark observations on the growth in membership during the years 2016-2018. He was however was concerned about the under performance in the area of loans. He felt that the credit union's approach in seeking loans and processing them needed to change. He asserted that the Communal's processing time was longer than the other credit unions he surveyed. He shared that we took three months and three weeks on average to approve a loan. He urged the Board of Directors and the management of the credit union to address these challenges.

The General Manager, Lydia Courtney-Francis responded by sharing the credit union's competitive rates of 4.99% on mortgages and even then members are still selecting other institutions to do business with. She also agreed that we needed to be more aggressive in the pursuit of loans.

The chairman, Mr. Jusceno Jacob stressed the need for members to share their experiences with the management and not to wait to do so only at AGM. He stated that once information is given the Board and management would work towards a solution. He again made a plea to members to use the online platform to give feedback to the organization.

Tisha Noel-Grant, member shared her positive experiences with Ms. Boney, Loans Officer in the Grand Anse Branch. She commended her on her outstanding work ethics and effective customer care. On the other hand, she was also quite concerned about the communication process the loans department employs where feedback to members is concerned.

AUDITOR'S REPORT

Adoption of audit was moved by Shelley Mitchell and seconded by Tisha Noel-Grant.

A representative of the firm PKF, Shane Peters read the auditor's report of December 2018. He presented the main areas and gave brief explanations where necessary. He stated that he found no discrepancies in the audit.

TREASURER'S REPORT

A motion was moved for the adoption of the treasurer's report by Lenard George and seconded by Janelle Thomas. The report was presented by the treasurer, Director David Bruno.

Director David Bruno highlighted some crucial aspects of the financial report. He shared on the financial status of the credit union for the past year. He stated the surplus and the areas of growth. He stressed on the growth in the total income for 2018 which was 11% and totaling \$2.4M. Operating expense also increased to \$6.8M.

There was also an increase in the interest to members in the amount of \$4.3M which is a growth of 16%. Therefore net profits after adjustments stood at \$918,000K.

The non-earning assets continued to be high according Deborah Thomas commented. She stated that this must be addressed.

Mr. Lenard George was of the opinion that many investments opportunities are present. He stated that the credit union need to be aggressive in the pursuit of projects to invest in. He again, listed a number of investment ideas and urged the Board of Directors to diligent research and act on the leads suggested.

The Chairman of the Board then requested that the motion to approve the financial statement

for the financial year ended 2018. The majority agreed for the approval.

NOMINATIONS COMMITTEE REPORT

Mrs. Dawne Walker of the Nominations Committee gave a report on the composition of the Board of Directors, Credit Committee and Supervisory and Compliance Committees. She also inform the AGM about the vacancies. The Nominations Committee first expressed thanks to the persons who served and those who agreed to serve.

The elections process was led by Michelle Peters-Alexis of the Grenada Co-operative Credit Union League.

No nominations were made from the floor and were thereby ceased. A motion was moved by Tisha Noel Grant to cease nominations and seconded by Roselyn Telesford.

RESOLUTIONS

The following resolutions were all passed by the ATM body:

Approval of Budget

Whereas it is required by the Byelaws Article XI, Section 37 B-8 to receive and approve the budget for the current financial year

And whereas the Budget is presented at the Annual General Meeting for approval

Be it resolved that the 2019 Budget, be approved as presented by this Annual General Meeting.

Approval of Borrowing Limit

Whereas it is required by the Byelaws Article XI - Section 37 B-14 that the Annual General Meeting must set the maximum borrowing limit for the ensuing year of our credit union;

And whereas The Communal Co-operative Credit Union Ltd will be expanding its investment opportunities that will sustain and grown the credit union,

And whereas such investment will require Communal to borrow in 2019 to purchase or build a property, that will incur Capital Expenditure costs.

Be it resolved that the borrowing limit for the year 2019 be \$20,000,000.00 for investment purposes.

Appointment of Auditors

Whereas it is the requirement of Section 136 (c) that, appointment of Auditors for the credit Union shall be on a rotation basis, and no one auditor can serve the Credit Union for more than five (5) consecutive years

And Whereas the firm of Parnell Kerr Foster (PKF) has served The Communal satisfactorily for more than twenty (20) consecutive years due to the unavailability of a suitable alternative.

Be it resolved that a new auditor, in the firm of **BDO Eastern Caribbean**, on the approved list of the Regulator, be appointed as auditors for the ensuing year, in order to conform to the regulations.


PRESIDENT

Increase in Qualifying Share Capital Per Member

Whereas Article VIII of the Byelaws requires a member to hold 40 shares at a par value of \$5.00 each;

And Whereas GARFIN, the Regulatory Body for Credit Unions has mandated that Institutional Capital be increased from 7% to 10% and has further recommended an increase in Permanent Shares owned by members in order to meet the new standard

And Whereas Communal's Share Capital Ratio has been approximately 6.8% for the past three (3) years, and an increase in such shares will assist in meeting the established Qualifying Shares Ratio

Be It Resolved that the permanent Share Capital of The Communal be increased to \$500.00 per person. And, be it further resolved that such permanent shares are non-withdrawable from The Communal

Be It also Resolved that the Byelaws be updated to reflect this change.

GARFIN representative informed the AGM of the risk of the resolutions being invalid as the regulations stated the seventy-five per cent (75%) of the members must be present to vote on the resolutions. He stated from his observations that many members had left.


SECRETARY

DECEASED MEMBERS 2019

DECEASED MEMBERS	ADDRESS
GAVIN ANTHONY	Woburn, St. George's
RAYMOND ADOLPHUS	Beaulieu, St. George's
HOLAS R. BAPTISTE	Union, St. Mark's
BEVERLY COMMISSIONG	Central Gouyave Estate, St. John's
ESLYN CHARLES	12A 3 Nashville Ave, Toronto ONT, 1M6M1H9
NORMAN CHARLES	1540 Amberlea RD Pickering, ONT, L1V4V3, Canada
BRIAN COX	Calivigny, St. George
LEON CHARLES	Seaton Brown Street, Grenville
WILBUR DEVENISH	Molinerre, St. George
SEPTIMUS DE BOURG	Beaulieu, St. George
ANTHONY EDGEHILL	Hope, St. Andrew
EDMONDA FORSYTH	Victoria, St. Mark
ELVIS FRANCIS	Marian, St. George
EMERALD FRANK	Corinth, St. David
CHARMAINE HAZZARD	St. Paul's, St. George
YVETTE JOSEPH	Archibald Avenue, St. George
STEPHEN JOSEPH	La, Sagesse, St. David
ESIAS JAMES	Brothers Gouyave, St. John
EDWARD JAFFIER	Grand Anse, St. George
FITZ- OSBER HENRY	La Borie St. Paul's, St. George
CHRISTOPHER LORD	St. Paul's St. George
JOY REDHEAD-LICORISH	Perdmontemps, St. David
LAWRENCE LAMBERT	Perdmontemps, St. David
CLIVE MC DONALD	Perdmontemps, St. David
JEROME MC BURNIE	New Hampshire, St. George
JOAN MITCHELL	Independence Avenue, St. George
CARL C. PAUL	Marigot, St. John
AMANDA PETERS	Non Pariel, St Mark
CYNTHIA PHILLIP	Grand Anse, St. George
CLAUDIA PHILBERT	Poschiquito 331, Aruba Netherland Antilles
RYAN PASCALL	Morne Jaloux, St. George
DERECK SLOCOMBE	Marian, St. George
MARLYN SYLVESTER	Happy Hill, St. George
TERESA WICKAM	Westerhall, St. David
THERESA WILLIAMS	Independence Avenue, St. George
LORINA WILSON	1077 New York Ave, Brooklyn, N.Y. 11203, U.S.A
RONEN WALCOTT	The Glean, St. George

BIOGRAPHY OF NOMINEES

BOARD OF DIRECTORS

TROY J. NOEL BA



Troy J. Noel always had a dream to be in the kind of position that allows him to effect positive changes to the members of the Credit Union Movement and Communal is pleased to be giving him this opportunity, which will be a major step in achieving this objective. He has been a member of the Credit Union since 2007.

As a qualified and fellow ACCA, Mr. Noel is Lecturer at the St. George's University.

His Hobbies, Interests, Leisure Activities include Farming, Accounting Services to Micro Small and Medium Sized Enterprises (MSMEs), Quick-Books Workshop facilitation for MS-MEs.

Mr. Noel plays an active role in the Business Students Association (BSAs) Activities of the University.

DAWN WALKER



Mrs. Dawn Walker is a skilled professional with extensive work experience in both the private and public sectors.

She possess a Master in Business Administration from St. George's University; a Bachelor of Science in Management Studies; and a Certificate in Business Administration, from The University of the West Indies.

Mrs. Walker is an effective communicator with proven ability to manage multiple projects while meeting challenging deadlines.

Her excellent interpersonal skills, networking capabilities and civic-minded, as demonstrated through community participation and service will be a benefit to the credit union

Mrs. Walker has served on Committees of the League and previously on the Credit and Supervisory & Compliance Committees of Communal. She has been a member of the Credit Union since 1990.

MICHAEL FRANCOIS



Assistant Commissioner of Police Michael Francois has served the Royal Grenada Police Force for over 30 years. He has risen through the ranks over the years through his dedication to service, honesty, and love for people and country.

A former board member, Mr. Francois served the Communal for six (6) years and was the Chairman and President of the Board of Directors. He has been a member of the Credit Union since 2000.

No doubt both Mr. Francois's current career in service to people and his past service to Communal make him a suitable candidate to serve on the Board of Directors and will serve the organisation well.

SUPERVISORY & COMPLIANCE COMMITTEE

CLINT ROBERTS



With 26 years work experience and over 16 years senior management experience in the field of accounting & finance, audit and administration, Mr. Clint Roberts has developed a sound knowledge of various systems and processes while working in retail & distribution; manufacturing; rice milling; mining; security; insurance and the utility sectors.

In his current role as Financial Controller and a member of the senior management team of a large retail store in Grenada, Mr. Roberts has developed and maintained professional relationship with colleagues & other stakeholders, while making integral contributions to the development and maintenance of various systems, business processes, policies, and procedures that are critical to the organization's success. These attributes will serve Communal well. He has been a member of the Credit Union since 2008.

Mr. Roberts is a fellow of ACCA and is currently studying for an MSc in MA Finance & Investment and is awaiting final results.

CREDIT COMMITTEE

LISA GRAPPY-JAMES



Mrs. Lisa Grappy-James has an extensive career in financial services sector. Having worked in the Sector for over 18 years, she is ready to make a contribution through service in what she considers to be a people's organisation.

Mrs. James possesses a Bachelors Degree (Hons) in Management Studies and a Certificate in Risk Analysis and Management from the University of the West Indies. She has also received extensive training in Anti-Money Laundering and Counter Terrorist Financing.

Her career spans areas of Legal Secretary, Securities, Personal & Commercial Credit, Account Management, to her current role of Insurance Advisor.

She brings a wealth of knowledge and experience to Communal and it is without hesitation that she has been recommended to serve on the Credit Committee. She has been a member of the Credit Union since 2007.

NOMINATION FORM

THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD.

Board of Directors:

- A. Michael Francois
- B. Dawn Walker
- C. Troy Noel
- D. _____

Supervisory Committee:

- E. Clint Roberts
- F. _____

Credit Committee:

- G. Lisa Grappy-James
- H. _____



HEAD TABLE, CARRIACOU OFFICE RELOCATION CEREMONY



PRESIDENT OF THE BOARD OF DIRECTORS MR. JACOB & GENERAL MANAGER MRS. LYDIA COURTNEY-FRANCIS



BRANCH SUPERVISOR MRS. CASSANDRA COX-PETERS (L)
MS. CHRISTINE HORSFORD, FIRST COMMUNAL REPRESENTATIVE/EMPLOYEE, CARRIACOU BRANCH (C) & MRS. LYDIA COURTNEY-FRANCIS GENERAL MANAGER (R)



PRESENTATION TO MS. CHRISTINE HORSFORD, CARRIACOU RELOCATION CEREMONY



MASTER OF CEREMONIES MS. SHAWNNA THOMAS-CUFFIE; & GUESTS OF CARRIACOU RELOCATION CEREMONY



MR. AUGUSTUS ADAMS & MS. CHRISTINE HORSFORD



CARRIACOU OFFICE



PRESIDENT ON THE BOARD OF DIRECTORS MR. JUSCENO JACOB GIVING BRIEF REMARKS



MRS. CASSANDRA COX-PETERS BRANCH SUPERVISOR GIVING REMARKS



FIRST TRANSACTION AT NEW LOCATION



RIBBON CUTTING BY MR. AUGUSTUS ADAMS AND MS. CHRISTINE HORSFORD, FIRST COMMUNAL REPRESENTATIVE/EMPLOYEE, CARRIACOU BRANCH



CARRIACOU OFFICE ENTRANCE



MANAGEMENT, MR. AUGUSTUS ADAMS & MS. CHRISTINE HORFORD FIRST COMMUNAL REPRESENTATIVE, CARRIACOU AT RIBBON CUTTING



CULTURAL PERFORMANCE BY HARVEY VALE GOVERNMENT AT CARRIACOU BRANCH RELOCATION CEREMONY



GENERAL MANAGER OF THE GRENADA CO-OPERATIVE LEAGUE, MR. WILLIAM JOSEPH, GIVING REMARKS AT CARRIACOU BRANCH RELOCATION



HEAD TABLE, RODNEY MAURICETTE MEMORIAL SCHOLARSHIP 2019



14 RECIPIENTS REPRESENTING 8 SECONDARY SCHOOLS



RECIPIENTS OF THE RODNEY MAURICETTE MEMORIAL SCHOLARSHIP WITH COMMUNAL REPRESENTATIVES MOTIVATION SPEAKER, MR. ROBERT PHILLIP



PRESENTATION BY MR. ROBERT PHILLIP TO MEMORIAL SCHOLARSHIP RECIPIENT



ST. DOMINIC R.C. SCHOOL SPORTS 2020 VICTRIX LUDUROM, SPONSORED BY COMMUNAL



PAST PARTICIPANT OF THE BRIAN CAMPBELL EMPOWERMENT PROGRAM SHARING HER TESTIMONY.



STUDENTS OF THE HARVEY VALE GOVERNMENT SCHOOL



CAKE PASTRY DISPLAY AT BRIAN CAMPBELL PROGRAM CLOSING CEREMONY



MASTERS OF CEREMONIES, DIRECTOR SHAWNNA THOMAS-CUFFIE WITH INVITEES AT CARRIACOU RELOCATION CEREMONY



PARTICIPANT FROM FURNITURE MAKING CLASS/GROUP



PARTICIPANT OF THE FLORAL ARRANGEMENT CLASS/GROUP



PRESENTATION OF CERTIFICATE TO PARTICIPANT OF THE BRIAN CAMPBELL PROGRAM



DISPLAY & PARTICIPANTS OF THE GARMENT CONSTRUCTION



FLORAL ARRANGEMENT PARTICIPANTS AND TUTOR



PRESENTATION TO COMMUNAL FROM FLORAL ARRANGEMENT PARTICIPANT



PARTICIPANTS AT THE CLOSING CEREMONY BRIAN CAMPBELL PROGRAM



MR. CADORE TUTOR (C) AND PARTICIPANTS OF AC & REFRIGERATION



STAFF INVOLVEMENT IN THE PROGRAM



PRESENTATION TO GENERAL MANAGER, MRS. COURTNEY-FRANCIS FROM THE CAKE & PASTRY CLASS/GROUP



MR. LEWIS TUTOR (C) AND PLUMBING PARTICIPANTS



PARTICIPANTS OF CREDIT UNION DAY 2019 PEARLS AIRSTRIP



MEMBERS CELEBRATING IN THE JUBILEE OF CREDIT UNION DAY 2020



COMMUNAL CELEBRATING 55 YEARS



EXPRESSIONS OF JOY FOR BEING A MEMBER OF THE CREDIT UNION



CREDIT UNION DAY MARCH PAST



CHEER LEADERS ON PARADE CREDIT UNION DAY



& Hubbard's
GET A GRIP, SAVE THE DRIP



WATER

For

LIFE

FOR AS LOW AS

\$100 OR **\$2.50**

PER MONTH

FOR AS LOW AS

PER DAY

DON'T BE WITHOUT WATER*

NO DOWNPAYMENT

WE TRANSPORT THE WATER HARVESTING SYSTEM



440-1755



@COMMUNALCOOPERATIVECREDITUNION



@COMMUNALCREDITUNION

*Subject to weather conditions

Why Update Your Account?

- + To help us deliver better service
- + To better protect you from fraud
- + To make your credit union AML/CFT compliant
- + Faster communication to you

Is Your Account Updated?

How to Update Your Account?

- + **Two valid pieces of I.D.**
(Passport, State I.D, Driver's License, NIS Card)
- + **Proof of address**
(Utility Bill, Lease Agreement, Bank Statement, Hire Purchase A/c Statement)
- + **Proof of income**
(A Job Letter, Contract or Salary Slip signed by employer)
- + **If Self-Employed** – Original Business Registration Certificate, Statement of Particulars and application for registration



The Communal Co-operative Credit Union Ltd.

Halifax Street, St. George's, Grenada W.I

Tel: (473) 440-1755/435-2309 Fax: (473) 440-7545 N. American Line: (315)368-0504

Email: comcreditunion@thecomunalcu.com Website: www.thecomunalcu.com

CONTACT INFO