



# SKCU

ST. KITTS CREDIT UNION



FINANCIAL RESILIENCE FOR A  
SUSTAINABLE AND INCLUSIVE  
TOMORROW

# ANNUAL REPORT 2023



# PROFILE

|  |   |
|--|---|
| Registered Name  | St. Kitts Co-operative Credit Union Limited   |
| Trade Name:  | St. Kitts Credit Union  |
| Date of Registration as the Basseterre Co-operative Credit Union   | 1 July 1982   |
| Date of Name Change to the St. Kitts Co-operative Credit Union Ltd | 11 March 1986   |
| Membership as of the end of 31 December 2023                       | 20,131  |
| Share Capital  | \$13,475,806  |
| Total Assets   | \$243,733,475   |
| Total Loans  | \$154,834,225   |
| Total Deposits   | \$188,361,649   |
| Total Comprehensive Income   | \$3,194,428   |
| Number of Employees  | 50  |
| Insurers   | TDC Insurance Co Ltd.<br>National Caribbean Insurance Co Ltd<br>Pan American – Life Insurance Ltd.<br>NAGICO Insurances Ltd.<br>CUNA Caribbean Insurance      |
| Lawyers  | John Brookes Law<br>Dentons Delany<br>Hobson-Newman & Amritt  |
| Auditors   | Grant Thornton  |
| Software Providers   | Millennial Vision Inc and Aurora Advantage  |
| Bankers  | St. Kitts-Nevis-Anguilla National Bank Limited<br>Republic Bank (EC) Limited<br>Nevis Co-operative Credit Union Ltd.<br>Police Co-operative Credit Union Ltd. |
| Regulators   | Financial Services Regulatory Commission (FSRC)   |

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**All amounts are expressed in Eastern Caribbean Dollars**

P.O. Box 713, Bladen Commercial Development, Wellington Road & New Street, Basseterre, St. Kitts  
Tel: (869) 465-2272 Email: [info@skccu.com](mailto:info@skccu.com) website: [www.skccu.com](http://www.skccu.com)



## VISION

To build generational Financial partnerships on the foundation of exceptional customer service.

## MISSION

Empowering our members to improve their quality of life through holistic Financial engagement.

# Credit Union Prayer

**Lord**, make me an instrument of Thy peace

Where there is hatred, let me sow love

Where there is injury, pardon

Where there is doubt, faith

Where there is despair, hope

Where there is darkness, light

Where there is sadness, joy.

**O Divine Master**, grant that I may not

So much seek to be consoled as to console

To be understood as to understand

To be loved as to love

For it is in giving that we receive

It is in pardoning that we are pardoned

And it is in dying that we are born to eternal life.

*Prayer of Saint Francis of Assisi*



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# STANDING ORDERS

1. A member may only address the meeting through the Chairperson and must stand if present or raise his/her hand on the virtual platform when addressing the Chairperson.
2. Speeches are to be clear, concise, and relevant to the subject before the meeting.
3. A member shall only address the meeting when called upon by the Chairperson to do so, after which he shall immediately take a seat or lower his/her hand.
4. A member shall not speak twice on the same subject except:
  - The mover of a motion, who has the right to reply.
  - In order to object or explain (with the permission of the Chair)
5. The mover of a procedural motion (adjournment, lay on the table, motion to postpone) has no right to reply.
6. No speeches are to be made after the “Question” has been put and carried or negated.
7. A member raising a “Point of Order” must state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Order”.)
8. A member shall not call the Chair to order and should not “Call” another member “To Order” but may draw the attention of the Chair to a “Breach of Order”.
9. A “Question” should not be put to the vote if a member desires to speak on it or to move an amendment to it, except that a procedural motion may be moved at any time.
10. Only one amendment should be put before the meeting at any given time.
11. When a motion is withdrawn any amendment to it fails.
12. The Chairperson has the right to a “Casting Vote.”
13. If there is equality of voting on an amendment and if the Chairperson does not exercise his casting vote the amendment is lost.
14. Provision is to be made for protection by the Chairperson from vilification (personal abuse).
15. No member shall impute improper motives against another member.
16. Special guidelines will be given by the Chairperson to those attending virtually.

## NOTICE OF THE 41<sup>ST</sup> ANNUAL GENERAL MEETING

Dear Member

Notice is hereby given that the Forty-First Annual General Meeting of the St. Kitts Credit Union (SKCU) will be held at **St. Kitts Marriott Resort** and via the Zoom platform on **Tuesday, 21 May 2024 at 5:00 pm.**



.....  
**Tashna Powell Williams**  
Secretary

### AGENDA

#### General Session

1. Call to Order
2. Invocation
3. National Anthem
4. Welcome Remarks
5. Feature Address: Theme "**Financial Resilience for a Sustainable and Inclusive Tomorrow**"

#### Business Session

6. Ascertainment of Quorum
7. Minutes of 40<sup>th</sup> Annual General Meeting, Amendments, Matters Arising and Adoption
8. Presentation and Acceptance of Reports
9. Auditors' Report and Presentation and Acceptance of Financial Statements
10. Treasurer's Report and Declaration of Dividends
11. Setting Maximum Liability Ceiling
12. Appointment of Auditors
13. Question and Answer Session
14. Election of Officers
15. Acknowledgement of Retiring Volunteers
16. Any Other Business
17. Vote of Thanks
18. Adjournment

**(869) 465-2272 / 9014 / 2571 / 466-8218**

[info@skccu.com](mailto:info@skccu.com)

[www.skccu.com](http://www.skccu.com)

**Bladen Commercial Development  
Basseterre, St. Kitts,**

**SKCU**  
ST. KITTS CREDIT UNION





# MINUTES OF 40<sup>TH</sup> ANNUAL GENERAL MEETING

**HELD ON TUESDAY, 25th APRIL 2023**

**AT THE ROYAL ST. KITTS HOTEL CONFERENCE ROOM, FRIGATE BAY  
ST. KITTS**

Minutes of 40<sup>th</sup> Annual General Meeting (AGM) of the St. Kitts Co-operative Credit Union (SKCCU) Ltd convened at the Royal St Kitts Hotel Conference Room, Frigate Bay, on Tuesday, 25th April 2023.

The following was the proposed Agenda:

1. Call to Order
2. Invocation
3. National Anthem
4. Welcome Remarks
5. Feature Address: Theme **“Creating Lasting Value: A Legacy of Financial Strength”**
6. Ascertainment of Quorum
7. Minutes of 39<sup>th</sup> Annual General Meeting, Amendments, Matters Arising and Adoption
8. Presentation and Acceptance of Reports
9. Auditors’ Report and Presentation and Acceptance of Financial Statements
10. Treasurer’s Report and Declaration of Dividends
11. Setting Maximum Liability Ceiling
12. Appointment of Auditors
13. Launch of New Website
14. Question and Answer Session
15. Election of Officers
16. Acknowledgement of Retiring Volunteers
17. Any Other Business
18. Vote of Thanks
19. Adjournment

## **GENERAL SESSION**

### **ITEM 1: CALL TO ORDER**

The Annual General Meeting of the St. Kitts Co-operative Credit Union (SKCCU) was called to order at 5:35 pm by Mr. Alex Straun, President of the Board of Directors and Chairperson of the meeting (hereafter also referred to as “the Chair”).

### **ITEM 2: INVOCATION**

Archdeacon Isaiah Phillip, Parish Priest of St. James and St. Thomas Anglican churches in Nevis and Archdeacon of the Central Archdeaconry (the Federation of St. Kitts-Nevis) in the Anglican Diocese of North Eastern Caribbean and Aruba (NECA) invoked God’s blessings on the proceedings. Afterwards, the Credit Union Prayer was recited in unison.

### **ITEM 3: NATIONAL ANTHEM**

A recorded version of the National Anthem of Saint Kitts and Nevis was played. This was followed by a minute of silence in honor of Ms. Anita Morton, First President of the SKCCU; and fallen staff member, Ms. Sandrene Benjamin.

### **ITEM 4: WELCOME REMARKS**

Mr. Alex Straun, President of the St. Kitts Co-operative Credit Union as Chair of the meeting, presented opening remarks. He expressed gratitude to the members present in person and those joining virtually for their commitment to our society. He provided assurance that the Board of Directors and Management of the SKCCU were resolute in their determination to lead the organisation into a prosperous future; recognizing it is not just about savings but about creating lasting value. He reminded the meeting that the credit union philosophy is people helping people; and that, as members, it is our collective responsibility that enables the credit union to sustain the theme, ‘creating lasting value; a legacy of financial strength’.

### **ITEM 5: FEATURE ADDRESS- “Creating Lasting Value: A Legacy of Financial Strength”**

Ms. Diana Williams, Human Resources and Corporate Services Manager of the St. Kitts Co-operative Credit Union, introduced the guest speaker, Mr. Sydney Newton. Mr. Sydney Newton is the General Manager of the Nevis Cooperative Credit Union Ltd. He is a certified anti-money laundering specialist, as well as a certified private development educator. He is a longstanding credit unionist. He has provided leadership in the credit

union movement in various capacities at the national, sub-regional and regional level. He has served as the President of the Nevis Cooperative Credit Union Ltd, President of the St. Kitts and Nevis National Cooperative League, Director and Treasurer of the Caribbean Confederation of Credit Unions, Chairman of the Eastern Caribbean Cooperative Central Limited, President of the Leeward Islands Credit Union Managers Association; and First Vice-President of the Caribbean Credit Union Managers Association. He is also a cricketing enthusiast and a musician who plays the guitar.

Mr. Newton began his address by congratulating the SKCCU on its achievement of the 41 years of operation. He paid tribute to Ms. Anita Morton as a fellow long-standing credit unionist prior to her death. She was also a founding member of the Civil Service Credit Union, in Nevis; which later became the Nevis Credit Union in 1970. He then delivered an inspiring address which highlighted the nature of credit unions as distinct from banks. He also charted the history of the credit union movement in general from the first credit union which began 159 years ago in Germany; and the journey of the SKCCU in particular in creating value in the lives of its members. He encouraged the SKCCU as the largest credit union in the Federation, to build on the following six pillars when building its legacy of lasting value:

- (i) Inclusion. Providing equal access to resources to those who may be marginalized; and avoiding discrimination on basis of race, social political or religious grounds but promotes diversity in all areas of business.
- (ii) Strive for wealth creation. Encourage members to save and invest in different assets so that their portfolio is diversified and strengthened.
- (iii) Financial literacy. Assisting members with opportunities to grow in skills and knowledge that allow them to navigate the financial system.
- (iv) Innovation and change. Actively shaping the future of the credit union between goals objectives and needs of its members within the market.
- (v) Collaboration to achieve a common business purpose. He highlighted the MOU with the Nevis credit union where members of both can come to either credit union and do business as though they were members of that credit union.
- (vi) Service Excellence. Focus on meeting and exceeding customer expectation, for it is the human touch that sells products.



He closed by exhorting the SKCCU, that when shaping the legacy, to remember that unity is strength; that by working together with other cooperatives, government and other partners can make a big difference in our organisations and communities.

#### **ITEM 6: ASCERTAINMENT OF QUORUM**

Mrs. Shirmel Edwards, of the office of the Registrar of Cooperatives, confirmed that the number of members present in person and online constituted a quorum for the Annual General Meeting. She declared the Business Session of the Annual General Meeting open.

#### **BUSINESS SESSION**

#### **ITEM 7: MINUTES OF THE 39<sup>TH</sup> ANNUAL GENERAL MEETING, MATTERS ARISING AND ADOPTION**

The Minutes were previously circulated via the SKCCU website and media platform. Mr. Hqusac Huggins, Assistant Secretary led the meeting through the pages for the identification of any amendments. The following amendments were identified:

Page 2: The motion was moved by Mr. Christopher and not Mr. Christmas.

Page 8: Item 12. Question No. 3, the correct spelling should be 'Emileta' Warner.

The minutes were accepted as amended on a motion moved by Mr. Leonardo A. Christmas and seconded by Ms. Emileta Warner Paul; and carried by majority without objection.

Matters arising from the Minutes of the 39<sup>th</sup> Annual General Meeting:

1. Mr. Leonardo Christmas commented that there was a delay in payment of dividends. The Chair responded that dividend, if approved will be paid in a timely manner.
2. The Chair presented to the meeting a brief outline of the SKCCU's plan to facilitate a share market for members seeking to buy and sell shares. His presentation outlined that the purpose of the share market would be to assist members who desire to sell shares but are unable to find a buyer, and those interested in buying additional shares. Share exchanges would be facilitated. The intention is to automate this process, with a one-off transaction fee upon successful transfer to the other member.

## **ITEM 8: PRESENTATION AND ACCEPTANCE OF REPORTS**

Mr. Alex Straun indicated that the Reports were circulated prior in the AGM Booklet as well as online. He gave a summary of the Report of the Board of Directors, as circulated.

Mr. Anthony Wiltshire, Chairperson of the Credit Committee presented the summary of the Report of the Credit Committee as circulated. The Chair asked the meeting if there were any questions.

Ms. Desiree Connor, Chairperson of the Supervisory and Compliance Committee presented the highlights of the Report of the Supervisory and Compliance Committee, as circulated.

There were no questions with regard to the Reports from the floor or online.

The Chair proposed that the following reports be considered for acceptance as circulated.

- i. Board of Directors Report**
- ii. Credit Committee Report**
- iii. Supervisory and Compliance Committee Report**

Mr. Leonardo Christmas moved a motion, seconded by Mr. Dave Browne that the Report of the Board of Directors be accepted. There being no dissent, the motion was carried by majority by raising of hands, and the Report of the Board of Directors was accepted as circulated.

Mrs. Emileta Warner-Paul moved a Motion that the Report of the Credit Committee be accepted as circulated. The motion was seconded by Ms. Jevanel Caines, and carried without dissent.

Ms. Jevanel Caines moved a motion, seconded by Mr. Dave Browne, that the Report of the Supervisory and Compliance Committee be accepted as circulated. There being no dissent, the motion was carried by the majority of raised hands.

## **ITEM 9: REPORT OF THE EXTERNAL AUDITORS AND PRESENTATION AND ACCEPTANCE OF FINANCIAL STATEMENTS**

The Independent Auditor's Report was previously circulated. Lisa Roberts of Grant Thornton indicated they issued an unqualified opinion in relation to the financial statements, which means they are fairly stated in all material respects. The Chair enquired whether there were any questions for the Auditors. There were no questions. Ms. Monica Hodge moved a motion, seconded by Ms. Johanna Collins, that the Report of the External Auditors be accepted as circulated. There being no dissent, the Motion was carried unanimously as indicated by the raising of hands.

## **ITEM 10: TREASURER'S REPORT AND DECLARATION OF DIVIDENDS**

Mrs. Ikeisha Esdaille-Turo, Treasurer, presented the following financial highlights from the Treasurer's Report for the year ended 31<sup>st</sup> December 2022:

### **Balance Sheet Items:**

**Total Assets:** In 2022 the SKCCU recorded a growth in total assets of 8.6% (EC\$16.9m). In the previous year, assets grew by 8.8% (EC\$16.6m). The 2022 growth was due primarily to an increase in loans (from EC\$132.2m in 2021 to EC\$146.1m in 2022). Total Assets of (EC\$221.6m) represents growth of 47% over the past five years.

**Loans to Members:** Loans to members grew by 10.5% (EC\$13.8m) compared to 18.3% (EC\$20.6m) in 2021. Loans represent 65.9% of the total assets of the Credit Union.

**Liabilities:** The ratio of members' deposits to total assets is 78.9%. Members' deposits grew by 7.6% (EC\$12.4m) compared to 9.04% (EC\$13.4m) in the previous year.

**Member's Equity:** Members' equity increased by **5.26%** in 2022. Members' shares increased by 13.6% or EC\$1,427,144 compared to an increase of 11.03% or EC\$1,041,225 in 2021.



**Income Statement:** Operating Income increased by **11.8% (EC\$1.3m)** compared to an increase of **10.2% (EC\$1.1m)** in 2021. Interest income from loans being the main revenue stream increased by **13.5%**. Other income increased by **6.9%**. Operating expenses increased by **32.2% (EC\$2.7m)** in **2022** compared to **an increase of 34.1%**, or **EC\$2.2m** in **2021**. The main contributor to the **2022 increase** was the Expected Credit Losses which increased by **78.9% (EC\$2m)**.

**Delinquency:** The rate of delinquency increased from 5.2% as at 31<sup>st</sup> December 2021 to 12.9% as at 31<sup>st</sup> December 2022. In December 2022 one hundred and forty-one loans (141) with a total value of EC\$2,453,596 were charged off compared to one hundred and eleven loans valuing EC\$1,419,125 at the 31<sup>st</sup> December 2021. Collection efforts on these loans will continue.

**Declaration of Dividends:**

The Treasurer proposed, based on the financial reports the recommendation of the Board of Directors, a cash dividend of six (6%) percent.

**ITEM 11: SETTING MAXIMUM CEILING LIABILITY:**

The Treasurer indicated that the Board of Directors recommended that the maximum liability ceiling remains at EC\$5M, which is the maximum the Board may borrow without special approval from the members. The Chair invited any questions in relation to the Treasurer's Report.

**QUESTIONS AND ANSWERS IN RELATION TO THE FINANCIAL REPORTS:**

**Questions by Mr. Melvin Edwards:** Mr. Edwards congratulated the Board on the growth of the organization and on the timely AGM. He posed the following questions:

**Question No. 1:** Is there any reason why the Treasurer's report was not circulated prior to the AGM as was the other reports?

**Answer by Mr. Alex Straun:** The Chair responded that the audited financial statements were circulated prior, and that the Treasurer's report is just a highlight of the information presented in the audited financial statements. He indicated that the organisation would endeavour to circulate the report prior to the AGM in the future.

**Question No. 2:** He noted that the surplus dropped from EC\$2.8m to EC\$1.5m. In addition to getting a clarification as to what will be done to correct this going forward, he queried the provision for bad debt. He referred to the External Auditor's report, the Credit Committee Report and noted there appeared to be some aging loans. What is the strategy for loan underwriting given that the value of the losses has write-off provisions that has affected the surplus?

**Answer by Mr. Alex Straun:** He indicated that because of the way loans are paid, ageing may be affected. He pointed to the impact of the end of the COVID-19 moratorium on the ageing and ECL of loans. He indicated that adequate resources are being provided internally to follow up on these loans. We are steadily undertaking training and buttressing loan underwriting.

**Question No. 3:** We spoke of being paperless, but the cost of operating expenses shows an increase. Also, the chart shown by the Treasurer showed that delinquency is on the rise to double digits. Is this caused by the impact of COVID or are there also some issues with risk-based approach as well as loan underwriting?

**Answer by Mr. Alex Straun:** The Chair thanked Mr. Edwards for the question and responded as follows: He indicated that the operating expenses included a number of items, not just stationery and that every effort was being made to control expenditure in general. Training in loans underwriting is continuous. With respect to the delinquency, he indicated that in addition to the impact of COVID and the removal of the moratorium, there was also a factor of the time when loans are paid. He explained that the disaggregated data shows some end of period exaggerations especially in the 1-30 day delinquency category. He also indicated that training in loans underwriting is continuous.

Mr. Edwards commended the Board and management for the information shared, and the fact that the dividend is in the form of cash.

**Comment by Mr. Leonardo Christmas:** Mr. Christmas commented that members needed to be mathematically and computationally savvy in their online transactions, loan transactions, principal and interest in assessing their loans. He recommended that the SKCCU educate the members so they can be more computational. He indicated that he appreciated the transparency in sharing the delinquency. He ended by thanking the Board for the dividend declaration of 6 %.

**Answer by Mr. Alex Straun:** The Chair recognized the intervention being made in relation to the member education. He also commented that members need also to be cognizant of the time when loan payments are made. He reminded members that interest is applied to the reducing balance and that a delay in monthly payment causes the interest to be applied to a higher balance rather than what would have been applicable had the monthly loan payment been made on time. This way you control the interest paid.

**Answer by Mrs. Janet Harris, Chief Executive Officer (CEO):** The CEO added that management is concerned about the delinquency, and we are concerned with the members understanding the implications of taking out loans. She also stated that the organisation is doing more training of its loan officers and that the SKCCU is moving in the direction that loan officers will also act as advisers to assist members in making these decisions.

**Question by Mr. Davian Trotman:** Mr. Trotman enquired about the loan categories that contribute to delinquency.

**Answer by Mr. Alex Straun:** The Chair indicated he did not have delinquency figures before him, but from recollection, these are largely the consumer loan categories. He recommended loans be taken for self-actualization and development purposes.

**The following motions were tabled in respect of the Financial Reports and related matters:**

- Report of the Treasurer:

Mr. Melvin Edwards moved a motion that the Report of the Treasurer be accepted. The motion was seconded by Mr. Dave Browne. By a vote taken by show of hands, the motion was carried by majority and without objection.

- Liability Ceiling:

Mr. Leonardo Christmas moved a motion that the liability ceiling of the SKCCU remained fixed at EC\$5m. The motion was seconded by Ms. Emileta Warner-Paul. On a vote taken by show of hands, the motion was carried by majority and without objection.

- Dividend:

Mrs. Emilita Warner Paul moved a motion that the recommended cash dividend of six percent (6%) be accepted. The motion was seconded by Ms. Jevanel Caines; and was carried without objection by the majority of members present indicating by show of hands.

## **ITEM NO 12: APPOINTMENT OF THE EXTERNAL AUDITORS**

The Chair indicated that the Board of Directors recommended the retention of the firm Grant Thornton as external auditor for the coming financial year. The Chair called for a motion to this effect, which was moved by Ms. Jevanel Caines and seconded by Mr. Davian Trotman. The members voted by show of hands and the motion was carried without objection.

## **ITEM NO 13: LAUNCH OF NEW WEBSITE.**

The Chair introduced the new SKCCU website. A video was played highlighting the new features.

**Item No. 14 was already taken after the Treasurer’s report. The Chair proceeded to Item No 15.**

## **ITEM NO 15: ELECTION OF OFFICERS.**

The Chair invited Mrs. Sheila Cable, the Chairperson of the nominating committee, to the lectern. In accordance with Article XIII, section 41 (1) of the By-Laws of the St Kitts Co-operative Credit Union (LTD, the Board of Directors appoints a Nominating Committee to nominate and accept nominations for each vacant position on the Board of Directors and Committees. This ensures continuity once members have retired or otherwise vacated their posts.

The following persons were approved by the Board to serve on the Nominating Committee:

|                    |                         |
|--------------------|-------------------------|
| Mrs. Sheila Cable  | Member/Chairperson      |
| Mrs. Shirmel Woods | Director                |
| Mrs. Janet Harris  | Chief Executive Officer |

Mrs. Cable presented the nominees and explained the process. On behalf of the Nominating Committee, she expressed gratitude to President Alex Straun and Director Cleon Bradshaw, whose tenure has come to an end. She also thanked Mrs. Willa Liburd of the Supervisory Committee and Ms. Joan Franks of the Credit Committee for their service to the organization and wished them success in their future endeavours.

Mrs. Vadeesha John-Brookes of Johnson and Associates Law Firm, Attorneys for the SKCCU then oversaw the election of Volunteers. There were no additional nominations from the floor. The nominated volunteers were confirmed as follows:

**Board of Directors:**

Mr. Edward Gift was re-elected to serve a second three-year term

**Credit Committee:**

- Ms. Meisha Michael was elected to fill a vacancy created by the resignation of Ms. Joan Franks.
- Mr. Anthony Wiltshire was re-elected to serve a second term.

**Supervisory and Compliance Committee:**

- Mrs. Velda Irish-Browne was elected to fill a vacancy created by the retirement of Ms. Willa Liburd.
- Mrs. Y. Pamela Osborne was re-elected to serve a second term.

**ITEM 16: ACKNOWLEDGEMENT OF RETIRING VOLUNTEERS**

The Chair invited Director Ivor Keithly Phillip and Ms. Isilin Lewis, Executive Assistant to present tokens to the retiring volunteers. Mr. Alex Straun and Mr. Cleon Bradshaw of the Board of Directors; and Mrs. Willa Liburd of the Supervisory and Compliance Committee were retiring from their respective positions as volunteers of the St. Kitts Cooperative Credit Union.

Mr. Phillip commended the retirees for their dedicated years of service. He recognized Mrs. Liburd for her service to the SKCCU, in different capacities. He recognised, Mr. Cleon Bradshaw’s growth in the organization and commended his initiative during the COVID-19 pandemic that spearheaded the first online Annual General Meeting of the SKCCU. He commented that over the past six years the St. Kitts Cooperative Credit Union was led by a champion in the person of Mr. Alex Straun, who brought exemplary leadership and a high level of professionalism to the SKCCU.



Tokens of appreciation were presented to Mrs. Liburd and Mr. Bradshaw by the Chair, Mr Alex Straun, Mrs. Shirmel Woods, Director, presented the token of appreciation to Mr. Alex Straun.

Mr. Phillip thanked Archdeacon Phillip who was presented with a token by the Chair.

#### **ITEM 17: ANY OTHER BUSINESS**

1. Director Cleon Bradshaw conducted the selection for the Credit Union Academic Scholarships, which was done by a random draw. The recipients were Ke’Tashee Ward for the primary school category, and Dillon Franks for the high school category.
2. Mrs. Janet Harris, CEO paid tribute to long time employee Ms. Sandrene Benjamin, who died on 27th March 2023. She invited the meeting to view a video tribute created by the staff and volunteers. She ended with a line from a poem by Rabindranath Tagore, “Say not in grief she is no more; but say in thankfulness that she was”. CEO Harris then presented a scholarship to the young daughter of Ms. Benjamin, Kalia Warner. The scholarship was awarded for the duration of her high school years.

#### **ITEM 18: VOTE OF THANKS**

The Chair expressed a special thanks to Mr. Sydney Newton for sharing his insight and passion about the Credit Union movement and presented him with a token of appreciation. CEO Harris made the following announcements:

- The dividends had already been posted to member accounts;
- The organization would be pursuing a group medical health insurance. A survey would be sent out to determine the interest of members.

Ms. Akilliah Stanley, member of the AGM Planning Committee and Human Resources Officer at the SKCCU then delivered the vote of thanks.

## ITEM 19: ADJOURNMENT

The meeting was adjourned on a motion moved by Ms. Sanya Isaac and seconded by Ms. Keisha Thomas. With no dissent, the motion was carried. The Annual General Meeting was adjourned at 8:12pm.



**Alex Straun**  
President



**Tashna Powell-Williams**  
Secretary



# OPERATING PRINCIPLES OF THE CREDIT UNION

## Democratic Structure

- **Open and Voluntary Membership** – The membership of this Credit Union is voluntary and open to everyone who is a citizen of the Federation of St. Christopher and Nevis who can make use of the institution’s services and who is willing to accept the responsibilities of being a member.
- **Democratic Control** – Each member of the Credit Union has equal rights to vote meaning one member, one vote, regardless of the amount of shares owned. It is the right of the member to participate in the decisions affecting the Credit Union, without regard to the amount of savings or deposits or volume of business. The Credit Union is self-governing, within the framework of the law and regulation, recognizing that the Credit Union, as a cooperative enterprise, will serve and be controlled by its membership.
- **Non-Discrimination** – The Credit Union does not discriminate on any grounds be it race, orientation, nationality, sex, religion or politics.

## SERVICE TO MEMBERS

- **Distribution to Members** – The aim of the Credit Union is to encourage financial prudence through savings and provide loans and other products and services; a fair rate of interest is paid on savings and deposits, within the capability of the Credit Union. The surplus generated from the operations of the Credit Union after covering the cost of finance, operating costs, provision for loan losses and ensuring appropriate capital reserve levels, will belong to and benefit all members without exception. This surplus may be distributed among members as dividends on shares owned, or through other means permitted by the Act, as well as additional services beneficial to the members.

- **Building Financial Stability** – A prime concern of the Credit Union is to build the financial strength, including adequate reserves and internal controls that will ensure continued service to membership. We do not only wish to ensure that our Credit Union is resilient, but we will also teach our members how to build their finances so that they can be buoyant during difficult times.
- **Service to Members** – The Credit Union’s services are directed at improving the economic and social well-being of all members. Our members own our Credit Union, and we serve them individually with products and services, as well as by way of contributing to the communities in which they live.

## SOCIAL GOALS

- **On-Going Education** – The Credit Union actively promotes the education of its members, volunteers, and employees, along with the public in general in the economic, social, democratic, and mutual self-help principles of Credit Unions worldwide. The promotion of saving and the wise use of credit, as well as education on the rights and responsibilities of members are essential to the dual social and economic character of credit unions. serving members’ needs.
- **Cooperation among Cooperatives** – In keeping with the Credit Union philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives, and their associations at local, regional, and international levels in order to best service the interests of the membership and the community.
- **Social Responsibility** – Continuing the ideals and beliefs of the Credit Union pioneers, this institution seeks to bring about human and social development. The vision of social justice extends both to the individual members and to the larger community in which they work and reside. The Credit Union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union’s sphere of interest and concern. Decisions should be taken with full regards for the interest of the broader community within which the Credit Union and its members



## BOARD OF DIRECTORS' REPORT

I greet all of our members and stakeholders gathered here in person as well as online. Welcome to our forty-first Annual General Meeting. I wish you a splendid evening as we examine the progress that our Credit Union has made over the fiscal year 2023.

We give thanks to Almighty God for the many successes that He has granted to us over the years. We continue to remain grounded in our caring and supportive traditions even as we take the necessary innovative actions to keep our institution relevant. We are determined to serve our members with excellence as we live out the vision to build generational financial partnerships on the foundation of exceptional customer service.

As we are all aware, credit unions are not-for-profit organizations that exist to serve their members, and are owned and controlled by the people, or members, who use their services. At the AGM you elect a volunteer board of directors to manage your Credit Union. The services we provide include accepting deposits, making loans, and providing a wide array of other financial services. As a member-owned and cooperative institution, SKCCU provides a safe place to save, invest and borrow at reasonable rates.

In summary, everything that we do is for the purpose of promoting the well-being of our members. The surpluses we make are returned to members in the form of dividends, reduced fees, higher savings rates, and lower loan rates. The cooperative structure of our credit union creates a cycle of mutual assistance; one member's savings becomes another member's loan.

During 2023 our Credit Union faced an unprecedented environment which presented both opportunities and challenges. Our local credit union sector in general continued to deal with the post COVID-19 impacts, as well as the effects of global economic fluctuations, an outdated regulatory environment, and rapid technological advancements. The interest rate environment turned unpleasant with underpricing of loans in the wider financial services sector prompting us to seek opportunities for cost adjustments, while continuing to deliver outstanding service to our members.



The SKCCU has embraced better ways of doing things so that we can successfully achieve the strategic goals outlined in our new strategic plan 2023 to 2025. Four of the strategic imperatives underlying the 2023 Strategy were:

- 1) To strengthen Resilience (ability to absorb shocks, as well as the ability to perform our core economic functions)
- 2) To expand the loans portfolio despite the challenges
- 3) To accelerate digital transformation
- 4) To improve staff competencies

We can safely report that we have made significant advances in achieving these objectives and we will continue to work at these and other strategic goals to place our Credit Union on the correct trajectory.

One of the critical areas in strengthening our resilience is the requirement to meet our Institutional Capital target of 10% of Total Assets. This ratio currently stands at 8.6% and we intend to make larger transfers from net income to reserves until we reach the desired limit. This may translate into lower dividends for some years.

To achieve an expansion in the Loans Portfolio our loans must remain competitive, and we need to ensure that the loan portfolio does not experience diminishing returns through delinquency and poaching by competitors. The approach for growing the Loan Portfolio and reducing risks at the same time would include a greater emphasis on loans which provide greater security. As SKCCU enters the partnership with Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC), the security being provided for small business loans would be used to grow that portion of the portfolio. The Green Climate Fund (GCF) accreditation process will also help to lay the foundation for expanding the Loans Portfolio into green energy and other environmentally sustainable projects. This is a potential niche area for SKCCU as we could very well become the first GCF accredited institution in the Federation.

Leveraging technology through digital transformation would help our Credit Union to achieve several of its goals, including greater efficiency in in-branch service and online delivery, in particular loan processing. By expanding customer service options, gaining the attention of younger members and new members, and efficiency gains, we can optimize our benefits from digitalization. We will seize the moment to look for new growth opportunities and connect with our members. To this end a core banking platform that can easily integrate with the structure, services and future of our CU will be sourced in 2024/2025.

We continue to focus on the training and development of staff. To facilitate this objective training Thursdays was introduced. By closing earlier than usual on Thursdays, staff members are now involved in training and cross training to improve the execution of our strategic plan. It allows for greater exposure to our vision and mission and fosters changes in behaviour that would enhance our effectiveness in attracting new members as well as greater participation by existing members.

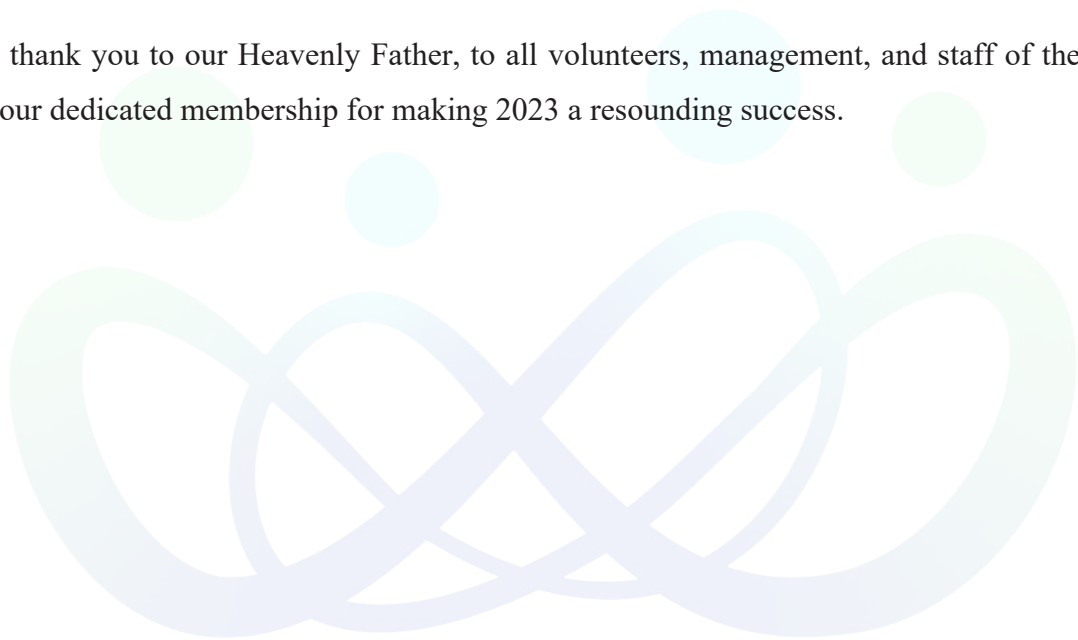
Risk Management is a cross-cutting Element of our Strategy. It is important that SKCCU diligently considers and plans to mitigate risks from all sources. To safeguard the interests of stakeholders and ensure our long-term success, we have adopted a risk management plan that not only assists us to avoid internal and external high-risk situations but also minimizes their impact when they do arise. This will preserve stability and growth. One of the areas which we intend to pursue to further strengthen the income generating capacity and hence the resilience of the institution is to diversify the investment portfolio to buttress income from loans. We are therefore, being assisted by consultants in the preparation of an Investment Policy Statement or IPS.

Some other areas that we have focused on in 2023 which continue to be critical to our performance included the Scenic View Homes Development which is gaining support and for which the first home is due to begin construction before the end of May 2024. We also held the long-anticipated re-opening of our downtown Basseterre location on the corner of Cayon and Church Street. From this location we are able to provide you with the level of service that you deserve. In addition, we have started a Small Business Unit at the Cayon Street location which is intended to cater to the specific needs of small business owners and other professionals. We believe that this is an underserved area to which we can add value. We would also like to alert you to our efforts in becoming accredited to the Green Climate Fund in order to source soft financing to fulfil our strategic objectives in support of environmental sustainability, to improve the ability of our members to recover quickly from difficult situations, and by extension build resilience at the national level.

While the Auditor's report and the Treasurer's report will focus on our financial performance, it would be remiss of me if I did not point out some of the key indicators. You should note that our assets increased by 10% to \$243,733,475; loans to members increased by 6% to \$154,834,225 and member's shares increased by 13.2% to \$13,475,806. We registered one of our strongest performances in the last ten years by recording Total Comprehensive Income of \$3,194,428.

As we enter 2024, we must reflect on the challenges and triumphs that have shaped our journey over the past year 2023. Navigating the intricate landscape of the financial services sector, we were able to face headwinds with resilience and we celebrate our successes not with pride but with gratitude. The dedication of our teams and the steadfast support of our members have collectively propelled us forward. I invite you to delve deeper into this report of our stewardship to gain a comprehensive understanding of the passion, commitment, and community spirit that define our Credit Union. As we look toward the future, we express our heartfelt gratitude to our members for their trust and continued partnership. Together, we remain steadfast in our drive to empower the realization of dreams, to build financial security through partnership and collaboration, and foster an engaged community that thrives because it is well informed financially.

I wish to say thank you to our Heavenly Father, to all volunteers, management, and staff of the SKCCU and especially to our dedicated membership for making 2023 a resounding success.



## Board of Directors' Meetings and Attendance

| Name of Director       | Board Position  | Meetings Scheduled | Meetings Attended | % Meetings Attended |
|------------------------|-----------------|--------------------|-------------------|---------------------|
| Edward Gift            | President       | 13                 | 12                | 92%                 |
| Ivor Keithley Phillip  | Vice President  | 12                 | 10                | 83%                 |
| Tashna Powell Williams | Secretary       | 13                 | 12                | 92%                 |
| Juliette Ward          | Treasurer       | 13                 | 11                | 85%                 |
| Hqusac Huggins         | Asst. Secretary | 13                 | 10                | 77%                 |
| J Sonia Edwards        | Director        | 13                 | 12                | 92%                 |
| Shirmel Woods          | Director        | 13                 | 7                 | 54%                 |
| Ikeisha Esdaille-Turo  | Director        | 13                 | 6                 | 46%                 |
| Bibiana Hamilton-Henry | Director        | 13                 | 11                | 85%                 |
| Alex Straun            | President       | 4                  | 3                 | 75%                 |
| Cleon Bradshaw         | Director        | 4                  | 4                 | 100%                |

*Notes:*

- *Mr. Alex Straun and Mr. Cleon Bradshaw- terms ended April 2023*
- *Mr. I. Keithley Phillip resigned 30<sup>th</sup> November 2023*
- *Mr. Hqusac Huggins was appointed Vice President on 18<sup>th</sup> December 2023*
- *Mrs. J. Sonia Edwards was appointed Assistant Secretary/ Assistant Treasurer on 18<sup>th</sup> December 2023*

  
 .....  
**Edward Gift**

**President**



## MESSAGE FROM THE CEO

### It's About Our Members:

As your committed financial partner for forty-one (41) years, we remain devoted to advancing the financial well-being of our members, team members, and communities. Deep-rooted in the credit union philosophy of people helping people, our purpose is: *to empower our members to improve their quality of life through holistic financial engagement*. Our mission constantly reminds us of why we do what we do. It highlights our commitment to making a positive difference in the lives of others by empowering them to make the changes required to be successful and overcome the obstacles which they face. By empowering our members and our work team we motivate them to accomplish their goals and objectives. We know that phenomenal results are produced when people have the passion and desire to take initiative. This is what we are striving to achieve for you and generations to come. We are unswerving in our commitment to continue to ensure that we are stable and secure for you in the future. By achieving strong financial performance, maintaining highly engaged employees, and providing exceptional service to you, our member-owners, we can achieve **“Financial Resilience for a Sustainable and Inclusive Tomorrow”**.

### Highlights of our Performance in 2023:

Over the year assets grew by 10% to \$243.7 million by the end of the year. We continued to receive a high level of deposits from you our members, and ended the year with Member Deposits totaling \$188.3 million, evidence that you consider us a safe haven for your savings. During the year our Loan portfolio continued to grow and increased year on year by 6% ending with a total Loans to Members of \$154.8 million. Members' Shares increased by 13.2% to end the year at \$13.4 million. This is a larger uptick than we have seen in recent years and bodes well for our shares to Total Assets Ratio. Operating Income remained around the same level as the previous year while Operating Expenses declined by 14.7%, which together resulted in Total Comprehensive Income of \$3.1 million, an increase of 105% over 2022 results. Our Institutional



Capital stood at 8.6% of Total Assets at the end of 2023 as we continue to make our Credit Union safe and sound to withstand future shocks and move steadily toward the 10% regulatory requirement.

In 2024 we will persevere in delivering the high-quality products and services that you have come to expect from us. With you always at the center of all that we do, and relying on your unwavering support, we are assured of success. We thank you for being part of our team and wish you the very best in all of your undertakings.



**Janet Harris (Mrs)**  
**Chief Executive Officer**





## Treasurer's Report on 2023 Financial Statements SKCU 41<sup>st</sup> Annual General Meeting 21<sup>st</sup> May 2024

The SKCU continues to exhibit financial resilience, evidenced by its growth in Total Assets of 44.9% and Member's Equity of 48.6% over the past five years.

The audited Financial Statements for the year ended 31 December 2023 are presented to the AGM with assurance that:

- They provide a true and fair view of the SKCU's affairs and of its income and expenditure for the year then ended,
- They have been properly prepared in accordance IFRS Accounting Standards.

The following gives a general overview of the financial performance per the audited financial statements.

### **Statement of Financial Position**

In 2023 Total Assets grew by 10% or \$22.1 million compared to 8.3% or \$16.9 million in 2022.

The main contributors to the increase in 2023 are:

- Cash and cash equivalents, which increased by 23.2% or \$8.3 million
- Loans to members, which increased by 6% or \$8.7 million
- Other assets, mainly investment in Scenic Views Housing Project, which increased by 45.7% or \$1.7 million
- Investment securities, which increased by 9% or \$1.8 million

Members' deposits grew by 7.8% or \$13.6 million in 2023 compared to 7.6% or \$12.4 million in 2022. Members' Equity increased by 9.6% or \$4 million in 2023. Members' shares increased by 13.2% or \$1.5 million in 2023, compared to 13.6% or \$1.4 million.

## Statement of Comprehensive Income

Operating Income decreased by 6.6% or \$8,525 in 2023 compared to an increase of 11.8% or \$1.3 million in 2022. The following are highlights of the 2023 performance.

- Interest income on loans to members increased by 0.47% or \$59,381.
- Other income increased by 6% or \$187,227
- Interest expense increased by 7.5% or \$265,617

Operating Expenses decreased by 14.7% or \$1.6 million compared to an increase by 32.2% or \$2.7 million in 2022. The major contributor to the decrease in operating expenses in 2023 was the improvement in provision for expected credit losses expense by 62.3% or \$2.9 million. The SKCU continues to monitor delinquency and apply strategies to reduce the rate of delinquency. The rate of delinquency at 31 December 2023 was reduced to 9.5% from 12.9% in 2022. The Institution's aim is to have this reduced to 5% or below by the end of 2024.



.....

Juliette Warde  
Treasurer

# FINANCIAL HIGHLIGHTS YEAR ENDED 31 DECEMBER 2023

|   | 2023        | 2022        | 2021        | 2020        | 2019        | %<br>Change<br>Over<br>5 Year<br>Period |
|---|-------------|-------------|-------------|-------------|-------------|---|
| Total Assets                                | 243,733,475 | 221,566,585 | 204,579,426 | 187,959,134 | 168,259,702 | 44.9%                                   |
| Cash and Cash Equivalents                   | 44,021,048  | 35,718,194  | 33,020,341  | 39,304,454  | 29,730,647  | 48.1 %                                  |
| Loans Members                               | 154,834,225 | 146,070,776 | 132,207,210 | 112,834,034 | 105,013,669 | 47.4 %                                  |
| Members' Deposits                           | 188,361,649 | 174,794,404 | 162,433,341 | 148,966,180 | 135,754,419 | 38.8%                                   |
| Members' Shares                             | 13,475,806  | 11,905,714  | 10,478,570  | 9,437,345   | 8,572,080   | 57.2%                                   |
| Reserves                                    | 21,967,591  | 21,203,624  | 20,874,123  | 20,139,822  | 16,551,260  | 32.7%                                   |
| Retained Earnings                           | 10,210,329  | 8,549,797   | 8,224,640   | 7,008,817   | 5,594,327   | 82.5 %                                  |
| Operating Income                            | 12,926,611  | 12,935,136  | 11,565,676  | 10,491,457  | 9,417,909   | 37.3 %                                  |
| Operating Expenses                          | 9,488,114   | 11,126,536  | 8,416,436   | 6,344,757   | 7,525,951   | 26.1%                                   |
| Staff Costs                                 | 3,496,034   | 2,984,336   | 2,947,062   | 2,772,408   | 3,120,082   | 12.0%                                   |
| Total Comprehensive Income                  | 3,194,428   | 1,558,052   | 2,857,252   | 6,429,671   | 1,731,855   | 84.5 %                                  |
| Loan Loss Allowance/Delinquency > 12 months | 113.6%      | 258.0%      | 112.0%      | 164.0%      | 206.0%      | -92.4%                                  |
| Loans/Total Assets                          | 63.5%       | 65.9%       | 65.0%       | 60.0%       | 63.6%       | -0.1%                                   |
| Members' Shares/ Total Assets               | 5.5%        | 5.4%        | 5.0%        | 5.0%        | 5.1%        | 0.4%                                    |

# COMMITTEE REPORTS

## SUPERVISORY AND COMPLIANCE COMMITTEE

### INTRODUCTION

The Supervisory and Compliance Committee is elected by the members of the St. Kitts Cooperative Credit Union. This is facilitated by the Nominations Committee, for the purpose of providing oversight responsibilities in ensuring that the integrity of its financial reporting is maintained, internal controls are sound, and that there is compliance with its legal and regulatory requirements.

The Committee is pleased to present its report for the 2023 financial year.

### ROLE OF THE COMMITTEE

The duties, functions and powers of the Supervisory and Compliance Committee are mandated in *Section 66* of the *Co-Operative Society Act, No. 31 of 2011*. In accordance with this Act, the Committee is charged with the responsibility of monitoring the institution's procedures, internal controls, organizational policies, and systems and making recommendations for improvement where necessary. The Committee also seeks to ensure that the reliability and integrity of the Credit Union's financial reporting and operational function are upheld.

The Supervisory and Compliance Committee is scheduled to meet monthly to review all reports of the Internal Audit and Compliance Officer. The financial statements, operations, plans, policies and procedures, observations of audits and conduct of audit are areas of focus.

### COMPOSITION OF THE SUPERVISORY AND COMPLIANCE COMMITTEE

Mrs. Velda Irish-Browne was elected at the 40<sup>th</sup> AGM to serve as a member of the Committee to replace Mrs Willa Liburd who completed two consecutive three-year terms. Following the resignation of the Chairperson, Ms Desiree Connor in August 2023, Ms Althea Esdaille assumed responsibility as Acting Chairperson in September 2023 and Ms Nekisha O'Loughlin was selected by the Board in September 2023 to serve in the interim on the Committee so as to maintain its composition of five (5) individuals.



The composition of the Committee as at 31 March are as follows:

| Name               | Position        | Term            | Years Remaining | Year Retiring |
|--------------------|-----------------|-----------------|-----------------|---------------|
| Althea Esdaille    | Ag. Chairperson | 2nd             | 0               | 2024          |
| Y. Pamela Osborne  | Secretary       | 2nd             | 2               | 2026          |
| Joel Morton        | Member          | 1 <sup>st</sup> | 4               | 2028          |
| Velda Irish-Browne | Member          | 1 <sup>st</sup> | 5               | 2029          |
| Nekisha O'Loughlin | Member          | 1 <sup>st</sup> | 5               | 2029          |

### MEETINGS OF THE SUPERVISORY AND COMPLIANCE COMMITTEE

The committee held twelve (12) meetings for the year, physically and virtually, and attended all Joint Committee meetings. The Committee did not attend any Board or Credit Committee meetings during the review period.

The following key areas of the operations of the SKCCU were examined from the reports provided and recommendations were submitted to the Board of Directors;

1. Departments' Monthly Reports including Management's response
2. ATM Cash Counts
3. Surprise Teller Cash Counts
4. Teller Cash Variances
5. Loan Application & Processing Review
6. Large Transactions Report
7. Bank Account Reconciliations
8. Robbery Procedures (Proposed)
9. Business Continuity and Disaster Preparedness Plan
10. Disaster Preparedness Management and Recoveries Manual

### **Statement received from the Compliance Officer**

“The Supervisory and Compliance Committee reviewed reports from the Compliance officer, and the Reporting Officer in the absence of the Compliance Officer. These included the Compliance Unit Report, the Compliance Review Report, and the Loans Review Report. Compliance Training was conducted for all staff and management. Work was done to update the AML/CFT/CFP Policy and Procedures Manual to ensure compliance with relevant laws and regulations.”

The risk ratings for most of the reports and observations were assessed as low. Specific recommendations were addressed with the Board of Directors and the Credit Union’s Management, in order to assist with the efficiency and effectiveness of its operations.

The Supervisory and Compliance Committee made recommendations for improvement in the processes of the SKCCU including the following areas:

1. Training of staff to enhance performance.
2. Performance incentives and rewards for staff.
3. Updating of Manuals and other pertinent documents to ensure that they are kept current.
4. Recommend that policies and procedures be reviewed to enhance accountability.
5. Greater emphasis should be placed on electronic filing and management of documents.

Representatives of the Committee participated in the following:

- SKCCU Scenic View Homes Committee - Mrs Y. Pamela Osborne joined this committee as the replacement for Mrs Willa. Liburd whose term ended in April 2023.
- The Credit Union Conference in Puerto Rico was attended by Mrs Willa Liburd
- Carib DE47 which was held in St. Kitts over the period 24-29 September 2023. The committee was represented by Mrs Y. Pamela Osborne
- A Credit Union Forum held at CUNA on Saturday, 30 September 2023 was attended by Ms. Althea Esdaille, Mrs Velda Irish-Browne and Mr. Joel Morton.
- A walkthrough was done at Head office in Bladen on Monday, 18 Sept 2023 so that the Committee members could see the working conditions and surroundings, as well as meet staff members.
- The ‘soft opening’ of the Downtown Branch.

- The Surprise Cash count at both Branch and Head Office.
- The End of Year Cash Count with the Auditor as Observers.
- The Compliance training which was done virtually.

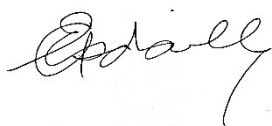
## CONCLUSION

The Supervisory and Compliance Committee would like to recognize the ongoing efforts of the Board of Directors, Management and Staff in ensuring that the institution maintains high quality performance and continues to attract new members. The commitment shown is evidenced by improved reporting and a willingness to undergo relevant training and to make the necessary adjustments.

The institution's ability to open a bigger and improved Branch in Basseterre, at a more strategic location, is indeed an achievement.

The Supervisory and Compliance Committee is confident that with the continued collaboration and co-operation among all stakeholders, the St. Kitts Credit Union will remain the premier Credit Union in the Federation and will continue to fulfil its mission of 'empowering our members to improve their quality of life through holistic financial engagement'.

We acknowledge the hard work of the Credit Committee, the commitment of the Audit Department in providing reports and clarifying concerns, and members of this Committee both past and present who continue to work tirelessly to enhance, protect and provide sterling assistance to the St. Kitts Credit Union.



.....  
Althea Esdaille  
Ag Chairperson

## CREDIT COMMITTEE REPORT

### INTRODUCTION

2023 was another successful year for the SKCCU in fostering economic advancement, upward social mobility and a healthy financial system through the provision of a diverse range of loan products and services, and the effective management of the loan portfolio.

### YEAR IN REVIEW

During 2023, the Credit Committee welcomed two (2) new members, namely Ms. Meisha Michael and Mr. Clyve Caines. Ms. Michael was elected at last year's AGM whereas Mr. Caines was appointed in August 2023 as an interim replacement for Mrs. Vernice Morton who resigned the same month for personal reasons. Mr. Caines is nominated for election at this AGM. However, we thank him for stepping forward since August to serve at a time when the Committee needed support. We also recognize Mrs. Morton for her dedicated service of more than five (5) years as she was integral to the smooth functioning and growth of the Committee during that period.

2023 was a year of reform for the Committee. One where we sought to implement changes to improve efficiency and output, and close gaps to ensure that the Committee is fulfilling its responsibilities at optimum levels. This included identifying credit policy gaps, improving the efficiency of reporting and the frequency of back-end monitoring of certain loans, and undertaking assessments to incorporate digitalization. While we were not always 100% successful, the Committee will continue in this vein and intensify its efforts throughout the remainder of 2024.

**Table I: Composition/Attendance of the Credit Committee**

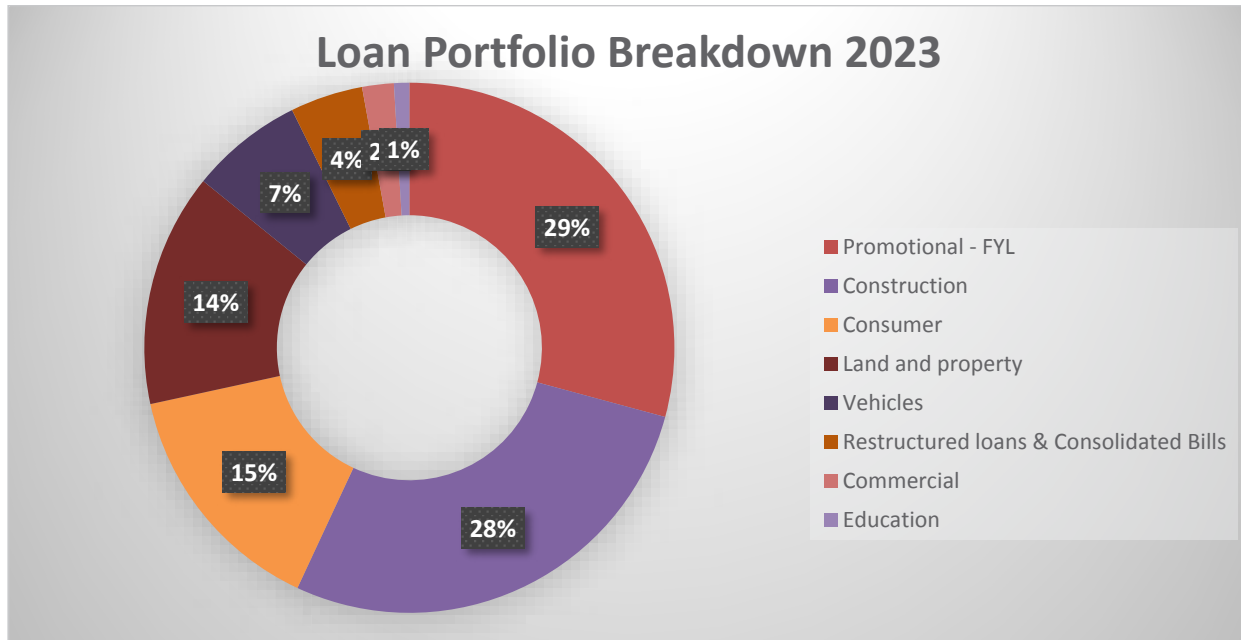
| <b>Name</b>       | <b>Position</b>    | <b>Number of meetings attended</b> | <b>Percentage</b> |
|-------------------|--------------------|------------------------------------|-------------------|
| Auren Manners     | Chairperson        | 16/25                              | 64%               |
| Antonette Hodge   | Deputy Chairperson | 25/25                              | 100%              |
| Meisha Michael    | Secretary          | 24/25                              | 96%               |
| Anthony Wiltshire | Member             | 16/25                              | 64%               |
| Clyve Caines      | Member             | 10/10                              | 100%              |
| Vernice Morton    | Member             | 11/14                              | 79%               |

For the year in question the committee held a total of twenty-five (25) meetings, an average of over two (2) meetings per month. We are pleased to report that a total of forty-two (42) loans were approved and disbursed under our purview.

#### **ANALYSIS**

For the year ended December 2023, the loans department recognized a total of 3,819 loans valued at \$157,501,469. This marked an increase of \$8,159,623 from the previous year. This success was in part accomplished by the introduction of several new promotions which were launched throughout the year. These included the 'Fit Your Lifestyle', '40 for 40' and 'Let's Go Green' loans, which complimented our regular loans to our membership.

Graph II



## DELINQUENCY

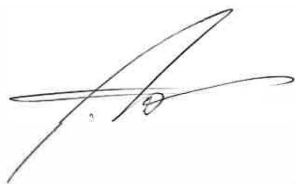
As it relates to delinquency, as of December 2023 the loan portfolio closed with a 9.55% delinquency rate. This is a slight decrease when compared with 2022-year-end delinquency of 12.90%. To improve the delinquency rate there were new measures put in place to help manage the delinquent loans in a more efficient and timely manner, thereby mitigating risks to the portfolio.

The organization appointed one new officers and retained bailiff services to focus primarily on the collection process. Although this is in progress, the unemployment or underemployment experienced by many of our members continue to play a major role in the delinquency, as our members continue to rebound from the impacts of the COVID-19 pandemic.



## CONCLUSION

The Credit Committee will continue to work closely with the management team to ensure that SKCCU remains a market leader in providing specialized lending products that are member focused and member driven. At the heart of this objective is securing the upward mobility of our members while being a partner in fostering financial literacy and financial health. Additionally, the Committee will continue to pay keen attention to credit risks and always protect the institution's financial interests for the ultimate benefit of its members and broader stakeholders.



.....  
Auren Manners  
Chairperson



## NOMINATING COMMITTEE REPORT

The SKCCU Nominating Committee was appointed by the Board of Directors in accordance with **Article XII, section 41(1) of the SKCCU By-laws** which states:

(a) ‘Not less than thirty (30) days prior to each Annual General Meeting the board may appoint a Nominating Committee of three (3) persons of which no more than one (1) may be a member of the existing board.

(b) The Nominating Committee shall nominate at the Annual General Meeting, one member for each vacancy for which elections are to be held.

The approved members of the Nominating Committee are:

- Mrs. Sheila Cable – Chairperson
- Mrs. Janet Harris – CEO
- Mrs. Shirmel Woods - Director

The Nominating Committee has the role of succession planning to ensure that there are sufficient participants with appropriate skills, expertise and knowledge to fill all volunteer posts that govern the operations of the St. Kitts Cooperative Credit Union Limited. The Committee looks at membership profiles and approaches members to gauge their interest in becoming volunteers on the Board of Directors, Supervisory and Compliance Committee and the Credit Committee.

Currently, there are two (2) vacancies on the Supervisory and Compliance Committee. These vacancies arose upon the expiration of Mrs. Janice Althea Esdaille’s two terms of service and the early resignation of Ms. Desiree Connor, for whom an interim replacement was approved by the Board. There is one (1) vacancy on the Board of Directors due to the resignation of Mr. Ivor Keithley Phillip, who was due to retire at this AGM. The Board also wishes to increase its membership from nine to eleven, given its workload. Ms. Vernice Morton of the Credit Committee, who was due to retire at this AGM, also exited early. Therefore, a replacement is required.

On behalf of the Board and Committees, the Nominating Committee thanks former director, Mr. Keithley Phillip, for his dedication to the Board of Directors over the last five and a half years. We also thank Mrs. Janice Althea Esdaille and Ms. Desiree Connor for their service to the SKCCU as volunteers on the Supervisory and Compliance Committee. We also express our gratitude to Ms. Vernice Morton for her contribution to the work of the Credit Committee for more than five years. We wish all retirees success as they continue to serve their communities in different capacities.

The Nominating Committee is pleased to present the following candidates for election to the Board of Directors:

***Mr. Cleon Bradshaw***



Mr Cleon Bradshaw was a former Director on the SKCCU Board where he served with distinction for six years. Being one of the younger members of the Board, he was able to give insights into tapping into the youth market and on how digitalization could transform our services. Mr Bradshaw works in the media and film sector as the owner of Cjameson Photography and Videography. He was part of the Young Leaders of the Americas Initiative (YLAI), where he learned entrepreneurial skills and broadened his network to assist him in his leadership capacity. Mr Bradshaw's education includes a diploma in Basic Electrical Engineering and Electrical and Electronics Engineering. His experience includes Senior Audio-Visual Technician at Ross University, editor at ZIZ Broadcasting corporation, Video Editor/Camera Operations at St. Kitts Nevis Visitor Channel, and Director of Operations at AudVidz Solutions.

*Ms Deniece Alleyne*



Deniece Alleyne is a partner and co-founder of HazelAlleyne Law Office. She obtained an LL.B. with a minor in Forensic Science from Staffordshire University in the United Kingdom in 2005 and the Legal Education Certificate from Norman Manley Law School in Jamaica in 2013.

Ms. Alleyne is passionate about civic engagement and has served as a member of the Board of Directors of the Development Bank of St. Kitts and Nevis and is a member of the St. Christopher National Trust. She has also served on the UNESCO Slave Route Committee and the executive committee of Alliance Française of St. Kitts and Nevis.

*Mr. Chad Allen*



Mr. Chad A. Allen is the CEO at 869/876 Financial Consultancy & Property Management Services. He currently provides financial advice to clients with the aim of strengthening their overall financial position whilst allowing acceleration towards the achievement of personal goals, ambitions and desired lifestyle. He also provides property management services which facilitates property purchases, sales and maintenance. Mr. Allen was also recently appointed to the Board of Directors of Capital Market Elite Group (Cayman Islands).

The Nominating Committee is pleased to present the following candidate for election to the Supervisory and Compliance Committee:

***Ms. Nekisha O'Loughlin***



Ms. Nekisha O'Loughlin's educational background in Criminal Justice holds immense potential to enhance her contributions to the Supervisory Committee. Her in-depth understanding of the intricacies of criminal justice systems, legal frameworks, and ethical considerations will provide a valuable perspective in assessing and ensuring the credit union's compliance with regulatory requirements.

***Ms. Patrice Afortu-Ofre***



Ms. Patrice Afortu-Ofre is a seasoned professional in accounting, audit, tax, and general management. She brings over a decade of extensive experience to the table. With a master's degree in accounting & financial management and a bachelor's degree in management studies, she offers a solid academic foundation. Ms. Afortu-Ofre has navigated diverse leadership roles, such as Chairperson of the audit sub-committee and a board member at National Caribbean Insurance, where she meticulously oversaw internal audit results, steered the approval of annual budgets, and led the development and implementation of the Audit Committee Charter.

The Nominating Committee is pleased to present the following candidate for election to the Credit committee:

*Mr Clyde Caines*



Mr Clyde Caines currently holds the position of Customs Systems Technician. He completed the Caribbean Customs Law Enforcement Council Training course in 2009 and became a fully trained officer. He has worked in several areas during his tenure. However, over the past 10 years he has been a member of the Information Technology Team at Customs. In April 2014, he completed the Asycuda World Technical Training and played an integral role in the switch over from TRIPS the previous software system used at the Customs Department.

Notwithstanding the selections by the Nominating Committee, the members present at this Annual General Meeting can nominate any suitable candidate from the floor. If this occurs, then a vote by ballot or show of hands will follow. The SKCCU continues to operate by the democratic, co-operative principle of one member one vote.

Additionally, two volunteers have presented themselves for re-election after serving one term of three years. They are Director Ikeisha Esdaille Turo and Mr. Joel Morton of the Supervisory and Compliance Committee.

The voting process will be conducted by Lawyer Vadeesha John-Brookes of John Brookes Law.

The Nominating Committee expresses appreciation to all retiring volunteers for their dedication and commitment through their voluntary service.



**Sheila Cable (Mrs.)  
Chairperson**



## BOARD AND COMMITTEE MEMBERS

| Volunteers                   | Positions                     | Current Period | Status     | Term | Retiring Year | Nominee              |
|------------------------------|-------------------------------|----------------|------------|------|---------------|----------------------|
| <b>Board of Directors</b>    |                               |                |            |      |               |                      |
| Edward Gift                  | President                     | 4 years        | Serving    | 2    | 2026          |                      |
| Ikesha Esdaille-Turo         | Director                      | 3 years        | Reelection | 1    | 2024          | Ikesha Esdaille-Turo |
| Tashna Powell Williams       | Secretary                     | 5 years        | Serving    | 2    | 2025          |                      |
| Hqusac Huggins               | Assistant Secretary/Treasurer | 2 years        | Serving    | 1    | 2025          |                      |
| Ivor Keithley Phillip        | Director                      | 5 years        | Resigned   | 2    | 2024          | Cleon Bradshaw       |
| J Sonia Edwards              | Director                      | 5 years        | Serving    | 2    | 2025          |                      |
| Shirmel Woods                | Director                      | 5 years        | Serving    | 2    | 2025          |                      |
| Bibiana Henry                | Director                      | 2 years        | Serving    | 1    | 2025          |                      |
| Juliette Simmonds-Warde      | Director                      | 2 years        | Serving    | 1    | 2025          |                      |
| Chad Allen                   | Director                      |                | New        |      |               |                      |
| Deniece Alleyne              | Director                      |                | New        |      |               |                      |
| <b>Credit Committee</b>      |                               |                |            |      |               |                      |
| Anthony Wiltshire            | Deputy chair                  | 4years         | Serving    | 2    | 2026          |                      |
| Auren Manners                | Secretary                     | 2 years        | Serving    | 1    | 2025          |                      |
| Meisha Michael               | Member                        | 1 year         | Serving    | 1    | 2026          |                      |
| Antonette Hodge              | Member                        | 2 years        | Serving    | 1    | 2025          |                      |
| Clyve Caines                 | Member                        |                | Interim    |      |               |                      |
| <b>Supervisory Committee</b> |                               |                |            |      |               |                      |
| Janice Althea Esdaille       | Ag Chair                      | 6 years        | Retiring   | 2    | 2024          | Patrice Afortu-Ofre  |
| Y. Pamela Osborne            | Secretary                     | 4 years        | Serving    | 2    | 2026          |                      |
| Velda Irish-Browne           | Member                        | 1 year         | Serving    | 1    | 2026          |                      |
| Joel Morton                  | Member                        | 2 years        | Serving    | 1    | 2025          |                      |
| Nikeisha O'Loughlin          | Member                        |                | Interim    |      |               |                      |

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**Grant Thornton**

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**INDEPENDENT AUDITOR'S REPORT****To the Members of  
St. Kitts Co-operative Credit Union Limited****Opinion**

We have audited the financial statements of **St. Kitts Co-operative Credit Union Limited** (the "Credit Union"), which comprise the statement of financial position as at December 31, 2023, and the statements of other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

**Basis for Opinion**

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

**Other Information**

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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**Chartered Accountants****Audit | Tax | Advisory**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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





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.

*Grant Thornton*

**Chartered Accountants**  
**April 19, 2024**  
**Basseterre, St. Kitts**

# St. Kitts Co-operative Credit Union Limited

## Statement of Financial Position

As at December 31, 2023

(expressed in Eastern Caribbean dollars)

|  | Notes | 2023<br>\$         | 2022<br>\$         |
|--|-------|--------------------|--------------------|
| <b>Assets</b>                                |       |                    |                    |
| Cash and cash equivalents                    | 9     | 44,021,048         | 35,718,194         |
| Loans to members                             | 10    | 154,834,225        | 146,070,776        |
| Other assets                                 | 11    | 5,616,402          | 3,855,716          |
| Investment securities                        | 12    | 22,758,909         | 20,870,505         |
| Property and equipment                       | 13    | 16,499,544         | 15,046,708         |
| Intangible assets                            | 14    | 3,347              | 4,686              |
| <b>Total assets</b>                          |       | <b>243,733,475</b> | <b>221,566,585</b> |
| <b>Liabilities and members' equity</b>       |       |                    |                    |
| <b>Liabilities</b>                           |       |                    |                    |
| Members' deposits                            | 15    | 188,361,649        | 174,794,404        |
| Accounts payable and other liabilities       | 16    | 9,718,100          | 5,113,046          |
| <b>Total liabilities</b>                     |       | <b>198,079,749</b> | <b>179,907,450</b> |
| <b>Members' equity</b>                       |       |                    |                    |
| Members' shares                              | 17    | 13,475,806         | 11,905,714         |
| Reserves                                     | 18    | 21,967,591         | 21,203,624         |
| Retained earnings                            |       | 10,210,329         | 8,549,797          |
| <b>Total members' equity</b>                 |       | <b>45,653,726</b>  | <b>41,659,135</b>  |
| <b>Total liabilities and members' equity</b> |       | <b>243,733,475</b> | <b>221,566,585</b> |

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Board of Directors on April 19, 2024.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Treasurer

# St. Kitts Co-operative Credit Union Limited

## Statement of Comprehensive Income

For the year ended December 31, 2023

(expressed in Eastern Caribbean dollars)

|   | Notes | 2023<br>\$         | 2022<br>\$          |
|---|-------|--------------------|---------------------|
| Interest income on loans to members   |       | 12,683,945         | 12,624,564          |
| Interest income on investment securities  |       | 726,054            | 715,570             |
| <b>Total interest income</b>  |       | <b>13,409,999</b>  | <b>13,340,134</b>   |
| Interest expense  | 19    | (3,790,451)        | (3,524,834)         |
| <b>Net interest income</b>  |       | <b>9,619,548</b>   | <b>9,815,300</b>    |
| Other income, net   | 20    | 3,307,063          | 3,119,836           |
| <b>Operating income</b>   |       | <b>12,926,611</b>  | <b>12,935,136</b>   |
| <b>Operating expenses</b>   |       |                    |                     |
| Staff costs   | 21    | (3,496,034)        | (2,984,336)         |
| General and administrative expenses   | 22    | (3,514,196)        | (2,617,936)         |
| Provision for expected credit losses  | 10    | (1,750,186)        | (4,638,060)         |
| Depreciation and amortisation   | 23    | (490,738)          | (659,020)           |
| Marketing and promotional expenses  |       | (236,960)          | (227,184)           |
| <b>Total operating expenses</b>   |       | <b>(9,488,114)</b> | <b>(11,126,536)</b> |
| <b>Profit for the year before finance costs</b>   |       | <b>3,438,497</b>   | <b>1,808,600</b>    |
| Finance costs   |       | (244,069)          | (263,048)           |
| <b>Profit for the year</b>  |       | <b>3,194,428</b>   | <b>1,545,552</b>    |
| <b>Other comprehensive income</b>   |       |                    |                     |
| Unrealised fair value gain on financial assets at fair value through other comprehensive income (FVOCI) | 12,18 | –                  | 12,500              |
| <b>Total comprehensive income for the year</b>  |       | <b>3,194,428</b>   | <b>1,558,052</b>    |

The accompanying notes are an integral part of these financial statements.



# St. Kitts Co-operative Credit Union Limited

## Statement of Changes in Members' Equity

For the year ended December 31, 2023

(expressed in Eastern Caribbean dollars)

|   | Notes  | Members' shares<br>\$ | Reserves<br>\$    | Retained earnings<br>\$ | Total<br>\$       |
|---|--------|-----------------------|-------------------|-------------------------|-------------------|
| <b>Balance at January 1, 2022</b>                       |        | <b>10,478,570</b>     | <b>20,874,123</b> | <b>8,224,640</b>        | <b>39,577,333</b> |
| <b>Transactions with members</b>                        |        |                       |                   |                         |                   |
| Issuance of shares                                      | 17     | 1,436,844             | –                 | –                       | 1,436,844         |
| Withdrawal of shares                                    | 17     | (9,700)               | –                 | –                       | (9,700)           |
| Entrance fees   | 18(ii) | –                     | 7,075             | –                       | 7,075             |
| Dividends paid  | 26     | –                     | –                 | (795,369)               | (795,369)         |
|   |        | <b>1,427,144</b>      | <b>7,075</b>      | <b>(795,369)</b>        | <b>638,850</b>    |
| <b>Reserves movements</b>                               |        |                       |                   |                         |                   |
| Transfer to statutory reserve                           | 18(ii) | –                     | 386,388           | (386,388)               | –                 |
| Transfer to development fund reserve                    | 18(v)  | –                     | 38,638            | (38,638)                | –                 |
| Use of development fund reserve                         | 18(v)  | –                     | (115,100)         | –                       | (115,100)         |
|   |        | –                     | <b>309,926</b>    | <b>(425,026)</b>        | <b>(115,100)</b>  |
| <b>Total comprehensive income</b>                       |        |                       |                   |                         |                   |
| Profit for the year                                     |        | –                     | –                 | 1,545,552               | 1,545,552         |
| Unrealised fair value gain on financial assets at FVOCI | 18(iv) | –                     | 12,500            | –                       | 12,500            |
|   |        | –                     | <b>12,500</b>     | <b>1,545,552</b>        | <b>1,558,052</b>  |
| <b>Balance at December 31, 2022</b>                     |        | <b>11,905,714</b>     | <b>21,203,624</b> | <b>8,549,797</b>        | <b>41,659,135</b> |
| <b>Transactions with members</b>                        |        |                       |                   |                         |                   |
| Issuance of shares                                      | 17     | 1,570,092             | –                 | –                       | 1,570,092         |
| Entrance fees   | 18(ii) | –                     | 6,166             | –                       | 6,166             |
| Dividends paid  | 26     | –                     | –                 | (655,428)               | (655,428)         |
|   |        | <b>1,570,092</b>      | <b>6,166</b>      | <b>(655,428)</b>        | <b>920,830</b>    |
| <b>Reserves movements</b>                               |        |                       |                   |                         |                   |
| Transfer to statutory reserve                           | 18(ii) | –                     | 798,607           | (798,607)               | –                 |
| Transfer to development fund reserve                    | 18(v)  | –                     | 79,861            | (79,861)                | –                 |
| Use of development fund reserve                         | 18(v)  | –                     | (120,667)         | –                       | (120,667)         |
|   |        | –                     | <b>757,801</b>    | <b>(878,468)</b>        | <b>(120,667)</b>  |
| <b>Total comprehensive income</b>                       |        |                       |                   |                         |                   |
| Profit for the year                                     |        | –                     | –                 | 3,194,428               | 3,194,428         |
| Unrealised fair value gain on financial assets at FVOCI | 18(iv) | –                     | –                 | –                       | –                 |
|   |        | –                     | –                 | <b>3,194,428</b>        | <b>3,194,428</b>  |
| <b>Balance at December 31, 2023</b>                     |        | <b>13,475,806</b>     | <b>21,967,591</b> | <b>10,210,329</b>       | <b>45,653,726</b> |

The accompanying notes are an integral part of these financial statements.

# St. Kitts Co-operative Credit Union Limited

## Statement of Cash Flows

For the year ended December 31, 2023

(expressed in Eastern Caribbean dollars)

|   | Notes  | 2023<br>\$         | 2022<br>\$         |
|---|--------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>             |        |                    |                    |
| Profit for the year                                     |        | 3,194,428          | 1,545,552          |
| Items not affecting cash:                               |        |                    |                    |
| Interest expense  | 19     | 3,790,451          | 3,524,834          |
| Provision for expected credit losses                    | 10     | 1,750,186          | 4,638,060          |
| Depreciation and amortisation                           | 23     | 490,738            | 659,020            |
| Loss on disposal of property and equipment              | 20     | 384                | –                  |
| Dividend income   | 20     | (101,434)          | (15,087)           |
| Interest income   |        | (13,409,999)       | (13,340,134)       |
| <b>Operating loss before changes in working capital</b> |        | <b>(4,285,246)</b> | <b>(2,987,755)</b> |
| Changes in loans to members                             |        | (11,012,974)       | (18,346,357)       |
| Changes in other assets                                 |        | (1,760,686)        | (309,858)          |
| Changes in accounts payable and other liabilities       |        | 4,605,054          | 2,544,294          |
| Changes in members' deposits                            |        | 13,556,794         | 12,352,285         |
| <b>Cash generated from/(used in) operations</b>         |        | <b>1,102,942</b>   | <b>(6,747,391)</b> |
| Interest received on loans to members                   |        | 13,183,284         | 12,469,295         |
| Interest paid on members' deposits                      |        | (3,780,000)        | (3,516,056)        |
| <b>Net cash from operating activities</b>               |        | <b>10,506,226</b>  | <b>2,205,848</b>   |
| <b>Cash flows used in investing activities</b>          |        |                    |                    |
| Interest received on investments                        |        | 722,921            | 712,894            |
| Purchase of investment securities                       | 12     | (1,885,271)        | (373,769)          |
| Purchase of property and equipment                      | 13     | (1,942,619)        | (385,957)          |
| Dividend received                                       |        | 101,434            | 15,087             |
| <b>Net cash used in investing activities</b>            |        | <b>(3,003,535)</b> | <b>(31,745)</b>    |
| <b>Cash flows from financing activities</b>             |        |                    |                    |
| Proceeds from issuance of shares                        | 17     | 1,570,092          | 1,436,844          |
| Entrance fees   | 18(ii) | 6,166              | 7,075              |
| Withdrawal of shares                                    | 17     | –                  | (9,700)            |
| Use of development fund reserve                         | 18(v)  | (120,667)          | (115,100)          |
| Dividends paid  | 26     | (655,428)          | (795,369)          |
| <b>Net cash from financing activities</b>               |        | <b>800,163</b>     | <b>523,750</b>     |
| <b>Net change in cash and cash equivalents</b>          |        | <b>8,302,854</b>   | <b>2,697,853</b>   |
| <b>Cash and cash equivalents at beginning of year</b>   |        | <b>35,718,194</b>  | <b>33,020,341</b>  |
| <b>Cash and cash equivalents at end of year</b>         | 9      | <b>44,021,048</b>  | <b>35,718,194</b>  |

The accompanying notes are an integral part of these financial statements.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 1 Nature of operations

The principal activity of the St. Kitts Co-operative Credit Union Limited (the “Credit Union”) is to encourage financial prudence through savings and the provision of loans and other financial products and services to its members.

### 2 General information and statement of compliance with IFRS accounting standards and going concern assumption

On July 1, 1982, the Credit Union was registered under the name Basseterre Co-operative Credit Union Limited under and in accordance with the provisions of the amended Co-operative Ordinance No. 20 of 1956 and Ordinance No. 19 of 1957 and the statutory rules and Order No. 32 of 1968. On March 11, 1986, the Credit Union was re-registered under the name St. Kitts Co-operative Credit Union Limited under and in accordance with the provisions of the amended Co-operative Societies Ordinance No. 20 of 1956 and Ordinance No. 19 of 1957 and the statutory rules and Order No. 32 of 1968.

The Credit Union was re-registered on October 20, 1998 under Section 241 of the Co-operative Society Act, No. 2 of 1995.

On October 4, 2011, the Parliament of St Kitts-Nevis passed the Co-operative Societies Act, No. 31 of 2011. This Act supersedes the former Act of 1995. The Credit Union is regulated by the Financial Services Regulatory Commission – St. Christopher Branch.

The Credit Union’s registered office is located at New Street, Basseterre, St. Kitts and it conducts business from two locations: the branch office at Cayon Street and the head office at Bladen Commercial Development.

The financial statements of the Credit Union have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They have been prepared under the assumption the Credit Union operates on a going concern basis, which assumes the Credit Union will be able to discharge its liabilities as they fall due.

The Credit Union’s financial statements have been prepared on an accruals basis and under the historical cost convention except for the revaluation of land and buildings and financial assets at fair value through other comprehensive income (FVOCI). The measurement bases are fully described in the material accounting policy information.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 3 Changes in accounting policies

The Credit Union has adopted the new accounting pronouncements which have become effective this year, and are as follows:

#### *New and revised standards that are effective for annual periods beginning on or after January 1, 2023*

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. These standards, interpretations and amendments have been adopted and do not have a significant impact on the Credit Union's financial results or position.

#### *Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union*

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Credit Union. Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. These new standards and interpretations are not expected to have a material impact on the Credit Union's financial statements.

### 4 Material accounting policy information

#### 4.1 Overall considerations

The material accounting policy information set out below and in the succeeding pages have been applied consistently by the Credit Union to all years presented in these financial statements, except as otherwise stated.

#### 4.2 Revenue recognition

Revenue arises from the rendering of services. The Credit Union recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- and specific criteria have been met for the Credit Union's activities.

It is measured at the fair value of consideration received or receivable. Revenue is recognised as follows:

##### (i) Interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.2 Revenue recognition ...continued

##### (i) Interest income ...continued

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

The Credit Union recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

The Credit Union calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (and is therefore regarded as 'Stage 3'), the Credit Union calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Credit Union reverts to calculating interest income on a gross basis.

##### (ii) Other income, net

The Credit Union earns fee and commission income from financial services it provides to its members. Fee and commission income is recognised at an amount that reflects the consideration to which the Credit Union expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Credit Union's revenue contracts do not typically include multiple performance obligations. When the Credit Union provides a service to its members, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Credit Union has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the member.

The following are recognised in the statement of financial position arising from revenue from contracts with customers:

- 'Fees and commissions receivables' included under 'Other assets', which represent the Credit Union's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.2 Revenue recognition ...continued

##### (ii) Other income, net ...continued

- Unearned fees and commissions' included under 'Accounts payable and other liabilities', which represent the Credit Union's obligation to transfer services to a member for which the Credit Union has received consideration (or an amount of consideration is due) from the member. A liability for unearned fees and commissions is recognised when the payment is made or the payment is due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the Credit Union performs the service.

#### 4.3 Foreign currency translation

##### *Functional and presentation currency*

These financial statements are presented in Eastern Caribbean Dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Eastern Caribbean Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean Dollars at foreign exchange rates ruling at the dates the values were determined.

#### 4.4 Financial instruments

The Credit Union recognises a financial asset or a liability in the statement of financial position when it becomes party to the contractual provision of the instruments.

##### (a) Initial recognition and measurement of financial instruments

At initial recognition, the Credit Union measures its financial assets and financial liabilities at their fair values plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (a) Initial recognition and measurement of financial instruments ...continued

If the Credit Union determines that the fair value of its financial assets and liabilities at initial recognition differs from the transaction price, the difference is recognised as follows:

- If that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss.
- In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the Credit Union recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

##### (b) Classification and subsequent measurement of financial assets

The Credit Union classifies the financial assets and subsequently measures at amortised cost and/or FVOCI on the basis of both:

- (i) the Credit Union's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Based on these factors, the Credit Union classifies its financial assets into one of the following three measurements:

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is 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 on the principal amount outstanding.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (b) Classification and subsequent measurement of financial assets ...continued

###### *Financial assets at amortised cost ...continued*

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Credit Union estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The Credit Union's financial assets measured at amortised cost include loan to members, investment in fixed deposits, corporate bonds and treasury bills, other receivables and cash and cash equivalents.

###### *Financial assets at FVOCI*

A financial asset is measured at FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Undrawn loan commitments*

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Credit Union is required to provide a loan with pre-specified terms to the member. These contracts are in the scope of the expected credit losses (ECL) requirements. The nominal contractual value of letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

###### *Reclassifications*

If the business model under which the Credit Union holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Credit Union's financial assets. During the current financial year and previous accounting period, there were no changes in the business models under which the Credit Union holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification of loans to members in note 4.4 (d) and Derecognition of financial assets in note 4.5 (g).

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (c) Impairment of financial assets

The Credit Union recognises a loss allowance for ECL on financial assets measured at amortised cost and the exposure arising from loan commitments and financial guarantee contracts. The expected credit losses are assessed on a forward-looking basis. The Credit Union's measurement of ECL reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

Financial assets are grouped on the basis of shared credit risk characteristics to determine the average credit losses for each group of assets. The Credit Union considers this approach to be a reasonable estimate of the probability-weighted amount. The lifetime expected credit losses for the non-performing financial assets are assessed on an individual basis. The Credit Union considers if there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. At each reporting date, the Credit Union measures the loss allowance at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- significant changes in internal price indicators of credit risk;
- changes in the rates or terms of an existing instrument that would be significantly different if the instrument was newly issued (e.g., more stringent covenants);
- significant increases in credit risk on other financial instruments from the same borrower;
- an actual or forecast significant adverse changes in the business, financial or economic conditions that are expected to significantly affect the borrower's ability to meet its debt obligations (e.g., increase in interest rates and unemployment rates);
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- an actual or expected significant change in the operating results of the borrower;
- significant changes in the value of the collateral supporting the obligation, in the quality of guarantees or credit enhancements' reductions in financial support from a parent entity that are expected to reduce the borrower's incentive to make scheduled contractual payments; and
- expected breaches of contract that may, for example, lead to covenant waivers or amendments, or interest payment holidays.

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- existing or expected adverse changes in the regulatory, economic, or technological environment that significantly affect, or are expected to affect, the borrower's ability to meet its debt obligations;
- changes in the Credit Union's credit management approach in relation to the financial instrument (e.g., specific intervention with the borrower, more active or close monitoring of the instrument by the Credit Union);
- significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the Credit Union (e.g., expected increase in delayed contractual payments); and
- past due information, including the rebuttable presumption of more than 30 days past due.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (Stage 2 and Stage 3).

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Credit Union if the holder of the commitment draws down the loan and the cash flows that the Credit Union expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Credit Union expects to receive from the holder, the debtor or any other party.

The Credit Union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Credit Union considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

##### *Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Credit Union considers the following as constituting an event of default:

- the borrower is past due for more than 90 days on any material credit obligation to the Credit Union; or
- the borrower is unlikely to pay its credit obligations to the Credit Union in full.

This definition of default is used by the Credit Union for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

###### *Definition of default ...continued*

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union considers both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Credit Union uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired.

Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

##### (d) Modification of loans to members

When the Credit Union renegotiates or otherwise modifies, the contractual cash flows of its customer loans, the Credit Union assesses whether or not the new terms are substantially different from the original terms of the agreement. The Credit Union derecognises the original loan if the terms are substantially different and recognises the new loan at its fair value. The Credit Union also recalculates the new effective interest rate for the loan. The date of the modification is considered to be the date of initial recognition of the new loan when applying the impairment requirements and also assessing whether a significant increase in credit risk has occurred. The Credit Union also considers whether there may be evidence that the modified loan is credit-impaired at initial recognition. In this situation, the loan is recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset as a result of the borrower being unable to make the originally agreed payments. Differences in the carrying amount are recognised as a gain or loss on derecognition in the profit or loss.

If the new terms are not substantially different the original loan is not derecognised. The Credit Union recalculates the gross carrying amount of the loan and recognises a modification gain or loss in the profit and loss.

The gross carrying amount of the loan is recalculated as the present value of the renegotiated contractual cash flows discounted at the loan's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified loan and are amortised over the remaining term of the modified financial asset.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

(e) *Write offs*

The Credit Union directly reduces the gross carrying amount of a financial asset when the Credit Union has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains, which will be presented in 'Other Income, in the statement of comprehensive income.

(f) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) *Derecognition of financial assets*

The Credit Union derecognises financial assets when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial asset are retained but the contractual obligation to pay the cash flows to one or more recipients is assumed in an arrangement where:

- (i) The Credit Union has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- (ii) The Credit Union is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- (iii) The Credit Union has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Financial instruments ...continued

##### (h) Forward looking information

In its ECL models, the Credit Union relies on a range of forward-looking information as economic inputs, such as:

- GDP growth; and
- Central Bank base rates.

##### (i) Financial liabilities

###### *Classification and subsequent measurement of financial liabilities*

Financial liabilities, including accounts payable and other liabilities and members' deposits, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost.

Financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or as a result of terms as determined by contractual obligations. Financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

###### *Derecognition of financial liabilities*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specific in the contract is discharged, cancelled or expires).

#### 4.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments.

Cash and cash equivalents are measured at amortised cost.

#### 4.6 Investment property

Property held for sale, which comprises of land and land development costs is classified under Other Assets and is carried at cost less any impairment in value. Investment property is derecognised when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the statement of comprehensive income in the period of retirement or disposal.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.7 Property and equipment

##### (a) Initial measurement

Property and equipment are initially stated at cost. Cost includes expenditure that is directly attributed to the acquisition of items.

##### (b) Subsequent measurement land and buildings

After initial recognition, land and buildings whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in members' equity under the heading of property revaluation reserve (note 18). However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the property revaluation reserves in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in members' equity under the heading of property revaluation reserve.

When a building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

##### *Furniture and fittings, equipment and motor vehicles*

After initial recognition, an item of furniture and fittings, equipment and motor vehicles is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### (c) Depreciation

Depreciation is calculated on the straight-line method to write down the cost less estimated residual value of the asset. The following depreciation rates are applied:

|                        |          |
|------------------------|----------|
| Buildings              | 25 years |
| Equipment              | 10 years |
| Furniture and fittings | 5 years  |
| Office equipment       | 5 years  |
| Computer equipment     | 5 years  |
| Telephone equipment    | 5 years  |
| Motor vehicles         | 5 years  |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.7 Property and equipment ...continued

##### (c) Depreciation ...continued

Land is not subject to depreciation.

The assets' residual values and estimated useful lives are reviewed and adjusted, if appropriate, at each reporting 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. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss under other income, net.

#### 4.8 Impairment of non-financial assets

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's or cash generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 4.9 Provisions

Provision for legal disputes or other claims are recognised when the Credit Union has a present or legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Credit Union to settle the obligation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.9 Provisions ...continued

Any reimbursement that the Credit Union can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

#### 4.10 Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

#### 4.11 Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

#### 4.12 Equity, reserves and dividend payments

(a) *Members' shares*

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

(b) *Reserves*

Statutory reserve and development fund reserve comprise amounts required to be set aside as stipulated by the Co-operative Societies Act (see note 18).

Property revaluation reserve comprises gains and losses from the revaluation of land and buildings (see note 13).

Financial assets revaluation reserve comprises unrealised gains or losses from financial assets at FVOCI.

Other reserve comprises amounts set aside as stipulated by the Credit Union's By-laws (see note 18).

(c) *Retained earnings*

Retained earnings include all current and prior period retained profits, net of dividends.

(d) *Dividends*

Dividends paid are recognised in equity in the period in which they are approved by the Credit Union's members at the Annual General Meeting.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 5 Significant management judgements in applying accounting policies and estimation uncertainty

In the application of the Credit Union's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have the most significant effect on the amounts recognised on the financial statements are described in the succeeding pages.

#### 5.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Credit Union determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Credit Union monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Credit Union's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### 5.2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for the financial assets measured at amortised cost is an area that requires the use of modeling and assumptions about future economic conditions and credit behaviors (e.g., the likelihood of customers defaulting and the resulting losses). A number of significant judgement are also required in applying the account requirements for measuring ECL, such as:

- Determining credit for significant increase in credit risk;
- Choosing appropriate model and assumptions for the measurement of proportional loss;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Recovery rates on unsecured exposures;
- Drawdown of approved facilities;
- Determination of macroeconomic drivers (management overlay);
- Determination of life of revolving credit facilities; and
- Models and assumptions used.

It is the Credit Union's policy to regularly review its models in the context of an actual loss experience and adjust when necessary.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

### 5 Significant management judgements in applying accounting policies and estimation uncertainty *...continued*

#### 5.3 Valuation of stage 3 loan facilities

The proposed cash flows were discounted using the yield of the facilities. The Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### 5.4 Effective interest rate (EIR) method

The Credit Union's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to the Credit Union's base rate and other fee income/expense that are integral parts of the instrument.

## 6 Financial risk management

### Risk management objectives and policies

The Credit Union is exposed to the following risks arising from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### Risk management objectives and policies ...continued

This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function.

The Board of Directors receives monthly reports from the Credit Union's Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Credit Union's risk management processes are essentially those mandated by the Board of Directors and are structured to facilitate identification of risks in its various business activities and to formulate risk management strategies, policies and procedures. Risks are maintained within established limits. The Credit Union's risk management policies entail diversification of risk in its portfolios, the establishment of risk rating indicators for individual members and lines of credit and continuous review of risk profiles for its members and portfolios. Risk limits are also set in relation to groups of borrowers as well as industry and geographical segments. The policies also include review, analysis and valuation of all risk-taking activities.

#### 6.1 Credit risk analysis

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Credit Union is exposed to this risk for various financial instruments, for example, granting loans to members, placing deposits and investing in bonds.

(i) *Loans to members*

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The demographics of the Credit Union's member base, including the default risk of the country in which members operate, has less of an influence on credit risk. Geographically there is concentration of credit risk as all members are located in St. Kitts and Nevis.

(ii) *Cash and cash equivalents*

Cash and cash equivalents are held with established and reputable financial institutions, which represent minimum risk of default.

(iii) *Investment securities*

There was no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position, and sufficient liquidity to settle its obligations to the Credit Union once they become due.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(iv) *Other receivables*

Other receivables are financial assets measured at amortised cost. Due to the short-term nature of settlement and a lack of evidence of historical credit losses, these assets are considered to have low credit risk.

(v) *Maximum exposure to credit risk*

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date was:

|  | 2023               | 2022               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>On-balance sheet</b>                              |                    |                    |
| Cash at banks and cash equivalents                   | 38,779,058         | 30,234,954         |
| Loans to members                                     | 154,834,225        | 146,070,776        |
| Investment securities                                | 19,720,644         | 19,332,240         |
| Other receivables                                    | 244,445            | 173,894            |
|  | <u>213,578,372</u> | <u>195,811,864</u> |
| <b>Off-balance sheet</b>                             |                    |                    |
| Loan commitments and other credit related facilities | 6,888,445          | 5,672,229          |
|  | <u>220,466,817</u> | <u>201,484,093</u> |

Credit risk in respect of financial assets is limited as these balances are shown net of allowance for impairment.

#### Loans to members

(a) *Expected credit loss on loans to members*

The expected credit loss, commonly referred to as ECL, represents the amount the Credit Union is likely to lose in the event of a default. The Credit Union is required to categorise the loans in their respective stages as outlined in IFRS 9.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) Maximum exposure to credit risk ...continued

##### Loans to members ...continued

(a) Expected credit loss on loans to members ...continued

Expected credit loss on loans to members are analysed as follows:

|                                | Gross<br>amount<br>\$ | ECL<br>\$          | Net<br>amount<br>\$ |
|--------------------------------|-----------------------|--------------------|---------------------|
| Stage 1                        | 148,198,007           | (1,479,485)        | 146,718,522         |
| Stage 2                        | 3,652,571             | (762,789)          | 2,889,782           |
| Stage 3                        | 6,718,296             | (1,492,375)        | 5,225,921           |
| <b>As at December 31, 2023</b> | <b>158,568,874</b>    | <b>(3,734,649)</b> | <b>154,834,225</b>  |
| Stage 1                        | 139,048,050           | (1,801,188)        | 137,246,862         |
| Stage 2                        | 4,442,641             | (820,235)          | 3,622,406           |
| Stage 3                        | 7,417,899             | (2,216,391)        | 5,201,508           |
| <b>As at December 31, 2022</b> | <b>150,908,590</b>    | <b>(4,837,814)</b> | <b>146,070,776</b>  |

##### Stage 1 loans

Loans placed in this stage include loans for which there is no evidence of a significant increase in credit risk since the origination date and loans that are due to mature within 12 months of the reporting date providing that such loans were not in a state of default.

##### Stage 2 loans

Loans placed in this stage include loans past due for 31 to 90 days and loans that experienced a significant increase in credit risk even if past due days threshold is not met.

##### Stage 3 loans

Loans placed in this stage are loans that are past due over 90 days and loans that show evidence of impairment even if the 90 days threshold is not met.

One of the crucial requirements of IFRS 9 is for the Credit Union to determine whether there is a significant increase in credit risk (SICR) from the date of loan origination to the current or the reporting date. In the event of a SICR, the loan must be placed in Stage 2 and will require a lifetime provision. The loan should remain in this Stage until there is evidence that the event(s) that resulted in the increase in the credit risks have been satisfactorily cured. It is only then that these loans should be transitioned back to Stage 1. SICR is determined by observing the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of the default since the origin of the loan.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) *Maximum exposure to credit risk ...continued*

##### Loans to members ...continued

(a) *Expected credit loss on loans to members ...continued*

##### Stage 3 loans ...continued

A change in members' employment arrangement, payment method, industry or personal conditions could be deemed significant enough to trigger a migration of loans to Stage 2 even if the past due days quantitative SICR threshold is not met.

##### Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the year due to these factors:

|   | Stage 1<br>\$    | Stage 2<br>\$  | Stage 3<br>\$    | Total<br>\$      |
|---|------------------|----------------|------------------|------------------|
| <b>December 31, 2023</b>                  |                  |                |                  |                  |
| <b>Balance at beginning of the year</b>   | <b>1,801,188</b> | <b>820,235</b> | <b>2,216,391</b> | <b>4,837,814</b> |
| Transfers:                                |                  |                |                  |                  |
| Transfer from Stage 1 to Stage 2          | (36,670)         | 36,670         | –                | –                |
| Transfer from Stage 1 to Stage 3          | (559,158)        | –              | 559,158          | –                |
| Transfer from Stage 2 to Stage 3          | –                | (378,702)      | 378,702          | –                |
| Transfer from Stage 2 to Stage 1          | 6,627            | (6,627)        | –                | –                |
| Transfer from Stage 3 to Stage 1          | 8,545            | –              | (8,545)          | –                |
| Transfer from Stage 3 to Stage 2          | –                | 9,181          | (9,181)          | –                |
| New financial assets                      | 557,861          | 69,208         | 37,018           | 664,087          |
| Financial assets fully derecognised       | (350,961)        | (147,212)      | (460,444)        | (958,617)        |
| Changes to inputs used in ECL calculation | 52,053           | 360,036        | 1,632,627        | 2,044,716        |
| Total net charge during the year          | (321,703)        | (57,446)       | 2,129,335        | 1,750,186        |
| Write-offs                                | –                | –              | (2,853,351)      | (2,853,351)      |
| <b>Balance at end of the year</b>         | <b>1,479,485</b> | <b>762,789</b> | <b>1,492,375</b> | <b>3,734,649</b> |



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) Maximum exposure to credit risk ...continued

##### Loans to members ...continued

(a) Expected credit loss on loans to members ...continued

Loss allowance ...continued

|   | Stage 1<br>\$    | Stage 2<br>\$  | Stage 3<br>\$    | Total<br>\$      |
|---|------------------|----------------|------------------|------------------|
| <b>December 31, 2022</b>                  |                  |                |                  |                  |
| <b>Balance at beginning of the year</b>   | <b>1,408,266</b> | <b>390,689</b> | <b>854,395</b>   | <b>2,653,350</b> |
| Transfers:                                |                  |                |                  |                  |
| Transfer from Stage 1 to Stage 2          | (30,758)         | 30,758         | –                | –                |
| Transfer from Stage 1 to Stage 3          | (1,923,796)      | –              | 1,923,796        | –                |
| Transfer from Stage 2 to Stage 3          | –                | (418,758)      | 418,758          | –                |
| Transfer from Stage 2 to Stage 1          | 87,874           | (87,874)       | –                | –                |
| Transfer from Stage 3 to Stage 1          | 26,416           | –              | (26,416)         | –                |
| New financial assets                      | 863,675          | 128,927        | 93,781           | 1,086,383        |
| Financial assets fully derecognised       | (298,006)        | (55,671)       | (150,670)        | (504,347)        |
| Changes to inputs used in ECL calculation | 1,667,517        | 832,164        | 1,556,343        | 4,056,024        |
| Total net charge during the year          | 392,922          | 429,546        | 3,815,592        | 4,638,060        |
| Write-offs                                | –                | –              | (2,453,596)      | (2,453,596)      |
| <b>Balance at end of the year</b>         | <b>1,801,188</b> | <b>820,235</b> | <b>2,216,391</b> | <b>4,837,814</b> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) Maximum exposure to credit risk ...continued

#### Loans to members ...continued

(a) Expected credit loss on loans to members...continued

#### Gross carrying amount

The following table further explains changes in the gross carrying amount of the loans to members to explain their significance to the changes in the loss allowance as discussed above:

|   | Stage 1<br>\$      | Stage 2<br>\$    | Stage 3<br>\$    | Total<br>\$        |
|---|--------------------|------------------|------------------|--------------------|
| <b>December 31, 2023</b>                |                    |                  |                  |                    |
| <b>Balance at beginning of the year</b> | <b>139,048,050</b> | <b>4,442,641</b> | <b>7,417,899</b> | <b>150,908,590</b> |
| Transfers:                              |                    |                  |                  |                    |
| Transfers from Stage 1 to Stage 2       | (3,105,310)        | 3,105,310        | –                | –                  |
| Transfers from Stage 1 to Stage 3       | (1,291,967)        | –                | 1,291,967        | –                  |
| Transfers from Stage 2 to Stage 3       | –                  | (1,619,509)      | 1,619,509        | –                  |
| Transfers from Stage 2 to Stage 1       | 396,682            | (396,682)        | –                | –                  |
| Transfers from Stage 3 to Stage 1       | 1,904,726          | –                | (1,904,726)      | –                  |
| Transfers from Stage 3 to Stage 2       | –                  | 22,168           | (22,168)         | –                  |
| New financial assets                    | 42,123,503         | 193,944          | 47,018           | 42,364,465         |
| Financial assets derecognised           | (29,070,243)       | (1,760,871)      | (520,377)        | (31,351,491)       |
| Changes in interest receivable          | (1,807,434)        | (334,430)        | 1,642,525        | (499,339)          |
| Financial assets write-offs             | –                  | –                | (2,853,351)      | (2,853,351)        |
| <b>Balance at end of the year</b>       | <b>148,198,007</b> | <b>3,652,571</b> | <b>6,718,296</b> | <b>158,568,874</b> |
| <b>December 31, 2022</b>                |                    |                  |                  |                    |
| <b>Balance at beginning of the year</b> | <b>130,696,636</b> | <b>1,505,220</b> | <b>2,658,704</b> | <b>134,860,560</b> |
| Transfers:                              |                    |                  |                  |                    |
| Transfers from Stage 1 to Stage 2       | (4,038,953)        | 4,038,953        | –                | –                  |
| Transfers from Stage 1 to Stage 3       | (6,354,106)        | –                | 6,354,106        | –                  |
| Transfers from Stage 2 to Stage 1       | 313,529            | (313,529)        | –                | –                  |
| Transfers from Stage 2 to Stage 3       | –                  | (844,973)        | 844,973          | –                  |
| Transfers from Stage 3 to Stage 1       | 204,918            | –                | (204,918)        | –                  |
| New financial assets                    | 47,429,159         | 358,672          | 581,330          | 48,369,161         |
| Financial assets derecognised           | (29,358,402)       | (301,702)        | (362,700)        | (30,022,804)       |
| Changes in interest receivable          | 155,269            | –                | –                | 155,269            |
| Financial assets write-offs             | –                  | –                | (2,453,596)      | (2,453,596)        |
| <b>Balance at end of the year</b>       | <b>139,048,050</b> | <b>4,442,641</b> | <b>7,417,899</b> | <b>150,908,590</b> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) *Maximum exposure to credit risk ...continued*

##### **Loans to members ...continued**

(b) *Loans to members re-negotiated*

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continual review. Restructuring is most commonly applied to term loans, in particular customer finance loans. There were no renegotiated loans which were impaired at December 31, 2023 or 2022.

(c) *Reposessed collateral*

The Credit Union had no reposessed collateral in its statement of financial position as at December 31, 2023 (2022: nil).

##### **Debt investment securities**

There is no formal rating of the credit quality of bonds and treasury bills. A number of qualitative and quantitative factors are considered in assessing the risk associated with each investment; however, there is no hierarchy of ranking. There are no external ratings of the securities. None of the securities are pledged as collateral.

External rating such as Standard & Poor's rating or their equivalents are used by the Credit Union for managing the credit risk exposures. Debt investments are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time. Management considers the investments to be low credit risk as these instruments are held with counterparties with high credit ratings, or operating in territories with satisfactory credit risk and no history of default. All investment securities were considered to be performing and so were classified as Stage 1 (2022: Stage 1, 100%).

##### **Cash and cash equivalents and other receivables**

Cash and cash equivalents and other receivables are measured at amortised cost and are also subject to the impairment requirement of IFRS 9, the identified impairment loss is deemed immaterial to the financial statements.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.2 Liquidity risk analysis

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Credit Union's liquidity risk is subject to risk management controls and is managed within the framework of regulatory requirements, policies and limits approved by the Board.

The Board receives reports on liquidity risk exposures and performance against approved limits. Management provides the Board with information on liquidity risk for Board oversight purposes through its monthly meetings.

The key elements of the Credit Union's liquidity risk management framework include:

- liquidity risk measurement and management limits, including limits on maximum net cash outflow over a specified short-term horizon;
- holdings of liquid assets to support its operations, which can generally be converted to cash within a reasonable time;
- liquidity stress testing PEARLS-specific ratios; and
- liquidity contingency planning.

The table below presents the cash flows payable by the Credit Union under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and undiscounted cash flows.

|  | Carrying<br>amount<br>\$ | Up to 1<br>year<br>\$ | Over 5<br>years<br>\$ | Total<br>\$        |
|--|--------------------------|-----------------------|-----------------------|--------------------|
| <b>Liabilities</b>                     |                          |                       |                       |                    |
| Members' deposits                      | 188,361,649              | 183,459,281           | 5,091,673             | 188,550,954        |
| Accounts payable and other liabilities | 8,922,089                | 8,922,089             | –                     | 8,922,089          |
| <b>As at December 31, 2023</b>         | <b>197,283,738</b>       | <b>192,381,370</b>    | <b>5,091,673</b>      | <b>197,473,043</b> |
| <b>Liabilities</b>                     |                          |                       |                       |                    |
| Members' deposits                      | 174,794,404              | 170,228,729           | 5,091,673             | 175,320,402        |
| Accounts payable and other liabilities | 4,408,684                | 4,408,684             | –                     | 4,408,684          |
| <b>As at December 31, 2022</b>         | <b>179,203,088</b>       | <b>174,637,413</b>    | <b>5,091,673</b>      | <b>179,729,086</b> |

Assets held for managing liquidity risk

The Credit Union holds a diversified portfolio of cash and high-quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Credit Union's assets held for managing liquidity risk comprise:

- Unrestricted cash at bank;
- Unimpaired loans;
- Investment securities; and
- Other receivables.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.3 Market risk analysis

The Credit Union is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency. The United States Dollar, in which the Credit Union also transacts business, is fixed in relation to the Eastern Caribbean Dollar.

(ii) *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. To manage this price risk arising from investments in equity securities, the Credit Union diversifies its investment portfolio.

(iii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period.

The Credit Union actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Credit Union's funding and investment activities is managed in accordance with Board-approved policies.

The table in the succeeding pages summarises the Credit Union's exposure to interest rate risks. Included in the table are the Credit Union's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing and maturity dates.

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2023**

(expressed in Eastern Caribbean dollars)

**6 Financial risk management ...continued**

**6.3 Market risk analysis ...continued**

(iii) Interest rate risk ...continued

**As at December 31, 2023**

|  | Interest rate % | Up to 1 year \$     | 1 – 5 years \$    | Over 5 years \$   | Non-interest bearing \$ | Total \$           |
|--|-----------------|---------------------|-------------------|-------------------|-------------------------|--------------------|
| <b>Assets</b>                          |                 |                     |                   |                   |                         |                    |
| Cash and cash equivalents              | 0 – 3           | 38,779,058          | –                 | –                 | 5,241,990               | 44,021,048         |
| Loans to members                       | 5 – 18          | 24,987,368          | 65,507,872        | 63,271,580        | 1,067,405               | 154,834,225        |
| Investment securities                  | 2.5 – 3.85      | 19,594,702          | –                 | –                 | 3,164,207               | 22,758,909         |
| Other receivables                      | –               | –                   | –                 | –                 | 244,445                 | 244,445            |
| <b>Total financial assets</b>          |                 | <b>83,361,128</b>   | <b>65,507,872</b> | <b>63,271,580</b> | <b>9,718,047</b>        | <b>221,858,627</b> |
| <b>Liabilities</b>                     |                 |                     |                   |                   |                         |                    |
| Members' deposits                      | 0 – 3           | 183,269,976         | –                 | –                 | 5,091,673               | 188,361,649        |
| Accounts payable and other liabilities | –               | –                   | –                 | –                 | 8,922,089               | 8,922,089          |
| <b>Total financial liabilities</b>     |                 | <b>183,269,976</b>  | <b>–</b>          | <b>–</b>          | <b>14,013,762</b>       | <b>197,283,738</b> |
| <b>Total interest repricing gap</b>    |                 | <b>(99,908,848)</b> | <b>65,507,872</b> | <b>63,271,580</b> | <b>(4,295,715)</b>      | <b>24,574,889</b>  |



# St. Kitts Co-operative Credit Union Limited

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December 31, 2023

(expressed in Eastern Caribbean dollars)

## 6 Financial risk management ...continued

### 6.3 Market risk analysis ...continued

(iii) Interest rate risk...continued

As at December 31, 2022

|  | Interest rate % | Up to 1 year \$     | 1 – 5 years \$    | Over 5 years \$   | Non-interest bearing \$ | Total \$           |
|--|-----------------|---------------------|-------------------|-------------------|-------------------------|--------------------|
| <b>Assets</b>                          |                 |                     |                   |                   |                         |                    |
| Cash and cash equivalents              | 0 – 3           | 30,234,954          | –                 | –                 | 5,483,240               | 35,718,194         |
| Loans to members                       | 5 – 18          | 23,561,510          | 64,858,809        | 56,083,713        | 1,566,744               | 146,070,776        |
| Investment securities                  | 2.5 – 3.85      | 19,209,431          | –                 | –                 | 1,661,074               | 20,870,505         |
| Other receivables                      | –               | –                   | –                 | –                 | 173,894                 | 173,894            |
| <b>Total financial assets</b>          |                 | <b>73,005,895</b>   | <b>64,858,809</b> | <b>56,083,713</b> | <b>8,884,952</b>        | <b>202,833,369</b> |
| <b>Liabilities</b>                     |                 |                     |                   |                   |                         |                    |
| Members' deposits                      | 0 – 3           | 169,702,731         | –                 | –                 | 5,091,673               | 174,794,404        |
| Accounts payable and other liabilities | –               | –                   | –                 | –                 | 4,408,684               | 4,408,684          |
| <b>Total financial liabilities</b>     |                 | <b>169,702,731</b>  | <b>–</b>          | <b>–</b>          | <b>9,500,357</b>        | <b>179,203,088</b> |
| <b>Total interest repricing gap</b>    |                 | <b>(96,696,836)</b> | <b>64,858,809</b> | <b>56,083,713</b> | <b>(615,405)</b>        | <b>23,630,281</b>  |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.3 Market risk analysis ...continued

##### (iii) Interest rate risk ...continued

###### Fair value interest rate sensitivity analysis

The financial assets and financial liabilities held by the Credit Union have fixed rates over the life of the instruments and so the sensitivity analysis is not required.

###### Cash flow interest rate sensitivity analysis

The Credit Union is not exposed to any cash flow interest rate risk as it has no variable rate financial instruments.

#### 6.4 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 involvement with financial instruments, including processes, personnel, 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 corporate behaviour.

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 management within the Credit Union. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk by establishing requirements for:

- appropriate segregation of duties, including the independent authorisation of transactions;
- the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with the Credit Union's standards is supported by a program of periodic reviews undertaken by the Supervisory Committee. The results of the Supervisory Committee reviews are discussed with management, with summaries to the Board of Directors.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities

#### a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities not presented on the statement of financial position at their fair values.

|  | Carrying value     |                    | Fair value         |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2023               | 2022               | 2023               | 2022               |
|  | \$                 | \$                 | \$                 | \$                 |
| <b>Financial assets</b>                |                    |                    |                    |                    |
| Cash and cash equivalents              | 44,021,048         | 35,718,194         | 44,021,048         | 35,718,194         |
| Loans to members                       | 154,834,225        | 146,070,776        | 154,834,225        | 146,070,776        |
| Financial assets at amortised cost     | 19,720,644         | 19,332,240         | 19,720,644         | 19,332,240         |
| Other receivables                      | 244,445            | 173,894            | 244,445            | 173,894            |
|  | <b>218,820,362</b> | <b>201,295,104</b> | <b>218,820,362</b> | <b>201,295,104</b> |
| <b>Financial liabilities</b>           |                    |                    |                    |                    |
| Members' deposits                      | 188,361,649        | 174,794,404        | 188,361,649        | 174,794,404        |
| Accounts payable and other liabilities | 8,922,089          | 4,408,684          | 8,922,089          | 4,408,684          |
|  | <b>197,283,738</b> | <b>179,203,088</b> | <b>197,283,738</b> | <b>179,203,088</b> |

#### (i) Loans to members

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

#### (ii) Investment securities

The fair value of assets which are held to maturity to collect contractual cash flows is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated for debt investment securities based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

#### (iii) Members' deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities ...continued

#### b) Fair value measurement of financial instruments

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

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

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at December 31, 2023 and 2022.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into the following levels of the fair value hierarchy.

|                           | Level 1 | Level 2 | Level 3   | Total     |
|---------------------------|---------|---------|-----------|-----------|
|                           | \$      | \$      | \$        | \$        |
| <b>December 31, 2023</b>  |         |         |           |           |
| Financial assets at FVOCI | –       | 654,165 | 2,384,100 | 3,038,265 |
| <b>December 31, 2022</b>  |         |         |           |           |
| Financial assets at FVOCI | –       | 654,165 | 884,100   | 1,538,265 |

The Credit Union's finance team performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the Chief Executive Officer and to the Board of Directors. Valuation processes and fair value changes are discussed among the Board of Directors and the valuation team at least every year, in line with the Credit Union's reporting dates. The valuation techniques used for instruments categorised in Level 3 are described below:

Financial assets at FVOCI

The fair value is generally on broker/dealer price quotations. Where these are not available, the Credit Union applies valuation techniques to determine the fair value of financial instruments.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities ...continued

#### c) Fair value measurement of non-financial assets

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2023 and December 31, 2022.

|   | Level 1 | Level 2           | Level 3 | Total             |
|---|---------|-------------------|---------|-------------------|
|   | \$      | \$                | \$      | \$                |
| <b>December 31, 2023</b>                                    |         |                   |         |                   |
| Land and freehold building at Cayon and Church Streets      | –       | 3,024,830         | –       | 3,024,830         |
| Land and freehold building at Bladen Commercial Development | –       | 9,434,222         | –       | 9,434,222         |
| Land and freehold buildings at New Street                   | –       | 2,271,440         | –       | 2,271,440         |
|   | –       | <b>14,730,492</b> | –       | <b>14,730,492</b> |
| <b>December 31, 2022</b>                                    |         |                   |         |                   |
| Land and freehold building at Cayon and Church Streets      | –       | 2,517,307         | –       | 2,517,307         |
| Land and freehold building at Bladen Commercial Development | –       | 9,538,080         | –       | 9,538,080         |
| Land and freehold buildings at New Street                   | –       | 2,352,960         | –       | 2,352,960         |
|   | –       | <b>14,408,347</b> | –       | <b>14,408,347</b> |

Fair value of the Credit Union's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 8 Capital management policies and procedures

The Credit Union has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve three major objectives:

- exceed regulatory thresholds;
- meet long-term internal capital targets; and
- provide the Credit Union's members with a source of finance.

Capital is managed in accordance with the Board-approved Capital Management Policy which is based on regulatory requirements of the Co-operative Societies Act and the PEARLS regulations. Management and the Board of Directors develop the capital strategy and oversee the capital management processes of the Credit Union. The Credit Union's management and Supervisory Committee are key in implementing the Credit Union's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

The three primary regulatory capital ratios used to assess capital adequacy are as follows:

|                                    | Regulatory requirement | 2023<br>% | 2022<br>% |
|------------------------------------|------------------------|-----------|-----------|
| Net loans/total assets             | 70% to 80%             | 63.50%    | 65.90%    |
| Institutional capital/total assets | 10% minimum            | 8.60%     | 8.40%     |
| Total delinquency/total loans      | 5% maximum             | 9.55%     | 12.90%    |

### 9 Cash and cash equivalents

|                     | 2023<br>\$        | 2022<br>\$        |
|---------------------|-------------------|-------------------|
| Cash at banks       | 30,574,495        | 22,110,882        |
| Short-term deposits | 8,204,563         | 8,124,072         |
| Cash on hand        | 5,241,990         | 5,483,240         |
|                     | <b>44,021,048</b> | <b>35,718,194</b> |

The Credit Union's bank balances are held at St. Kitts-Nevis-Anguilla National Bank Limited, Nevis Co-operative Credit Union Limited, Police Co-operative Credit Union Limited and Republic Bank (EC) Limited. These accounts earn interest at a rate of 0% – 3% (2022: 0% – 3%).

Short term deposits are held with St Kitts-Nevis-Anguilla National Bank Limited. These deposits earn interest at a rate of 1% (2022: 1%) and mature on January 15, 2024.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 10 Loans to members

|   | 2023<br>\$         | 2022<br>\$  |
|---|--------------------|-------------|
| Promotional                               | 46,002,573         | 42,725,667  |
| Construction                              | 43,676,683         | 43,099,451  |
| Consumer                                  | 23,075,555         | 20,764,060  |
| Land and property                         | 22,417,027         | 21,973,090  |
| Vehicle                                   | 10,840,193         | 9,949,412   |
| Restructured loans and consolidated bills | 6,982,953          | 6,422,274   |
| Commercial                                | 3,040,100          | 3,063,368   |
| Education                                 | 1,466,385          | 1,344,524   |
|   | <b>157,501,469</b> | 149,341,846 |
| Interest receivable                       | <b>1,067,405</b>   | 1,566,744   |
|   | <b>158,568,874</b> | 150,908,590 |
| Provision for expected credit losses      | <b>(3,734,649)</b> | (4,837,814) |
| Total loans to members                    | <b>154,834,225</b> | 146,070,776 |
| Current                                   | <b>26,054,773</b>  | 25,128,254  |
| Non-current                               | <b>128,779,452</b> | 120,942,522 |
|   | <b>154,834,225</b> | 146,070,776 |

As at December 31, 2023, interest rates charged on loans ranged from 4.75% – 18.0% (2022: 5.0% – 18.0%). The weighted average effective interest rate on productive loans to members at amortised cost as at December 31, 2023 is 8.67% (2022: 9.26%)

The movement in provision for expected credit losses is as follows:

|   | 2023<br>\$         | 2022<br>\$  |
|---|--------------------|-------------|
| <b>Balance at beginning of the year</b>           | <b>4,837,814</b>   | 2,653,350   |
| Provision for expected credit losses for the year | <b>1,750,186</b>   | 4,638,060   |
| Amounts written off during the year               | <b>(2,853,351)</b> | (2,453,596) |
| <b>Balance at end of the year</b>                 | <b>3,734,649</b>   | 4,837,814   |

During the year, the Credit Union recovered previously written-off bad debts amounting to \$787,662 (2022: \$744,634) which is recognised as part of “Other income, net” (see note 20).

The Credit Union’s loan loss provision has been made in accordance with the requirements of IFRS 9. Under the PEARLS methodology, the Credit Union provides for loan losses at the rate of thirty-five percent (35%) on balances less than twelve (12) months old and one hundred (100%) percent on balances more than twelve (12) months old on the net amount of delinquent loans according to the policy set by the Board of Directors. The PEARLS methodology is the basis of provision required by the Co-operative Societies Act, No. 31 of 2011. As of December 31, 2023, the provision for credit losses in accordance with the PEARLS methodology amounted to \$1,674,367 (2022: \$3,035,191).

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 11 Other assets

|                             | 2023<br>\$       | 2022<br>\$       |
|-----------------------------|------------------|------------------|
| Deposit on purchase of land | 1,817,957        | 1,817,957        |
| Land development costs      | 2,318,094        | 1,025,016        |
| Prepayments                 | 1,128,973        | 699,280          |
| Other receivables           | 244,445          | 173,894          |
| Office supplies             | 106,933          | 139,569          |
|                             | <b>5,616,402</b> | <b>3,855,716</b> |
| Current                     | 1,480,351        | 1,012,743        |
| Non-current                 | 4,136,051        | 2,842,973        |
|                             | <b>5,616,402</b> | <b>3,855,716</b> |

According to management's estimate of the value of the project as at December 31, 2023, the residential housing development is assessed to have an estimated fair market value of \$5,120,154 (2022: \$3,827,076).

### 12 Investment securities

|   | 2023<br>\$        | 2022<br>\$        |
|---|-------------------|-------------------|
| <b>Financial assets at FVOCI</b>                |                   |                   |
| Listed equities                                 | 654,165           | 654,165           |
| Unlisted equities                               | 2,384,100         | 884,100           |
| <b>Total financial assets at FVOCI</b>          | <b>3,038,265</b>  | <b>1,538,265</b>  |
| <b>Financial assets at amortised cost</b>       |                   |                   |
| Fixed deposits                                  | 10,190,719        | 9,870,448         |
| Bonds   | 5,552,000         | 5,487,000         |
| Treasury bills                                  | 4,021,075         | 4,021,075         |
|   | <b>19,763,794</b> | <b>19,378,523</b> |
| Interest receivable                             | 125,942           | 122,809           |
|   | <b>19,889,736</b> | <b>19,501,332</b> |
| Provision for expected credit losses            | (169,092)         | (169,092)         |
| <b>Total financial assets at amortised cost</b> | <b>19,720,644</b> | <b>19,332,240</b> |
| <b>Total investment securities</b>              | <b>22,758,909</b> | <b>20,870,505</b> |
| Current   | 19,720,644        | 19,332,240        |
| Non-current                                     | 3,038,265         | 1,538,265         |
|   | <b>22,758,909</b> | <b>20,870,505</b> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 12 Investment securities ...continued

The movement of investment securities during the year is as follow:

|                                     | Note | FVOCI<br>\$      | Amortised<br>cost<br>\$ | Total<br>\$       |
|-------------------------------------|------|------------------|-------------------------|-------------------|
| <b>Balance at December 31, 2021</b> |      | <b>1,525,765</b> | <b>18,955,795</b>       | <b>20,481,560</b> |
| Additions                           |      | –                | 373,769                 | 373,769           |
| Unrealised fair value gain          | 18   | 12,500           | –                       | 12,500            |
| Movement in interest receivable     |      | –                | 2,676                   | 2,676             |
| <b>Balance at December 31, 2022</b> |      | <b>1,538,265</b> | <b>19,332,240</b>       | <b>20,870,505</b> |
| Additions                           |      | 1,500,000        | 385,271                 | 1,885,271         |
| Movement in interest receivable     |      | –                | 3,133                   | 3,133             |
| <b>Balance at December 31, 2023</b> |      | <b>3,038,265</b> | <b>19,720,644</b>       | <b>22,758,909</b> |

#### Financial assets at FVOCI

##### *Listed equities*

The SKCCU has equity instruments in two (2) financial institutions within St. Kitts and Nevis.

##### *Unlisted equities*

The SKCCU has equity instruments in the Eastern Caribbean Home Mortgage Bank.

#### Financial assets at amortised cost

##### *Fixed deposits*

The SKCCU has various fixed deposits ranging from six months to one-year. Term deposits are held with various financial institutions in St. Kitts and Nevis and earn interest ranging from nil% – 3.5% (2022: nil% – 3.5%) with maturity dates ranging from February 26, 2024 to December 30, 2024.

##### *Bonds*

Bonds denominated in Eastern Caribbean Dollars are held with the Eastern Caribbean Home Mortgage Bank and yield interest rates of 2.5% (2022: 2.5%) with maturity dates ranging from October 25, 2024 to November 28, 2024.

##### *Treasury bills*

The treasury bills have a maturity period of six months and are held with the local Government and earn interest at a rate of 3.85 % (2022: 3.85%). The treasury bills mature on April 28, 2024.

# St. Kitts Co-operative Credit Union Limited

Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

## 13 Property and equipment

|                                 | Land<br>\$       | Buildings<br>\$   | Equipment<br>\$  | Furniture<br>and<br>fittings<br>\$ | Office<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Telephone<br>equipment<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$       |
|---------------------------------|------------------|-------------------|------------------|------------------------------------|---------------------------|-----------------------------|------------------------------|-------------------------|-------------------|
| <b>Cost or valuation</b>        |                  |                   |                  |                                    |                           |                             |                              |                         |                   |
| At December 31, 2021            | 2,210,326        | 12,555,675        | 1,289,598        | 487,955                            | 390,944                   | 1,065,404                   | 122,147                      | 196,920                 | 18,318,969        |
| Additions                       | –                | 224,866           | 40,092           | 9,169                              | 34,350                    | 77,480                      | –                            | –                       | 385,957           |
| Disposals                       | –                | –                 | –                | (24,813)                           | (1,935)                   | –                           | (8,369)                      | –                       | (35,117)          |
| <b>At December 31, 2022</b>     | <b>2,210,326</b> | <b>12,780,541</b> | <b>1,329,690</b> | <b>472,311</b>                     | <b>423,359</b>            | <b>1,142,884</b>            | <b>113,778</b>               | <b>196,920</b>          | <b>18,669,809</b> |
| Additions                       | –                | 622,262           | 788,061          | 35,111                             | 164,033                   | 333,152                     | –                            | –                       | 1,942,619         |
| Disposals                       | –                | –                 | –                | –                                  | (26,282)                  | –                           | –                            | –                       | (26,282)          |
| <b>At December 31, 2023</b>     | <b>2,210,326</b> | <b>13,402,803</b> | <b>2,117,751</b> | <b>507,422</b>                     | <b>561,110</b>            | <b>1,476,036</b>            | <b>113,778</b>               | <b>196,920</b>          | <b>20,586,146</b> |
| <b>Accumulated depreciation</b> |                  |                   |                  |                                    |                           |                             |                              |                         |                   |
| At December 31, 2021            | –                | 289,897           | 1,005,702        | 469,439                            | 321,699                   | 760,264                     | 119,222                      | 181,177                 | 3,147,400         |
| Charge for the year (note 23)   | –                | 292,623           | 52,807           | 11,917                             | 28,953                    | 105,850                     | 2,925                        | 15,743                  | 510,818           |
| Write-back on disposals         | –                | –                 | –                | (24,813)                           | (1,935)                   | –                           | (8,369)                      | –                       | (35,117)          |
| <b>At December 31, 2022</b>     | <b>–</b>         | <b>582,520</b>    | <b>1,058,509</b> | <b>456,543</b>                     | <b>348,717</b>            | <b>866,114</b>              | <b>113,778</b>               | <b>196,920</b>          | <b>3,623,101</b>  |
| Charge for the year (note 23)   | –                | 300,117           | 60,822           | 6,796                              | 27,589                    | 94,075                      | –                            | –                       | 489,399           |
| Write-back on disposals         | –                | –                 | –                | –                                  | (25,898)                  | –                           | –                            | –                       | (25,898)          |
| <b>At December 31, 2023</b>     | <b>–</b>         | <b>882,637</b>    | <b>1,119,331</b> | <b>463,339</b>                     | <b>350,408</b>            | <b>960,189</b>              | <b>113,778</b>               | <b>196,920</b>          | <b>4,086,602</b>  |
| <b>Carrying values</b>          |                  |                   |                  |                                    |                           |                             |                              |                         |                   |
| At December 31, 2023            | 2,210,326        | 12,520,166        | 998,420          | 44,083                             | 210,702                   | 515,847                     | –                            | –                       | 16,499,544        |
| At December 31, 2022            | 2,210,326        | 12,198,021        | 271,181          | 15,768                             | 74,642                    | 276,770                     | –                            | –                       | 15,046,708        |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 13 Property and equipment ...continued

#### Revaluation reserve

Revaluation reserve represents the excess of appraised values over the cost of the Credit Union's land and building as a result of a professional valuation which has been adopted by the Credit Union. The Credit Union's property valuation was performed by an independent professional valuator on March 10, 2021. The excess of the appraised value over cost amounted to \$2,487,324, which was credited to the revaluation reserve in the year ended December 31, 2020. Subsequently, additional land and buildings were purchased and are carried at fair value. The Credit Union assessed that purchase price of the land and building to be its fair value given that the transaction occurred at arm's length between willing and knowledgeable parties.

The following are the historical cost carrying amounts of land and buildings carried at revalued amounts:

|                          | Land<br>\$       | Buildings<br>\$  | Total<br>\$      |
|--------------------------|------------------|------------------|------------------|
| <b>December 31, 2023</b> |                  |                  |                  |
| Cost                     | 1,094,096        | 7,262,409        | 8,356,505        |
| Accumulated depreciation | –                | (2,555,156)      | (2,555,156)      |
| <b>Net book value</b>    | <b>1,094,096</b> | <b>4,707,253</b> | <b>5,801,349</b> |
| <b>December 31, 2022</b> |                  |                  |                  |
| Cost                     | 1,094,096        | 6,640,147        | 7,734,243        |
| Accumulated depreciation | –                | (2,264,660)      | (2,264,660)      |
| <b>Net book value</b>    | <b>1,094,096</b> | <b>4,375,487</b> | <b>5,469,583</b> |

### 14 Intangible assets

|  | Note | 2023<br>\$     | 2022<br>\$ |
|--|------|----------------|------------|
| <b>Cost at beginning and end of the year</b> |      | <b>963,770</b> | 963,770    |
| <b>Accumulated amortisation</b>              |      |                |            |
| Balance at beginning of the year             |      | 959,084        | 810,882    |
| Charge for the year                          | 23   | 1,339          | 148,202    |
| <b>Balance at end of the year</b>            |      | <b>960,423</b> | 959,084    |
| <b>Carrying value at end of the year</b>     |      | <b>3,347</b>   | 4,686      |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 15 Members' deposits

|                                | 2023<br>\$         | 2022<br>\$         |
|--------------------------------|--------------------|--------------------|
| Regular savings                | 143,050,423        | 130,925,373        |
| Term deposits                  | 44,947,034         | 43,515,290         |
|                                | <b>187,997,457</b> | <b>174,440,663</b> |
| Interest payable               | 364,192            | 353,741            |
| <b>Total members' deposits</b> | <b>188,361,649</b> | <b>174,794,404</b> |
| Current                        | 183,269,976        | 169,702,731        |
| Non-current                    | 5,091,673          | 5,091,673          |
|                                | <b>188,361,649</b> | <b>174,794,404</b> |

The weighted average effective interest rate on members' deposits as at December 31, 2023 is 2.09% (2022: 2.09%).

### 16 Accounts payable and other liabilities

|   | 2023<br>\$       | 2022<br>\$       |
|---|------------------|------------------|
| Due to Caribbean Credit Card Corporation            | 7,706,978        | 3,415,913        |
| Deferred loan fees                                  | 796,011          | 704,362          |
| Accrued expenses and other payables                 | 675,771          | 578,068          |
| Accounts payable                                    | 539,340          | 414,703          |
| <b>Total accounts payable and other liabilities</b> | <b>9,718,100</b> | <b>5,113,046</b> |

### 17 Members' shares

|                                   | 2023<br>\$        | 2022<br>\$        |
|-----------------------------------|-------------------|-------------------|
| Balance at beginning of the year  | 11,905,714        | 10,478,570        |
| Issued during the year            | 1,570,092         | 1,436,844         |
| Withdrawals during the year       | –                 | (9,700)           |
| <b>Balance at end of the year</b> | <b>13,475,806</b> | <b>11,905,714</b> |



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 18 Reserves

|                                      | 2023              | 2022              |
|--------------------------------------|-------------------|-------------------|
|                                      | \$                | \$                |
| Property revaluation reserve         | 10,664,775        | 10,664,775        |
| Statutory reserve                    | 8,770,518         | 7,965,745         |
| Other reserve                        | 2,025,969         | 2,025,969         |
| Financial assets revaluation reserve | 361,665           | 361,665           |
| Development fund reserve             | 144,664           | 185,470           |
|                                      | <b>21,967,591</b> | <b>21,203,624</b> |

#### i) Property revaluation reserve

On March 10, 2021, the Credit Union revalued its properties at New Street and Bladen Commercial Development. The revalued amount was \$12,416,001 based on the independent valuation of a qualified valuer.

#### ii) Statutory reserve

Part VII, Section 125 of the Co-operative Societies Act, No. 31 of 2011 provides for a Reserve Fund to be established and maintained. The Act requires the Credit Union, after the annual audit and if a net surplus exists, to transfer not less than 25% to its statutory reserve fund until the reserve equals to 10% of total assets. The reserve fund may be applied, with the approval of the Registrar, in the business of the society, unforeseen losses, unexpected shortfalls in liquid cash, capital retention, improved earnings, financing of non-earning assets, repairs and maintenance and the avoidance of external borrowing. Entrance fees are credited to the statutory reserve.

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | \$               | \$               |
| Balance at beginning of the year                | 7,965,745        | 7,572,282        |
| Entrance fees                                   | 6,166            | 7,075            |
| Transfer from retained earnings during the year | 798,607          | 386,388          |
| <b>Balance at end of the year</b>               | <b>8,770,518</b> | <b>7,965,745</b> |

#### iii) Other reserve

Other reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors and guidance from the Regulators. It is the policy of the Board of Directors to periodically transfer amounts from retained earnings to other reserve as part of the Credit Union's risk management. Other reserve represents a non-distributable reserve and this is not available for the payment of dividends.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 18 Reserves ...continued

#### iv) Financial assets revaluation reserve

The Credit Union opted to recognise its equity securities as financial assets at FVOCI with unrealised gains or losses being recognised in revaluation reserve in the statement of changes in members' equity. Unrealised fair value gain in 2023 amounted to \$nil (2022: \$12,500) (see note 12).

#### v) Development fund reserve

Part VII, Section 126 of the Co-operatives Societies Act, No. 31 of 2011 provides for a Development Fund to be established and maintained. The Act requires the Credit Union, after the annual audit and if a net surplus exists, to make an annual contribution to its development fund, as determined and approved by the Board of Directors, not exceeding ten percent (10%) of that surplus and such fund shall be used for strengthening the capacity and growth of the Credit Union and for human resource development.

The Board of Directors approved the allocation of 2.5% of net surplus for the year (2022: 2.5%) to the Development fund reserve.

|                                   | 2023           | 2022           |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| Balance at beginning of the year  | 185,470        | 261,932        |
| Allocation for the year           | 79,861         | 38,638         |
| Use of development fund           | (120,667)      | (115,100)      |
| <b>Balance at end of the year</b> | <b>144,664</b> | <b>185,470</b> |

### 19 Interest expense

|                  | 2023             | 2022             |
|------------------|------------------|------------------|
|                  | \$               | \$               |
| Savings deposits | 2,711,658        | 2,477,034        |
| Term deposits    | 1,078,793        | 1,047,800        |
|                  | <b>3,790,451</b> | <b>3,524,834</b> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 20 Other income, net

|  | Note | 2023<br>\$       | 2022<br>\$       |
|--|------|------------------|------------------|
| Fees and commissions                       |      | 1,844,309        | 1,824,673        |
| Bad debt recovered                         | 10   | 787,662          | 744,634          |
| Credit card fees                           |      | 330,917          | 205,387          |
| Chequing account fees                      |      | 220,723          | 235,774          |
| Dividend income                            |      | 101,434          | 15,087           |
| Foreign exchange differences, net          |      | 14,243           | 11,193           |
| Miscellaneous                              |      | 6,359            | 80,688           |
| Rental income                              |      | 1,800            | 2,400            |
| Loss on disposal of property and equipment |      | (384)            | –                |
|  |      | <b>3,307,063</b> | <b>3,119,836</b> |

### 21 Staff costs

|                               | 2023<br>\$       | 2022<br>\$       |
|-------------------------------|------------------|------------------|
| Salaries and wages            | 2,958,345        | 2,520,499        |
| Staff benefits                | 302,149          | 246,870          |
| Social security contributions | 235,540          | 216,967          |
|                               | <b>3,496,034</b> | <b>2,984,336</b> |

The number of employees as at December 31, 2023 was 50 (2022: 45).

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 22 General and administrative expenses

|                                       | 2023             | 2022             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| Debit and credit card processing fees | 1,321,142        | 575,815          |
| Insurance                             | 512,434          | 502,638          |
| Repairs and maintenance               | 416,556          | 450,468          |
| Utilities                             | 299,132          | 289,220          |
| SKCCU Committee                       | 184,525          | 100,578          |
| Professional fees                     | 164,758          | 105,698          |
| Meeting and convention                | 158,741          | 80,422           |
| Security services                     | 146,493          | 164,740          |
| Subscriptions and dues                | 143,805          | 142,218          |
| Postage and stationery                | 78,825           | 122,450          |
| Annual general meeting                | 44,418           | 25,880           |
| Transportation and travel             | 13,012           | 29,060           |
| Registration fee                      | 10,250           | 10,100           |
| Property tax                          | 10,209           | 10,387           |
| Miscellaneous                         | 9,896            | 8,262            |
|                                       | <u>3,514,196</u> | <u>2,617,936</u> |

### 23 Depreciation and amortisation

|  | Notes | 2023           | 2022           |
|--|-------|----------------|----------------|
|  |       | \$             | \$             |
| Depreciation of property and equipment | 13    | 489,399        | 510,818        |
| Amortisation of intangible assets      | 14    | 1,339          | 148,202        |
|  |       | <u>490,738</u> | <u>659,020</u> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 24 Income tax

Under the Income Tax Act of St. Kitts and Nevis, the Credit Union is classified as a non-profit organisation and is therefore exempt from the payment of income tax.

### 25 Related party balances and transactions

#### Related parties

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

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

A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### Related party balances

|                                     | Total loans      |                  | Total deposits   |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | 2023             | 2022             | 2023             | 2022             |
|                                     | \$               | \$               | \$               | \$               |
| Board of Directors                  | 261,197          | 285,495          | 510,983          | 498,286          |
| Credit committee                    | 95,238           | 80,325           | 80,945           | 49,013           |
| Supervisory committee               | 8,440            | 498,503          | 142,561          | 281,639          |
| Key management personnel            | 1,350,610        | 793,044          | 686,807          | 490,315          |
| <b>Total related party balances</b> | <b>1,715,485</b> | <b>1,657,367</b> | <b>1,421,296</b> | <b>1,319,253</b> |

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2023

(expressed in Eastern Caribbean dollars)

### 25 Related party balances and transactions ...continued

#### Related party transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

|                              | 2023   | 2022   |
|------------------------------|--------|--------|
|                              | \$     | \$     |
| Interest income on loans     | 92,127 | 89,305 |
| Interest expense on deposits | 29,419 | 28,217 |

Interest rates on related party deposits range from 0% – 3% (2022: 0% – 3%). Interest rates on related party loans range from 5% – 15% (2022: 5% – 15%).

#### Key management personnel compensation

Salaries and related benefits paid to key members of management are as follow:

|                         | 2023             | 2022             |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| Salaries and allowances | 1,183,961        | 1,041,775        |
| Other staff costs       | 245,268          | 389,028          |
|                         | <u>1,429,229</u> | <u>1,430,803</u> |

### 26 Dividends

In 2023, the Credit Union declared and paid a dividend of \$655,428 in respect of the 2022 financial year (2022: \$795,369 in respect of the 2021 financial year) to its members.

### 27 Commitments

As at reporting date, the Credit Union had contractual commitments to extend credit to customers, guarantee and other facilities as follows:

|                       | 2023             | 2022             |
|-----------------------|------------------|------------------|
|                       | \$               | \$               |
| Loan commitments      | 6,496,936        | 5,208,823        |
| Overdraft commitments | 391,509          | 463,406          |
|                       | <u>6,888,445</u> | <u>5,672,229</u> |



# SKCCU IN THE COMMUNITY





# STAFF APPRECIATION



Our most important assets, our EMPLOYEES!!



# SPONSORSHIP AND TEAM BUILDING



Morning prayer and devotion



Small Business Highlight



Essence of Hope Breast Cancer Walk



# THE NEW BRANCH BUILDING





FINANCIAL RESILIENCE FOR A  
SUSTAINABLE AND INCLUSIVE TOMORROW