



TOGETHER, We Can!

Annual Report 2020





ANNUAL REPORT 2020

This 2020 Annual Report is dedicated to our Grenadian Heroes and the heroes in the wider world who have sacrificed and continue to sacrifice to keep us safe during the COVID-19 pandemic.

With our cover photo, we feature the future front line workers filled with promise and hope, while throughout the book you will find a sample of actual Grenadian Heroes who were nominated in our 2020 "Grenadian Heroes" campaign to highlight their stellar service.

These are our loved ones, family, friends, neighbours, and Ariza Members who prove every day that -Together We Can!

Mission

To improve the quality of life of our members through sound financial solutions tailored to their needs



Vision

To maintain our role as leader in providing all-inclusive financial solutions based on co-operative ideals

Core Values

1. **Member focus**
2. **Professionalism and Commitment**
3. **Excellence and Innovation**
4. **Collaboration and Teamwork**
5. **Growth**



Table of Contents

Credit Union Prayer and Song
4

Corporate Information
5

Notice of Meeting
6

Standing Orders
7

Operating Highlights
8

Management Team
10

Ariza Ambassadors
12

President's Message
22

Board of Directors' Report
25

Credit Committee
Report
35

Supervisory & Compliance
Committee Report
44

Nominating Committee
Report
50

Treasurer's Report
58

Ratio Analysis
56

Audited Financial Statements
60

Budgeted Statement of
Financial Position
124

Budgeted Statement of
Comprehensive Income
126

Capital Budget
127

Resolutions
128

Minutes of 73rd AGM
129

Nominees
154

Highlights of 2020 in Photos
156

Prayer

Lord, make me an instrument of thy peace

Where there is hatred let me show love

Where there is injury, pardon

Where there is doubt, faith

Where there is despair, hope

Where there is darkness, light, and

Where there is sadness, joy

Oh 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.

Bless, Oh Lord our deliberations and grant that

Whatever we may say and do

Will have thy blessing and guidance

Through Jesus Christ Our Lord

Song

Ariza!

VS1

When I need shelter, warmth, security,

I know you'll be there

Something in these moments, lets me know you care

Maybe the way you shield me,

Maybe it's your smiles

And the way you tell me, it's okay to try

Now I'm invincible, I can pack my sack,

I can take the long road

Cause it's okay to look back if I am scared I know you're
there

CHORUS

Ariza!

Together there's no limit to what we can do Ariza!

With no wings, Fly!

Ariza!

And we're so high, enjoy the view Ariza

Look no wings...fly!

VS2

Sometimes life might disagree, but it's okay to dream

You design your future, we'll sew in the seams

We're here to make you happy, cause that's what we
do And cause we're a family, and we believe in you

Now you're invincible, You can pack your sack

You can take the long road

Cause if you get off track, you've got somewhere
to run to You can be the one who makes all of your
dreams come true.

CHORUS


Corporate Information

St. George's Branch
Bruce Street
St. George,
P.O. Box 886

T: (473) 440 1759 / 8296 / 2099

F: (473) 440 8031

W: www.arizacu.com

 [www.facebook.com/
arizacreditunion](https://www.facebook.com/arizacreditunion)

www.facebook.com/excelclub

 [arizacu](https://www.instagram.com/arizacu)

Grenville Branch Office
Canal Road
Grenville,
St. Andrew

Telephone: (473) 438-4929 / 4930

Fax: (473) 438-4928

Carriacou Branch Office
Church Street
Hillsborough,
Carriacou

Telephone: (473) 443-7461

Fax: (473) 443-8520

Credit Union House
906 Church Street,
St. George

Auditors:

PKF
Pannell House
P.O. Box 1798
Grand Anse, St. George

Bankers:

Republic Bank (Grenada) Ltd.
Melville Street, St. George

ACB (Grenada) Ltd.
Grand Anse, St. George

Grenada Co-operative Bank Ltd.
Church Street, Saint George

Solicitors/Attorneys:

Wilkinson, Wilkinson & Wilkinsons
Lucas Street
St. George

George. E. D. Clyne
Old Fort Road
St. George

Franco Chambers & Co.
Ben Jones Street
Grenville
St. Andrew

Lex Fidelis
Upper Church Street
St. George

Cityscape
Le Marquis Mall
Grand Anse
St. George

Justis Chambers
Upper Church Street
St. George

Francis & Company
TAWU Building, Green Street
St. George

Notice of Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Ariza Credit Union Ltd. will be held virtually on Thursday 26th August 2021 starting at 2 P.M.

Visit ariza.rsvpify.com to RSVP or scan QR code below:

AGENDA

OPENING SESSION

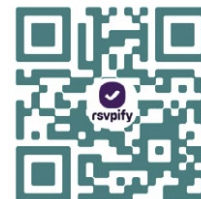
- 1.1. Call to order and welcome
- 1.2. Credit Union prayer
- 1.3. Silent tribute

BUSINESS SESSION

- 1. Nominations Committee Report
 - 1.2 Elections
 - 1.3 Voting
 - 1.4 Sitting of new Directors
- 2. Consideration of the Minutes of the Virtual Annual General Meeting (AGM) held 24th September 2020
- 3. Committee Reports
 - 3.1. Board of Directors
 - 3.2. Credit
 - 3.3. Supervisory & Compliance
 - 3.4. Treasurer and Auditors
 - 3.5. Budget 2021 and 2022
- 4. Resolutions
 - 4.1 Amendment to Bye-laws
 - 4.2 Appointment of Auditors
 - 4.3. Approval of Budget
 - 4.4. Allocation of Surplus



.....
Sis. Claudette James
Secretary



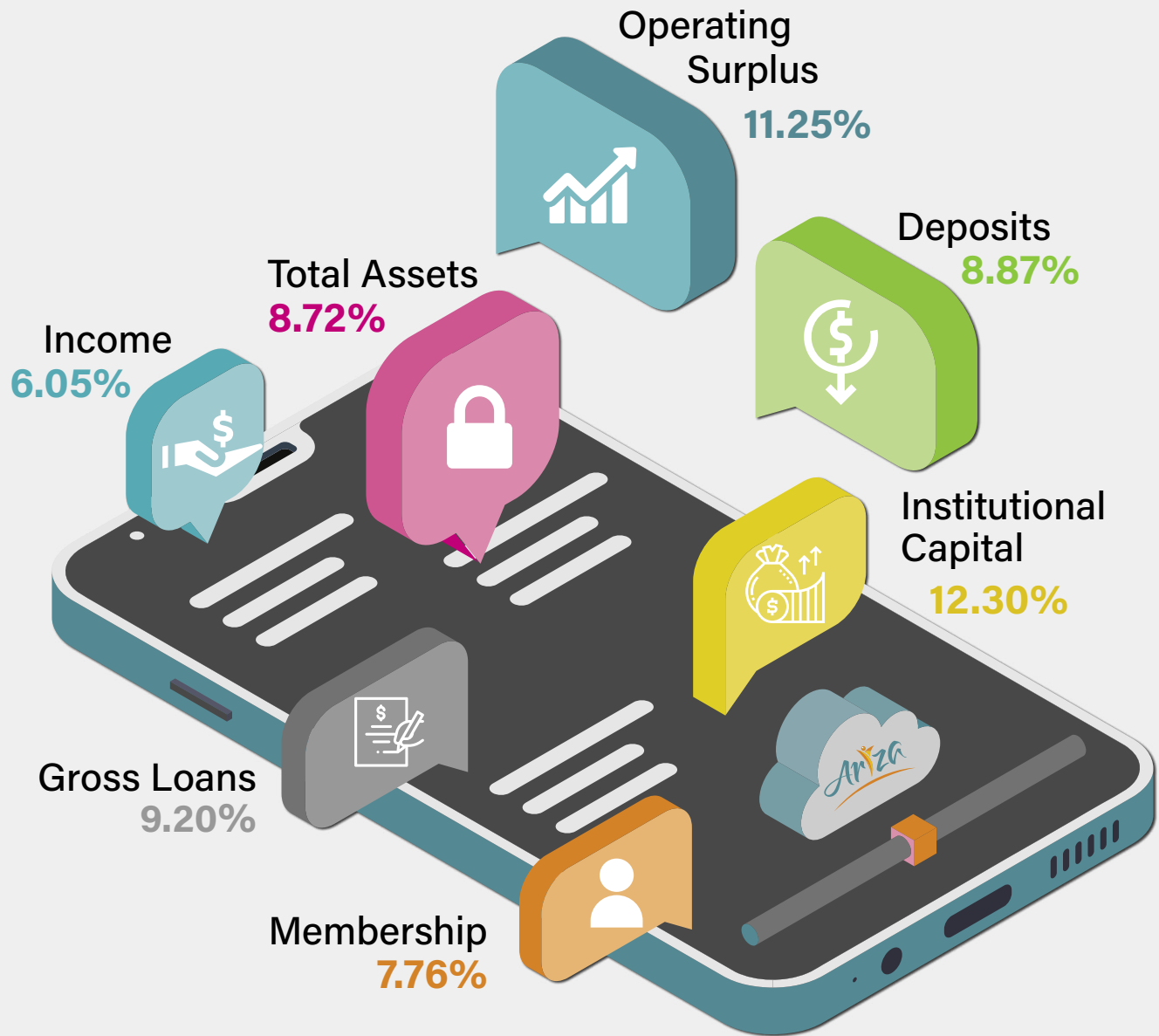
Standing Orders

1.
 - (a) Only Delegates are allowed to address the Chairman
 - (b) A member to stand when addressing the Chairman
 - (c) Speeches to be clear and relevant to the subject before the meeting
 - (d) A member attending the AGM through Zoom must ensure that his/her name is correctly represented in Zoom
2. No member shall address the meeting except through a moderator or chair
3.
 - (a) A member shall only address the meeting when called upon by the Chairman or moderator to do so, after which he/she shall immediately take his /her seat.
 - (b) A member wishing to address the Chairman via Zoom must raise his/her hand using the Zoom "Raise Hand" feature.
 - (c) The "Raise Hand" feature in Zoom will only be acknowledged during questions and comments sections of the meeting.
 - (d) The Zoom Moderator will introduce and unmute the member allowing him/her to speak.
4. A member shall not speak twice on the same subject except:
 - (a) The mover of the motion – who has the right to reply
 - (b) He rises to object or to explain (with the permission of the Chairman or Moderator.)
5. The mover of a procedural motion – (Adjournment, laid on the table, motion to postpone) to have no right to reply.
6. No speeches to be made after the "Question" has been put and carried or negated.
7. A member rising on a "Point of Order" to state the point clearly and concisely. (A "Point of Order" must have relevance to the "Standing Orders").
8. A member shall not "Call" another member "To Order" but may draw the Chairman to a "Breach of Order".
 - (b) In no event can a member call the Chairman to order.
9. A "Question" should not be put to the vote if a member desires to speak on it or move an amendment to it except that "a Procedural Motion", "the Previous Question", "Proceed to the next business" or the closure "That question be put now" may be moved at any time.
10. Only one amendment should be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails.
12. The Chairman shall have in addition to his ordinary vote, a "casting Vote" in the case of equality votes.
13. If there is an equality of votes on an amendment, and if the Chairman does not exercise his (her) casting vote, the amendment is lost.
14. Provisions to be made for protection by the Chairman from vilification (personal abuse)
15. No member shall impute improper motives against the Chairman, Board of Directors, Officers or any other member.

Operating Highlights 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Loans | 226,051,348 | 266,646,770 | 311,883,163 | 343,137,686 | 374,717,218 |
| Net Loans | 220,860,859 | 261,756,746 | 305,693,139 | 335,804,886 | 363,693,198 |
| Investments | 25,588,385 | 28,665,984 | 18,797,261 | 50,070,384 | 46,893,695 |
| Fixed Assets | 19,114,702 | 24,944,928 | 27,884,966 | 25,031,041 | 25,380,701 |
| Total Assets | 287,192,262 | 331,056,650 | 376,858,430 | 450,334,307 | 489,581,331 |
| LIABILITIES | | | | | |
| Member's Lifetime Savings | 119,094,956 | 142,540,794 | 165,500,796 | 191,847,083 | 215,896,670 |
| Other Deposits | 128,411,905 | 143,737,195 | 157,718,897 | 190,457,502 | 200,300,667 |
| Total Deposits | 247,506,861 | 286,277,989 | 323,219,693 | 382,304,585 | 416,197,337 |
| CAPITAL | | | | | |
| Member Equity | 9,070,289 | 10,986,015 | 12,753,644 | 14,668,678 | 15,438,304 |
| Member Qualifying Shares | 2,731,038 | 2,884,200 | 3,519,435 | 3,975,875 | 4,334,962 |
| Surplus and Reserves | 19,234,169 | 22,351,316 | 25,441,149 | 29,486,182 | 33,243,256 |
| Institutional Capital | 21,965,207 | 25,235,516 | 28,960,584 | 33,462,057 | 37,578,218 |
| INCOME | | | | | |
| Interest on loans | 18,644,171 | 20,658,225 | 25,818,776 | 28,640,693 | 30,416,834 |
| Other Income | 1,049,704 | 1,201,002 | 1,232,901 | 2,517,670 | 2,627,749 |
| Total Income | 19,693,875 | 21,859,227 | 27,051,677 | 31,158,363 | 33,044,583 |
| Expenditure | | | | | |
| Interest on Deposits | 8,670,913 | 9,490,754 | 11,048,030 | 11,764,201 | 11,046,802 |
| Other Expenses | 8,193,226 | 8,768,609 | 9,938,786 | 10,985,666 | 12,643,464 |
| Total Expenses | 16,864,139 | 18,259,363 | 20,986,816 | 22,749,867 | 23,690,266 |
| SURPLUS | | | | | |
| Operating Surplus for the Year | 2,829,734 | 3,599,864 | 6,064,859 | 8,408,496 | 9,354,317 |
| Provision for Risk Assets | 500,000 | 500,000 | 1,369,843 | 2,200,000 | 3,691,220 |
| Unappropriated Surplus/(Deficit) | 2,329,734 | 3,099,864 | 4,695,016 | 6,100,401 | 4,073,077 |
| DIVIDEND | - | 614,595 | 751,521 | 764,273 | 964,127 |
| REBATE | - | 426,805 | 516,375 | 467,388 | - |
| Incentive Bonus | *651262 | | | | |
| MEMBERSHIP | 13,002 | 15,114 | 17,492 | 19,608 | 21,130 |

* In 2016 the Credit Union's Institutional Capital stood at 6.7% and as a result dividend and rebate were not paid as in keeping with the Act. An incentive Bonus payment was made to members in lieu of a dividend and rebate.



Management Executives



Lucia Livingston-Andall
Chief Executive Officer



Kippling Charles
Executive Manager
Finance & Operations



Florence Williams
Executive Manager
Loans & Credit Administration

Management Team



Edwin Francis
Manager
Marketing



Dayna Francis-Roberts
Manager
Loans



Kevin Gilbert
Manager
Carriacou Branch



Neika Johnson
Accountant



Michelle McDonald
Manager
Human Resources



Sabrina Rodney-Ogilvie
Manager
Grenville Branch



Gerlan Peters-Toussaint
Manager
Risk & Compliance



Dane Sylvester
Manager
Projects



Lenus Walker Jr.
Manager
IT & Special Projects



Herschel Whiteman
Manager
Business Loans

Ariza Ambassadors

Administration



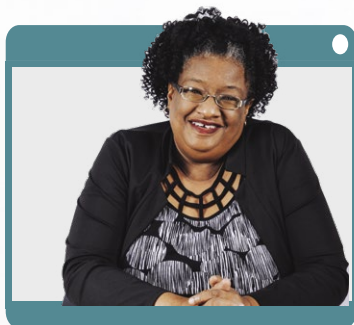
Abigail Alexander



Roxanne Antoine-Richards



Roxanne Charles



Janice Darbeau



Richard George



Tiffani Hall



Nghia Haynes



Natasha Marquez-Sylvester

Marketing



Amirah Branch



Edwin Francis

Information Technology



Brent Bain



Gerard St. Louis



Ozimba Toussaint



Lenus Walker Jr.

Ariza Ambassadors

Member Care



Iyana Brown



Jerilee Edwards



Sonia LaTouche-Cadet



Katasha Thomas



Tracy Victor



Tracyann Walker



Josephine Walters

Risk & Compliance



Cristel Lalite



Gerlan Peters-Toussaint



Dahelia Thomas



Filing & Documentation



Veronica Alexander



Camisha Felix



Shreene Lett



Kinesha Moses



Aidan Peters



Leah Regis



Nikada St. Clair

Ariza Ambassadors

Finance & Operations

Back Office



Shaunon Amada



Kurt Bartholomew



Neilon La Touche



Javon Mc Sween



Jaime Phillip



Cheffon Whiteman



Tellers



Nerissa Chitterman



Denisha Cyrus



Makaylar Hannibal



Martina Modeste



Semone Sargeant



Tasheria Purcell-Radix



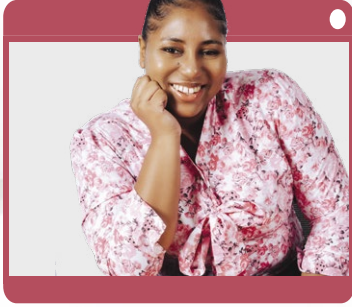
E-Services



Kenson Cumberbatch



Frances Gilbert



Terissa Mitchell



Nerissa Read

Ariza Ambassadors

Loans & Credit

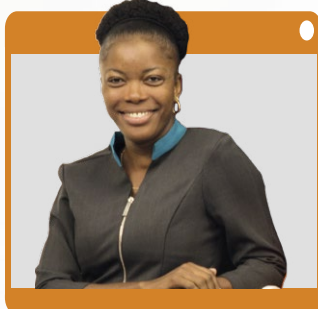
Loans Head Office



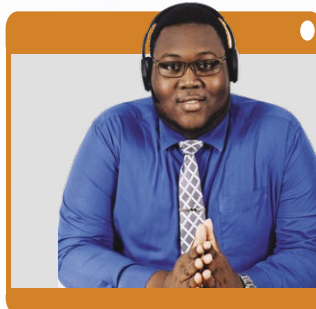
Asher Andall



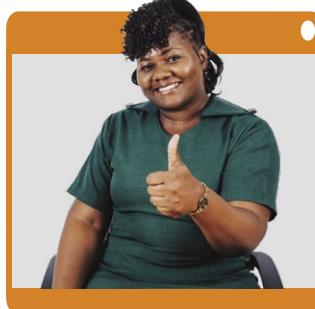
Thaddea Andrews



Kesha Bartholomew



Shaquille Isaac



Candys Lewis



Michelle Cambridge-Marryshow



Dayna Francis-Roberts

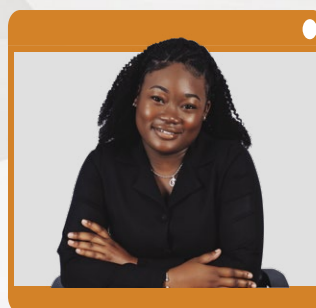


Kynda Sylvester



Jenelle Viechweg-Harbin

Collateral Securities



Sierra Duncan



Christel Hall



Jade Henry

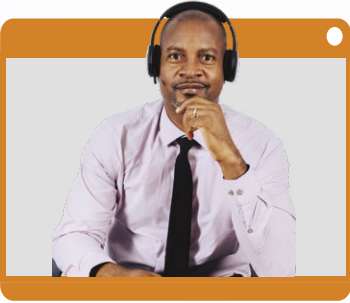


Mondella Lynch-Alleyne

Delinquency Management



Sinicar Henry-Andrews



Matthew (Stephen) Joseph



Sindy-Ann Morain



Heather Thomas



Kishon Palmer



Credit Admin



Staciann Lake



Edlyn Lalsee



Geanelle Mitchell



Candia Nicholas



Kendra Noel



Leanne Purcell

Ariza Ambassadors

Carriacou Branch



Heather Adams



Kevin Gilbert



Princess Herry-John



Jeanette Stanislaus



Wineth Stewart



Grenville Branch



Neisha Allard



Raymonda Herry



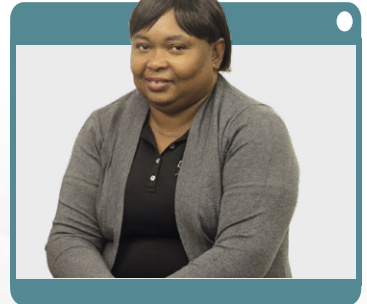
Theresa (Londell) Francique



Raquel Langdon

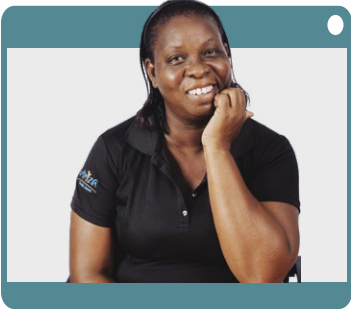


Sabrina Rodney-Ogilvie

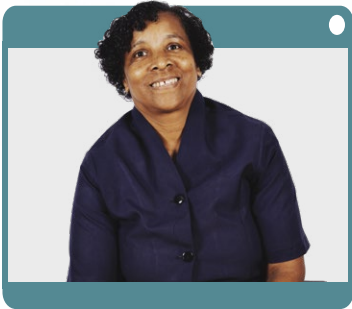


Loreen Toussaint

Ancillary Staff



Lema Mitchell



Emlyn St. Hillaire



Parking Valet



Carlos Duncan



Shewin John



Ordel Joseph

President's Message



I am proud to address you, Arizans, at this our 74th Annual General Meeting.

The Year 2020, as forecasted in our 2019 report, was a challenging one. Our management and staff, supported by your Board, adopted a “can do” attitude to provide service and support to you, members, with empathy and care within very trying circumstances. Our support ranged from granting extended moratoria and waivers on loans, providing assistance through our

Provident Fund for meeting basic needs to just being a listening ear for those wishing to share their stories of challenges and triumph.

We were there and continue to be here. The Covid-19 pandemic and its negative economic and social repercussions are not yet over. We empathise with members who navigated temporary or permanent job losses. We offer solace to those whose children lost valuable instruction time due to quarantine mandates,

blended and distance learning school protocols. We offer assurance to business owners who have had to make tough decisions to survive and thrive. We feel with you; your Credit Union is here for you.

The environment within which we operate continues to be very competitive. As the circumstances change, we too must change to ensure that our Credit Union remains competitive and well placed to continue serving you. It is against this background that your Board met recently at a strategic retreat weekend in Carriacou. With a spirit of thankfulness for the opportunity to serve, we used the time to brainstorm and envision a path for continuing success for our Credit Union. The retreat had the added benefits of strengthening bonds and cohesiveness among directors and a renewed commitment to exemplary service.

As we forge ahead, we are aware that the improvements in service delivery created through the Service Transformation project have not yet permeated the entire organisation. However, we continue to be relentless in our pursuit of service excellence. As President, I am aware of the need for increased efficiency of processes due to the high volume of member requests and their growing demands for timely service for member satisfaction and team success. We will continue to review our current operations, adopt and implement technology and standards in pursuit of these goals while applying occupational therapy interventions as necessary. I, therefore, encourage all members to be understanding, patient and cooperative as much as possible, as we work with you to achieve your financial freedom.

Let's applaud ourselves for the strides we have made, recognize and validate our growth, and remain loyal and committed to Ariza.

Highlights of 2020

I am pleased to highlight some of the accomplishments of the last year here. Further details can be found in the Board of Directors' report:

- Ariza continues with the Transformation Project to allow for improved service delivery and the provision of 'WOW' experiences to our members. This includes a review of our telephone answer service and the establishment of a dedicated Contact Centre;
- Work was completed to pave our car park at the Bruce Street location to improve accessibility to branch services;
- Our membership grew at the end of 2020 to 21,130 persons who we are eager to continue supporting in their journey to financial freedom;
- We attained an asset base of \$489.6M, total deposits of \$416.2M and a Loans portfolio of \$374.7M;
- The Ridgeway Residences project is moving forward with some satisfaction; and
- Repairs were completed on our Church Street property to help with the demands for space and to facilitate the expansion of our digital support processes for filing and document retrieval. This, together with service excellence, will be the backbone against which all growth strategies will be built.

The Future

To stay competitive, we urge your loyalty. We know that there are many voices, from within and without, which are seeking to woo you and your business. Stay true to our philosophy of "People helping People". Stay true to Ariza ...because together there are very few limits to what we can do. Let's stick together and help each other build financial freedom.

I thank my fellow Board members for their co-operation, support and camaraderie as we exercise our fiduciary responsibility of providing good governance and leadership to our Credit Union. I pause to recognize our committed management and staff in their untiring efforts to be their best and give their best. I take time off to applaud them and say a heartfelt "Thank you."

Last, but certainly not least, I say thank you, to you the membership for affording me the opportunity to serve as your President.



Javan F. Williams
President

Ariza Heroes

Garvin Johnson - Detective Constable



He is a devoted and caring Police Detective. Recalled from vacation, Garvin happily resumed working to serve and protect his nation in the Covid-19 pandemic. We are all very grateful and proud.

Janine Ghatt Welsh - Registered Nurse



Nurse Ghatt Welsh worked in the parishes of St. David and St. George during the Covid-19 pandemic. Janine educated the elderly and house bound persons on safety protocols against the Coronavirus. She assisted the Public Health Nurse in St. David with testing. She also assisted the Mental Health Nurse in the district in the distribution of medication to the mentally ill persons.

Nurse Ghatt Welsh also volunteered in distributing food hampers to the vulnerable citizens. For this, we are truly grateful. We salute you Janine!

Board of Directors' Report



Bro. Javan Williams



Bro. Dennis Cornwall



Bro. Aaron Moses



Sis. Claudette James



Bro. Otis Gay



Bro. Lyndon Bubb



Sis. Carla Thomas-Ross



Sis. Michelle Sayers-Griffith



Sis. Peterlyn Cooper

Board Composition

At the conclusion of the Annual General Meeting on 24th September 2020, the following members constituted the Board of Directors:

- Bro. Javan Williams
- Bro. Dennis Cornwall
- Bro. Aaron Moses
- Sis. Claudette James
- Bro. Otis Gay
- Bro. Lyndon Bubb
- Sis. Carla Thomas-Ross
- Sis. Michelle Sayers-Griffith
- Sis. Peterlyn Cooper

At the first meeting of the Board of Directors following the September 2020 AGM, the following executive officers were elected:

- | | |
|-------------------------------|-------------------|
| Bro. Javan Williams | - President |
| Bro. Dennis Cornwall | - Vice President |
| Sis. Claudette James | - Secretary |
| Bro. Lyndon Bubb | - Asst. Secretary |
| Sis. Carla Thomas-Ross | - Treasurer |
| Sis. Michelle Sayers-Griffith | - Asst. Treasurer |

Overview

Together, We Can!

No other year in recent times has been more of a testament to the resilience of Grenadians.

Ariza, in 2020, had to employ creative thinking, draw on our collective experiences and listen to our members

to develop and employ new solutions to buttress the impact of the COVID-19 Pandemic on your finances and those of the entire organization.

We are pleased that our previous investment in technology, and continuous operational improvements bore fruits to provide access, convenience, and information to you when we were forced to close our doors, but never access to you. We strove to open even more lines of communications with remote work protocols in place for the team as we continued to demonstrate our interest in your wellbeing and financial future. Moratoria to the value of \$174,012,408.36 in loans were granted to members due to the drastic reduction of income in many households.

It is at these times that our resolve to be a conduit for financial freedom for our members is strengthened because of the challenges you continue to conquer with Ariza at your side. We have and continue to enhance our response with new service arrangements and timely support. While we have had to adapt to the new protocols of interacting with each other the safety of our staff and you, our valued members, is our priority.

Ariza continues to grow through the loyalty of members like you and the strong framework of co-operative principles where members pool resources, democratic member control, autonomy and independence and concern for the community are engrained in our DNA. As you read through this report of our performance over the last year, be proud of our growth, because you helped to make it happen despite the significant

challenges we faced and continue to face during and due to the pandemic.

External Environment

There is widespread uncertainty in the global economy as a direct result of the impact of the Coronavirus Pandemic. Nevertheless, according to the International Monetary Fund, the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. These figures have been revised up 0.3 percentage points relative to what was previously forecasted, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.

The projected growth recovery for 2021 follows a severe collapse in 2020 that has had an acute adverse impact on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 was estimated at -3.5%, 0.9 percentage points higher than

projected in the previous forecast (reflecting stronger-than-expected momentum in the second half of 2020). The strength of the recovery is expected to vary significantly across countries, depending on access to medical interventions, the effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.

Credit Union Sector Performance

The Credit Union sector in Grenada continued to experience growth despite a contraction in the economy. The growth rate slowed down considerably, but that was to be expected given the effects of the global pandemic. Total assets grew by 8.4% over that of 2019. Loans grew by 8.6% increasing from \$735,189,251M to \$798,388,974M and deposits increased by 7.9%. Credit Union membership also grew by 6.8%.

The following table summarizes the performance of all credit unions relative to Ariza:

| ALL CREDIT UNIONS | | | | ARIZA CREDIT UNION | | | |
|-------------------|---------------------------------|---------------------------------|-------------|---------------------------------|---------------------------------|-------------|--------------------------------------|
| | As of December 2020 \$ | As of December 2019 \$ | % Change | As of December 2020 \$ | As of December 2019 \$ | % Change | Ariza Market Share (%) in 2020 |
| Deposits | 915,976,022 | 849,040,372 | 7.9 % | 416,197,337 | 382,304,584 | 8.9% | 45% |
| Loans | 798,388,974 | 735,189,251 | 8.6% | 374,717,218 | 343,137,686 | 9.2% | 47% |
| Total Assets | 1,098,958,884 | 1,014,092,054 | 8.4% | 489,581,331 | 450,334,307 | 8.7% | 45% |
| Members | 76,537 | 71,666 | 6.8% | 21,130 | 19,608 | 7.8% | 28% |

Ariza's Performance

Financial Performance

Notwithstanding the challenges and changes brought about by this pandemic, Ariza remained committed to meeting your financial needs. In return, you have demonstrated your confidence in us by continuing to support your credit union, evidenced by increases in loans, deposits and total assets. During the year under review, total assets grew by \$39 million or 8.72%, to end the year at \$489,581,331. Loans grew by 9.21% and members' deposits increased by 8.9%.

Whilst we cannot predict the future, we do know that we will stand together, support each other, and continue to provide the affordable lending and saving options that you have come to expect from us. We want you to continue seeing us as your financial institution of choice, and while we know that you trust us with your savings, we want you to trust us for all your borrowing needs as well.

More than ever, Ariza endeavours to find out and understand the needs of our members in this evolving economic environment, communicate relevant messages, and provide superior financial services and member experiences. We will continue to invest in the well-being of our members as we work to strengthen member relationships and provide opportunities to improve the quality of financial education. Our strategy has always been straightforward; growing and improving Ariza, while remaining financially sustainable in ways that make YOU, our members, better off. Regardless of how much we grow, however,

we still measure our success by helping one member at a time to improve their financial lives.

Corporate Governance

During the year under review, all volunteer committees continued to function effectively, meeting as required in order to fulfil their fiduciary and statutory obligations.

Compliance and Risk Management

Ariza continues to ensure that we continually improve our standards and onboarding processes to ensure that we remain compliant with all regulations. With the increase in digital and online activity, your credit union is cognizant of the associated risks that come along with these technological advances and is becoming more vigilant to protect you. We trust that we would continue to have your support as we move forward.

Operational Changes in response to the COVID-19 pandemic

The actions taken by management during the State of Emergency declared as part of measures to combat and reduce the spread of COVID-19, are outlined below.

• Work From Home / Remote Access

- Virtual Private Network (VPN) operationalized on 30th March;
- Remote Access Policy developed and implemented; and
- Telecommuting/Offsite/Remote Work policy (received from the Caribbean Confederation of Credit Unions (CCCU) issued to relevant employees.

- **Communication / Meetings**

- The leadership team started meeting via Zoom from 30th March, and thereafter once per week until 5th May.
- A WhatsApp group for the leadership team was created to facilitate timely sharing of information - such as press conference updates - which would impact the Credit Union's operations.
- Database of personal email and mobile phone numbers was developed, enabling the quick sharing of information as required.
- The Executive Managers also participated in meetings with managers of other credit unions in the Grenada Co-operative League, via WhatsApp.

- **Operating and Working Hours**

- The Credit Union was closed from 31st March to 15th April. Limited in-person services were allowed on 16th and 17th April during reduced hours. From Monday 20th April, the operating hours were 9 a.m. to 2 p.m. and designated business days were Monday, Wednesday and Friday, except for the week of 27th April when the business days were Monday and Wednesday due to the public holiday observed on Friday 1st May.
- Working hours for employees on designated business days were 8:45 a.m. to 4:00 p.m. On occasions, some employees were allowed to leave earlier due to transportation and other issues.

- **Changes to Facilities**

Flexible glass barriers were installed at workstations at all branches as needed during the period 14th April to 30th May, the priority being customer interaction points.

- **Carriacou and Petite Martinique Operations**

- Limited in-person service commenced in Petite Martinique on Wednesday 29th April and continued every Wednesday until 27th May. Services provided were deposits, withdrawals and enquiries. Controls were developed and police escort arranged.
- The ATM at the Carriacou Branch was out of service due to technical issues.
- The Marketing Unit disseminated texts and placed advertisements as appropriate.

- **Special Emergency Passes**

Passes were obtained from the Royal Grenada Police Force (RGPF) as required during the period 31st March – 8th May, to enable personnel to provide essential services to ensure safe operations and members' access to complete transactions.

- **Staffing / Transportation**

- During the 24-hour curfew, employees with VPN access were able to work. Management determined which employees would be essential for the operation on 16th and 17th April, therefore not everyone was asked to work. Effective 20th April, 84% of the workforce were able to arrange transportation.
 - 1. No deduction from Vacation leave entitlements was made for employees who were unable to work due to transportation or other issues.

In the midst of this disruptive and uncertain period, the following were the positive outcomes:

- More co-operation among co-operatives
- Staff voluntarily worked outside of their normal operational areas and provided support where needed. This resulted in some very positive feedback from members, which encouraged employees.
- New learnings were obtained in the use of technology and from increased participation in webinars.

Marketing Highlights

2020 was a disruptive year. Despite this, Ariza continued to find new and creative ways to connect with its members and the public, understand their needs and assist them in achieving financial freedom.

• Ariza Wellness Series

Amid the Coronavirus pandemic, many members and other individuals worldwide were faced with a period of uncertainty, new challenges, and increased stress levels among other hardships. With the new measures in place to safeguard one's health, such as quarantine and social distancing, levels of loneliness, depression, suicidal behaviour/thoughts, and harmful substance use were increasing.

As part of Ariza's response to public health and living the co-operative principle of concern for community, we hosted virtual sessions with different industry experts including a Counseling Psychologist, Nutritionist, Financial Expert and Medical Practitioner to explore the mental, physical and financial issues persons experienced due to COVID-19 and means of dealing with its effects. These sessions

were streamed live via our Facebook page and on television. Members and the public were able to participate by submitting questions.

• Carriacou and Petite Martinique Carnival:

This is one of the most anticipated events held in Carriacou and Petite Martinique, showcasing Carriacou's unique culture. Ariza retained title sponsorship of the main event - the Ariza Kayak Mas Soca Monarch. All finalists were awarded membership vouchers whilst patrons were treated with Ariza memorabilia.

• Waggy T Football

Ariza was able to partner with Megaforce Promotions to host the 11th Annual Waggy T Football Knockout competition. The games were held at the Kirani James Stadium following COVID-19 Protocols and were also streamed live weekly over a period of 7 weeks. The winning team was awarded Ariza membership vouchers and memorabilia.

• Other sponsorships and executed events for 2020 included:

- Inter-Primary School Games - Carriacou
- Financial Freedom Seminar - Carriacou
- Grenadian Heroes Promotion and Thank You Ad
- Rotary Club of Grenada - Christmas at the Point
- International Credit Union Day (Queen Elizabeth & Belair Home Fun Day with the kids)

In addition to the events listed above, several in-branch activities were executed throughout 2020 to share the Ariza cheer and goodwill with our members.

These included:

- Independence Free Bus Ride
- Valentines 'I Love You' Promotion
- Christmas Eve - Santa and Pan
- New Year's Eve Pan

Ridgeway Residences Highlights

Much of 2020 was spent preparing for increased promotion and marketing activities scheduled for 2021, planning for construction in 2021, ensuring all applications for approvals were submitted, and on the upkeep of the property.

Work commenced on the following promotion and marketing activities, in preparation for the campaign launch planned for 2021:

- Website development
- Brochures and flyers
- Social media campaign
- Radio and television ads
- Diaspora outreach

This campaign will be aligned with the 'Own Your Own' promotion planned for 2021.

One (1) Buttercup model house was sold in 2020 and two (2) other model houses (Lily and Blossom) remained available for sale. The approval process commenced for the construction of a modified Lily design home selected by a member. Planning commenced for the construction of the Ixora model house which is scheduled to be built in 2021.

NAWASA commenced the installation of a new and upgraded galvanize pipeline network. As part of the upkeep of the property, the first phase of landscaping services was completed. This included cleaning all drains and culverts, cutting and disposal of overhanging trees and clearing a three set back from the edge of the road throughout the entire property.

Human Resource Highlights

A new Human Resource Manager commenced employment on 8th January 2020 and one of the priorities was to coordinate the Service Transformation project. On 28th February 2020, the project was launched with a presentation to Board and Committee members by facilitator Dawn Richards of DRA Consulting based in Trinidad. Phase 1 training commenced in early March 2020. The global Coronavirus pandemic resulted in the interruption of the planned schedule. Phase 2 training resumed on 7th July 2020 via Zoom. Work is ongoing in 2021 to further improve service delivery and embed 'The Ariza Way' standards in all interactions.

The table below outlines the staffing numbers for 2020.

| | |
|--|-----------|
| Total employees as at 1st January 2020 | 89 |
| Number of new hires | 7 |
| Number of exits | 3 |
| Total employees as at 31st December 2020 | 93 |

The other major project which commenced in 2020 was a Job Evaluation exercise which is due to be completed in 2021.

Training 2020

In addition to the training sessions employees attended as part of the Service Transformation project, Appendix 1 lists other training attended.

Provident Fund Committee

In 2020, due to the COVID-19 pandemic and the economic distress among our members, the Provident Fund Committee provided financial aid to many who lost their jobs or had been affected. During the year, the Committee approved \$71,140 in grants to members, most of whom had lost their source of income.

Scholarships Committee

Despite the challenges faced by the COVID-19 pandemic, Ariza continued to provide support for the development of the nation's youth through its secondary and tertiary scholarship programmes.

• Secondary School Scholarship Award

The Secondary School award programme is granted to students, whose parents are members, to transition into secondary school. Two (2) students are chosen based on their financial need and academic performance. They are required to maintain high grades throughout their school life.

This year the students who were successful in attaining this award were: Derrell Lambert, son of Deanna Lambert; Deryla Blossom Sylvester, daughter of Merryl Phillip-Sylvester and De Mario Francis, son of Marietta Francis.

• Blue Ribbon Award

Like the Secondary School Scholarship Award, the Blue Ribbon Award is an award granted to entry-level students transitioning into Secondary School. In addition, this award is granted to the student who has an Ariza Education Savings Plan account and also attained the highest score at the Primary Exit Assessment Level.

This year, Mya Humphrey, daughter of Portia Frame-Lucas, captured this award. We wish her the very best in her secondary school journey.

• Brighter Future Scholarship Award

This award is for entry level students at the tertiary level attending the T.A. Marryshow Community College. Every year, scholarships are awarded to two (2) students whose parents/guardians are members of the Credit Union or who have an Excel account. Each student receives \$1,500.00 per year for their two-year programme at the College, provided that high academic performance is maintained.

This year, the two recipients of this award were Joshua Hosten, son of Anisha B. Hosten-John and Renee M. Charles, daughter of Elwyse Charles.

• The Joseph Bain Scholarship Award

The Joseph Bain Scholarship Award granted assistance to four (4) members of Ariza Credit Union who were in pursuit of their University Level education at various institutions.

The awardees were:

- Britney T. Scott – University of the West Indies, Open Campus, pursuing an LLB degree in Law
- Sharon Joseph – University of the West Indies, Open Campus, pursuing a Bachelor's degree in Social Work
- Kadisha Douglas – University of the West Indies, Cave Hill Campus, Barbados, pursuing a Bachelor's Degree in Social Work
- Kimica Donald – University of the West Indies, Cave Hill Campus, Barbados, pursuing a Bachelor's degree in Economics and Law

Transitions 2020

The following members made their transition in 2020. May their souls rest in peace and their families be comforted by the memories created over their lifetime.

| | |
|------------------------------|--------------------------|
| Catherine Alexander | Vendome, St. George |
| Karen Kizzy Alexander | Grand Anse, St. George |
| Shenelle Alexis | Victoria, St. Mark |
| Dunston M Baptiste | USA |
| Joseph Baptiste | Fontenoy, St. George |
| Rosey Roxy Baptiste | Corinth, St. David |
| Ayanna Beswick | River Road, St. George |
| Durant Bhola | Carriere, St. Andrew |
| Floyd Bishop | Good Hope, St. George |
| Ralph Borris | Grand Anse, St. George |
| Charlene Bowen | Morne Jaloux, St. George |
| Linda Cato | USA |
| Bartholomew Charles | Belle View, St. David |
| Kidisha Charles | Snug Corner, St. George |

Oswald Charles
Louisa Chevalier
Esther Christopher
Reila Christopher
Lauret Clarkson
Valeska Courtney
John Joseph Cummings
Margaret Dowe
Mavis Doyle
Robert David Edwards
Veronica Edwards
Joan Ettiene
Anastasia Felix
Ermintrude Felix
Jeff Fisher
Joseph Francois
Rolda P Frank
Clarence Garrett
Francis Gilbert
Cecil Gludd
Veronica Hannibal
Denise James
Thera Jerome
Andrew Nicholas Jones
Veronica Joseph
Oslyn Joseph
Martha R Lett
Godfrey Lewis
Raphael Lewis
Holister Mc Donald
Denise Mc Lean
Jennifer Mitchell

Gouyave Estate, St. John
 Byelands, St. Andrew
 USA
 Grand Anse, St. George
 Morne Jaloux, St. George
 Grand Anse Valley, St. George
 Mt. Craven, St. Patrick
 Morne Jaloux, St. George
 USA
 Woodlands, St. George
 Content, St. David
 Richmond Hill, St. George
 Mt. Parnassus, St. George
 Canada
 Tempe, St. George
 Mirabeau, St. Andrew
 Mardigras, St. George
 La Taste, St. Patrick
 Westerhall, St. David
 Belmont, Carriacou
 USA
 St. Paul's, St. George
 Grand Anse, St. George
 St. Paul's, St. George
 Tivoli, St. Andrew
 Belmont, St. George
 Perdmontemps, St. David
 Paraclete, St. Andrew
 Gouyave Estate, St. John
 Woburn, St. George
 Marian, St. George
 Grand Anse, St. George


Anthony Moore
Doreen Munro
Lawson Murray
Alston Neckles
Glenna Neptune
David Newton
Josephine Noel
Karen Noel
Stephen Paul
Winston Phillip
Monica Phillip-Lewis
John Winston Scipio
Troy Simon
Kashida St. Bernard
Pauline Stewart
Christopher Thomas
Enoch Tillock

Calliste, St. George
Creighton, St. George
Requin, St. David
Munich, St. Andrew
Morne Tote, St. George
Grand Anse Valley, St. George
Lauriston, Carriacou
Tempe, St. George
Pomme Rose, St. David
USA
Morne Jaloux, St. George
River Road, St. George
La Mode, St. George
River Sallee, St. Patrick
St. Paul's, St. George
England
Mt. Carmel, St. Andrew

Acknowledgements

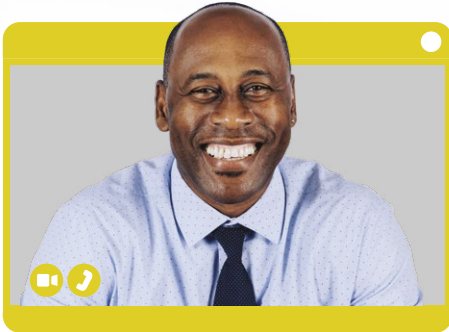
As we continue operating in the new normal in 2021, our commitment to you remains the same. We have commenced the year knowing that whatever lies ahead, we will face it together as we have always done. Your loyalty during these times has and will continue to be instrumental. As your President during this unprecedented period, may I ask that you, your family, your friends, your colleagues, and your community continue to support your Credit Union to march into the future in a financially sound position.

The Board of Directors sincerely thanks you, our members, management, staff, and all committee members for your support during 2020 and look forward to your continued support during 2021 and beyond.



President
Javan F. Williams

Credit Committee Report



Bro. Justin Hazzard



Sis. Ann Isaac



Bro. Simon Lewis



Bro. Brian Pascall



Sis. Judy Pivotte

Mandate

As Chairman of the Credit Committee, I am pleased to present the report in accordance with the Credit Union Bye-laws and the mandate given at our last General Meeting, for the financial year ending 31st December 2020. The mandate of the Committee is to consider all loan applications, make recommendations in respect of improved policies, procedures and practices and approve loans to members in accordance with the policies and procedures approved by the Board of Directors.

The Credit Committee met weekly to execute its mandate. It is facilitated in its work by the staff of the Loans & Credit Administration Department.

Composition

During the period, the Committee comprised of the following members:

| | |
|---------------------|-------------|
| Bro. Justin Hazzard | - Chairman |
| Bro. Simon Lewis | - Secretary |
| Sis. Ann Isaac | - Member |
| Bro. Brian Pascall | - Member |
| Sis. Judy Pivotte | - Member |

Overview

For the year 2020, the membership, the Credit Committee and the employees of the Credit Union faced numerous challenges, which were not of our own choosing, with the onset of the COVID-19 pandemic, which brought the global economy to a halt, without any warning.

Ariza Credit Union, being a caring and responsible financial institution, cognizant of the value of our membership took measures to protect our members’ wellbeing while at the same time protecting the integrity and financial viability of the Credit Union as a whole. Some of the causalities of the pandemic were, loss of employment, loss of income, home confinement, heightened stress levels, anxiety, and in many cases the loss of physical contact with each other, albeit, for a limited period due to the curfew and social distancing imposed by the authority, for the safety of the population.

In April, the Board of Directors approved the granting of moratorium on principal, or principal and interest payment on loans to members, specifically geared to members who were directly impacted by the pandemic and who were either unemployed or lost income due to the closure of several businesses.

Members benefited from the granting of the moratorium for the first three (3) to four (4) months of the pandemic lockdown and in some specific cases, the moratorium was extended to 31st December 2020. In addition, waiver of principal and interest payment during the first four months of the pandemic was granted as outlined in the table overleaf.

Table 1. Moratorium Loans Processed

| MORATORIUM LOANS | VALUE OF LOANS | NO. OF LOANS | DEFERRED PAYMENTS/ MONTHLY |
|-------------------------------------|----------------|--------------|-------------------------------|
| April 30, 2020 (original) | 174,012,408.36 | 3,660 | \$2,725,019.02 |
| Waivers granted | | | Total Loan amount capitalized |
| April 30, 2020 | | 848 | \$669,874.13 |
| Moratorium status December 31, 2020 | 37,978,593.00 | 745 | \$370,753.91 |

According to the above table, 3,660 members received moratorium on their loans for the period up to 30th June 2020. The value of the deferment in payment on principal and interest on loans amounted to \$2,725,019.02 monthly up to 30th June 2020 and subsequently reduced to \$2,113,450.78 up to 30th September 2020.

During the period June to 31st December 2020, over 2,915 members were contacted and loans were either rescheduled by capitalizing interest accrued during the moratorium period, or by consolidating outstanding interest with other small loans, e.g. Flexi Credit and or by members taking a "0" interest loan.

To date there are approximately 148 members who are either unemployed and not servicing their loans, and/or who we have not contacted or who may not have come in to the Credit Union to discuss the servicing of their indebtedness. The value of this portfolio total is \$5,173,510.00 with monthly loan commitments of \$101,796.90. These accounts have

since been transferred to the Delinquency Unit and to date more than 50% were contacted with either the recommendation to extend the moratorium or arrangements through a workout process.

As of 31st December 2020, 512 persons have applied for extension of moratorium on principal and interest. The portfolio size is \$23,133,226.85. These persons are employed in the following sectors:

Tourism Sector

- Hotel & Guest houses
- Restaurants
- Taxi and Tours
- Travel

Transportation

- Bus owners & operators

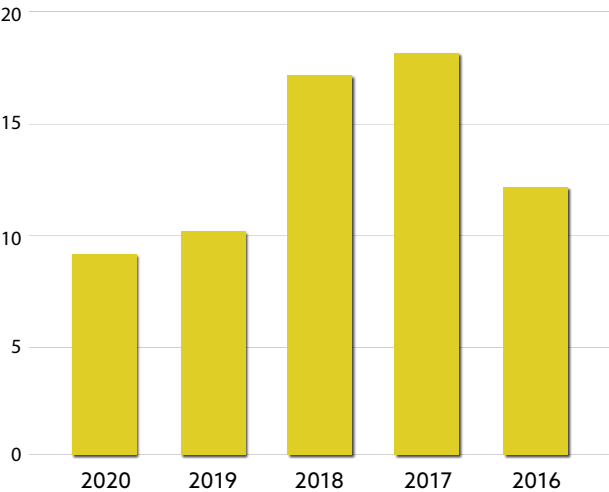
Self employed

- Entrepreneurs
- Food vendors

Lending Activities

Table 2. Portfolio Growth
Gross Loans & Growth Rate 2016-2020

| Year | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|-------|-------|-------|-------|-------|
| Loan value (\$m) | 374.7 | 342.6 | 311.8 | 266.6 | 226.1 |
| Growth rate | 9% | 10% | 17% | 18% | 12% |



Notwithstanding the reduction in the growth rate, a 9% growth rate, considering the number of job losses due to the pandemic and the uncertainties thereof, is a remarkable achievement. Our staff are to be commended for participating in our member outreach programme. During the period, members were contacted as we continued to show that we care and that our members’ well-being is important to us.

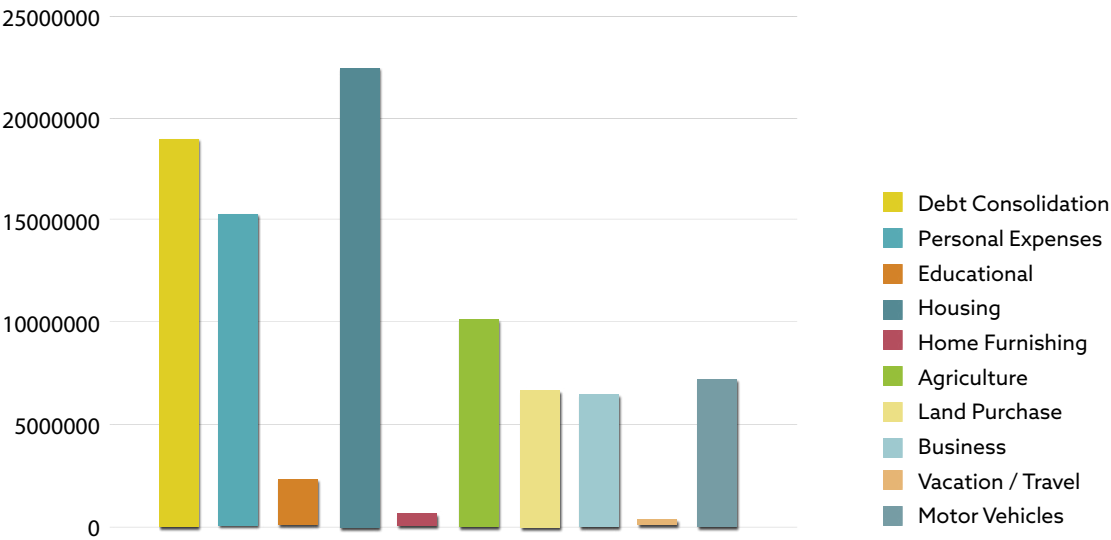
During the period, no loan promotions were held, however, engaging and working along with members to improve and overcome financial challenges was of paramount importance. Each member who applied and received approval for moratoria was contacted and at the end of the approved moratorium period, met with a Loan Analyst to restructure the loan(s). The net growth of \$31.6M can be attributed in part to the capitalizing of interest with the principal, consolidating debts internally and externally and to some extent, consolidating interest that accrued during the moratorium period.

In addition, given the financial challenges faced by members, the Board also approved, an extension of the Flexi Credit Loan to the maximum amount of \$15,000 to assist members in defraying expenses due to the pandemic. This product is a revolving line of credit that allows members the opportunity to meet a fixed monthly payment, with the option to top up at any time using the Credit Union telephone or online banking platforms and the flexibility to access funds when needed, without having to come into the branch to do so.

Summary of Activities

Table 3. Loan Disbursements 2020

| NUMBER OF LOANS | | | | VALUE OF LOANS | | |
|--------------------|--------------|--------------|--------------|-------------------------|-------------------------|---------------|
| CATEGORY | 2020 | 2019 | % Change | 2020 | 2019 | % Change |
| Debt Consolidation | 1351 | 1032 | 30.91 | \$ 19,035,031.94 | \$26,291,316.06 | -27.60 |
| Personal Expenses | 4986 | 4081 | 22.18 | \$ 15,356,578.70 | \$18,509,664.96 | -17.03 |
| Educational | 460 | 421 | 9.26 | \$ 2,263,961.78 | \$3,376,687.24 | -32.95 |
| Housing | 1013 | 1176 | -13.86 | \$ 22,474,784.28 | \$39,417,801.15 | -42.98 |
| Home Furnishing | 166 | 237 | -29.96 | \$ 601,646.76 | \$1,745,260.25 | -65.53 |
| Agriculture | 32 | 23 | 39.13 | \$ 10,118,420.48 | \$343,899.10 | 2,842.26 |
| Land Purchase | 97 | 92 | 5.43 | \$ 6,863,552.05 | \$6,833,518.26 | 0.44 |
| Business | 203 | 189 | 7.41 | \$ 6,584,562.44 | \$10,328,360.45 | -36.25 |
| Vacation / Travel | 272 | 450 | -39.56 | \$ 11,124.88 | \$3,787,893.69 | -81.23 |
| Motor Vehicles | 522 | 519 | 0.58 | \$ 7,328,973.31 | \$10,433,943.59 | -29.76 |
| TOTAL | 9,102 | 8,220 | 10.73 | \$ 91,338,637.00 | \$121,068,345.00 | -24.56 |



Loan Approval and Disbursement

According to Table 3, a drop in disbursement was recorded due largely to the reduction in loan requests. Every sector, except Agriculture, recorded a drop in business activities. The most significant drop was in Travel due to the lockdown and travel ban imposed by most countries. Land purchase remained stable.

Table 4. Gross Loan Portfolio by Sector

| NUMBER OF LOANS | | | | VALUE OF LOANS | | |
|--------------------|-------------|--------------|--------------|--------------------|-----------------------|-------------|
| CATEGORY | 2020 | 2019 | % Change | 2020 | 2019 | % Change |
| Debt Consolidation | 1861 | 1771 | 5.08 | 68,909,721 | \$ 62,591,701 | 10.09 |
| Personal Expenses | 2987 | 3035 | -1.58 | 38,040,182 | \$ 36,298,564 | 4.8 |
| Educational | 427 | 450 | -5.11 | 10,575,713 | \$ 11,684,776 | -9.49 |
| Housing | 1797 | 1763 | 1.93 | 163,406,382 | \$ 154,114,120 | 6.03 |
| Home Furnishing | 155 | 166 | -6.63 | 2,275,436 | \$ 2,513,824 | -9.48 |
| Agriculture | 69 | 60 | 15.00 | 2,030,389 | \$ 2,043,757 | -0.65 |
| Land Purchase | 292 | 284 | 2.82 | 26,587,333 | \$ 23,393,818 | 13.65 |
| Business | 371 | 331 | 12.08 | 35,064,120 | \$ 20,708,779 | 69.32 |
| Vacation / Travel | 291 | 387 | -24.81 | 4,011,823 | \$ 5,121,900 | -21.67 |
| Motor Vehicles | 779 | 787 | -1.02 | 23,816,121 | \$ 24,183,942 | -1.52 |
| TOTAL | 9029 | 9,034 | -0.06 | 374,717,218 | \$ 342,655,181 | 9.21 |

The sector with the highest exposure remains housing and housing-related loans, at 44% of the gross portfolio. The membership in the last 20 years has invested in homeownership which meant stability and security.

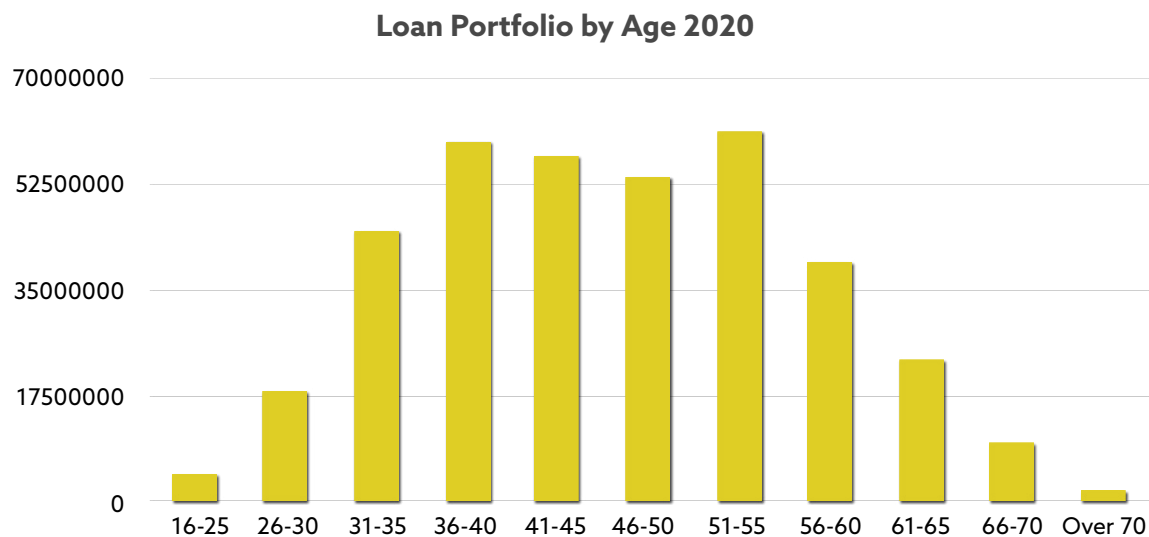
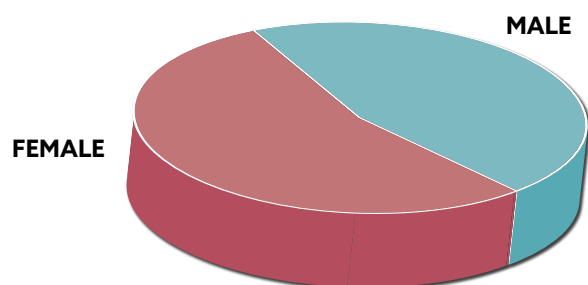


Table 5. Loans Disbursed by Gender 2020

| GENDER | NUMBER | VALUE |
|--------|--------|---------------|
| MALE | 4156 | \$ 51,759,145 |
| FEMALE | 4946 | \$ 39,579,491 |



Delinquency Management

We are pleased to report a reduction in the delinquency portfolio and take this opportunity to commend the hard work of the Delinquency Unit team, who continue to work assiduously with members, supported by our Legal teams. The Legal teams representing the Credit Union have been extended by five (5) additional companies, bringing the total complement to seven (7) Legal Firms. Lex Fidelis was assigned to the Carriacou branch, Franco Chambers was the legal team assigned to the Grenville branch, and three (3) additional firms were added to the complement in St. George's being City Scape, Justis Chambers and Francis & Associates. The firms of Wilkinson, Wilkinson and Wilkinson and George E. D. Clyne continue as the major companies. The benefit to members and the Credit Union as a whole is a quicker turnaround time in doing business.

The delinquency portfolio has moved from 6.7% Portfolio at Risk to 6.32% PAR90, 1.32% above prudential standard. The internationally accepted level is 5%. We anticipated a slight increase in delinquency due to the number of persons who were unemployed, however, we have maintained the same ratio despite this. We are optimistic about the rebounding of the economy by the re-opening of two (2) larger hotels and the announcement of the resumption of on-campus classes at St. George's University from August 2021.

General Observations

Notwithstanding the slowdown in the growth rate over the last three (3) years, the Credit Committee recognized that 2020 was an unusual year, and to achieve a growth rate of 9% is a remarkable performance. We continue to congratulate management and staff for working tirelessly with members to achieve this phenomenal performance. The 2020 year has been a year that tested our resilience, being a significant contributor to the financial services sector which stands at 20% overall. Our history has proven that through crisis, Credit Unions have emerged stronger and better.

We are confident that with the team in place, delinquency will be kept under control. We encourage members to work along with the Credit Union and honour all their obligations.

We continue to provide helpful hints to our borrowing members especially with the economic challenges being encountered at this time:

✓ **CREATE A BUDGET**

Now is an opportune time to create or review your household budget in order to prepare for any financial difficulties in the coming weeks and months. During a crisis, some expected income might not materialize, so only include income that is available to spend.

✓ **CUT DISCRETIONARY SPENDING**

Consider strategies to cut down on discretionary spending. Free up room in your budget for the priorities. Reduce or eliminate the following:

- Spending that increases household debt;
- Spending that can be deferred or negotiated;
- Non-emergency savings; and
- Spending or savings for non-necessity luxury items, travel, vacation.

✓ **BUILD AN EMERGENCY FUND**

Why: An emergency fund is a cash reserve that is specifically set aside for financial emergencies.

✓ **PROTECT YOUR CREDIT**

On-time payment history is the number one factor in determining one's credit rating. That is why you should always try to make the minimum payments on your credit card and other debt if you can. Being behind or late on your payments has a long-lasting negative impact on your credit and ability to access future loans.

As a Credit Committee, we extend heartfelt thanks and appreciation to the Board of Directors, the Chairperson and members of the Supervisory Committee, the CEO, the Executive Manager and staff of the Loans & Credit Administration department of Ariza Credit Union, other members of the Ariza team and to you our general membership.


Justin Hazzard
Chairman

Ariza Heroes

Chevon Redhead - Police Constable



Chevon Redhead works as a police constable at the Royal Grenada Police Force. He is one of the many frontline workers that has been keeping our nation protected and safe from the initial stages of the Covid-19 pandemic.

Constable Redhead was seen assisting disabled citizens through the streets of St. George. He ensured that these persons were able to get to their respective places with little to no difficulty. He upholds the true meaning of RGPF’s mission “To protect and serve”.

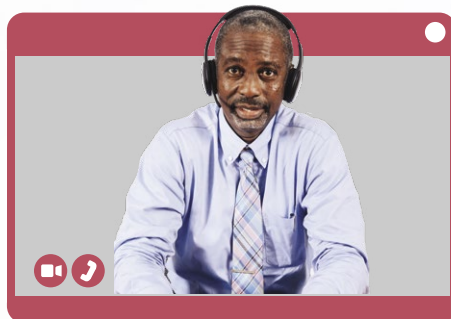
Oral Murrell - Ambulance Driver



Oral Murrell works as an ambulance driver at the General Hospital. He is passionate and dedicated to his work and takes pride in everything he does on the job.

During the Covid-19 pandemic, he sacrificed most of his time to ensure that patients are safely transported to the hospital. He is proud to be serving the country’s health sector. For this, we are all grateful.

Supervisory & Compliance Committee Report



Bro. Francis Robertson



Bro. Adrian Strachan



Bro. Terrence Victor



Bro. Alan Francis



Sis. Zoë Hagley

1.0 Introduction

In accordance with the Co-operative Societies Act No. 8 of 2011 as amended by Act No. 20 of 2017 and the mandate of the last Annual General Meeting (AGM), the Supervisory & Compliance Committee (SCC) is pleased to present its report for the financial year January 01 to December 31, 2020.

The Committee comprised the following members:

- Bro. Francis Robertson (into the third year of his first three-year term) - Chairman
- Bro. Adrian Strachan (into the first year of his first three-year term) - Secretary
- Bro. Terrence Victor (into the second year of his first three-year term)
- Bro. Alan Francis (into the second year of his first three-year term)
- Sis. Zoë Hagley (completing the third year of the second three-year term of Sis. Pearlana Sylvester)

Over the period, the SCC met on average twice per month. Due cognizance was given to the changing operating environment brought on by the COVID-19 pandemic, and the Committee engaged in a mix of virtual and in-person meetings/working sessions. The tasks pursued were varied and this report is based on the Committee's findings and general observations from those tasks.

2.0 Review of Human Resource Management Issues

The review examined the organisational chart, the staff establishment, the list of positions filled and resignations for the period July 2019 to June 2020,

and the newly introduced instrument to conduct exit interviews. The review was supported by an interview with the Human Resource (HR) Manager. Issues noted included the following:

- The organisational chart was last updated in 2016
- Six (6) positions were vacant and efforts were being made to have them filled

Recommendations:

1. That a comprehensive review be done of the placement of positions in the organisational chart to eliminate any duplication and/or inappropriate placement, and to fill the positions that are vacant.
2. That efforts be made to develop and implement all outdated and/or non-existent HR policies.

Notwithstanding, the Credit Union must be commended for steps taken to address the various HR issues faced, such as the appointment of an HR Manager.

3.0 Review of Assets and their Protection

Ariza's Fixed Assets Register was examined and the following was noted:

- The investment properties (real property) were the Morne Jaloux Ridgeway Residences, the Bruce Street Car Park, and a vacant lot at Grand Anse.
- Some moveable assets could not be easily identified.
- Assets appeared to be sufficiently insured for various risk types and insurance policies were being renewed in a timely manner.

Recommendation: Management should complete the development of the Credit Union's fixed assets policy, to include the procedures for acquisition, deployment and disposal of assets.

4.0 Review of Investment Policy

The SCC reviewed the Liquidity and Investments Policies and Procedures, the Terms of Reference for the Investment Committee (approved by the Board in 2018), the Co-operative Societies Act No. 8 of 2011 and Amendment Act No. 20 of 2017, and Ariza Credit Union's By-Laws (amendment approved September 2020).

Recommendations:

1. That Ariza Credit Union considers whether there is a need for the development of a comprehensive investment policy in keeping with Section 120 of the Co-operative Societies Act No.8 of 2011 as amended by Section 15 of Act 20 of 2017 and with Section XXXI of the Credit Union's By-Laws.
2. That the Credit Union considers likely emerging areas for investment in the post COVID-19 period, and also given the decision not to pursue the development of the Grand Anse property at this time.

5.0 Review of Bank Reconciliations

Bank reconciliations for the accounts held by Ariza Credit Union at the Grenada Co-operative Bank Ltd were reviewed for the months of January to September 2020. The bank accounts appeared correctly reconciled.

Recommendation: The timeliness of the preparation of the reconciliations should be improved and the use of the Credit Union's Sharetec software should be pursued for the entire process.

6.0 Review of Management Accounts and Ratios

The Committee reviewed monthly management accounts and ratios for the period May to October 2020. We noted the following:

- Despite exceeding the goal of 5% maximum, the Balance of Delinquent Loans / Gross Loans Portfolio (>30, 60 and 90 days) ratio improved, particularly during the latter part of the year
- The level of non-earning assets continues to be an area of concern
- Signs of growth-share capital fell below the minimum goal of 15%

Recommendations:

1. Sustained efforts to manage delinquent loans must be maintained to protect Ariza's loan portfolio investment, especially with the continuation of the pandemic.
2. Previous opportunities for investments may not be as lucrative, thus Ariza should consider viable emerging investment opportunities.
3. Consistent with the amendment to the By-Laws, Ariza must pursue an increase in investment in capital by both existing and new members.

7.0 Review of Advances, Deposits, Loans and other Transactions of Directors, Committee Members and Employees

Loans to Directors, Committee Members and Employees require additional scrutiny so as not to appear to offer terms and conditions outside of the Act, Regulations, By-Laws and the Credit Union's mandate. In addition, loans must be approved at a meeting of the Joint Committees of the Board, Credit Committee and the Supervisory and Compliance Committee.

The SCC's review noted that:

- The requisite forms were completed for advances;
- Generally, deposits (amount and frequency) by Directors, Committee Members and Employees did not seem to indicate a pattern(s) that would warrant investigations; and
- Loans to Directors, Committee Members and Employees were approved by Joint Committees or ratified by Joint Committees based on delegated approved thresholds.

8.0 Review of Sample of Loans Receiving COVID-19 Moratorium

Recognising that as a result of the COVID-19 pandemic, members may encounter financial challenges in the short to medium term, the Credit Union offered three months moratorium in the first instance, on the repayment of interest and principal.

The review sought to assess the impact of the pandemic on the Credit Union's loan portfolio. The SCC noted the following:

- The moratorium was optional and based on members' requests;
- The principal outstanding on loans that received moratorium was \$139,317,858 with monthly scheduled payments of \$2,113,451; and
- Members' requests for moratorium varied, such as rental incomes being no longer available, forced closure of sole-proprietor businesses, loss of income particularly in the tourism industry etc.

Recommendations:

1. That the Credit Union reviews its plans for "Moratorium Loans" to include detailed risk assessment and mitigation measure(s) for each loan.
2. That separate and periodic reporting to the Board of Directors be done on the portfolio of loans which received moratorium.

9.0 Review of Minutes and papers of Meetings of the Board of Directors

Minutes and papers of the Board of Directors were reviewed for meetings held during the period January to October 2020 as follows: February 28, March 30, May 21, July 24, July 28, August 18, October 06 and October 27.

The following were noted as points of particular interest:

- The Board's agreement to purchase additional lands at Grand Anse;
- Reduction of the interest rates paid on deposits, effective 1st June;

- Approval of loan moratorium of three months in the first instance, as Ariza's response to assist members negatively affected by COVID-19; and
- Revised business plan in light of economic conditions as a result of COVID-19.

Recommendation: Management should report separately to the Board on the portfolio of loans which received COVID-19 moratorium.

10.0 Conduct of Cash Counts

Successful cash counts were conducted at all branches. As in the previous year, the Committee observed that the counting of the new ECCB polymer notes remains a challenge for the counting machines. We also noted the continued challenge of suitable office and parking space for both staff and members at the Grenville Branch.

Recommendations:

- Ariza Credit Union should continue to explore options to improve the counting of the ECCB's new polymer notes.
- Efforts should be made to ensure that all petty cash vouchers are duly completed.

11.0 Consideration of Members' Complaints

The SCC received complaints from two (2) members relating to their loans at the Credit Union. These were referred to the Loans Department for resolution. We note that the Committee's email address - scccomplaints@arizacu.com - established to receive members' complaints, is not utilised.

Recommendation: The Committee must re-think methodologies to enhance the utility of its email address.

12.0 Other Matters

12.1 Joint Committees Meetings

Committee members participated in three (3) Joint Committees Meetings during the year - August, September and December. The Committee recommends the scheduling of quarterly meetings for the new financial year 2021.

12.2 Enterprise-Wide Risk Management

Following its participation in the Enterprise Risk Management Workshop, the Committee was actively represented in work being done to develop Ariza Credit Union's Enterprise-Wide Risk Management Framework.

12.3 Future Operations of the Committee

The Committee held one (1) meeting with the Executive Management Team, the Risk and Compliance Manager, and the Internal Auditor to examine ways of reframing the Committee's future operations. In this regard, the Committee expects to draw on regional and extra-regional best practices that may exist.

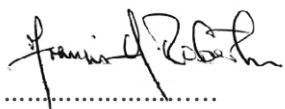
12.4 Site Visit to Ridgeway Residences

In August 2020, the SCC conducted a site visit to Ariza's Ridgeway Residences. The development offers for sale, three (3) residential models. At the time of the visit, one (1) completed residence was in the process of being sold and the construction of two (2) additional residences were to be completed.

From observations, the appointment of a full-time Project Manager has been beneficial to the Credit Union's drive to accelerate the sale of lots and/or residences.

13.0 Acknowledgements

The year was most challenging as we all adjusted to functioning within the environment shaped by various COVID-19 related protocols. The Supervisory and Compliance Committee is thankful for the support of the Board of Directors, the Management and Staff of Ariza Credit Union, and our general membership. Special thanks are extended to all who ensured the requisite preparations were made for our meetings/working sessions.

A handwritten signature in black ink, appearing to read "Francis Robertson", written over a dotted line.

Francis Robertson

Chairman

Supervisory and Compliance Committee

Nominating Committee Report

Composition

| | |
|------------------------|------------|
| Bro. Dennis Cornwall | - Chairman |
| Bro. Phillip Telesford | - Member |
| Bro. Wayne Radix | - Member |
| Sis. Gemma Bain-Thomas | - Member |
| Sis. Annette Henry | - Member |

The Committee was constituted in accordance with Section 42 (2) of the Credit Union's By-Laws.

Meeting

The Nominating Committee held an initial meeting on Tuesday 4th May 2021 at 10:00 a.m. via Zoom. At that meeting, an excuse was tendered on behalf of Bro. Philip Telesford. A second meeting was held on Tuesday 1st June 2021 at 10:00 a.m. via Zoom. An excuse was tendered on behalf of Sis. Annette Henry.

Notices

Notices of the vacancies and invitation for nominations to positions on the Board of Directors, Credit Committee and Supervisory and Compliance Committee were placed in the local printed press, SMS text messages and on Ariza's Website.

Vacancies

There were three (3) vacancies to be filled on the Board of Directors, two on the Credit Committee and two on the Supervisory and Compliance Committee as follows:

Board of Directors

1. Sis. Claudette James was completing her first three-year term.
2. Bro. Lyndon Bubb was completing his first three-year term.
3. Bro. Otis Gay was completing the term for Bro. Rodney George.

Credit Committee

1. Bro. Brian Pascall was completing his first three-year term.
2. Sis. Judy Pivotte was completing her second three-year term.
3. Bro. Simon Lewis was completing his second three-year term.

Supervisory and Compliance Committee

1. Sis. Zoë Hagley was completing the final year of the term of Sis. Pearlena Sylvester.
2. Bro. Francis Robertson was completing his first three year term.

Nominations

• Board of Directors

The Nominating Committee considered eight nominations and the three incumbents who were eligible to serve a second term as follows:

1. Bro. Jeremy Chetram
2. Sis. Merina Jessamy

3. Bro. Sandiford R. Edwards
4. Bro. Wayne Williams
5. Bro. Michael Stephen
6. Bro. Kymanne Andrew
7. Bro. Douglas Roberts
8. Bro. Trevor Rodney
9. Sis. Claudette James
10. Bro. Lyndon Bubb
11. Bro. Otis Gay

- **Credit Committee**

The Nominating Committee considered ten nominations and the one incumbent who was eligible to serve a second term as follows:

1. Bro. Jeremy Chetram
2. Sis. Lorrian A. Charles
3. Sis. Rayne T. Logie
4. Sis. Susannah Sandy
5. Bro. Douglas Roberts
6. Sis. Portia Fraser
7. Sis. Allena Peters
8. Bro. Royden Beharry
9. Sis. Deshon Harris
10. Sis. Renae Samuel
11. Bro. Brian Pascall

- **Supervisory and Compliance Committee**

The Nominating Committee considered ten nominations and the two incumbents who were eligible to serve a second term as follows:

1. Bro. Jeremy Chetram
2. Sis. Merina Jessamy
3. Sis. Rayne T. Logie

4. Bro. Wayne Williams
5. Sis. Susannah Sandy
6. Bro. Kymanne Andrew
7. Bro. Douglas Roberts
8. Bro. Davon Baker
9. Sis. Renae Samuel
10. Sis. Karen M. Forsyth
11. Sis. Zoë Hagley
12. Bro. Francis Robertson

Guidelines

The Nominating Committee noted and adopted the Guidelines and Scorecard for considering nominees to the Board of Directors and Committees. These Guidelines detailed the skills-set recommended for each Committee. The Nominating Committee also considered the performance of the members of the Board of Directors and Committees eligible for re-election.

The Nominating Committee noted that the criteria provided applied equally to the Board and other Committees. This set of criteria may not apply to the Credit Committee and therefore needed to be reviewed and aligned prior to next year's meeting of the Nominating Committee.

Recommendations

After considering the Guidelines, the nominations received, the incumbents who were eligible for re-election, the fact that the incumbents had performed well during their initial term, the need for continuity and stability especially in the current economic climate; the Nominating Committee recommends as follows:

Board of Directors

1. Sis. Claudette James for a second three-year term.
2. Bro. Lyndon Bubb for a second three-year term.
3. Bro. Otis Gay for a full three-year term.

Credit Committee

1. Bro. Brian Pascall for a second three-year term.
2. Sis. Deshon Harris for a first three-year term.
3. Sis. Allena Peters for a first three-year term.

Supervisory and Compliance Committee

1. Bro. Francis Robertson for a second three-year term.
2. Bro. Davon Baker for a first three-year term.

The Nominating Committee noted the increase in the number and diversity of persons recommended as volunteers and that the majority had attended the Governance Training Programme usually delivered by the Credit Union for members desiring to serve.

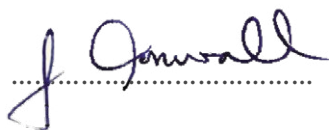
The Nominating Committee recommended that in the future:

- The Nominating Committee should be involved in the process at an earlier stage, at least prior to the calls for nomination being sent out.
- Those persons serving on the Board or Committees who were eligible for a second term should also be nominated or in some way indicate their availability to continue serving.

The Nominating Committee agreed on the necessity to review the guidelines every two years in keeping with the current composition of the Board and the skill-set that may be required at the particular time.

Acknowledgements

Members of the Nominating Committee express appreciation to the Board of Directors for the opportunity given to serve and to the Management and Staff for providing the necessary support to its work. The Nominating Committee also extends thanks to all those who expressed interest in serving the Credit Union.

A handwritten signature in blue ink, appearing to read 'D. Cornwall', written over a horizontal dotted line.

Bro. Dennis Cornwall
Chairman, Nominating Committee

Ariza Heroes

**Gem Sampson -
Senior Personal Shopper - E-Commerce**



Gem is one who is truly dedicated to her job. She worked tirelessly at the peak of the Covid-19 lockdown and still maintained her upbeat personality with a smile.

We are all very proud of the role she plays as an essential worker.

**Desiree Cudjoe -
Medical Laboratory Technician**



She is a dedicated lab professional that ensures the provision of laboratory services that confirms the diagnosis is in order that the right care and treatment are administered. Away from home and loved ones, Desiree has been devoted to doing her part for the nation. Salute to you Desiree, we are all very proud and grateful.

**Ramona Garraway -
Woman Police Constable**



She has performed her duties at best in these trying times. Ramona has been informing the public about the current restrictions and also encouraging individuals to comply with the country's emergency health declarations & protocol. We are extremely grateful for her words of encouragement and support.

Treasurer's Report

Dear Co-operators,

The accompanying audited Financial Statements and analysis of the Credit Union's performance are submitted in accordance with the requirement of section 130 (1) of the Co-operative Societies Act No. 20 of 2017.

The Financial Statements report on the financial activities and position at a given point in time. It comprises of Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow and Statement of Changes in Members' Equity.

Statement of Financial Position

This statement represents the financial position as of December 31st, 2020 and is made up of three elements which are assets, liabilities and capital.

Assets

These are resources owned, which contributes directly or indirectly to the generation of cash flows.

Ariza's assets are broken down further into two categories, namely:

- I. Earning Assets
- II. Non-Earning Assets

Earning Assets

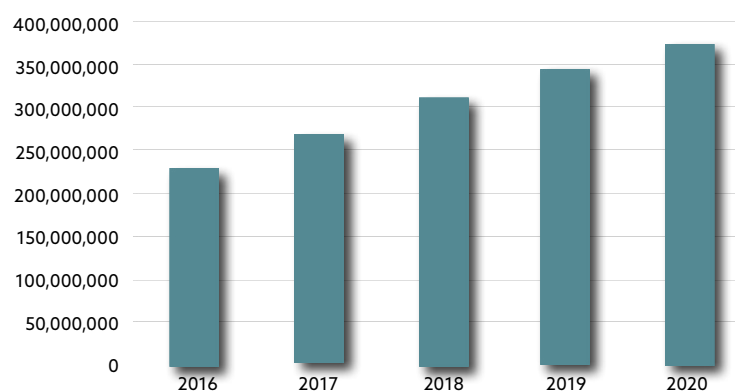
Earning Assets identify those assets through which a return is directly generated. Ariza's earning assets consists of investments.

Investments are made predominantly in our members through loans. Additionally, investments via financial assets and real property are pursued.

• Members' Loans

Members' loans account for 76.54% of the asset base and as such is the main source of revenue. At the end of 2020 the gross loan portfolio grew by \$31.6M or 9.21% over 2019. The gross portfolio stood at \$374,717,218M. Total Loans disbursed amounted to \$91.3M.

Graph 1.1 below shows the growth in gross loans over the last five years.



Graph 1.1

The total balance on delinquent loans in excess of 90 days in arrears stood at \$23.6M or 6.32% against a maximum standard of 5%.

Financial Assets

The Financial Assets held by Ariza are mainly in the form of term deposits, treasury bills, and investment in shares. The Ariza Credit Union has two forms of Financial Assets:

1. Available-for-Sale

These are in the form of shares purchased by the Credit Union in other Institutions. The Credit Union receives a return on these financial assets in the form of dividends. Although Ariza Credit Union did not purchase or sell any financial assets of this kind in the year 2020, shares held in Grenada Co-operative Bank were adjusted to reflect the current market value. Available for Sale financial assets stood at \$1.38M at the end of 2020.

2. Loans and Receivables

These Financial Assets held by Ariza Credit Union were in the form of Term Deposits, Treasury Bills and Repurchase Agreements. The Credit Union receives income in the form of interest when these financial assets mature. Loans and receivables financial assets fell by \$3.17M at the end of 2020. This was because of additional funds needed for operations.

At the end of 2020, total financial assets stood at \$46.9M. During the period, the Credit Union was able to generate a return of 3.31% amounting to \$1.49M. The average return on the market is approximately 2%.

• Investment Property

Your Credit Union has investments in properties at Morne Jaloux, Grand Anse and Bruce Street.

The property at Bruce Street is currently being used as a parking lot. Revenues for the year 2020 amounted to \$231.9K.

Non-Earning Assets

Non-Earning Assets are assets that are used for day-to-day operations and do not directly generate income.

These assets are primarily property, plant and equipment and cash and cash equivalents.

• Property, Plant and Equipment (PPE)

These are long term assets that are used in the Credit Union's operations. In the year 2020, there was an increase in the Credit Union's PPE from \$25.03M to \$25.38M. This represented an increase of \$349.7K or 1.40%.

• Cash and Cash Equivalents

With the growth of the Credit Union there has been an increase in the need for operational cash. This was reflected in the increase of \$6.41M or 30.82% in cash and cash equivalents over 2019. The Credit Union continued to manage liquidity to ensure maximum return and at the same time maintaining adequate cash for operations. Our overall liquidity ratio stood at 18.48% which was above the prescribed standard of 15%.

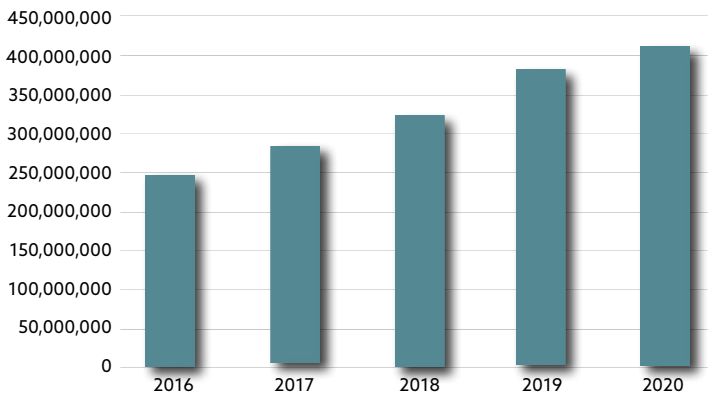
Liabilities

Liabilities capture the financial obligations of the Credit Union. It details the indebtedness to persons or institutions. Our main liabilities are members’ deposits and savings.

Members Lifetime Savings / Other Deposits

In the year 2020, the total deposit portfolio stood at \$416.2M. This represented a growth of \$33.9M or 8.87% over 2020. This increase was fueled mainly by member’s investment in Lifetime Savings and Fixed Deposits. Over the year the Lifetime Savings portfolio grew by \$24.5M or 12.54% and Fixed Deposits by \$3.59M or 3.56%.

Graph 1.2 below shows growth in total deposits over the last five years.



Graph 1.2

Non-Interest bearing liabilities

As is termed, these liabilities do not accrue any interest. These are mainly ATM/Debit Card Settlements with

other institutions and interest payable on deposits. Non-interest bearing liabilities increased by \$569.1K or 3.48% in the year ended 2020.

Other Liabilities

Other liabilities stood at \$1.7K as at year ended 2020. These other liabilities represent interest on Ariza’s Staff Pension Plan.

Capital

Capital is the financial pillar of our Credit Union. It represents the excess of assets over liabilities. The capital base is broken down into the following:

- I. Equity Shares
- II. Institutional Capital
- III. Other Funds and Reserves

Equity Shares

Equity Shares are member’s investment in excess of the \$200 mandatory qualifying shares. This investment allows the member to share in the year-end surplus through the payment of a dividend. In the financial year 2020, equity shares grew by \$769.6K or 5.25%. At the end of the year the balance stood at \$15.4M.

Institutional Capital

At the end of 2020 the capital to total assets stood at 10.83% of which Institutional capital accounted for 7.68%. The benchmark for capital to total assets as per the Co-operative Societies Act is 10% of which institutional Capital must be greater than 7%. This 7% institutional capital threshold is the benchmark for the payment of a dividend. Institutional Capital comprises of the following:

- I. **Qualifying Shares** - This represents the 10 mandatory share which defines eligibility for membership. Qualifying Shares stood at \$4.33M in the year 2020. This represented a growth of \$359.1k or 9.03%.
- II. **Statutory Reserve** - This represents the amount set aside from surplus for strengthening capacity to withstand any external or internal shocks e.g. bad debts/impairments to assets etc. Whereas the law prescribes for a 20% transfer to this reserve it has been the Credit Union's practice to transfer 25%. At the end of 2020, the Credit Union's Statutory Reserve stood at \$16.18M.
- III. **Accumulated Surplus** - Accumulated surplus stood at \$17.1M at the end of 2020.

Statement of Comprehensive Income

The Credit Union earned total income of \$33.0M during the year 2020 as compared to \$31.1M in 2019. Income from loans amounted to \$30.4M and non-interest income totalled \$2.6M. Loan interest income recorded an increase of \$1.78M or 6.20% over 2019.

Interest on deposits and other finance costs amounted to \$11.05M which represented an increase of \$717.3M or 6.10% over the year 2019.

As at December 2020, total operating expenses stood at \$11.9M. This represented an increase of \$1.81M or 17.82% when compared to 2019. Notwithstanding this increase, the Credit Union continued to efficiently manage its operating costs with an operating cost

to total asset ratio of 2.55% which was within the standard of 5% maximum.

Ariza recorded a surplus before provision of \$9.35M. This continues to show the success of the Credit Union business model and the commitment of our members to the Credit Union. The onset of COVID-19 resulted in several sectors being negatively impacted, affecting the ability of borrowers from these sectors to meet their obligations. This resulted in the Credit Union granting a moratorium to the tune of \$192.5M. Additionally, the Credit Union conducted a thorough review and overhaul of its provision as a measure of prudence in the prevailing landscape. Resulting was an extraordinary provision in the amount of \$3.69M. Surplus before appropriation amounted to \$4.07M, a decrease of \$2.02M or 33.23% in 2019. At the end of 2020, the Credit Union was able to transfer \$2.48M of unallocated surplus to accumulated reserve.

Ariza continues to play a pivotal role in helping to shape the lives of our members as a viable vehicle towards financial freedom especially in these times of uncertainty. We thank you our members, for your unwavering support throughout the year. We absolutely value your commitment to your Credit Union. We ask that you continue to work together with us to expand our strengths and to address our areas of challenge. Credit is given to our Board, Management, Staff and Membership for another successful year.



Carla Thomas-Ross
Treasurer

Ratio Analysis

| Ratios | Goal | Dec-2020 | Dec-2019 |
|---|------------------|----------|----------|
| Protection | | | |
| Provision for Loan Losses /Del>12 Months | 100% | 100% | 100% |
| Provision for Loan Losses /Loans del<12 Months | 35% | 35% | 35% |
| Solvency | >=110% | 113% | 113% |
| Effective Financial Structure | | | |
| Net Loans/Total Assets | 70-80% | 74.18% | 74.46% |
| Savings Deposits/Total Assets | 70-80% | 85.01% | 84.49% |
| Member Share Capital/Total Assets (N)* | >=3% | 3.15% | 3.26% |
| Institutional Capital (other)/Total Assets (N)* | >=7% | 7.68% | 7.43% |
| Asset Quality | | | |
| Balance of Del loans >90 /Gross Loan Portfolio | <=5% | 6.32% | 6.66% |
| Non-Earning Assets/Total Assets | <=5% | 12.82% | 11.52% |

| Ratios | Goal | Dec-2020 | Dec-2019 |
|--|---------------------------|----------|----------|
| <i>Rates of Return and Cost (Annualized)</i> | | | |
| Fin Investment Income/Avg. fin investments | Market Rate 2% | 3.31% | 2.72% |
| Fin costs:savings deposit/Average sav deposits | Market Rate 2% | 2.77% | 3.33% |
| Operating Expenses/Average Total Assets | <=5% | 2.55% | 2.45% |
| <i>Liquidity</i> | | | |
| Liquid Assets-ST payables/Unencumbered deposits | Min 15% | 18.48% | 18.19% |
| <i>Signs of Growth (Annualized Growth Rate)</i> | | | |
| Total Assets | > inflation+10% | 8.72% | 19.50% |
| Loans to Members | 0.05 | 9.21% | 10.00% |
| Savings deposits | 0.05 | 8.86% | 18.28% |
| Share Capital | Min 15% | 9.03% | 12.97% |
| Institutional Capital | Min 10% | 12.3% | 15.54% |
| Membership | Min 15% | 7.76% | 12.10% |

*The Act prescribes a total capital ratio of 10% of which Institutional Capital should be at least 7%

Audited Financial Statements



ARIZA CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

| CONTENTS | Page |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT | 61 - 63 |
| STATEMENT OF FINANCIAL POSITION | 65 |
| STATEMENT OF COMPREHENSIVE INCOME | 66 |
| STATEMENT OF CHANGES IN MEMBERS' EQUITY | 67 |
| STATEMENT OF CASH FLOWS | 68 |
| NOTES TO THE FINANCIAL STATEMENTS | 69-122 |

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARIZA CREDIT UNION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ariza Credit Union Limited (the 'Credit Union'), which comprise the statement of financial position at December 31, 2020, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other information included in the Credit Union's 2020 Annual Report

Other information consists of the information included in the Credit Union's 2020 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Members of
ARIZA CREDIT UNION LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

To the Members of
ARIZA CREDIT UNION LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

The financial statements of Ariza Credit Union Limited for the year ended December 31, 2019 were audited by another auditor who expressed an unqualified opinion.

GRENADA

July 22nd, 2021



Accountants & Business Advisers

ARIZA CREDIT UNION LIMITED
Statement of Financial Position at December 31, 2020
(expressed in Eastern Caribbean dollars)

| | <u>Notes</u> | 2020 | 2019 |
|--------------------------------------|--------------|--------------------|--------------------|
| Assets: | | | |
| Earning Assets | | | |
| Members' loans | 6 | \$ 363,693,198 | 335,804,866 |
| Investment properties | 7 | 16,211,507 | 12,563,332 |
| Investment securities | 8 | 46,893,695 | 50,070,384 |
| <i>Total earning assets</i> | | <i>426,798,400</i> | <i>398,438,602</i> |
| Non-earning Assets | | | |
| Property and equipment | 9 | 25,380,701 | 25,031,041 |
| Other Assets | | | |
| Cash and cash equivalents | 10 | 10,156,642 | 6,037,341 |
| Accounts receivables and prepayments | 11 | 27,245,588 | 20,827,323 |
| | | 62,782,931 | 51,895,705 |
| Total Assets | | \$ 489,581,331 | 450,334,307 |
| Equity and Liabilities | | | |
| Equity | | | |
| Members' qualifying equity | 12 | 4,334,962 | 3,975,875 |
| Statutory reserve | 13 | 16,187,648 | 14,977,946 |
| Accumulated surplus | | 17,055,608 | 14,508,236 |
| Total Institutional capital | | 37,578,218 | 33,462,057 |
| Members' equity shares | 14 | 15,438,304 | |
| Other funds and reserves | | | |
| Development fund | 15(a) | 271,210 | 332,030 |
| Education fund | 15(b) | 850,800 | 820,070 |
| Education savings plan fund | 15(c) | 977,392 | 771,663 |
| Provident fund | 15(d) | 345,713 | 213,199 |
| LP/LS insurance fund | 15(e) | - | 1,415,422 |
| | | 2,445,115 | 3,552,384 |
| Total Equity | | 55,461,637 | 51,683,119 |
| Liabilities | | | |
| Members' life time savings | 16 | 215,896,670 | 191,847,083 |
| Other deposits | 17 | 200,300,667 | 190,457,502 |
| Non-interest bearing liabilities | 18 | 16,913,707 | 16,344,595 |
| Pension liability | | 1,006,950 | |
| Other liabilities | | 1,700 | 2,008 |
| Total liabilities | | 434,119,694 | 398,651,188 |
| Total Equity and Liabilities | | 489,581,331 | 450,344,307 |

The accompanying notes form an integral part of these financial statements

Chairman

Treasurer.....

ARIZA CREDIT UNION LIMITED
Statement of Comprehensive Income
for the year ended December 31, 2020
(expressed in Eastern Caribbean dollars)

| | 2020 | 2019 |
|--|---------------|---------------|
| Income from loans: | | |
| Interest from member loans | \$ 30,416,834 | \$ 28,640,693 |
| Fees and charges | 1,086,556 | 1,542,206 |
| Loan protection | (1,076,730) | (881,970) |
| Other income from loans | 6,488 | 61,376 |
| Net loan income | 30,433,148 | 29,362,305 |
| Income from Liquid Investments: | | |
| Interest on investments | 1,460,057 | 849,272 |
| Dividends on investments | 34,830 | 26,564 |
| Non-related income | 1,116,548 | 920,222 |
| | 2,611,435 | 1,796,058 |
| Total income | 33,044,583 | 31,158,363 |
| Financial Cost: | | |
| Interest expenses on savings | 11,046,802 | 11,764,201 |
| Life savings insurance | 435,694 | 448,988 |
| Other financial cost | 220,960 | 362,756 |
| | 11,703,456 | 12,575,945 |
| Gross Margin | 21,341,127 | 18,582,418 |
| Operating expenses: | | |
| Personnel expenses | 6,601,276 | 5,098,012 |
| Governance | 393,371 | 434,785 |
| Occupancy Expense | 772,931 | 799,590 |
| Marketing expense | 861,720 | 1,108,017 |
| Administration | 2,058,527 | 1,531,176 |
| Depreciation | 1,298,985 | 1,202,342 |
| | 11,986,810 | 10,145,038 |
| Total operating surplus | 9,354,317 | 8,408,496 |
| Less: Allowance for expected credit loss | (3,691,220) | (2,200,000) |
| Provision for vacation accrual | (226,064) | (108,095) |
| Provision for pension accrual | (1,006,950) | - |
| Write off - other receivable | (317,006) | - |
| Surplus for the year before appropriation | 4,073,077 | 6,100,401 |
| Appropriations | | |
| Transfer to: Statutory Fund | 1,018,269 | 1,525,100 |
| Provident fund | 203,654 | 91,506 |
| Education of members' fund | 40,730 | 305,020 |
| Education savings plan fund | 203,654 | 305,020 |
| Development fund | 122,192 | 305,020 |
| Net surplus for the year | 2,484,578 | 3,568,735 |
| Other comprehensive income: | | |
| Fair value adjustment of investment securities | 89,798 | - |
| Total comprehensive income for the year | \$ 2,574,376 | \$ 3,568,735 |

The notes on pages 69 to 122 are an integral part of these financial statements.

ARIZA CREDIT UNION LIMITED
Statement of Changes in Members' Equity
for the year ended December 31, 2020
(expressed in Eastern Caribbean dollars)

| | Qualifying and Equity Shares | Statutory Reserve | Other Funds and Reserves | Accumulated Surplus | Total Equity |
|--|---------------------------------|----------------------|--------------------------------|------------------------|-----------------|
| Balance at January 1, 2019 | 16,273,079 | 13,269,992 | 2,805,299 | 12,171,157 | 44,519,527 |
| Net movement in shares | 2,371,474 | - | - | - | 2,371,474 |
| Entrance fees | - | 43,410 | - | - | 43,410 |
| Net movement on other funds and reserves | - | 1,664,544 | 747,085 | (2,531,666) | (120,037) |
| Dividends paid | - | - | - | (1,231,656) | (1,231,656) |
| Net surplus for the year | - | - | - | 6,100,401 | 6,100,401 |
| Balance at December 31, 2019 | 18,644,553 | 14,977,946 | 3,552,384 | 14,508,236 | 51,683,119 |
| Net movement in shares | 1,128,713 | - | - | - | 1,128,713 |
| Entrance fees | - | 21,720 | - | - | 21,720 |
| Net movement on other funds and reserves | - | 1,187,982 | 308,153 | (1,588,500) | (92,365) |
| Write back of LP/LS insurance fund | - | - | (1,415,422) | 1,415,422 | - |
| Dividends paid | - | - | - | (1,442,425) | (1,442,425) |
| Fair value adjustment of investment securities | - | - | - | 89,798 | 89,798 |
| Net surplus for the year | - | - | - | 4,073,077 | 4,073,077 |
| Balance at December 31, 2020 | 19,773,266 | 16,187,648 | 2,445,115 | 17,055,608 | 55,461,637 |

The notes on pages 69 to 122 are an integral part of these financial statements.

ARIZA CREDIT UNION LIMITED
Statement of Cash Flows
for the year ended December 31, 2020
(expressed in Eastern Caribbean dollars)

| | 2020 | 2019 |
|--|---------------|---------------|
| Operating activities | | |
| Net surplus for the year | \$ 4,073,077 | \$ 6,100,401 |
| Adjustments for: | | |
| Provision for credit loss | 3,691,220 | 2,200,000 |
| Provision for vacation accrual | 226,064 | 108,095 |
| Provision for risk assets | - | (1,057,224) |
| Depreciation | 1,298,984 | 1,202,342 |
| Interest income | (31,876,891) | (29,489,965) |
| Interest expense | 11,046,802 | 11,764,201 |
| Net movement in reserves | (92,365) | (120,037) |
| Write off - other receivable | 317,006 | - |
| Operating loss before changes in working capital | (11,276,103) | (9,292,187) |
| Change in accounts receivable and prepayments | (6,830,721) | (2,629,768) |
| Change in members' loans | (31,579,532) | (31,254,523) |
| Change in members' deposits | 24,049,587 | 26,346,287 |
| Change in other deposits | 9,843,465 | 32,738,608 |
| Change in non-interest bearing liabilities | 456,675 | 7,063,153 |
| Change in pension liability | 1,006,950 | - |
| Change in other liabilities | (310) | 223 |
| | (14,330,289) | 22,971,793 |
| Interest received | 33,739,032 | 29,260,269 |
| Interest paid | (11,200,429) | (11,708,279) |
| Net cash provided by operating activities | 8,208,314 | 40,523,783 |
| Investing activities | | |
| Purchase of property and equipment | (1,649,284) | (3,227,692) |
| Disposal of property and equipment | 640 | - |
| Purchase of investment properties | (3,547,875) | (15,034) |
| Sales of investment properties | 432,973 | - |
| Decrease/(increase) in investment securities | 3,266,488 | (31,273,123) |
| Net cash used in investing activities | (1,498,058) | (34,515,849) |
| Financing activities | | |
| Entrance fees | 21,720 | 43,410 |
| Dividends paid | (1,442,424) | (1,231,656) |
| Increase in members' shares | 1,128,713 | 2,371,474 |
| Net cash (used in)/provided by financing activities | (291,991) | 1,183,228 |
| Increase in cash and cash equivalents | 6,418,265 | 7,191,162 |
| Cash and cash equivalents, beginning of year | 20,827,323 | 13,636,161 |
| Cash and cash equivalents, end of year | \$ 27,245,588 | \$ 20,827,323 |

The notes on pages 69 to 122 are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The principal activities of Ariza Credit Union Limited ("the Credit Union") (previously named Grenada Public Service Co-operative Credit Union Limited) are to provide ways and means through which savings can be effected and a source of credit made available to its members.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The Ariza Credit Union Limited (previously named Grenada Public Service Co-operative Credit Union Limited) was established in 1947 and originally registered in March 1958 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest.

The Credit Union employed an average of ninety-three (93) persons during the year compared to eighty-nine (89) persons in 2019.

The Credit Union's registered office is located at Bruce Street, St. Georges, Grenada and it conducts business from three locations: the branch offices at Grenville, St. Andrews and Church Street, Hillsborough Carriacou and the head office at Bruce Street, St. Georges.

The accompanying financial statements are the financial statements of the Credit Union have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through other comprehensive income. The measurement bases are fully described in the summary of accounting policies.

3. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). These financial statements were approved by the Board of Directors on July, 2021.

3. BASIS OF PREPARATION (continued)

(b) Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Credit Union has adopted the following amendments to standards and new interpretations effective from January 1, 2020. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Credit Union's financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material (Effective 1st January, 2020)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1: Presentation of financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material are not expected to have significant impact on the Credit Union's financial statements.

(c) New Standards and interpretation of amendments to existing standards issued but not effective during the year

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Credit Union's financial statements. These standards and interpretations may be applicable to the Credit Union at a future date and will be adopted when they become effective. The Credit Union is currently assessing the impact of adopting these standards and interpretations.

- Amendments to IFRS 16 – Covid-19 Related Rent Concessions (Effective 1 June, 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (Effective 1 January, 2021)
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January, 2022)

3. BASIS OF PREPARATION (continued)

(c) *New Standards and interpretation of amendments to existing standards issued but not effective during the year (continued)*

- Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract – (Effective 1 January, 2022)
- Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current – (Effective 1 January, 2023)
- Amendments to IFRS 4 – Extension of Temporary Exemption from applying IFRS 9 – (Effective 1 January, 2022)

(d) *Improvements to International Reporting Standards*

The annual improvements process for the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS.

Annual improvements to IFRS Standards 2018-2020 cycle

The following amendments are applicable to annual periods beginning on or after 1 January, 2022

IFRSs – Subject of Amendment

| | |
|---------|--|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter. |
| IFRS 9 | Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities. |
| IFRS 16 | Leases – Lease incentives |
| IAS 41 | Agriculture – Taxation in fair value measurements |

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Overall considerations*

The significant accounting policies set out below have been applied consistently by the Credit Union to all periods presented in these financial statements, except as otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 recognised in the statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability.

The Credit Union's calculation of the effective interest rate includes all material fees received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(ii) Other income

Other income is recognised on the accrual basis except for dividend income which is accounted for on the cash basis.

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 the statement of comprehensive income. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in the statement of comprehensive income on the straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Credit Union as a lessee

The Credit Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Credit Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Credit Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Credit Union as a lessor

Leases in which the Credit Union does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.5 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(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.

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 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 as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss 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 asset.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

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 are classified as non-current assets.

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.

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 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, investments in fixed deposits and treasury bills and cash and cash equivalents.

(c) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI 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.

Financial assets at fair value through other profit or loss (FVTPL)

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. The Credit union does not have any assets measured at FVTPL.

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 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 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 except for the new classifications under IFRS 9. Changes in contractual cash flows are considered under the accounting policy on *Modification of loans to members* in Note 4.5 (d) and *Derecognition of financial assets* in Note 4.5 (f).

(d) Impairment of Financial Assets

The Credit Union recognises a loss allowance for expected credit losses (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:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(d) Impairment of Financial Assets (continued)

- 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.

The 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 nonperforming 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(d) 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 (eg. 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 behavioral 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 or 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;
- expected breaches of contract that may, for example, lead to covenant waivers or amendments, or interest payment holidays;
- 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 (e.g. expected increase in delayed contractual payments); and
- past due information, including the rebuttable presumption of more than 30 days past due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(d) Impairment of Financial Assets (continued)

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, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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 difference between 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(d) Impairment of Financial Assets (continued)

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.

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 FVTOCI 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(d) Impairment of Financial Assets (continued)

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 borrower is past due 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(e) 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 statement of comprehensive income.

If the new terms are not substantially different the original loan is not de-recognised. The Credit Union recalculates the gross carrying amount of the loan and recognises a modification gain or loss in the statement of comprehensive income. 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.

(f) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(f) Write offs (continued)

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 net impairment loss on financial assets in the statement of comprehensive income.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 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
- Central Bank base rates

(i) Financial Liabilities:

Classification and subsequent measurement of financial liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost. Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other 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.

Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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).

4.6 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Property and equipment

i. Initial measurement

Property and equipment are initially stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributed to the acquisition of items.

ii. Subsequent measurement

Land and building

After recognition, land and building 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 revaluation reserves. However, the increase is recognised in the statement of comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the statement of comprehensive income. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the 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 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Property and equipment (continued)

ii. Subsequent measurement (continued)

Furniture, equipment and motor vehicle

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

iii. Depreciation

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

| | |
|-----------------------------------|----------|
| Freehold Building | 40 years |
| Car Park | 40 years |
| Furniture, Fixtures and Equipment | 10 years |
| Motor vehicles | 5 years |
| Automatic Teller Machine | 4 years |
| Computer Equipment and Software | 3 years |

Land and work in progress are not depreciated.

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 the statement of comprehensive income.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

4.8 *Impairment of non-financial assets (continued)*

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 recognized 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Employee Benefits

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

4.11 Equity, reserves and dividend payments

a) Permanent shares

Permanent 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 reserves comprise amounts required to be set aside as stipulated by the Co-operative Societies Act (see note 15).

c) Accumulated surplus

Accumulated surplus include all current and prior period retained surpluses.

d) Dividends

Shares that contain redemption features subject to the Credit Union maintaining adequate regulatory capital are accounted for using the partial treatment requirements of IFRIC 2, *Members' Shares in Co-operative Entities and Similar Instruments*.

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.

4.12 Operating expenses

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

5. SIGNIFICANT MANAGEMENT JUDGEMENT 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 below:

(a) 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. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (continued)

(b) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for the financial assets measured at amortized cost, FVTPL and FVTOCI is an area that requires the use of modelling and assumptions about future economic conditions and credit behaviours (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments 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
- Models and assumptions used

(c) Valuation of Stage 3 facilities

The proposed cash flow was 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. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (continued)

(d) Expected Credit Loss Financial Asset held FVOCI - Equity Investments

The Credit Union determines Fair Value equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgement, the Credit Union evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. These factors may give rise to uncertainty regarding the recoverability of the carrying value in the subsequent period and/or the eventual recoverability of the amounts invested in full.

The Credit Union recognised ECL on equity investments during the year of nil (2019: nil) due to doubts about the recoverability of the amount.

(e) Impact of COVID-19

Background

COVID19, which is a respiratory illness caused by a new virus, was declared a worldwide pandemic by the World Health Organisation on March 11, 2020. The Credit Union has considered the impact of COVID19 in preparing its financial statements.

Consideration of the statements of financial position and further disclosures

Key considerations of the impact of COVID-19 on statements of financial position and related disclosures were as follows:

Expected Credit Losses

Members loans:

The Credit Union offered a moratorium to members in good standing which included a postponement of monthly instalments, including the principal and interest for a period of one to six months in the first instance with an extension to one year on a case-by-case basis, beginning on the date of acceptance with interest continuing to accrue during the period of the moratorium. Members were given the option to have the accrued interest capitalized or to obtain a zero-interest loan for the said interest. These loans amounted to \$37.9M as at December 31, 2020.

5. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY (continued)

(e) Impact of COVID-19 (continued)

Going concern

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Credit Union has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Credit Union has concluded that there are no material uncertainties that may cast significant doubt on its ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

6. MEMBERS' LOANS

| | 2020 | 2019 |
|------------------------------|----------------|-------------|
| General loans | \$ 374,218,205 | 342,655,878 |
| Members overdraft accounts | 499,013 | 481,808 |
| | 374,717,218 | 343,137,686 |
| Allowance for doubtful loans | (11,024,020) | (7,332,800) |
| Total members' loans | 363,693,198 | 335,804,886 |
| Current | 24,439,770 | 24,221,608 |
| Non-current | 339,253,428 | 311,583,278 |
| | 363,693,198 | 335,804,886 |

| | 2019 | 2018 |
|--|----------------------|------------------|
| Allowance for expected credit loss | | |
| Balance at January 1 st , 2020 | \$ 7,332,800 | 6,190,024 |
| Amounts written off during the year | - | (1,057,224) |
| Allowance for expected credit loss for the year | 3,691,220 | 2,200,000 |
| Balance at December 31st, 2020 | \$ 11,024,020 | 7,332,800 |

The average interest rate earned on the members' loans during the financial year was 8.68% (2019: 8.74%).

7. INVESTMENT PROPERTIES

| | Land | Building | Total |
|-------------------------------------|----------------------|------------------|-------------------|
| Balance at January 1, 2019 | \$ 6,599,758 | 896,656 | 7,496,414 |
| Reclassification | 5,051,884 | - | 5,051,884 |
| Additions during the year | 5,283 | 9,751 | 15,034 |
| Balance at December 31, 2019 | 11,656,925 | 906,407 | 12,563,332 |
| Additions during the year | 3,536,176 | 543,972 | 4,080,148 |
| Sale during the year | (31,316) | (400,657) | (431,973) |
| Balance at December 31, 2020 | \$ 15,161,785 | 1,049,722 | 16,211,507 |

8. INVESTMENT SECURITIES

(a) Financial assets at fair value through other comprehensive income (FVTOCI)

| | 2020 | 2019 |
|---|------------------|------------------|
| (a) Financial assets at fair value through other comprehensive income (FVTOCI) | | |
| <i>Equity financial assets</i> | | |
| Grenada Co-operative League Limited | | |
| - 11,717 ordinary shares of \$5.00 each | \$ 76,095 | 76,095 |
| East Caribbean Home Mortgage Bank | | |
| - 194 shares of \$160 each | 31,040 | 31,040 |
| - 625 shares of \$160 each | 100,000 | 100,000 |
| - 1,560 shares of \$160 each | 249,600 | 249,600 |
| Corporation Enterprise Finance Facility Limited | | |
| - 10,000 shares \$50 each | 500,000 | 500,000 |
| Grenada Co-operative Bank Limited | | |
| - 47,765 shares of \$8.88 each | 424,153 | 334,355 |
| Total Financial assets at fair value through OCI | 1,308,888 | 1,291,090 |
| (b) Financial assets at amortised cost | | |
| <i>Treasury bills</i> | | |
| Government of Antigua & Barbuda | 5,849,165 | 5,659,625 |
| Government of St. Lucia | 2,533,593 | 2,501,936 |
| Government of Grenada | 4,864,736 | 4,815,702 |

8. INVESTMENT SECURITIES (continued)

Financial assets at amortised cost (continued)

| | 2020 | 2019 |
|---|---------------|------------|
| Fixed deposits | | |
| Grenada Union of Teachers Co-operative Credit Union Limited | \$ 6,501,498 | 6,399,513 |
| Communal Co-operative Credit Union Limited | 4,460,527 | 4,366,770 |
| Grenada Co-operative League Limited | 1,632,564 | 1,586,337 |
| First Citizens Investment Limited | 5,923,036 | 9,820,292 |
| Community First Credit Union Limited | 4,162,423 | 4,060,900 |
| Grenville Co-operative Credit Union Limited | 585,265 | 568,219 |
| Eastern Caribbean Home Mortgage Bank | 7,000,000 | 7,000,000 |
| Fixed rate bond | | |
| Government of St. Lucia | 2,000,000 | 2,000,000 |
| Total Financial assets at amortised costs | \$ 32,265,313 | 35,802,031 |
| Total Investment securities | 46,893,695 | 50,070,384 |
| Current | \$ 45,512,807 | 48,779,294 |
| Non-current | 1,380,888 | 1,291,090 |
| | \$ 46,893,695 | 50,070,384 |

ARIZA CREDIT UNION LIMITED
Notes to the Financial Statements
for the year ended December 31, 2020

(expressed in Eastern Caribbean dollars)

9. PROPERTY AND EQUIPMENT

| | Work in Progress \$ | Freehold Land and Building \$ | Furniture, Fixtures and equipment \$ | Computer Equipment and Software \$ | Automatic Teller Machines \$ | Motor vehicles \$ | Car Park \$ | Leasehold Improvements \$ | International Debit Card Development \$ | Total \$ |
|--|---------------------------|-------------------------------------|---|---|---------------------------------------|-------------------------|----------------|---------------------------------|--|-------------------|
| Balance at 1st January, 2019 | | | | | | | | | | |
| Cost | 3,007,924 | 23,806,717 | 1,858,221 | 2,931,500 | 943,369 | 259,600 | 77,242 | - | 188,630 | 33,074,103 |
| Accumulated depreciation | - | (1,259,190) | (753,066) | (1,829,735) | 800,921 | (219,797) | (722) | - | (188,630) | (5,052,061) |
| Net book value | 3,007,924 | 22,548,527 | 1,105,155 | 1,101,765 | 142,348 | 39,803 | 76,520 | - | - | 28,022,042 |
| For year ended 31st December, 2019 | | | | | | | | | | |
| Opening book value | 3,007,924 | 22,548,527 | 1,105,155 | 1,101,765 | 142,348 | 39,803 | 76,520 | - | - | 28,022,042 |
| Additions for the year | 233,857 | 2,312,365 | 221,755 | 231,345 | 176,878 | - | 3,145 | 48,347 | - | 3,227,692 |
| Disposals for the year | - | - | (975) | - | (306,091) | - | - | - | - | (307,066) |
| Reclassification for the year | - | (5,015,451) | - | - | - | - | - | - | - | (5,015,451) |
| Transfer for the year | (2,953,259) | 2,953,259 | - | - | - | - | - | - | - | - |
| Depreciation charge for year | - | (346,958) | (159,606) | (579,551) | (8,578) | (23,000) | (1,934) | (5,718) | - | (1,202,345) |
| Written back on disposals | - | - | 78 | - | 306,091 | - | - | - | - | 306,169 |
| Net book value | 288,522 | 22,451,742 | 1,166,407 | 753,559 | 233,648 | 16,803 | 77,731 | 46,629 | - | 25,031,041 |
| Balance at 31st December, 2019 | | | | | | | | | | |
| Cost | 288,522 | 24,021,457 | 2,079,001 | 3,162,845 | 814,056 | 259,600 | 80,387 | 48,347 | 188,630 | 30,942,845 |
| Accumulated depreciation | - | (1,569,715) | (912,594) | (2,409,286) | (580,408) | (242,797) | (2,656) | (5,718) | (188,630) | (5,911,804) |
| Net book value | 288,522 | 22,451,742 | 1,166,407 | 753,559 | 233,648 | 16,803 | 77,731 | 46,629 | - | 25,031,041 |
| For year ended 31st December, 2020 | | | | | | | | | | |
| Opening book value | 288,522 | 22,451,742 | 1,166,407 | 753,559 | 233,648 | 16,803 | 77,731 | 46,629 | - | 25,031,041 |
| Additions for the year | 808,805 | 33,103 | 192,303 | 153,660 | 13,138 | 148,275 | - | - | - | 1,649,284 |
| Disposals for the year | - | - | (640) | - | - | - | - | - | - | (640) |
| Depreciation charge for year | - | (472,442) | (185,917) | (486,957) | (110,837) | (31,152) | (2,010) | (9,669) | - | (1,298,984) |
| Net book value | 1,097,327 | 22,312,403 | 1,172,153 | 420,262 | 135,949 | 133,926 | 75,721 | 32,960 | - | 25,380,701 |
| Balance at 31st December, 2020 | | | | | | | | | | |
| Cost | 1,097,327 | 24,354,560 | 2,267,429 | 3,316,505 | 827,194 | 407,875 | 80,387 | 48,347 | 188,630 | 32,588,254 |
| Accumulated depreciation | - | (2,042,157) | (1,095,276) | (2,896,243) | (691,245) | (273,949) | (4,666) | (15,387) | (188,630) | (7,207,553) |
| Net book value | 1,097,327 | 22,312,403 | 1,172,153 | 420,262 | 135,949 | 133,926 | 75,721 | 32,960 | - | 25,380,701 |

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 2020 | 2019 |
|---|------------|-----------|
| | \$ | \$ |
| Due from Grenada Co-operative Bank Limited – ATM | 5,754,437 | 2,614,101 |
| Due from Communal Co-operative Credit Union Limited | 648,233 | 613,813 |
| Prepaid expenses | 73,597 | 131,122 |
| Due from Grenada Union of Teachers Credit Union | 671,057 | 636,209 |
| Other accounts receivable | 231,883 | 1,109,458 |
| Interest receivable | 2,820,978 | 958,838 |
| | 10,200,185 | 6,063,541 |
| Less: Provision for Fraud Loss | (43,543) | (26,200) |
| | 10,156,642 | 6,037,341 |

11. CASH AND CASH EQUIVALENTS

| | 2020 | 2019 |
|---|------------|------------|
| | \$ | \$ |
| Cash on hand | 3,914,454 | 3,084,021 |
| Cash in bank | 23,331,134 | 17,743,302 |
| Cash and cash equivalents per statement of cash flows | 27,245,588 | 20,827,323 |

12. MEMBERS' QUALIFYING EQUITY

These shares are of a nominal value of \$20.00 when fully paid up. Each member is required to own ten (10) shares of \$20.00 each. A minimum of \$5.00 can be paid towards the acquisition of shares.

13. STATUTORY RESERVE

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Balance at January 1, 2020 | 14,977,946 | 13,269,992 |
| Allocation for the year – 25% of surplus | 1,018,269 | 1,525,100 |
| Receipts from British American Investment | - | 88,158 |
| Receipts from loans written-off | 169,713 | 51,286 |
| Entrance fees | 21,720 | 43,410 |
| Balance at December 31, 2020 | 16,187,648 | 14,977,946 |

In accordance with Section 125 (4) of the Co-operative Societies Act No.8 of 2011, at least 20% of the surplus for the year shall be transferred to the Reserve Fund.

14. MEMBERS' EQUITY SHARES

This amount represents non-mandatory shares purchase by members and shares which have not met the mandatory amount of \$200.00

15. OTHER FUNDS AND RESERVES

(a) Development fund

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Balance at January 1, 2020 | 332,030 | 218,413 |
| Allocation for the year | 122,192 | 305,020 |
| Directors Accreditation Programme | - | (36,951) |
| Remittance to Grenada Co-operative League Limited | (183,012) | (140,850) |
| Remittance to Dominica Co-operative League | - | (13,602) |
| Balance at December 31, 2020 | 271,210 | 332,030 |

The above fund is payable to the Grenada Co-operative League Limited and is made in accordance with Section 126 of the Cooperative Societies Act No. 8 of 2011.

15. OTHER FUNDS AND RESERVES (continued)

(b) Education fund

| | 2020 | 2019 |
|-------------------------------|----------|----------|
| | \$ | \$ |
| Balance at January 1, 2020 | 820,070 | 527,049 |
| Allocation for the year | 40,730 | 305,020 |
| Disbursements during the year | (10,000) | (11,999) |
| Balance at December 31, 2020 | 850,800 | 820,070 |

This fund is dedicated for the provision of educational initiatives for members of the Credit Union.

(c) Education savings plan fund

| | 2020 | 2019 |
|---------------------------------|--------------|---------|
| | \$ | \$ |
| Balance at January 1, 2020 | 771,663 | 457,325 |
| Allocation for the year | 203,654 | 305,020 |
| Interest allocated for the year | <u>2,075</u> | 9,318 |
| Balance at December 31, 2020 | 977,392 | 771,663 |

This fund was set up to provide scholarship to members.

(d) Provident fund

| | 2020 | 2019 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance at January 1, 2020 | 213,199 | 168,438 |
| Allocation for the year | 203,654 | 91,506 |
| Disbursements during the year | (71,140) | (46,745) |
| Balance at December 31, 2020 | <u>345,713</u> | <u>213,199</u> |

This fund was set up to assist members who are not in a position to access loan facilities.

15. OTHER FUNDS AND RESERVES (continued)

(e) LP/LS Insurance fund

| | 2020 | 2019 |
|---------------------------------|-------------|-----------|
| | \$ | \$ |
| Balance at January 1, 2020 | 1,415,422 | 1,434,074 |
| Transfer to accumulated surplus | (1,415,422) | (18,652) |
| Balance at December 31, 2020 | - | 1,415,422 |

This fund was held to provide life savings and loans protection benefits to beneficiaries of members of the Credit Union.

16. MEMBERS' LIFE-TIME SAVINGS

| | 2020 | 2019 |
|------------------------------|-------------|-------------|
| | \$ | \$ |
| Balance at December 31, 2020 | 215,896,670 | 191,847,083 |

These deposits are members' long-term savings at the Credit Union. This is the first form of security held against member's loans. Interest is payable on these deposits at the rate of 3% per annum.

17. OTHER DEPOSITS

| | 2020 | 2019 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Term deposits | 104,463,106 | 100,875,587 |
| Savings | 63,396,506 | 59,481,823 |
| Education savings plan | 13,350,433 | 12,443,376 |
| Retirement savings | 11,360,918 | 10,394,683 |
| Internal holding | 2,190,787 | 2,860,017 |
| Insurance and group life savings plan | 1,859,978 | 1,856,846 |
| Loan payment savings | 1,270,493 | 1,407,587 |
| Excel savings | 445,860 | 414,437 |
| Business Savings | 600,950 | 285,425 |
| Trust accounts | 602,091 | 189,206 |
| Estate Management | 177,671 | 134,827 |
| Golden nest | 527,043 | 81,294 |
| Standing order | 40,649 | 16,878 |
| Micro-finance savings | 13,689 | 15,207 |
| Other deposits | 493 | 309 |
| | <u>200,300,667</u> | <u>190,457,502</u> |

These deposits have various maturity profiles with interest rates varying from 1% to 4% (2019: 2% to 4%).

18. NON-INTEREST-BEARING LIABILITIES

| | 2020 | 2019 |
|-----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Interest payable | 1,886,887 | 2,392,936 |
| Sundry creditors and accruals | 1,852,741 | 1,049,025 |
| International debit card payables | 6,282,742 | 7,493,165 |
| Other accounts payable | 6,891,337 | 5,409,469 |
| | <u>16,913,707</u> | <u>16,344,595</u> |

19. INCOME TAX

Under the income tax laws of Grenada, the Credit Union is classified as a non-profit organization and therefore exempt from the payment of income tax.

20. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties

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

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

Related party balances

| | Total loans | | Total deposits | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Board of Directors | 3,026,293 | 3,102,475 | 722,784 | 644,222 |
| Credit committee | 1,274,747 | 638,187 | 345,523 | 282,857 |
| Supervisory committee | 91,687 | 149,200 | 169,940 | 779,007 |
| Key management personnel | 1,900,969 | 1,923,641 | 1,368,409 | 1,268,478 |
| Total related party balances | 6,293,696 | 5,813,503 | 2,606,656 | 2,974,564 |

20. 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 except for certain loans made available to officers.

| | 2020 | 2019 |
|--------------------------------------|---------|---------|
| | \$ | \$ |
| Interest income on loans | 412,406 | 315,880 |
| Interest expense on deposits | 85,309 | 87,846 |
| Accrued interest payable on deposits | 5,766 | 19,304 |

Interest rates on related party deposits range from 1% to 4% (2019: 3% to 4%). Interest rates on related party loans range from 4% to 12% (2019: 3.5% to 12%).

Remuneration of key management personnel

During the year, salaries and related benefits paid to key members of management were as follows:

| | 2020 | 2019 |
|-------------------------|---------|---------|
| | \$ | \$ |
| Salaries and allowances | 746,131 | 665,924 |

21. DIVIDENDS

During the year, the Credit Union paid \$1,442,419 as dividends (2019: \$1,231,656) to its members.

22. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Credit Union has exposure to the following risks arising from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

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 and industry and geographical segments. The policies also include review, analysis and valuation of all risk taking activities.

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Credit risk analysis

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations. 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 Grenada.

ii. Cash and cash equivalents

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

iii Maximum exposure to credit risk

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

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | \$ | \$ |
| On-balance sheet | | |
| Cash and cash equivalents | 27,245,588 | 20,827,323 |
| Accounts receivable (excluding prepayments and deferred expenses) | 9,001,883 | 4,796,761 |
| Members' loans | 363,693,198 | 335,804,886 |
| Investment securities | 46,893,695 | 50,070,384 |
| | 446,834,364 | 411,499,354 |

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Credit risk analysis (continued)

| | 2020 | 2019 |
|--|-----------|-----------|
| | \$ | \$ |
| Off-balance sheet | | |
| Loan commitments and other credit related facilities | 5,618,859 | 9,250,000 |

Loan to Members

(a) Expected credit loss on loans to members

The Expected Credit Loss (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 the IFRS 9 Standard.

Expected credit loss (ECL) on loans to members are analysed below:

| | Gross Amount | ECL | Net Amount |
|-------------------------|--------------|------------|-------------|
| | \$ | \$ | \$ |
| Stage 1 | 350,009,799 | 257,752 | 349,752,047 |
| Stage 2 | 511,061 | 5,111 | 505,950 |
| Stage 3 | 24,196,358 | 10,761,157 | 13,435,201 |
| As at December 31, 2020 | 374,717,218 | 11,024,020 | 363,693,198 |

| | \$ | \$ | \$ |
|-------------------------|-------------|-----------|-------------|
| Stage 1 | 319,248,123 | 334,330 | 318,913,793 |
| Stage 2 | 639,933 | 6,399 | 633,534 |
| Stage 3 | 23,249,630 | 6,992,071 | 16,257,559 |
| As at December 31, 2019 | 343,137,686 | 7,332,800 | 335,804,886 |

Stage 1 loans

Loans placed in this stage include loans past due between for 0 to 30 days and loans for which there is no evidence of a significant increase in credit risk since the origination date.

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Credit risk analysis (continued)

Stage 2 loans

Loans placed in this stage include loans past due between for 31 to 60 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 60 days and over and loans that show evidence of impairment even if the 60 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 (SIICR) from the date of loan origination to the current or the reporting date. In the event of a SIICR, 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. SIICR is determined by observing to 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. 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 SIICR threshold is not met.

(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 a 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.

As part of its loan policy and especially in light of Covid-19, the Credit Union undertook a review of its loan portfolio determining high risk sectors and the Expected Credit Loss (ECL) for each. The review considered the macroeconomic outlook, customer credit quality, the type of collateral held, exposure at default, and the effect of payment deferral options as at the reporting date. The ECL methodology and definition remained consistent with prior periods.

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Credit risk analysis (continued)

(c) Bonds and equity investments

There is no formal rating of the credit quality of bonds, treasury bills and equity investments. 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.

(d) Repossessed collateral

The Credit Union had no repossessed collateral in its statement of financial position as of December 31, 2020 (2019: nil).

22.2 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.

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Liquidity risk analysis (continued)

Non-derivative financial liabilities and assets held for managing liquidity risk.

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.

As of December 31, 2020

| | Carrying amount | On demand | Up to 1 year | 1-5 years | Over 5 years | Total |
|----------------------------------|--------------------|--------------------|------------------|-------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Liabilities | | | | | | |
| Members' life time Savings | 215,896,670 | 129,502,478 | 7,223,181 | 24,894,323 | 54,276,688 | 215,896,670 |
| Other deposits | 200,300,667 | 200,300,667 | - | - | - | 200,300,667 |
| Non-interest-bearing liabilities | 16,913,707 | 16,913,707 | - | - | - | 16,913,707 |
| Pension liability | 1,006,950 | - | - | 1,006,950 | - | 1,006,950 |
| Other liabilities | 1,700 | 1,700 | - | - | - | 1,700 |
| | <u>434,119,694</u> | <u>346,718,552</u> | <u>7,223,181</u> | <u>25,901,273</u> | <u>54,276,688</u> | <u>434,119,694</u> |

22. FINANCIAL INSTRUMENT RISK (continued)

22.1 Liquidity risk analysis (continued)

As of December 31, 2020

| | Carrying amount | On demand | Up to 1 year | 1-5 years | Over 5 years | Total |
|----------------------------------|--------------------|--------------------|------------------|-------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Liabilities | | | | | | |
| Members' life time Savings | 191,847,083 | 124,392,197 | 1,126,257 | 24,625,882 | 41,702,747 | 191,847,083 |
| Other deposits | 190,457,502 | 190,457,502 | - | - | - | 190,457,502 |
| Non-interest bearing liabilities | 16,344,595 | 16,344,595 | - | - | - | 16,344,595 |
| Other liabilities | 2,008 | 2,008 | - | - | - | 2,008 |
| | <u>398,651,188</u> | <u>331,196,302</u> | <u>1,126,257</u> | <u>24,625,882</u> | <u>41,702,747</u> | <u>398,651,188</u> |

22. FINANCIAL INSTRUMENT RISK (continued)

22.2 Liquidity risk analysis (continued)

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:

- Un-restricted cash in bank
- Certificates of deposit
- Loans and receivables investment securities
- Unimpaired loans

22.3 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. The Credit Union has no exposure to such risk since its existing investments are not listed in any stock exchange or market.

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 Market risk analysis (continued)

(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 below summarizes the Credit Union's exposure to interest rate risks. Included in the table are the Credit Union's assets and liabilities at carrying amounts categorized by the earlier of contractual repricing and maturity dates.

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 Market risk analysis (continued)

(iii) Interest rate risk

| As of December, 2020 Current Assets | Interest rate | On Demand | Up to 1 year | 1 to 5 years | Over 5 years | Non-interest bearing | Total |
|--|---------------|----------------------|-------------------|-------------------|--------------------|-------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash and cash equivalents | | 27,245,588 | - | - | - | - | 27,245,588 |
| Trade and other receivables | | - | - | - | - | 9,851,162 | 9,851,162 |
| Members' loan | 4% - 16% | 499,013 | 23,940,757 | 68,590,330 | 270,663,098 | - | 363,693,198 |
| Investment securities | 2% - 5.75% | 17,273,452 | 26,239,355 | 2,000,000 | - | 1,380,888 | 46,893,695 |
| Total financial assets | | <u>\$45,018,053</u> | <u>50,180,112</u> | <u>70,590,330</u> | <u>270,663,098</u> | <u>11,232,050</u> | <u>447,683,198</u> |
| Current liabilities | | | | | | | |
| Members' life-time savings | 3% | 129,502,478 | 7,223,181 | 24,894,323 | 54,276,688 | - | 215,896,670 |
| Other deposits | 1% - 4% | 200,300,667 | - | - | - | - | 200,300,667 |
| Non-interest-bearing liabilities | | - | - | - | - | 16,913,707 | 16,913,707 |
| Pension Liability | | - | - | - | - | 1,006,950 | 1,006,950 |
| Other liabilities | | - | - | - | - | 1,700 | 1,700 |
| Total financial liabilities | | <u>329,803,145</u> | <u>7,223,181</u> | <u>24,894,323</u> | <u>54,276,688</u> | <u>17,922,357</u> | <u>434,119,694</u> |
| Total interest repricing gap | | <u>(284,785,092)</u> | <u>42,956,930</u> | <u>45,696,007</u> | <u>218,282,446</u> | <u>(6,690,307)</u> | <u>15,459,984</u> |

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 Market risk analysis (continued)

(iii) Interest rate risk

| As of December, 2019 Current Assets | Interest rate | On Demand | Up to 1 year | 1 to 5 years | Over 5 years | Non-interest bearing | Total |
|--|------------------|----------------------|-------------------|-------------------|--------------------|-------------------------|--------------------|
| Current Assets | | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash and cash equivalents | | 20,827,323 | - | - | - | - | 20,827,323 |
| Accounts receivables | | - | - | - | - | 4,796,761 | 4,796,761 |
| Members' loan | 3.5% - 16% | 481,808 | 21,532,846 | 66,108,001 | 247,682,231 | - | 335,804,886 |
| Investment securities | 2% - 5.75% | 16,981,739 | 29,797,555 | 2,000,000 | - | 1,291,090 | 50,070,384 |
| Total financial assets | | <u>38,290,870</u> | <u>51,330,401</u> | <u>68,108,001</u> | <u>247,682,231</u> | <u>6,087,851</u> | <u>411,499,354</u> |
| Current liabilities | | | | | | | |
| Members' life-time savings | 3.5% | 124,392,197 | 1,126,257 | 24,625,882 | 41,702,747 | - | 191,847,083 |
| Other deposits | 2% - 4% | 190,457,502 | - | - | - | - | 190,457,502 |
| Non-interest-bearing liabilities | | - | - | - | - | 16,344,595 | 16,344,595 |
| Other liabilities | | - | - | - | - | 2,008 | 2,008 |
| Total financial liabilities | | <u>314,849,699</u> | <u>1,126,257</u> | <u>24,625,882</u> | <u>41,702,747</u> | <u>16,346,603</u> | <u>398,651,188</u> |
| Total interest repricing gap | | <u>(276,558,829)</u> | <u>50,204,144</u> | <u>43,482,119</u> | <u>205,979,484</u> | <u>(10,258,752)</u> | <u>12,848,166</u> |

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 Market risk analysis (continued)

(iii) Interest rate risk

Fair value interest rate sensitivity analysis

The Credit Union does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of comprehensive income.

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.

22.4 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.

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 Operational risk (continued)

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 authorization 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 programme 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.

23. 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.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(a) Financial instruments not measured at fair value (continued)

| | Carrying Value | | Fair Value | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 27,283,374 | 20,827,323 | 27,283,374 | 20,827,323 |
| Investment securities: | | | | |
| – Financial assets at amortised costs | 32,265,313 | 35,802,031 | 32,265,313 | 35,802,031 |
| Members' loans | 363,693,198 | 335,804,886 | 363,693,198 | 335,804,886 |
| Accounts receivable (excluding pre-payments and deferred expenses) | 9,001,883 | 4,796,761 | 9,001,883 | 4,796,761 |
| | <u>432,243,768</u> | <u>397,231,001</u> | <u>432,243,768</u> | <u>397,231,001</u> |
| Financial liabilities | | | | |
| Members' deposits | 215,896,670 | 191,847,083 | 215,896,670 | 191,847,083 |
| Other deposits | 200,300,667 | 190,457,502 | 200,300,667 | 190,457,502 |
| Non-interest bearing liabilities | 16,913,707 | 16,344,595 | 16,913,707 | 16,344,595 |
| Pension liability | 1,006,950 | - | 1,006,950 | - |
| Other liabilities | 1,700 | 2,008 | 1,700 | 2,008 |
| | <u>434,119,694</u> | <u>398,651,188</u> | <u>434,119,694</u> | <u>398,651,188</u> |

(i) Loans and advances

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.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(a) Financial instruments not measured at fair value (continued)

(ii) Investment securities

The fair value of investment securities 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.

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, 2020 and December 31, 2019.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(b) Fair value measurement of financial instruments (continued)

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into Level 3 of the fair value hierarchy.

| | Level 3 | Total |
|--|--------------|--------------|
| | \$ | \$ |
| December 31, 2020 | | |
| Financial assets | | |
| Investment securities: | | |
| - Financial assets at fair value through other comprehensive income (FVTOCI) | \$14,628,382 | \$14,628,382 |
| | | |
| | Level 3 | Total |
| | \$ | \$ |
| December 31, 2019 | | |
| Financial assets | | |
| Investment securities: | | |
| - Financial assets at fair value through other comprehensive income (FVTOCI) | 14,268,353 | 14,268,353 |

Measurement of fair value of financial instruments

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 maximising the use of market-based information. The finance team reports directly to the Chief Executive Officer and to the Board of Directors. The valuation techniques used for instruments categorised in Level 3 are described below:

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(b) Fair value measurement of financial instruments (continued)

Financial assets at FVTOCI

The fair value is generally on broker/dealer price quotations. Where this information is not available, fair value is based on cost less any impairment recognised.

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.

c) Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2020 and December 31, 2019.

| | Level 3 | Total |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| December 31, 2020 | | |
| Property and equipment | | |
| Freehold Land and Building | 24,354,560 | 24,354,560 |
| Investment properties | | |
| Land | 15,161,785 | 11,656,925 |
| Buildings | 1,049,722 | 906,407 |
| Total assets | <u>40,466,067</u> | <u>36,584,789</u> |

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

c) Fair value measurement of non-financial assets (continued)

| | Level 3 \$ | Total \$ |
|-------------------------------|---------------------|---------------------|
| December 31, 2019 | | |
| Property and equipment | | |
| Freehold Land and Building | 24,021,457 | 24,021,457 |
| Investment properties | | |
| Land | 11,656,925 | 11,656,925 |
| Buildings | 906,407 | 906,407 |
| Total assets | <u>\$36,584,789</u> | <u>\$36,584,789</u> |

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. Further information is set out below.

Land and buildings

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use.

24. 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 longer-term internal capital targets; and
- Provide the Credit Union's members with a source of finance.

24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)

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 | 2020 | 2019 |
|----|------------------------------------|---------------------------|-------|-------|
| | | | % | % |
| 1. | Net Loans/Total Assets | 70% to 80% | 74% | 75% |
| 2. | Institutional Capital/Total Assets | 7% minimum | 7.68% | 7.43% |
| 3. | Total Delinquency/Total Loans | 5% maximum | 6.32% | 6.63% |

25. SUBSEQUENT EVENTS

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Credit Union at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Credit Union. The Credit Union will continue to closely monitor the situation in order to plan its response, if necessary.



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Budgeted Statement of Financial Position

| STATEMENT OF FINANCIAL POSITION | ACTUAL 2020 | BUDGET 2021 | BUDGET 2022 |
|------------------------------------|--------------------|--------------------|--------------------|
| Earning Assets | | | |
| | | | |
| Gross Loans | 374,218,205 | 424,218,205 | 479,218,205 |
| Less: Provision for loan bad debts | (11,024,020) | (12,774,020) | (13,774,020) |
| Net loans | 363,194,185 | 411,444,185 | 465,444,185 |
| | - | - | - |
| Short Term Investments | 43,512,807 | 48,512,807 | 53,512,807 |
| Long Term Investments | 3,380,888 | 3,880,888 | 4,380,888 |
| Development Lands | 16,211,507 | 15,791,507 | 15,631,507 |
| Members Overdraft | 499,013 | 599,013 | 749,013 |
| | - | - | - |
| Total Earning Assets | 426,798,400 | 480,228,400 | 539,718,400 |
| | - | | |
| Non Earning Assets | - | | |
| | - | | |
| Fixed Assets | 24,283,374 | 28,963,019 | 29,047,164 |
| Rebranding | - | - | - |
| Morne Jaloux WIP | 1,097,327 | - | - |
| Receivables & prepayments | 10,156,642 | 12,446,188 | 11,211,621 |
| Cash on Hand & in Bank | 27,245,588 | 30,975,317 | 37,044,219 |
| | - | - | - |
| Total Non-Earning Assets | 62,782,931 | 72,384,524 | 77,303,004 |
| Total Assets | 489,581,331 | 552,612,924 | 617,021,404 |

| | | | |
|--|--------------------|--------------------|--------------------|
| Liabilities | - | | |
| | - | | |
| Members' Lifetime Savings | 215,896,670 | 242,916,422 | 276,216,422 |
| Savings | 200,300,667 | 220,300,667 | 239,922,790 |
| External Credit | - | - | - |
| Non Interest Bearing Liabilities | 17,922,357 | 25,192,408 | 22,536,408 |
| Total Liabilities | 434,119,694 | 488,409,497 | 538,675,620 |
| | - | - | - |
| Capital | - | - | - |
| | - | - | - |
| Equity Shares | 15,438,304 | 10,638,304 | 11,338,304 |
| Institutional Capital | - | - | - |
| Qualifying Shares | 4,334,962 | 9,334,962 | 11,334,962 |
| Statutory Reserve | 16,187,648 | 18,809,844 | 20,174,132 |
| Accumulated Surplus | 17,055,608 | 21,396,997 | 29,403,744 |
| Earnings for Current Year | - | - | - |
| Total Institutional Capital | 37,578,218 | 49,541,803 | 60,912,839 |
| Other Funds & Reserves | - | - | - |
| Development Fund Reserve | 271,210 | 795,649 | 1,474,187 |
| Education of Members Reserve | 850,800 | 1,375,239 | 2,053,777 |
| Education Savings Plan Fund | 977,392 | 1,501,831 | 2,180,369 |
| LP/LS Insurance Fund | - | - | - |
| Provident Fund | 345,713 | 350,601 | 386,308 |
| | - | - | - |
| Total Capital | 55,461,637 | 64,203,427 | 78,345,784 |
| Total Liabilities & Capital | 489,581,331 | 552,612,924 | 617,021,404 |
| | | | |

Budgeted Statement of Comprehensive Income

| | BUDGET 2020 | ACTUAL 2020 | VARIANCE | BUDGET 2021 | BUDGET 2022 |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|
| Income | | | | | |
| Income from loans | | | | | |
| Net Loan Income | 32,059,994 | 30,433,148 | (1,626,846) | 34,133,743 | 38,615,117 |
| Income from liquid investments | | | | | |
| Total Non- Interest Income | 3,043,022 | 2,611,435 | (431,587) | 4,011,402 | 3,942,688 |
| Total Income | 35,103,016 | 33,044,583 | (2,058,433) | 38,145,145 | 42,557,805 |
| Cost/Expenses | | | | | |
| Financial Costs | | | | | |
| Total Financial Cost | 12,927,286 | 11,703,456 | 1,223,830 | 12,891,948 | 14,101,310 |
| Gross Margin | 22,175,730 | 21,341,127 | (834,603) | 25,253,197 | 28,456,495 |
| Operating Expenses | | | | | |
| Personnel Expenses | | | | | |
| Total Personnel Expenses | 7,142,240 | 6,601,276 | 540,964 | 6,712,560 | 7,099,382 |
| Members Interest Protection -Gov- ernance | | | - | | |
| Total Member Interest Protection | 510,000 | 393,371 | 116,629 | 562,000 | 597,000 |
| Marketing Expenses | | | - | | |
| Total Marketing Expenses | 1,155,000 | 861,720 | 293,280 | 1,195,000 | 1,245,000 |
| General & Admin Expenses | | | - | | |
| Total General & Admin Expenses | 2,981,500 | 2,831,458 | 150,042 | 3,159,500 | 3,428,500 |
| Depreciation | | | - | | |
| Total Depreciation | 1,452,012 | 1,298,985 | 153,027 | 1,235,355 | 1,315,855 |
| Total Operating Expenses | 13,240,752 | 11,986,810 | 1,253,942 | 12,864,415 | 13,685,738 |
| Operating Surplus | 8,934,978 | 9,354,317 | 419,339 | 12,388,782 | 14,770,757 |
| Provision for Risk Assets | 500,000 | 3,691,220 | (3,191,220) | 1,750,000 | 1,000,000 |
| Provision for Vacation Accrual | 100,000 | 266,064 | (166,064) | 150,000 | 200,000 |
| Other provisions and write offs | | 1,323,956 | (1,323,956) | | |
| Surplus Before Appropriation | 8,334,978 | 4,073,077 | (4,261,901) | 10,488,782 | 13,570,757 |

Capital Budget 2021 & 2022

| | 2021 | 2022 |
|-------------------------|------------------|------------------|
| Computer Hardware | 600,000 | 600,000 |
| Computer Software | 515,000 | 300,000 |
| Furniture and Equipment | 200,000 | 500,000 |
| Filing System | 100,000 | 0 |
| Grand Anse | 4,000,000 | 0 |
| Cash Recyclers | 0 | 0 |
| Grenville | 0 | 0 |
| Bruce Street | 500,000 | 0 |
| TOTAL | 5,915,000 | 1,400,000 |

Resolutions

1. ALLOCATION OF SURPLUS

WHEREAS the Credit Union paid interest of 3% on Lifetime Savings amounting to \$6,543,098 to its Members during 2020;

AND WHEREAS the Credit Union earned a surplus of \$4,073,077 for the year ended December 31st 2020 and a balance of \$2,484,577 remains unallocated after making the required Statutory and other allocations for the year;

AND WHEREAS the highest rate of dividends on Equity Shares allowable under the Co-operative Society's Act and Regulations is 5%;

BE IT RESOLVED

That a dividend payment on EQUITY SHARES of 5% amounting to \$964,127 is paid to Members.

2. APPOINTMENT OF AUDITORS - 2021

WHEREAS the Annual General Meeting of 2020 approved the firm of PKF Accountant and Business Advisors as the Credit Union's Auditor,

AND WHEREAS the firm provided satisfactory service to the Credit Union

BE IT RESOLVED that the firm of Pannell Kerr Forster be appointed as the Credit Union's auditors for the year 2021.

3. APPROVAL OF BUDGET

WHEREAS it is required under the Credit Union's By-Laws (section 37(2h)) that the budget be approved by the Annual General Meeting

AND WHEREAS this budget is presented for the consideration of the meeting on pages 61 to 122 of the Annual Report and is highlighted as follows:

| | 2021 | 2022 |
|----------------------|----------|----------|
| Total Assets | \$552.6M | \$617.0M |
| Net Loans | \$411.4M | \$465.4M |
| Total Income | \$38.1M | \$ 42.5M |
| Total Expenses | \$25.7M | \$27.7M |
| Surplus | \$10.5M | \$13.6M |
| Capital Expenditures | \$5.9M | \$1.4M |

BE IT RESOLVED that the budget, as presented, is approved.

Minutes of 73rd AGM

73rd Annual General Meeting of Ariza Credit Union held on Thursday 24th September 2020 at The Trade Centre Annex, Morne Rouge, St George, and via Zoom

AGM/20/01 Call to Order and Welcome

The meeting commenced at 2.02 p.m. with a total of 315 members present via Zoom and 50 members present at the Trade Centre Annex, a total of 365. The meeting was moderated and chaired by Director Aaron Moses.

He began by stating that this meeting was an unusual one; being the first Annual General Meeting (AGM) to be held virtually. This was necessary because of the COVID-19 pandemic and the requirement for physical distancing. He urged all members to become flexible, embrace change and do so with a positive attitude.

He welcomed everyone and acknowledged the presence of specially invited guests; Honorable Oliver Joseph, Minister of Trade Co-operatives and CARICOM Affairs, Bro. Phillip Telesford, President of the Grenada Co-operative League, Ms. Raquel Glynn, Partner at the Audit firm of BDO Caribbean, Mr. Denis Felix, Executive Director of GARFIN, Bro. Raymond Roberts, Presiding Officer and our legal services providers from the law firms of Wilkinson, Wilkinson & Wilkinson and George E. D. Clyne. He also welcomed and acknowledged guests from sister societies and other stakeholder organizations.

Sis. Lucia Livingston-Andall then led off in prayer. Before doing so, she reminded the Meeting that Co-operators and Credit Unionists are called to be people of peace, bringing goodwill, light and love to everyone. This could not be achieved through personal strength but only through the assistance and power of God. The Movement had therefore adopted the prayer of St. Francis of Assisi imploring God to make us instruments of his peace. She then led the Meeting in praying the Credit Union prayer. The National Anthem was then played followed by the Credit Union song.

A moment of silence was observed in honour of 93 members who had transitioned since the last AGM.

The Moderator then gave details of the protocols to be observed for the duration of the meeting.

President's Message

Bro. Javan Williams gave welcoming remarks. He highlighted the Credit Union's growth which he said had been fueled by the re-branding of the Credit Union, the introduction of new software and personnel improvements leading to enhanced service delivery.

He also highlighted other achievements such as the completion of the Carriacou building and its commissioning in December 2019, an increase in membership to close to 20,000 and growth in assets to \$450M. He noted that the Credit Union was continually seeking to improve on its communication with, and service to members, and that a Service Transformation project was on-going.

He asked members to be receptive and open minded to changes in the way business is done as a result of COVID-19 and to make the necessary financial modifications required to, not just survive, but thrive.

AGM/20/02 Tributes and Awards

Sis. Marietta Mitchell

Sis Marietta Mitchell had recently retired after serving the Credit Union for 42 years. The President read the following tribute and presented her with a plaque detailing the Credit Union's appreciation.

After serving this Credit Union faithfully for 42 years, Sis. Marietta Mitchell has opted to enter the next phase in her life, having reached retirement age in January of this year. For much of her tenure, Sis. Mitchell was the face of the Credit Union.

When she began, we were just a small operation in St. George's with two employees. She has served with distinction and dedication during our growth to ninety-two employees across three branches, with close to 20,000 members.

Sis. Mitchell embodied the principles of the credit union movement, finding solutions for members to improve their quality of life.

Retirement is an opportunity to spend more time with family, as well as on recreational activities. We pray for God's continued blessings on her and her family so that she can enjoy the benefits of her hard work.

At a convenient time in the near future, Ariza Credit Union will hold an event to thank Sis. Mitchell for her loyal service to our Credit Union.

Provident Fund Committee Members

The President provided the background to the Fund as follows:

The Provident Fund was launched in 2002 as a vehicle through which the credit union could provide support to members in genuine cases of need without compromising the integrity of the lending process and the quality of the loans portfolio.

The Fund is managed through a Provident Fund Committee of five members appointed by the Board of Directors. Since its inception, the Committee has been chaired by Sis. Gloria Payne-Banfield, who has been ably assisted by four other committee members; Sis. Madonna Harford, Sis. Mary John, Bro. Robert Robinson and Bro. Rupert John.

Throughout the years the Committee has worked with dedication, passion, commitment and compassion to facilitate members' requests and ensure that the credit union continues to operate within the co-operative values of equality, equity, solidarity, social responsibility and caring for others.

He then paid tribute to the members through the presentation of plaques expressing gratitude and appreciation for the remarkable job done over the years and thanking them for their service and love for their Credit Union.

Bro. Moses expressed his own congratulations to all the awardees. In the case of Sis Marietta Mitchell, he stated that it was rare that an employee would begin and end his/her career in one organization. Her contribution of forty-two (42) years was indeed remarkable beginning in an organization with only two (2) members of staff and departing with a staff complement of ninety-three (93). He thanked her for her commitment and dedication to service.

AGM/20/03 Cultural Performance

The Annual Report was dedicated to the people of Carriacou & Petite Martinique. A video was shown depicting a Big Drum dancing performance.

AGM/20/04 Greetings from Guest Societies

Greetings were received from Grenville, River Sallee and Communal Co-operative Credit Unions.

AGM/20/05 Official Remarks

Grenada Co-operative League Ltd

Bro. Phillip Telesford, President of the Grenada Co-operative League, extended commendations to Ariza Credit Union on its 73rd Annual General Meeting.

He noted that as at 31st Dec 2019, Credit Unions in Grenada recorded over 71,000 members with an asset base of over \$1B, representing 16% growth over the previous year.

He described Ariza's performance as stunning, having implemented the IFRS 9 standard and still achieving over \$6M surplus representing 39% growth. He also noted the achievement of \$450M in assets and the construction of the state-of-the art building in Carriacou, the most modern building in that market.

While Ariza continued to invest in its members he also highlighted the need for members to invest in themselves. He drew members' attention to the fit and proper criteria to be members on various committees, stating that Committee members who offer to serve, should receive training in the philosophy of the credit union movement, its history, culture, bye-laws and organization's policies.

He challenged Ariza to invest more in women and youth thus creating employment opportunities among these demographics.

GARFIN

GARFIN was represented by its Executive Director, Bro. Denis Felix.

He began by noting that Ariza was one of three (3) credit unions holding Annual General Meetings (AGMs) on that day. He commended Ariza for their level of preparation for the meeting, in view of the COVID-19 regulations and commented on the theme "investing in you" as a fitting one since the membership was the heart of the Credit Union.

One of the most burning issues, he said, expressed by regulators across the region was the concern over whether credit unions would hold AGMs due to the pandemic. In Grenada, an additional period of three (3) months was granted up to 30th September 2020. He stated that GARFIN was extremely happy with the level of co-operations from the Credit Unions.

As at December 31, 2019, the total assets of the sector surpassed \$1B, representing over 15% growth compared to 2018.

He said Ariza had shown improvement in most operational areas. He highlighted the performance in the areas of earnings, interest payments, capital growth and liquidity management. He commended the Board, Management and staff for the Credit Union's performance for 2019 but cautioned that despite those gains in 2019, there was still a lot more work to do to ensure Ariza maintains financial strength during the COVID-19 pandemic.

He indicated that GARFIN had made some regulatory changes during the last six (6) months in light of the pandemic. Onsite inspections were suspended and efforts were being concentrated on enhanced offsite monitoring and supervision with an emphasis on timely and accurate reporting, holding of prudential meetings with Credit Unions and taking proactive actions as deemed necessary.

One such action was the requirement for the submission of weekly liquidity reports to help monitor liquidity across the sector. While Credit Unions have stood up very well to the stresses poised by the pandemic, deterioration was beginning to develop in one of the key performance areas - loan delinquency. Close monitoring was needed on both a collective and individual basis.

Over the years, Credit Unions had notably improved their operating efficiencies as well as their prominence in the financial marketplace. Supervision would continue to focus on:

- a. Adequacy of capital base;
- b. The effective management of liquidity;
- c. Soundness of management practices relating to governance;
- d. Adequacy of supervision; and
- e. Finalization of Co-operative Societies regulations which should soon be submitted to the Attorney General for enactment and consideration.

In closing, Bro. Felix drew the meeting's attention to a press release from the Eastern Caribbean Central Bank (ECCB) and the Regional Bankers' Association supporting an extension of the moratorium on loans for an additional twelve months from 1st October 2020.

He thanked Ariza for the invitation to the Annual General Meeting and extended wishes for a successful meeting.

Minister of Trade, Industry, Co-operatives, and CARICOM Affairs

Honorable Oliver Joseph, Minister of Trade, Industry, Co-operatives and CARICOM Affairs, and Parliamentary Representative for the Parish of St. David said he was always pleased to be invited because he has been a member for 40 years and has never missed an AGM, whether in his capacity as a member or Minister. He stated that he followed Ariza's achievement closely.

The Minister went on to make the following points

1. Ariza had been and continues to be, successful due to its leadership. It is recognized that in any organization, strong leadership and good management are needed for success. Ariza's Board and Management had been demonstrating this over the years and needed to be commended. He went on to highlight the continuous growth in surplus, assets and membership as achievements which Ariza could share with others, noting the \$6M in surplus.
2. During the COVID-19 pandemic, many adjustments had to be made. Over the last five (5) years, there was a recurring surplus in the Government's Revenues and Expenditures Budget. With the onset of the pandemic, less revenues were being collected and expenditure had grown since Government has had to provide support to affected individuals and sectors. Ariza may share similar challenges, as many persons have lost their jobs and might not be in a position to service their loans. A solution must be found. He expressed the view that with the great leadership demonstrated by Ariza, he was certain that a viable solution would be implemented to cushion some of the impact.
3. Regarding Government policies, Government continues to be very supportive of the Credit Union sector since the sector is extremely important to the economy in providing employment, support to small business development and reaching into the rural communities. He, however, expressed concern with the high number of consumer loans granted versus business loans. He challenged the Credit Union to provide more loans which will in turn feed into businesses so that more employment could be created.
4. The government ensures proper regulation. He commended GARFIN for their supervisory job in ensuring the security of members' funds in view of the concerns that the Credit Union will be severely affected by job losses throughout the country.

He ended by stating that the theme 'Investing in You' was the best theme for the period since it engendered confidence among the membership which is important during this time. The most productive investment in people is through education and the provision of funding for business. He encouraged the Credit union to focus on these areas.

AGM/20/06 End of Official Session

The Moderator thanked all the speakers for their words of congratulations, advice and commendations and ended the Official Session by showing a live video of the Belair dancers performing at the front of the Carriacou building.

AGM/20/07 Nominating Committee's Report

Bro. Javan Williams, Chairman of the Nominating Committee presented the Report.

The Nomination Committee comprised of the following members:

1. Phillip Telesford
2. Wayne Radix
3. Annette Henry
4. Gemma Bain-Thomas
5. Javan Williams

Two meetings were held to review the nominations in accordance with the guidelines stipulated in the Bye-laws. The intention was to fill vacancies in the following areas:

- Board of Directors – three (3) vacancies.
- Credit Committee – two (2) vacancies
- Supervisory and Compliance Committee – two (2) vacancies

Board of Directors

The following members completed their first three-year term:

1. Bro. Dennis Cornwall
2. Sis. Carla Thomas-Ross
3. Bro. Aaron Moses

Members showing interest to serve on the Board of Directors were as follows:

1. Bro. Dennis Cornwall
2. Sis. Carla Thomas-Ross
3. Bro. Aaron Moses
4. Sis. Nichole Gellineau
5. Bro. Jeremy Chetram

The Nominating Committee made the following recommendations for the Board of Directors:

- Bro. Dennis Cornwall for a 2nd three-year term
- Sis. Carla Thomas-Ross for a 2nd three-year term
- Bro. Aaron Moses for a 2nd three-year term

Credit Committee

The following members completed their first three-year term:

1. Bro. Justin Hazzard
2. Sis. Ann Isaac

Members showing interest to serve on the Credit Committee were as follows:

1. Bro. Justin Hazzard
2. Sis. Ann Isaac
3. Bro. Kimron Corian
4. Bro. Jeremy Chetram

The Nominating Committee made the following recommendations for the Credit Committee:

- Bro. Justin Hazzard for a 2nd three-year term
- Sis. Ann Isaac for a 2nd three-year term

Supervisory and Compliance Committee

The following members completed terms as follows:

1. Bro. Adrian Strachan completed the final year of Bro. Wayne Radix's term
2. Sis. Pearlina Sylvester had tendered her resignation

Members' showing interest to serve on the Supervisory and Compliance Committee were as follows:

1. Bro. Adrian Strachan
2. Bro. Jeremy Chetram
3. Sis. Zoë Hagley
4. Bro. Collin Bishop
5. Bro. Jody Calliste

The Nominating Committee made the following recommendations for the Supervisory and Compliance Committee:

1. Bro. Adrian Strachan to begin his first three-year term
2. Sis. Zoë Hagley to complete Sis Pearlana Sylvester's term

The Chairman thanked all the members for volunteering their services and also thanked all the nominees who volunteered to serve.

Adoption of the Report

A motion for the adoption of the report by the meeting was moved by Bro. Dennis Cornwall, seconded by Sis. Claudette James.

AGM/20/08 Election of Officers

Bro. Raymond Roberts was invited as presiding officer to conduct the elections. At this point, the Chairman outlined the methods that will be used for voting for the Zoom audience as well as the members in the room.

Bro. Roberts took the opportunity to congratulate Sis. Marietta Mitchell on her years of service. He also wished birthday greetings to Sis. Madonna Harford.

Board of Directors

Bro. Roberts proceeded to invite nominations from the floor for positions on the Board of Directors. There were no nominations. A motion to close the nominations was moved by Bro. Ambrose Phillip and seconded by Sis. Mellisa Fredrick via Zoom.

The positions were declared elected as nominated by the Presiding officer.

The composition of the Board following the election was as follows:

- | | |
|----------------------------------|---|
| 1. Bro. Javan Williams | serving his 2 nd three-year term ending 2022 |
| 2. Bro. Dennis Cornwall | serving his 2 nd three-year term ending 2023 |
| 3. Bro. Aaron Moses | serving his 2 nd three-year term ending 2023 |
| 4. Sis. Peterlyn Cooper | serving her 1 st three-year term ending 2022 |
| 5. Sis. Claudette James | serving her 1 st three-year term ending 2021 |
| 6. Sis. Michelle Sayers-Griffith | serving her 1 st three-year term ending 2022 |

- | | |
|---------------------------|--|
| 7. Sis. Carla Thomas-Ross | serving her 2 nd three-year term ending 2023 |
| 8. Bro. Lyndon Bubb | serving his 1 st three-year term ending 2021 |
| 9. Bro. Otis Gay | completing Rodney George 1 st three-year term |
| ending 2021 | |

Credit Committee

The Presiding Officer invited nominations from the floor. There was none. A motion to close nominations was moved by Bro. Terrence Victor and seconded by Bro. Simon Lewis.

The positions were declared elected as nominated by the Presiding Officer.

The Credit Committee comprised the following members following the elections:

1. Sis. Ann Isaac
2. Sis. Judy Pivotte
3. Bro. Justin Hazzard
4. Bro. Simon Lewis
5. Bro. Brian Pascal

Supervisory & Compliance Committee

The Presiding Officer invited nominations from the floor. There was none. A motion to close nominations was moved by Bro. Edison Robinson and seconded by Bro. Andre Gittens via Zoom.

The positions were declared elected as nominated by the Presiding Officer.

The following members comprised the Supervisory and Compliance Committee following the elections:

1. Sis. Zoë Hagley
2. Bro. Adrian Strachan
3. Bro. Alan Francis
4. Bro. Francis Robertson
5. Bro. Terrence Victor

Bro. Raymond Roberts thanked everyone for their participation, wished the duly elected members God's blessings and expressed wishes for the continued success of the organization.

AGM/20/09 RESOLUTION TO AMEND THE BY-LAWS

Sis. Lucia Livingston-Andall presented the proposed changes to the By-Laws and outlined the processes followed to arrive at the amendments. She requested members to embrace the changes, as change was necessary within the changed regulatory framework and market environment.

She informed that over the last few years, the organization had operated under the By-Laws of the Grenada Public Service Co-operative Credit Union which were revised July 2007 and Ariza Credit Union By-Laws, which were revised in May 2015. Both By-Laws were established under the Grenada Co-operative Societies Act No. 20 of 1996 and 2010 and the Co-operative Societies Regulations No. 63 of 1997. The Co-operative Societies Act was amended in 2017 and modernized Regulations were awaiting promulgation.

A PowerPoint presentation was shown, giving an overview of the general and specific changes proposed.

The General changes sought to create a gender-neutral document and to correct structure and presentation.

Specific amendments to the following sections were highlighted:

- Section IV Area of Operations
- Section V Area of Objects
- Section IX Area of Capital Fund and Liability
- Section X Shares
- Section XIII Joint Account
- Section XIV Passbooks receipts and disbursements
- Section XV Meeting of members
- Section XVI the Quorum of meetings
- Section XVII Elections
- Section XVIII Tenure of office
- Section XX Board of Directors
- Section XXIV Remuneration of Directors
- Section XXVII Loan Processing
- Section XXIX Reserves and Liquidity

These changes were previously circulated to members.

She indicated that following the circulation of the proposed amendments, additional comments were received from Bro. Ambrose Phillip, who had been very instrumental in the drafting of the last amendments to the By-Laws in 2007. His recommendations were also circulated to the membership. They were generally enhancement to the document but one was specific in nature relating to the criteria for membership on the Board and the Committees.

This amendment recommended that criteria with regard to qualification and experience in the related subject should be mandatory for at least one-third of the Board and Committees; this criterion being at least a first degree in the related subject or/and a minimum of three years of industry-related experience. She was of the view that there was merit in the proposal and requested the membership to approve the By-Laws as further amended by Bro. Phillip's proposal.

Questions were taken from members regarding the amendment to the By-Laws. Sis. Arlene Buckmire-Outram had a question relating to Section IV, questioning whether membership was going to include citizens by investment. Sis. Andall responded stating membership can be granted once you are a member of CARICOM or the OECS. She informed that we did explore the attainment of their citizenship however, once obtained, then you can become a member.

Bro. Ambrose Phillip clarified the suggestion with regard to the requirement for experience and qualification to sit on the Board and Committees. He also indicated that given the short time, he did not believe that members got a chance to really read through the documents to clearly understand what they should approve. He also stressed the need for an Investment Committee, citing that the Credit Union had substantial sums under investment. He suggested that a virtual meeting on the By-Laws alone would be given support, as we would not want a legal challenge in the future.

Bro. Ernie James had some concerns relating to Section IV in terms of membership by the OECS and CARICOM nationals, stating that he did not notice any mention made about spouses. He questioned whether one must be an OECS or CARICOM citizen if requesting to obtain a joint account with their spouse.

He also had a concern under elections Section XVII which stated that persons elected on committees must reside permanently in Grenada. He questioned why not from another OECS or CARICOM country.

Bro. Ernie James also commented on Bro. Phillip's recommendation regarding being qualified and having the experience to serve on the various committees and endorsed his recommendation.

Bro. James commented also on the issue of the voting process from the floor, stating that based on the implementation of qualifications and experience that will be required for entry, it will then be difficult to have nominees from the floor as there will be no proper assessment made. Regarding termination of office in terms of the Directors, he stated that we need to look at the ethical guidelines, as it is said that a member can be removed for bankruptcy, dishonesty etc. however, there are many other things that we can include for violating the ethical guidelines of the Credit Union.

Sis. Livingston-Andall responded on the issue of the qualifications for membership of the Board and Committees stating that given the growth of the Credit Union, the value of the asset base, and the responsibility involved in the management of such, careful consideration must be given to the competencies needed to ensure proper governance of the organization and management of its assets.

The proposal to the meeting was amended to request approval of the By-Laws as circulated, with an undertaking to hold a Special General Meeting (SGM) in the not-too-distant future to look at further amendments.

The motion to approve the resolution for amending the By-Laws as circulated was moved by Bro. Javan Williams and seconded by Bro. Phillip Telesford. It carried without dissent.

AGM/20/10 MINUTES OF THE 72nd ANNUAL GENERAL MEETING

A motion that the Minutes of the 72nd Annual General Meeting be taken as read was moved by Sis. Peterlyn Cooper and seconded by Bro. Ernie James.

There were no corrections to the Minutes.

Matters arising from the Minutes

Page 126 Resolution to increase Qualifying Shares from \$200 to \$500

Bro. Ambrose Phillip requested a progress report. Sis. Livingston-Andall responded that this was

not yet implemented as Management was awaiting regulatory approval. Full implementation was proposed by the end of 2020.

Page 129 Resolution Tribute to Bro. Ambrose Phillip

Sis. Livingston-Andall read Bro. Phillip's response to the tribute bestowed on him at the last AGM.

Response from Bro. Phillip:- "Please allow me this opportunity to humbly and sincerely place on record my deepest appreciation and thanks for the tribute bestowed upon me at last year's meeting. In my 29 years of membership of the Credit Union, I have been accustomed to the general practice of recognizing the contributions of stalwarts after they have passed to the great beyond. Through prayers and the mercy of the grace of God, let me assure the membership that despite my medical challenges for the past 18 months or so, I AM STILL HERE and will continue my membership and participation to the fullest as able. Again I thank you all."

Grand Anse Property

Bro. Ernie James asked for an update on the Grand Anse property. Sis. Livingston-Andall explained that the previous study had been updated to determine the current best use of the property and preliminary work towards implementation had commenced. However, with the advent of the COVID-19 pandemic, the market had again changed and the project was on hold pending a further review.

AGM/20/11 The Board of Directors' Report

The President highlighted key details within the Board of Directors' Report and started out with a quote by Bill Gates, that success today requires agility and drive to constantly rethink, reinvigorate, react and reinvent.

He stated that as we highlight our 2019 successes, we can recognize that it has fallen within the realm of Bill Gates' quotation and therefore once taken into consideration, we can make the necessary adjustments within the COVID-19 period.

He went on to observe that in 2019, the Credit Union had experienced remarkable growth in membership to over 20,000 members, and growth in its loans and deposit portfolios and in its asset base. Other achievements included the completion and commissioning of the Carriacou office.

While the year 2019 had been good, the new year began with challenges due to the pandemic which has almost brought the economy to a halt. Strategic thinking and actions were needed to ensure that Ariza remains the premier financial institution.

He reiterated the social responsibility focus of the Credit Union and its outreach to various causes, including an annual contribution of \$20,000 to the GRENCODA Student Assistant programme.

He ended by thanking everyone on the Management Team, the Board and Committees, Staff and all other volunteers who continued to work assiduously to ensure that Ariza continues to succeed.

The motion to adopt the report was moved by Sis. Ann Isaac and seconded by Bro. Lyndon Bubb.

AGM/ 20/12 Credit Committee's Report

Bro. Justin Hazzard, the Chairman of the Credit Committee, presented the report. The financial year 2019, he said, had been both challenging and successful; challenging against the backdrop of the tremendous competition within the limited Grenadian financial market. Despite this, however, he was pleased to announce that the loan portfolio continued to show growth, although at a reduced level in 2019 when compared to 2018.

The total loans disbursed in 2019 was over \$121M, with the lead sectors being in the areas of housing, debt consolidation and personal expense. 2019 also saw increases in the other sectors of land purchase, vehicle purchase, vacation, travelling, and business loans for start-up capital and for stock purchase.

The management of delinquency continued to be a challenge although there was an improvement in 2019 over 2018. At the end of 2018, the portfolio at risk at 90 days (PAR90) stood at 7.33%. This was reduced in 2019 to 6.66%. This however was still above the standard of 5%. Further improvements were needed. On behalf of his committee, he urged borrowing members and co-makers to fulfil their obligation to the Credit Union and assist in decreasing the delinquency ratio. Delinquency oversight and management would continue to be given high priority in 2020 to bring the ratio within the prudential standard. He encouraged members to make wise financial decisions as 2020 was not an easy year thus far and 2021 may not be much better.

In closing, he extended heartfelt thanks to the membership, the Board of Directors, the Members of the Supervisory and Compliance Committee, the staff of the Loans & Credit Administration department, the CEO and the Management team. He extended special gratitude to his fellow committee members who continue to be meet faithfully on a weekly basis to address members' loan requests.

The motion to adopt the report was moved by Sis. Heather Thomas and seconded by Bro. Terry Frank.

AGM/ 20/13 Supervisory and Compliance Report

The Chairman of the Supervisory and Compliance Committee Bro. Francis Robertson presented the report and elaborated on five (5) areas as follows:

1. Key consideration faced by the committee

The Committee was guided by the requirements of relevant legislation and the Credit Union's By-Laws and policies in conducting its work.

2. The scope of work that was pursued

The work undertaken consisted mainly of reviews of policies, the Credit Union's strategic and business plans, monitoring reports, reports of standing committees of the Board, management accounts and ratios, bank reconciliations, loans, delinquency reports and follow-up actions , investment and securities, and minutes of meetings of the Board of Directors. Through the review of these Minutes, the Committee noted the focus of the Board on loan delinquency management, revision of the By-Laws, the Morne Jaloux Property, increase in incidences of debit card fraud and the Grand Anse Property.

3. The challenges and opportunities for Ariza

The Committee noted some challenges and opportunities for Ariza. A few challenges identified were:

- a) Loan delinquency management;
- b) Positioning of the Credit Union to function in a post COVID-19 environment;
- c) The review of the By-Laws; and
- d) Issue of service transformation intervention.

4. Recommendations

- a) An annual updating of the Credit Union policy register
- b) To fast track the Board of Directors approval of the Credit Union manual for loans and credit policies and procedures
- c) Updating of the current policies and guidelines relating to overtime and vacation leave
- d) Continued implementation of IFRS9, that every effort be made to improve the underwriting of loans
- e) Lessons learnt from the development of the Morne Jaloux property be used to guide the development of the Grand Anse Property
- f) Quarterly meetings of the Joint Committee
- g) Monitoring of the impact of the COVID-19 on the Credit Union's financial performance
- h) Reframing the committee's operations with a greater relationship between the risk and compliance department and the internal audit function

5. Key areas of strategic focus for the incoming Committee

Some areas of focus for the incoming committee:

- a) The greater use of technology in conducting meetings and the work of the committee;
- b) Quarterly meetings with the Executive Management as well as Joint Committees and Board of Directors; and
- c) A closer collaboration with Risk & Compliance and Internal Audit.

In closing, Bro. Robertson acknowledged the role of the Board of Directors, the Executive Management Team, the Administration Department, the Risk & Compliance unit, the Back Office staff, the Auxiliary staff as well as the parking valets. He also showed appreciation for the assistance provided by the Manager of Risk & Compliance, Sis. Peters-Toussaint, in accessing the documents needed to facilitate the committee in its work.

The motion to adopt the report was moved by Bro. Lyndon Bubb and seconded by Sis. Claudette James.

AGM /20 /14 Auditor's Report

The Auditor's Report was presented by a representative from the Auditing Firm of BDO Eastern Caribbean, Ms. Raquel Glynn.

Ms. Gylinn read the Auditor's Report, stating that BDO had audited the Financial Statements of the Ariza Credit Union which included the financial position as at 31st December 2019.

They found that the accompanying Financial Statements presented fairly in all material respects, the Credit Union's financial position as of 31st December 2019, and its financial performance and cash flows for the year then ended were in accordance with international financial reporting standards IFRS.

They believed that the audit evidence they had obtained was sufficient and appropriate to provide a basis for their opinion.

AGM/ 20/15 Treasurer's Report

Treasurer, Sis. Carla Thomas-Ross summarized the Financial Reports for the year ended 31st December 2019. She highlighted that the Financial Statements Report comprised of Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, and Statement of Changes in Members' Equity.

In relation to assets, Sis. Thomas-Ross highlighted that Ariza assets were broken down into two categories namely, earning assets and non-earning assets. She explained that earning assets directly generated returns and consist of loans to members. Other earning assets include investment in Financial Assets and investment in Real Property.

With regard to members' loans, Sis. Thomas-Ross informed that in 2019 members' loans accounted for 76.09% of the asset base and as such was the main source of revenue. The total loans disbursed during the year amounted to \$121.5M.

She informed that the total balance of delinquent loans in excess of 90 days in arrears stood at \$22.81M or 6.66% against a maximum standard of 5%.

In the area of investment property, she stated that Ariza had investments in properties in Morne Jaloux, Grand Anse and Bruce Street. The property at Bruce Street was currently being used as a parking lot. Revenues for the year amounted to \$293.6K.

With regard to liabilities, Sis. Thomas-Ross explained that this comprised the financial obligations of the Credit Union. The main liabilities were members’ deposits and savings.

Capital, she informed, was the financial pillar of the Credit Union and it is represented by the excess of assets over liabilities.

Sis. Thomas-Ross extended thanks to the CEO, Management and staff for their commitment and hard work during the year in creating another successful year for the Ariza Credit Union and also thanked the members of the Credit Union for their continued support.

A motion to adopt the Treasurer’s report was moved by Bro. Lyndon Bubb and seconded by Sis. Peterlyn Cooper.

AGM/20/16 Resolution for approval of the 2020/2021 Budget

Sis. Carla Thomas-Ross highlighted and explained the Budget as follows:

| | 2020 | 2021 |
|--------------------|-------------|-------------|
| Gross Loans | \$369M | \$414M |
| Total Assets | \$438M | \$491M |
| Non-earning Assets | \$45M | \$57M |
| Liabilities | \$398M | \$421M |
| Net Loan | \$32M | \$36M |
| Total Income | \$35M | \$40M |
| Total Expenses | \$13M | \$13.9M |
| Surplus | \$8.3M | \$11.9M |

She also explained the Capital Budget for 2020 and 2021 as captured on Pg 115 of the AGM booklet.

A motion to approve the budget for 2020 and 2021 was moved by Bro. Justin Hazzard, seconded by Sis. Claudette James and carried.

AGM/20/17 Appointment of Auditors for 2020

A resolution for appointing auditors for the year 2019 was presented by the Treasurer as follows:

WHEREAS the Annual General Meeting held in June 2018 and 2019 approved the firm of BDO Eastern Caribbean as the Credit Union's Auditor;

AND WHEREAS these approvals were in keeping with provision 136 (1) of the Co-operative Society Act, which states that an auditor ceases to hold office when he or she has held office for five consecutive years;

AND WHEREAS the firm of BDO Eastern Caribbean is based outside of Grenada;

AND WHEREAS the firm being based outside of Grenada impacted the efficient flow of documents, confirmation, and verifications during the audit process;

AND WHEREAS an efficient audit process is critical to a timely AGM;

AND WHEREAS the Credit Union has been satisfied with the service provided by PKF Accountant and Business Advisors prior to 2018;

BE IT RESOLVED that the firm of PKF Accountant and Business Advisors be appointed as the Credit Union's auditors for the year 2020.

The resolution was approved on a motion moved by Bro. Phillip Telesford and seconded by Sis. Michelle Sayers-Griffith.

AGM/20/18 ALLOCATION OF SURPLUS

A resolution for allocating surplus for the year 2019 was presented by the Treasurer as follows:

WHEREAS the Credit Union paid interest of 3.5% on Lifetime Savings amounting to \$6,152,733 to its members during 2019;

AND WHEREAS the Board had approved a further payment in the form of LOAN INTEREST REBATE of 2% amounting to \$572,814 which would be paid to members within one (1) week of the AGM;

AND WHEREAS the Credit Union earned a surplus of \$6,100,401 for the year ended December 31st 2019 and a balance of \$3,568,735 remained unallocated after making the required statutory and other allocations for the year;

AND WHEREAS the highest rate of dividends on Equity Shares allowable under the Co-operative Society's Act and regulations was 5%;

BE IT RESOLVED that a dividend payment on EQUITY SHARES of 5% amounting to \$882,248 be paid to members.

A motion for the approval of the resolution for the allocation of surplus was moved by, Bro. Dennis Cornwall seconded by Bro. Terrence Victor and carried.

AGM/20/19 SPECIAL RESOLUTION

Bro. Kippling Charles presented a Special Resolution on the reimbursement of expenses to committee members:

WHEREAS it is provided for under section 94(2) of the Co-operative Societies Act No 8 of 2011 that Directors and members of Committees may be reimbursed for expenses incurred by reason of the performance of their duties;

AND WHEREAS it was approved by the AGM at its meeting of 24th April 2014 that members of the Board and Committees would be reimbursed on the following basis effective 1st May 2014:

| | |
|-----------------------------------|-------------|
| Board of Directors: | |
| President: | \$500/month |
| Secretary & Treasurer: | \$350/month |
| Other Directors: | \$300/month |
| Supervisory Committee: | |
| Chairman & Secretary: | \$350/month |
| Other Members: | \$300/month |

Credit Committee:

| | |
|-------------------------|------------------------------|
| All Members: | \$85.00 per Meeting |
| Chairman and Secretary: | \$90.00 per month additional |

AND WHEREAS the personal expenses normally incurred by Directors and Committee members by reason of their performance of their duties and functions have increased significantly;

AND WHEREAS the Credit Union has grown significantly over the last five years;

AND WHEREAS this growth has resulted in an increase in the number of meetings held, weekly in some cases, together with the need for additional review outside of meeting schedules;

AND WHEREAS members have incurred additional expenses without an increase in reimbursement to compensate for same;

BE IT RESOLVED

That the provision for the reimbursements of such costs be changed to reflect the following:

Board of Directors:

| | |
|--|-------------------|
| President: | \$1,000/per month |
| Secretary, Treasurer & Vice President: | \$750/per month |
| Other Directors: | \$500/month |

Supervisory Committee:

| | |
|-----------------------|-----------------|
| Chairman & Secretary: | \$550/per month |
| Other Members: | \$500/month |

Credit Committee:

| | |
|-------------------------|-------------------------------|
| All Members: | \$130.00 per meeting |
| Chairman and Secretary: | \$100.00 per month additional |

Provident Fund Committee:

| | |
|--------------|----------------------|
| All Members: | \$130.00 per meeting |
|--------------|----------------------|

Scholarship Committees:

| | |
|-------------|----------------------|
| All Members | \$130.00 per meeting |
|-------------|----------------------|

Additionally, that a one-off payment be made in part compensation for the non-refund of expenses incurred as follows:

| | |
|---------------------------------------|--------------------|
| Board of Directors: | \$2,000 per member |
| Supervisory and Compliance Committee: | \$1,500 per member |
| Credit Committee: | \$1,500 per member |
| Provident Fund Committee: | \$1,000 per member |
| Scholarship Committee | \$1,000 per member |

A motion to approve the Special Resolution and to make it effective from the 1st October 2020 was moved by the presenter Bro. Kippling Charles, seconded by Sis. Tessa Barrie and carried.

AGM 20/ 20 Any Other Business

The Moderator congratulated Sis. Hannah St. Louis of Paradise St. Andrews. She was the winner of a Samsung S20Plus.

Bro. Ambrose Phillip raised a number of issues which Bro. Kippling Charles addressed regarding the financial statements.

1. The need for creating an Investment Committee; Bro. Charles clarified that the CEO mentioned earlier that there is an Investment Committee which comprised of the Chairman of the Board, the Treasurer, the Executive Manager of Finance and Operations and the Chief Executive Officer.
2. Regarding an Investment Policy, Bro. Charles informed that there is an Investment Policy which guides investment decisions. He stated that the policy dictates the areas in which investments can be made and also dictates the allocation of some investments, in terms of the percentages of the portfolio in different instruments. He also informed that from time to time there will be need for the review and updating of the policy.
3. Bro. Phillip sought clarity as it relates to Institutional Capital. Bro. Charles clarified that Institutional Capital is the capital that the Credit Union is able to generate through its internal operations. Bro. Phillip also questioned the relationship between the Institutional Capital and the maximum lending limit of the Credit Union. Bro. Charles explained that based on the act, the Credit Union is allowed to lend to any one person, a maximum of 20% of its capital base,

stating that the institutional capital really dictates the size or the volume of a loan we can grant to any individual.

4. Bro. Phillip sought clarity as it relates to how members can boost the Institutional Capital. Bro. Charles stated that by simply doing business at the Credit Union, members can invest freely in Equity Shares even though Equity Shares does not form part of the Institutional Capital.
5. He also sought clarity on Pg 64 of the Financial Statements, questioning what other incomes from loans were related to the recovery from bad debts.
Bro. Charles stated that over \$50M was invested, however, only \$26.6K dividends is recorded. Bro. Charles clarified that the \$26.6K represented the dividends on shares which is approximately \$1.2M, the majority of the \$50M is related to other investments like Treasury Bills and Fixed Deposits. The return on that is recorded in the Financial Statement as \$849K. Therefore, the \$26.6K does not reflect the return on the entire \$50M; it is only on the share part of the investment portfolio, as it relates to the additional portion, the return on that is \$849K.
6. Clarity was also sought on non-related income, which was reported in the financial statement as \$920K. Bro. Charles indicated that the car park is responsible for those figures. He indicated that in 2018 the car park accumulated \$42K, and in 2019 it stood at \$290K. He explained that the commencement of the car park was in August of 2018 which was not a full year as compared to 2019, hence the increase in profit. Furthermore, what added to this increase was the income from IDC. In the year 2018, income stood at \$233K whereas, in 2019, it stood at \$321K. This was a result of the increase in usage and uptake of cards.
7. Clarity was also sought on vacation accruals, this is in keeping with IFRS 19 Employees Benefits. Though it has not been the practice of the Credit Union to pay this in the past, Bro. Charles explained that it was important to ensure that we abide by all standards, therefore, it was decided to adopt the provision as laid out in the IFRS 19. As a result, a provision of \$108K was made for vacation accruals, recognizing a time in which something is earned and not taken.
8. Bro. Phillip also wanted clarity regarding the impact of IFRS 9 on the statement of changes in members' equity. Bro. Charles stated that on Pg 65 in the financial statement, there was a figure that pertains to 2017. The IFRS 9 took effect on 1st January 2018 however, a provision of a year's adjustment had to be considered so that the two periods could have been comparable. Moreover, the impact was from the provisions for loans, and that was impacted in the expenses as shown in the statement of comprehensive income, and as such, it indirectly affected the amount of money that was transferred to the statement of equity through accumulated surplus.

9. Clarity was also sought for Corporate Enterprise Finance Facility Limited (Corp-EFF) on Pg 102. Bro. Charles informed that it is an Insurance company in Dominica. This company is used to insure our loans and deposits under the LP/LS programme. However, in the past, this was done internally. Bro. Charles stated that GARFIN advised against this, therefore, we now insure with Corp-EFF. We also have attained a seat at the Board of Corp-EFF to be able to have an input on the decisions made within, enabling us to help shape the strategic direction of the company.
10. Bro. Phillip made enquiries regarding the value of the Co-operative Bank shares in our financial statement, stating that it is starting at \$7.00 per share. He mentioned that it is traded on the Eastern Caribbean Stock Exchange (ECSE) at \$8.80. Bro. Charles informed that this is something that Ariza will look into and if necessary will make the appropriate adjustments.
11. On Pg 103 under Financial Asset at Amortized Cost, Bro. Phillip sought clarity on what was Community First Credit Union Limited. Bro. Charles responded that they were our sister credit union in Antigua in which Ariza has invested, and they also have investments with Ariza.
12. Under other deposits, clarity was sought regarding what was internal holding and what was loan payment savings. Bro. Charles stated that these were Administrative Accounts that were kept in terms of the internal holdings; for instance, when a member's gratuity is received, the money would be placed in that particular account until that money is ready for distribution and then it would be transferred to the requisite areas.
13. As it pertains to "loan payment savings," Bro. Charles explained that when a member pays their loan, it goes into that account. This account was created since, in the past, the payment system was inconsistent, especially at the end of the year when salaries were paid on the 15th December. This resulted in the next payment being at the end of January resulting in members' loan payment going into interest. Thus, to correct this system, all payments made to the loan before the end of the month, would be generated and at the end of the month, creating an equal spacing between payments. Therefore, the payments could now more realistically reflect the amortization schedule.

AGM 20/ 21 Adjournment

The meeting ended with some entertainment from our Sister Isle of Carriacou.

A motion was moved to end the meeting at 5:20 p.m. by Bro. Aaron Moses and seconded by Bro. Javan Williams.

Nominees

BOARD OF DIRECTORS

Lyndon Bubb



Mr. Lyndon Bubb is an entrepreneur with valuable experience in developing and implementing business & strategic plans, management of physical, human and financial resources, proven success in management professional skills, and a subscriber to excellence. He has over ten years of experience as an accountant and business administrator at various companies in the business sector.

He aims to bring his background of achievements, extensive and diverse experience together with my exceptional leadership, communication, and team-building skills to ensure growth and sustained development to serve on the Board of Directors of Ariza Credit Union.

Mr. Bubb has extensive knowledge of Office Administration and Management, and as an entrepreneur is knowledgeable of the financial sector in Grenada, and knowledge of computers, networking and Microsoft application programs from his vast experience in running his own accounting business.

He is a flexible, adaptable and practical person that will enable Ariza to build lasting relationships with its stakeholders while achieving its strategic goals and objectives. He is also committed to sharing his knowledge with others having facilitated numerous training and workshops in the area of his passion.

Otis Gay



Mr. Gay is a well-known respectable Civil Engineer, who, apart from his personal work, is on the valuating team for several financial institutions in the tri-island state. He has managed projects worth millions of dollars and was one of the engineers assigned by the Ministry of Education to rebuild schools after the passage of Hurricane Ivan.

Mr. Gay is also the owner of several businesses including a well-known supermarket which means he is able to calculate the risk when assessing the viability of a business.

In addition to his work and entrepreneurial experience, Mr. Gay has excellent communication skills, is a team player, courteous and always finds the time to help when it is most needed.

Claudette James



Ms. Claudette James is a dedicated and results-driven professional whose career spans both the private and public sector, with experience in banking, tourism, Airline, IT telecommunications and project management. She is an MBA/MIB Graduate and a certified Project Management Professional (PMP), Proficient in General Management and Service Excellence, with a strong background in Information Systems.

Ms. James has had over 11 years of experience as an Information Systems Administrator with a successful track record in change management before transitioning to General Management. Her people skills and passion for service excellence enabled her to manage the Customer Service Department at Flow for over ten (10) years and held the position of Ag. Country Manager, during the difficult transition period, while awaiting the completion of the company's merger/acquisition with Cable & Wireless Ltd.

As a member of Ariza Credit Union, she is committed to serve on the Board of Directors, to use her diverse background and experience to contribute to the growth of the Credit Union.

Deshon JTS Harris

Deshon Harris has been a member of Ariza credit union since 2016. She has served both in the public and private sector for twenty (20) years holding various positions from Customer Service Representative to Accounts Reconciliation Officer.

Having assisted in running a successful small family business for over twenty (20) years, she understands the plight of the working man. As a result, she is dedicated to helping members create financially successful lives through Ariza's Credit facility.

She successfully completed the Certified Accounting Technician exams in 2016, this has provided her with the ability to understand minor accounting operations and a fair understanding of what to expect in an accounting report.

She currently holds the position of Accounts Reconciliation Officer at the Ministry of Finance, Inland Revenue and pursuing a certification in becoming an ACCA qualified accountant.

Allena Lusan- Peters

Allena Lusan Peters is 35-year-old and has been a member since 2017. She has thirteen years of experience working in the area of Administration and Accounting with various organizations as an Executive Assistant, Senior Accountant, and Treasurer.

Ms. Peters presently holds the position of Administrative Assistant, Accountant, and Human Resource Manager at the Financial Complex Limited.

She holds a BSc. in Business Administration and is currently pursuing her Master's degree in Business Administration with St. George University. She is self-driven and detail-oriented. Her desire has always been to give back to the development of the business sector and her country.

Brian Pascall

Brian Pascall joined the public service in 1985 (36 years of service) in the Ministry of Finance in the Accountant General Division. Duties at that time included being the ministry's Payroll Officer and Chief Cashier at the Treasury Unit.

Mr. Pascall served as a former Finance Officer with responsibility for the Finance Division at the Ministry of Education and also a former Finance Officer at the Ministry of Agriculture with responsibility for Capital Projects. He is currently attached to the Ministry of Finance, Accountant General's Treasury Unit as a senior Treasury Officer.

Brian Pascall has served on various volunteer committees in the past and is eager to continue offering his wealth of knowledge and experience to the Credit Union he loves.

Davon Baker

Davon Baker is a public officer of 30 years and counting. He attained higher learning at Midwestern State University, in Wichita Falls, Texas, he studied for a Bachelor of Science degree in Computer Science, gaining formal qualifications in his field.

He currently leads the unit as IT Manager/Systems Administrator, leading a team of eleven (11) and expanding the purview from the management of just the IT services of Ministry to that of nearly all government agencies on the sister isles.

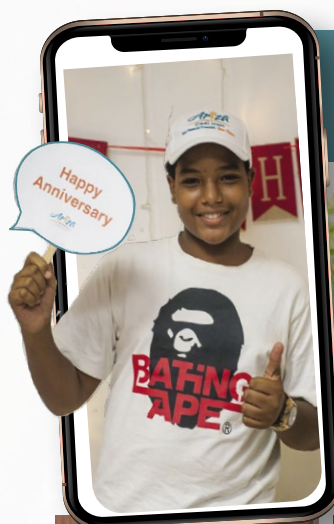
His third passion has, from childhood, is love and care for the nature of our islands and planet.

Francis Robertson

Francis A. Robertson, formerly of Sauteurs, St. Patrick's but now a resident of Lower Westerhall Heights, St. David's. As a graduate of the University of the West Indies (B.Sc. Agronomy) and the St. George's University (MBA), he is endowed with working experience that spans the private, quasi-public, civil society and public sectors.

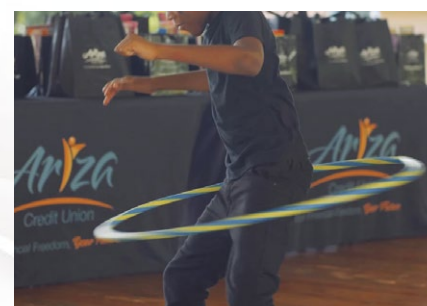
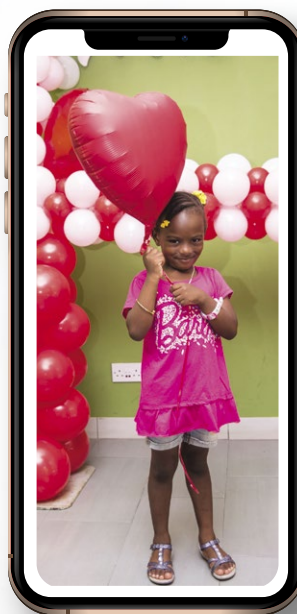
Previous employment includes the Grenada Development Bank (Senior Agricultural Credit Officer, Senior Loans Administration Officer, Secretary to the Board), Agency for Rural Transformation (Program Manager), and the Grenada Public Service (Ministry of Tourism, Department of Public Administration and the Cabinet Office). Currently, on leave of absence from the Public Service, he is now employed as the Project Manager of the World Bank-funded OECS Regional Tourism Competitiveness Project.

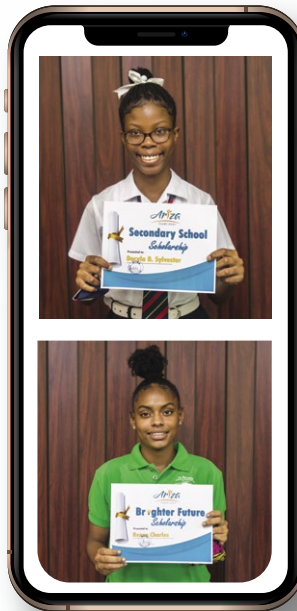
His years of experience in development financing as well as his association with regional and international financial agencies and their reporting requirements indeed enable him to be a tremendous asset to our Credit Union's Supervisory Committee.



Highlights

♥ 2020





Why Choose Credit Union



We keep our members at the centre of our focus, we're a little different from the regular financial institution – a welcoming, all-inclusive credit union focused on your satisfaction. We want to grow and develop our credit union, one member at a time. As a credit union, we connect with the spirit of co-operation because we realise what really matters is you. Your happiness, your peace of mind and your smile are what keep us going.

Our members choose us because they believe in something good and it encourages us to build on their trust and loyalty in a convenient, modern and progressive environment.

At Ariza, we offer a range of accounts to help you achieve financial freedom:



The Transactional Account which is designed for your everyday transactions is tied to your debit card, giving you access to your money anywhere, anytime. No interest is paid on this account and you are encouraged to keep a minimal balance. Excess funds can be transferred to your savings account using AMIE.



The Savings Account is used to save for specific life goals and can be personalized by naming it using AMIE, Ariza's Mobile and Internet Experience. This account carries an interest rate of 1.5%.



Ariza's Lifetime Savings account is designed for your long-term savings goal and will be used to determine your loan eligibility. This savings is insured up to \$13,500 with our Loan Protection/Life Savings (LPLS) benefit. This account carries an interest rate of 2.75%.

You are also encouraged to take advantage of our Retirement Savings, Educational Savings Plan and sign up your secondary school children to our Excel Club where they can reap rewards for excelling in school.

Ariza's hassle-free solutions include:



Salary Assignment and deductions: saving funds directly at Ariza is made easier with salary deductions and assignments.



AMIE (Ariza Mobile and Internet Experience): Move at the pace of life, never wait to do important transactions ever again by using our online platform and mobile app.



Scholarships: We care about your future and your children's future, secure it by investing in education. Find out how Ariza can help with our scholarship options.



LPLS (Loan Protection Life Savings): Your Lifetime Savings is secured up to \$13,500 and your loans are secured up to \$54,000.00 at no additional cost to you. Your beneficiary may receive funds in excess of your savings



24/7 Access: Access your account 24/7 using Ariza's international visa debit card through the Connex network of ATM's throughout Grenada and Carriacou. Use your debit card at merchants locally, online and internationally.

In an ever-changing global environment, we will remain member-focused and leaders in our community and we will continue to build and nurture a strong relationship with you.

Our goal is to make Ariza Credit Union your first choice, an all-inclusive solution for all your financial needs, whether it be daily banking or long-term goals.

APPENDIX 1 - TRAINING 2020

| Participants | Training | Institution / Facilitator | Date |
|---|--|--|--|
| All Staff | Credit Union Philosophy | Aaron Moses | 5 th & 8 th February |
| All Staff | Service Transformation | DRA Consultants | March & July - December |
| Michelle McDonald Kippling Charles | Business Continuity Planning (BCP) and safe return to work Guidelines | Grenada Employers Federation | 28 th May |
| Gerlan Toussaint Dahelia Thomas | Practical Application of Business Continuity Program & Fraud Risk Management | ComplianceAid Advisory Service | 25 th – 26 th August |
| Martina Modeste Makaylar Hannibal Roxanne Charles Abigail Alexander Kelron Brathwaite Leah Regis Raymonda Herry Terissa Mitchell | Customer Experience Training - Revolutionary Customer Care for "The New Normal" atmosphere | Eddie Frederick | 22 nd September (4 persons) 23 rd September (4 persons) |
| Lucia Livingston-Andall Gerlan Toussaint Pearlena Sylvester Michelle Sayers-Griffith Adrian Strachan | Enterprise Risk Management | Caribbean Confederation of Credit Unions | 22 nd October |
| Gerlan Toussaint Dahelia Thomas | Developing a Business Continuity Policy For Your Institution In Uncertain Times | ComplianceAid Advisory Service | 11 th & 18 th November |
| Mondella Lynch-Alleyne Jade Henry Dossia Ferguson-John | Loans Securities Documentation | Jamaica Institute of Financial Services | 19 th – 20 th November |
| All Board Members | Board Retreat | Go Blue Inc. | 27 th – 29 th November |
| Claudette James Lyndon Bubb Michelle Sayers-Griffith Peterlyn Cooper All Loan Analysts and Credit Admin officers | Consumer Loan Underwriting and Collections Course (Online, self-paced) | Synergy Credit Union Consulting | From November |
| Carriacou Staff | Risk and Context | Financial Intelligence Unit | 2 nd December |
| Cristel Lalite Terissa Mitchell | Fighting Fraud in Uncertain and changing times | Jamaica Institute of Financial Services | 3 rd December |
| Kesha Bartholomew Shaquille Isaac Theresa Francique Princess Herry-John | Credit Assessment Techniques | CCCU | 9 th – 10 th December |



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