Annual
Report
2022

Ariza
Credit Union

75 Years of Transforming Lives

Your Stories, Our Journey:
75 Years of Transforming Lives

Ariza Credit Union

Annual Report 2022

Your Stories, Our Journey:
75 Years of Transforming Lives

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

Member Focus
Professionalism and Commitment
Excellence and Innovation
Collaboration and Teamwork
Growth

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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
Amen

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
www.facebook.com/excelclub
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
Upper Lucas Street
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 at the Grenada Trade Centre on 29th June 2023, 2:00 P.M., hybrid.

Visit arizaamg.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. Nominating 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 29th September 2022

3. Committee Reports
3.1. Board of Directors
3.2. Credit
3.3. Supervisory & Compliance
3.4. Treasurer and Auditors
3.5. Budget 2023 and 2024

4. Resolutions
4.1. Appointment of Auditors
4.2. Approval of Budget
4.3. Reimbursement of Officers

……………………………………………………
Sis. Peterlyn Cooper
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

   (a) "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.

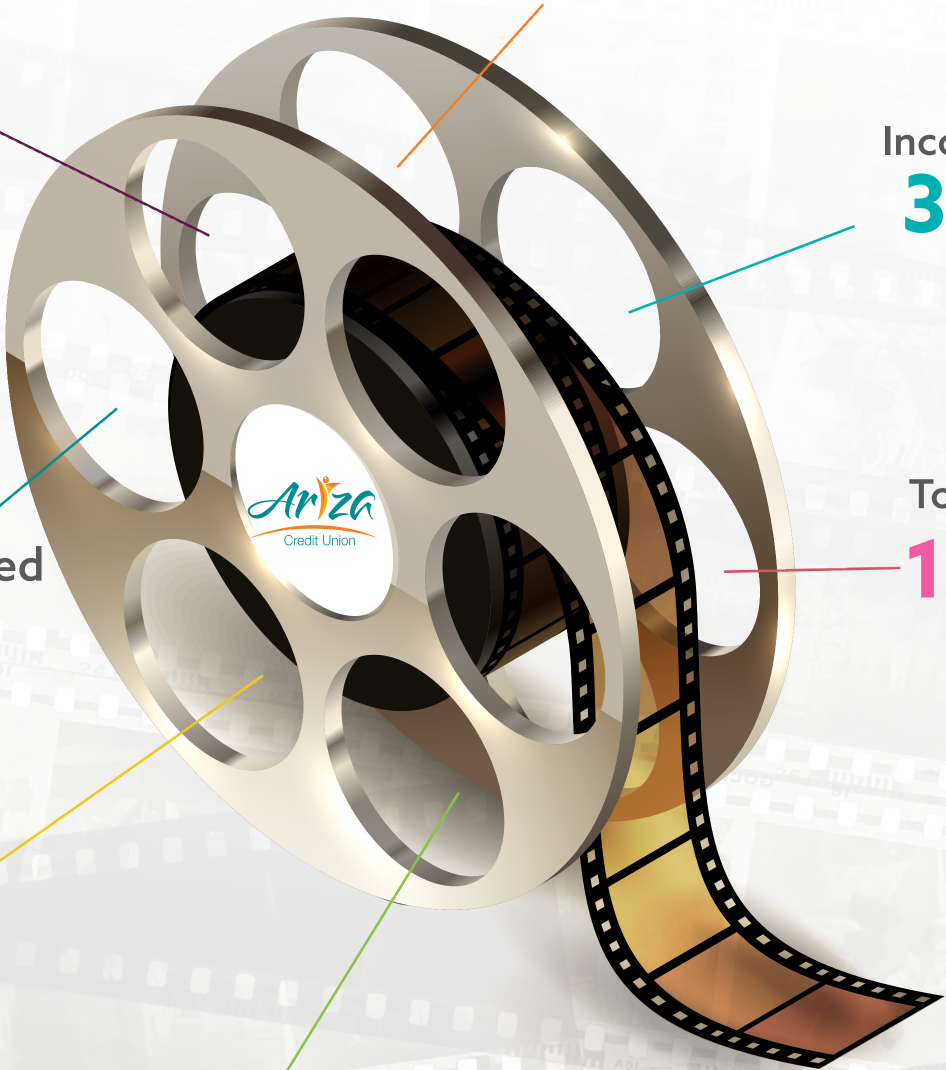
OPERATING HIGHLIGHTS 2018-2022

	2022	2021	2020	2019	2018
Gross Loans	437,271,312	403,999,144	374,717,218	343,137,686	311,883,163
Net Loans	417,279,110	387,976,683	363,693,198	335,804,886	305,693,139
Investments	47,055,702	51,400,842	46,893,695	50,070,384	18,797,261
Fixed Assets	24,222,667	24,954,968	25,380,701	25,031,041	27,884,966
Total Assets	**580,211,715**	**523,772,037**	**489,581,331**	**450,334,307**	**376,858,430**
LIABILITIES					
Member's Lifetime Savings	274,027,666	244,366,041	215,896,670	191,847,083	165,500,796
Other Deposits	223,494,301	205,056,240	200,300,667	190,457,502	157,718,897
Total Deposits	**497,521,967**	**449,422,281**	**416,197,337**	**382,304,585**	**323,219,693**
CAPITAL					
Member Equity	16,911,054	16,058,046	15,438,304	14,668,678	12,753,644
Member Qualifying Shares	6,104,748	5,293,916	4,334,962	3,975,875	3,519,435
Surplus and Reserves	39,176,253	35,771,866	33,243,256	29,486,182	25,441,149
Institutional Capital	**45,281,001**	**41,065,782**	**37,578,218**	**33,462,057**	**28,960,584**
INCOME					
Interest on loans	30,767,809	30,848,897	30,416,834	28,640,693	25,818,776
Other Income	3,686,918	2,604,269	2,627,749	2,517,670	1,232,901
Total Income	34,454,727	33,453,166	33,044,583	31,158,363	27,051,677
Expenditure					
Interest on Deposits	10,963,503	10,610,537	11,046,802	11,764,201	11,048,030
Other Expenses	13,657,218	11,920,426	12,643,464	10,985,666	9,938,786
Total Expenses	**24,620,721**	**22,530,963**	**23,690,266**	**22,749,867**	**20,986,816**
SURPLUS					
Operating Surplus for the Year	9,834,006	10,922,203	9,354,317	8,408,496	6,064,859
Provision for Risk Assets	4,552,944	6,682,676	3,691,220	2,200,000	1,369,843
Unappropriated Surplus/(Deficit)	4,899,438	3,651,794	4,073,077	6,100,401	4,695,016
DIVIDEND	617,458	577,875	964,127	764,273	751,521
REBATE	269,746	-	-	467,388	516,375
Incentive Bonus					
MEMBERSHIP	24,481	22,443	21,130	19,608	17,492

Loans
8.4%

Membership
9.1%

Income
3%



Unappropriated Surplus
34.2%

Total Assets
10.8%

Institutional Capital
10.3%

Deposits
10.7%

MANAGEMENT EXECUTIVES

Lucia Livingston-Andall
Chief Executive Officer
until 30th Sept. 2022

Mervyn Lord
Chief Executive Officer
from 1st Dec. 2022

Kippling Charles
Executive Manager
Finance & Operations

Florence Williams
Executive Manager
Loans & Credit Administration
until 30th Sept. 2022

Dayna Francis-Roberts
Executive Manager
Loans & Credit Administration
from 1st Oct. 2022

MANAGEMENT TEAM

Edwin Francis
Manager
Marketing

Dayna Francis-Roberts
Manager
Retail Loans
until 30th September 2022

Candys Lewis
Manager
Retail Loans (Ag)
from 1st December 2022

Neika Johnson
Manager
Accounting

Sabrina Rodney-Ogilvie
Manager
Grenville Branch

Natasha Marquez-Sylvester
Manager
Investment Services

Michelle McDonald
Manager
Human Resources

Gerlan Peters-Toussaint
Manager
Risk & Compliance

Dane Sylvester
Manager
Property Development & Facilities

Lenus Walker
Manager
IT & Special Projects
until 30th June 2022

Donny James
Manager
IT
from 2nd Aug. 2022

Herschel Whiteman
Manager
Business Loans

PRESIDENT'S MESSAGE

On behalf of the Board of Directors of the Ariza Credit Union, I am delighted to present the Annual Report and Financial Statements for the year ended 31st December 2022.

The celebration of our 75th anniversary is a significant milestone that is indicative of the progress we have made as an institution over the years. Sincere appreciation is extended to all our members for your constant loyalty and commitment to Ariza. Your unwavering support has been instrumental to our Credit Union's robust financial position and performance.

As we continue to rebound from the catastrophic effects of the global pandemic and the Russia-Ukraine war, Ariza Credit Union remains committed to placing you, our members, at the forefront of every strategic decision and initiative, being cognizant that the fulfilment of your needs is indisputably the reason why we exist.

The year 2022 remained challenging in many respects, with significant global and domestic economic developments that impacted our business and our members in numerous ways. Despite these however, Ariza Credit Union responded by adapting our strategies to leverage available opportunities while creating value for all our members. Notwithstanding the numerous obstacles, our Credit Union realized a net surplus after provisions of over $4.8M, a 33% improvement over 2021 which realised results of over $3.6M. It is imperative to note that our Credit Union consistently aims to deliver superior returns to you our highly esteemed members, by ensuring that a substantial portion of our surplus is set aside for you.

Our 75th anniversary suite of products was instrumental in providing much needed financial respite to our members as we focused on making credit more readily available, in a timely and member-oriented manner. To this end, our loan portfolio grew by over $33M in 2022, underpinning our total asset growth of $54.5M (10.4%) from $523.8M as at 31st December 2021 to $578.3M as at 31st December 2022.

Cognizant of the risk-based approach to effectively managing the operations of financial institutions, our Credit Union completed an Enterprise-wide Risk Management and Anti-Money Laundering (AML) assessments during the year. Action plans will be developed within the first quarter of 2023 to address the gaps identified. This will allow our Credit Union to concentrate its resources and take heightened measures in situations where the risks are greater, apply simplified measures where the risks are lesser and exempt low risk activities. The implementation of the risk-based approach will avoid the consequences related to inappropriate de-risking behaviour.

In our quest to revitalize and expedite the Ridgeway Residences project, the Ixora property on lot 14 which was completed in November 2021, was sold in 2022. The buildout of a new Lily model on lot 17 was close to being finished by the end of 2022 and the Board pre-approved the buildout of a Lily model for lot 12 which should commence in 2023.

December 2022 saw renewed interest in our Ridgeway Residences project and our Credit Union commenced negotiations for the sale of a Blossom model on lot 11 and two Lily models on lot 2 and the nearly complete lot 17. We are quite confident that the sale of these three (3) properties will be completed within the first four (4) months in 2023.

Ariza remains committed to being at the forefront of financial technology. As such, we continue to invest significantly in new technologies and digital solutions, in line with our commitment to creating value for our members through innovative products and solutions that cater to your diverse needs. As a result, our Credit Union will revitalize the Education Committee in 2023 and a part of their function (together with our management and staff), will be to ensure that our members are copiously aware of all the digital solutions available to them and are able to comfortably use them.

The primary focus therefore for 2023 will be our people, with particular attention being given to both our internal and external members. It is imperative that our employees are satisfied, motivated, and engaged and therefore an employee engagement survey will be completed to identify the existing gaps with the goal of addressing these with alacrity. We believe that our employees are our most valuable assets and we will move expeditiously to demonstrate that, with the implementation of several important initiatives in 2023 and beyond.

Although we are already aware of some of our external members' concerns, a representative survey will be conducted within the first quarter of 2023, which will guide a holistic plan to address their issues. We believe that as we continue to grow, diversify, and implement crosscutting digitalization initiatives while improving our corporate governance, we must redeploy a significant portion of our energies to reflect the needs of you, our members.

In 2022, we bid farewell to Sis. Lucia Livingston-Andall and Sis. Florence Williams, two stalwarts who retired on 30th September 2022 and devoted their energies and commitment to the growth and development of our Credit Union.

Sis. Williams continually demonstrated care and concern for members while leading several important initiatives during her tenure as the head of the Loans & Credit Administration department.

Without Sis. Livingston-Andall's bold vision, which garnered the support of the 11 Presidents under which she served during her 25-year tenure as General Manager and then Chief Executive Officer, the Ariza

Credit Union would not be the beacon that it is today in the Credit Union movement. The firm foundation laid by Sis. Livingston-Andall and her team, will provide a solid base on which Bro. Mervyn Lord, who assumed the role of CEO on the 1st of December, will continue to build.

I would also like to express gratitude to former President Bro. Dennis Cornwall, who demitted office on 4th May 2022 to pursue a new career path, and to Bro. Javan Williams whose term ended in 2022. We wish them every success in their new roles.

In conclusion, the year 2022 was a challenging but successful year for us at Ariza. Our improved performance was made possible by the collective efforts of all our stakeholders. I am grateful to you members for your steadfast devotion, our Management and staff for their dedication and commitment and our Board for continually guiding our Credit Union along the strategic path of sustained growth and prosperity. I welcome you to the 2023 financial year with the firm assurance of continued excellent performance by our Credit Union.

May God continue to bless our Credit Union.

Lyndon Bubb
President

BOARD OF DIRECTOR'S REPORT

(L. - R.) Bro. Lyndon Bubb, Sis. Carla Thomas-Ross, Bro. Otis Gay, Sis. Claudette James, Bro. Aaron Moses,

(L. - R.) Sis. Peterlyn Cooper, Bro. Kimanii Daniel, Sis. Michelle Sayers-Griffith, Bro. Dennis Cornwall, Sis. Lyndonna HIllaire-Marshall, Bro. Javan Williams
Oct-Dec Jan-Apr Oct-Dec Jan - Sept

At the conclusion of the Annual General Meeting on 29th September 2022, the following members constituted the Board of Directors:

1. Sis. Peterlyn Cooper
2. Sis. Lyndonna Hillaire-Marshall
3. Sis. Claudette James
4. Sis. Michelle Sayers-Griffith
5. Sis. Carla Thomas-Ross
6. Bro. Lyndon Bubb
7. Bro. Kimanii Daniel
8. Bro. Otis Gay
9. Bro. Aaron Moses

At the first meeting of the Board of Directors held on 30th September 2022, the following executive officers were elected:

1. Bro. Lyndon Bubb - President
2. Sis. Claudette James - Vice President
3. Sis. Peterlyn Cooper - Secretary
4. Sis. Lyndonna Hillaire-Marshall - Assistant Secretary
5. Sis. Carla Thomas-Ross - Treasurer
6. Sis. Michelle Sayers-Griffith - Assistant Treasurer

OVERVIEW

The financial year 2022 was the beginning of a firm recovery from the pandemic, which had plagued the global economy since the first quarter of 2020. For Ariza Credit Union, it was a year of rediscovery, continuity, succession and triumphs as we celebrated our 75th Anniversary since opening the doors of the Credit Union. Our theme for the celebrations - **"75 years of transforming Lives"** - blossomed into a tribute to our membership. Throughout the year, we launched a suite of loan products aimed at further transforming the lives of our members. In addition, 10 lucky members won $750 each in our "Celebrate With Us & Win, Anniversary giveaway" each month. The year ended with our 75th Anniversary Gala celebration held on 3rd December. This event served to award and honour our hard-working volunteers and staff.

After the last AGM, our energies were focused on the transition process for two members of our executive team; our CEO of 25 years Mrs Lucia Livingston-Andall and our Executive Manager: Loans & Credit Administration, Mrs Florence Williams who both retired on 30th September 2022. We wish them all the best in their golden years after making such a stellar contribution to Ariza. We were able to successfully onboard Mr Mervyn Lord as the new Chief Executive Officer from 1st December and Mrs Dayna Francis-Roberts was promoted from Loans Manager effective 1st October 2022 to replace Mrs Williams. Mr. Lord comes to Ariza with a wealth of experience and knowledge in the financial sector and will advance several initiatives aimed at improving our efficiency and ensuring that Ariza is not just a highly rated financial institution, but also an Employer of Choice.

As your Board, we took the time to look closely at our strategic objectives and re-examine some of the timelines for various deliverables. Ariza Credit Union continues to be a leader among Credit Unions both locally and regionally, and as such, it is important to constantly reassess our strategic imperatives so that we chart a course in the long term to realise our vision of financial freedom and better lives for our members. As we continue to grow and expand, your Board remained laser focused on improving the ease of doing business for you, our members, and to consistently make available a diversified range of financial solutions tailored to meet your individual needs.

During 2022, we effectively managed our costs to sustain profitability even within the challenge of increased delinquency, which resulted as a spin off from the effects of the pandemic.

EXTERNAL ENVIRONMENT

The year 2022 was plagued with the lingering effects of the Covid-19 pandemic as the world slowly recovered. The International Monetary Fund revised its projected global growth rate downwards from 6.0% to 3.2% by June 2022, sighting a slow recovery from the effects of the pandemic which resulted in increased economic uncertainties, supply chain disruptions and a worsening of several economic fundamentals.

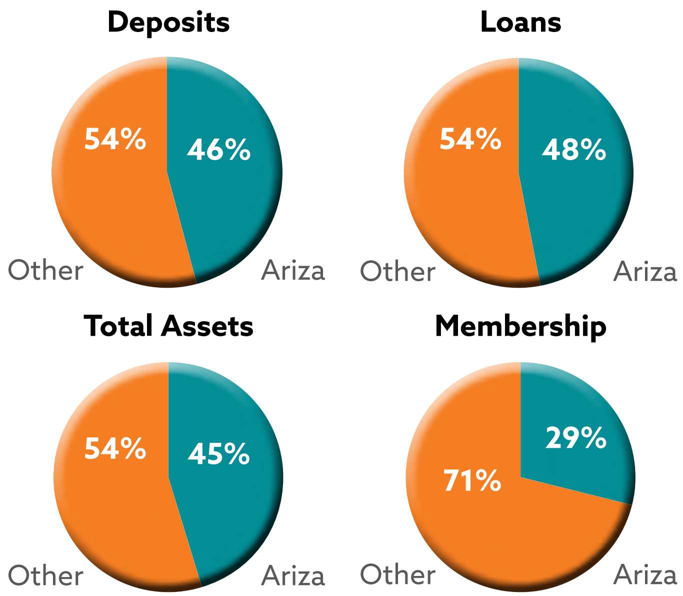
CREDIT UNION SECTOR PERFORMANCE

In 2022, the credit union sector in Grenada continued to recover, experiencing growth despite the effects of the Coronavirus pandemic. Loans grew by 5.8%, total assets by 10.78% and total deposits by 10.54%. Membership in the 10 credit unions throughout Grenada grew to 84,000 members or by 4.87%.

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

	ALL CREDIT UNIONS			ARIZA CREDIT UNION			
	As of December 2022 $	As of December 2021 $	% Change	As of December 2022 $	As of December 2021 $	% Change	Ariza Market Share (%) in 2022
Deposits	**1,090,729,206**	986,723,782	10.54%	**497,523,473**	449,422,281	10.70%	46%
Gross Loans	**908,505,046**	858,674,566	5.80%	**437,271,312**	403,396,913	8.4%	48%
Total Assets	**1,300,516,114**	1,173,984,810	10.78%	**580,211,715**	523,772,037	10.78%	45%
Members	**84,000**	80,096	4.87%	**24,481**	22,443	9.08%	29%

MARKET SHARE



ARIZA'S PERFORMANCE

Financial Performance

Ariza Credit Union was able to achieve commendable growth given the changing dynamics within the organization and local and regional developments as it relates to the effects of the Covid 19 pandemic. Total assets grew by $ 56.4M or 10.78% to end the year at $580,211,715. Loans grew by 8.4% and deposits by 10.7% to $437,271,312 and $497,523,473 respectively. Our membership also increased by 9.08% to 24,481 members. In terms of market share, Ariza strengthened its position in relation to loans and membership which grew by 1 % to 48% and 29% respectively.

Profitability and growth targets as forecasted within the strategic plan were not achieved and had to be revised because of the realities of the markets. Notwithstanding the Credit Union performed credibly, achieving surplus before appropriation of $4,899,438 against a prior year achievement of $3,651,794.

CORPORATE GOVERNANCE

In order to execute its mandate, the Board of Directors met frequently during the year in accordance with the Act. Twelve (12) regular meetings and nine (9) special meetings of the Board of Directors were held. The various sub-committees also met and reported to the Board on their specific areas of responsibility.

One Joint Committee meeting was held to consider loan applications and to receive updates on the Credit Union's operations.

The table below lists attendance at Board of Directors' meeting.

Attendance at Board of Directors' meetings - 2022												
Date	**Name of meeting**	**Dennis Cornwall**	**Lyndon Bubb**	**Peterlyn Cooper**	**Claudette James**	**Carla Thomas-Ross**	**Michelle Sayers-Griffith**	**Javan Williams**	**Aaron Moses**	**Otis Gay**	**Kimanii Daniel**	**Lyndonna Hillaire-Marshall**
25-Jan-22	BOD Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
21-Feb-22	Special Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
22-Feb-22	BOD Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
22-Mar-22	BOD Meeting	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
26-Apr-22	BOD Meeting	✓	✓	✓	--------	✓	✓	✓	✓	-------	N/A	N/A!
24-May-22	BOD Meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
31-May-22	Special meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
10-Jun-22	Special meeting	N/A	✓	✓	✓	✓	✓	✓	--------	✓	N/A	N/A
28-Jun-22	BOD Meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
15-Jul-22	Special meeting	N/A	✓	✓	--------	✓	✓	--------	✓	✓	N/A	N/A
2-Aug-22	BOD Meeting	N/A	✓	--------	✓	✓	--------	✓	✓	✓	N/A	N/A
11-Aug-22	Special meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
23-Aug-22	Special meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
13-Sep-22	BOD Meeting	N/A	✓	✓	✓	✓	✓	--------	✓	✓	N/A	N/A
21-Sep-22	Special meeting	N/A	✓	✓	✓	✓	--------	--------	✓	✓	N/A	N/A
28-Sep-22	Special meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	N/A	N/A
4-Oct-22	BOD Meeting	N/A	✓	✓	✓	✓	✓	N/A	✓	✓	N/A	✓
31-Oct-22	BOD Meeting	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
24-Nov-22	Special meeting	N/A	✓	✓	--------	✓	✓	N/A	✓	✓	✓	✓
28-Nov-22	BOD Meeting	N/A	✓	✓	--------	✓	✓	N/A	✓	✓	✓	✓
28-Dec-22	BOD Meeting	N/A	✓	✓	✓	✓	--------	N/A	✓	✓	✓	✓

Meetings were held with the regulator - GARFIN - and the Grenada Co-operative League within the context of the proposed new risk-based supervision framework and the areas of vulnerability of the Credit Union.

Our Credit Union continued to be represented on the Board and Committees of the Co-Operative League.

Management was also actively engaged in working closely with the League and other credit union managers in reviewing the proposed new **Co-operative Societies' regulations.**

Training and Conventions for Board and Committee members

The Board and Committee members represented the Credit Union in the following training programmes and Conventions:

- Carib Development Education programme,
- Risk Management training delivered as part of the Enterprise-Wide Risk Management consultancy.
- One member each from the Board, Credit Committee and Supervisory and Compliance Committee attended the Caribbean Confederation of Credit Unions' Convention, while the President and CEO attended the World Credit Union Conference.

Appointment of interim members of the Board of Directors & Credit Committee

During the year, the Board, acting under the powers vested in the By-laws, appointed Bro. Lyndon Bubb as interim President.

From March 2022, Sis. Portia Fraser was appointed to replace Sis. Allena Peters to serve on the Credit Committee to the next AGM .

Compliance and Risk Management

In 2022, Ariza continued to improve our standards and processes to ensure compliance with all regulations. We also sought to implement measures to reduce the organisation's risk exposure.

With the continued thrust towards online services and digitization, Ariza further explored the adoption of appropriate software to better manage risks by automating its risk management processes. In 2022, a consultant was engaged, and an Enterprise-wide Risk Management assessment of the organization was undertaken. This assessment provided some insight on an appropriate Enterprise-Wide Risk Management framework and identified some risk mitigation measures that could be undertaken to improve the organization's level of risk.

In 2023, Ariza will be embarking on an organization-wide member update project which will serve the two-fold purpose of having current information for all members while satisfying mandatory regulatory obligations.

The pandemic opened the door to digitization and changing financial products and services that were more convenient easily accessible but yet still affordable. With that came the increased risk of security breaches and the rising need for cyber security. Experts have predicted that cybercrime will cost the world up to

$10.5 trillion by 2025. In order to continue delivering seamless financial services while protecting members' personal data, curbing financial losses and reducing the associated risk of fraud, financial institutions must frequently verify members' information.

- **Know Your Customer**

  Know Your Customer, more commonly referred to as KYC/KYM in Ariza's case, is the regulatory process of ascertaining the identity and other information of its members. This process will assist Ariza in ensuring that our members' information remains safe from malicious attacks, especially with the continued thrust towards online services and digitization.

  KYM is crucial for Ariza because it will help to increase our security against money laundering and criminal activities. It will also help us to be more aware of the financial transactions that you, our valued members process, and therefore allow us to provide a better and more secure service to YOU.

  Even though the process of KYM may seem invasive, at the core of KYM are security and protection. The four main reasons for KYM are:

  1. **Establish Member identity** – Member identity validation is highly important because it establishes that members are who they say they are. This step is necessary to avoid identity theft and other criminal activities that could endanger members.
  2. **Learn Members' needs** – KYM can also be used in investments to understand a member's risk tolerance, investment goals, and needs, to give them well-informed suggestions for investment instruments that could grow their financial portfolios and hence achieving financial freedom (one of Ariza's core values).
  3. **Understand the nature of members' activities** – By monitoring transactions, Ariza will be able to understand members' activities and determine the legitimacy of funding sources
  4. **Assess money laundering risks** – One of the most important uses of KYM is to protect an organisation from money laundering and spot any suspected illegal activity that could point towards questionable money sources, and even illegal trade.

In essence, KYM protects both YOU, the member, and Ariza! You gain by giving us the necessary information to authenticate and learn what your investment needs might be, and Ariza is protected by knowing who our members are and by having a process that completely verifies that you are who you claim to be, avoiding illegal activities.

As we both strive to protect our financial assets, your Board looks forward to your support and co-operation as we embark on this member update project and as we move forward in risk management to better serve you!

MARKETING HIGHLIGHTS

The Credit Union continued to brave the uncertainties of the pandemic as it executed activities that assured members of our commitment to their financial journey.

The year 2022 was a significant one for Ariza as it celebrated its 75th Anniversary under the theme **"75 Years of Transforming Lives"**. Under this celebration banner, the Credit Union focused on initiatives, sponsorships and activities within the community that promoted togetherness, rewarded stalwarts and members, as well as created opportunities for transformation. Some of these were:

- **75th Anniversary Promotion**
  As the 75th Anniversary was a huge milestone, the Credit Union launched its "Celebrate with us and win promotion" which ran all year long. Through this promotion, members conducting qualifying transactions each month received a chance to win $750.00. The promotion was geared at increasing member activity and engagement, uptake in key products and services and giving back to the Ariza membership. Each month, ten (10) lucky members were selected and rewarded.

- **Family Fun Day**
  The Credit Union held two Family Fun Days; one in Grenada at Wildwood's Park and the other at Paradise Beach in Carriacou. These events were specifically geared at celebrating all members and their families. It encouraged camaraderie between all members and their families as they gathered to enjoy refreshments, entertainment and several traditional games like draughts, football and skipping. There were added fun activities for the children like face painting, horseback riding, bouncing castle and more.

- **Ariza National Championship**
  The 2020 Ariza National Championship was cancelled because of Covid-19 and Ariza took the opportunity to come on board as title sponsor in 2022, since there was little to no sporting activities for two (2) years. The Ariza National Championship is the event where athletes are selected for the CARIFTA team. Moreover, the competition was an ideal collaborative event as athletics has been a means of transforming the lives of young individuals who aspire to achieve more, the same way Ariza has transformed the lives of many individuals over the last 75 years.

- **Ital City Football Competition**
  The Ital City Football U-17 tournament was held in the parish of St Patrick from 30th April for approximately 10 weeks. Ariza partnered with this community group as one of the main goals of the tournament was to encourage children from the parish and surrounding areas to develop their sporting skills and talents, with the greater goal of keeping them involved in positive activities and away from delinquent street activities.

- **Ariza Pure Grenada Open Water Invitational**
  The second Ariza Pure Grenada Open Water Invitational was held at Grand Anse beach on 19th November in collaboration with Grenada Amateur

Swimming Association as an initiative that promotes a healthy and active lifestyle through swimming. The competition hosted local, regional and international swimmers of all ages who participated in several race categories ranging from 1K to 10K around the Grand Anse beach area.

- **Hello New York – Grenada Day in New York**
  The Credit Union continued its plan of outreach/ engagement of members and potential members in the diaspora by partnering with the Grenada Cultural Festival Group Inc. The group is a charitable corporation in New York whose main activity is hosting the Grenada, Carriacou & Petite Martinique Day which attracts over 5,000 persons, displays Grenadian culture and features a variety of activities and dishes. The event was held at the Old Boys & Girls High School Field in Brooklyn on 21st August 2022. Proceeds from the event were earmarked to honour first responders from Grenada, Carriacou & Petite Martinique for their dedication and service during the pandemic and memorialize the victims of COVID-19 from our tri-island state.

  The Ariza team stationed at the event spoke with several members from the diaspora about Ariza's products, services and overall mission. The team also facilitated small deposits, new membership accounts, virtual Ridgeway Residences tours, Ariza Mobile Internet Experience (AMIE) sign up and member queries.

- **Waggy T Football**
  Ariza partnered with Megaforce Promotions to host the 12th Annual Waggy T Football Competition which began on 15th October 2022. The games were held over a period of seven (7) weeks with matches on Saturdays and Sundays at Progress Park and the Kirani James National Stadium. The team emerging victorious at the end of the competition was the Paradise F C International team. They were awarded Ariza 75th anniversary memorabilia and membership vouchers.

  Other sponsorships and executed events for 2022 included:
  - ✓ Ecumenical Church Service
  - ✓ Grenada Royal Police Force Band Christmas Brass Concert
  - ✓ Parang - Carriacou Culture Train
  - ✓ Ministry of Social Development Housing and Community Empowerment Family Fun Day
  - ✓ National Relay Meet
  - ✓ Hope Radio 1st Anniversary Health Walk
  - ✓ Ariza PBC Business Forum
  - ✓ Grenada Food and Nutrition Council Secondary School Quiz
  - ✓ International Credit Union Day
  - ✓ Petite Martinique Whitsuntide Regatta
  - ✓ SP's Get in Gear 8 Car Show
  - ✓ PBC Men's Health Fair

In addition to the events listed above, several branch activities were executed throughout 2022 to share the Ariza cheer and goodwill with our members. These included:

- ✓ Independence treat
- ✓ Valentines, I Love You Promotion
- ✓ Easter cheer
- ✓ Mother's Day treat
- ✓ Father's Day treat
- ✓ Christmas Eve - Santa and Pan
- ✓ New Year's Eve pan

Ridgeway Residences Project

At the September 2022 Annual General Meeting, a number of concerns were raised in relation to the Ridgeway Residencies Project. Throughout 2022, the Board, through the Property Development sub-committee, took several actions to promote and encourage the sale of these properties. A new pricing and marketing strategy was reviewed and approved. Our continuous marketing and promotion efforts resulted in the sale of the Ixora model in the second quarter of 2022.

There was a revision in the price of the Blossom model to facilitate the negotiation and sale of this model. Work was ongoing toward completion of a new Lily house on lot 17. At the end of December 2022, three (3) properties were on the market for sale inclusive of one (1) under construction. Negotiations started for all three (3) properties by the end of the year. The Board therefore pre-approved the construction of a new Lily model house on lot 12. General maintenance of the entire development was also undertaken.

HUMAN RESOURCE HIGHLIGHTS

The following represent the main Human Resource activities during 2022:

- **Job Evaluation**

  This project had commenced in November 2020 and involved an analysis of jobs, revision and/or creation of job descriptions and an external compensation survey to establish salary bands. During the period February – July 2022, the Board of Directors deliberated on the Consultant's recommendations as well as proposals for the revision of the organizational chart. The approved recommendations were implemented in July 2022, with salary increases being effective retroactive to 1st May 2022.

  The analysis showed that 74% of eligible employees received a salary adjustment which was above the Union-negotiated increase.

- **Group Life & Health Insurance**

  The first Ariza-managed Group Life & Health Insurance plan was implemented as of 1st October 2022. This plan has provided improved benefits for staff.

- **Staffing**

  The table below outlines the staffing numbers for 2022. With our Credit Union being in expansion mode, staffing numbers will be further increased in 2023.

Total employees as at 1st January 2022	**96**
Total employees as at 31st December 2022	**102**

- **Training 2022**
  Staff continued to receive in-house and external training to equip them with the skills and knowledge to perform their duties.

  Some highlights during the year were as follows:
  a. Two (2) employees and one (1) Board member attended the Carib Development Education programme (CaribeDE).
  b. Board and Committee members along with staff attended Risk Management training as part of the Enterprise-Wide Risk Management consultancy.
  c. One (1) member each from the Board, Supervisory & Compliance Committee and Credit Committee attended the Caribbean Confederation of Credit Unions' Convention, along with one (1) management staff.
  d. The President and CEO attended the World Credit Union Conference.
  e. Employees in the Loans & Credit Administration department attended courses in Mortgage Underwriting, Real Estate Law and Introduction to Property Valuation courses.
  f. Corp EEF conducted an online information session on the Loan Protection Life Savings (LPLS) insurance.
  g. The Sharetec Users' Annual Conference training was used to maintain current with developments in the software. It was attended by the new Manager: Information Technology, Mr Donny James.
  h. Ariza participated in the Financial Brand form and was represented by Marketing Manager, Mr Edwin Francis and Mr Donny James.

Provident Fund

In 2022, the Fund was utilized to assist 28 of our members needing assistance in various areas such as minor house repairs, emergency medical care, as well as purchase of medicines and other necessities. Total grants approved by the Provident Fund committee amounted to $85.99K.

- **Scholarships**
  Ariza continued to assist members and their children through its secondary and tertiary scholarship programmes.

- **Secondary School Award**
  There were two awardees for the year. Sonniah Noray, daughter of Niah Noray, was awarded based on her outstanding performance in the CPEA examinations. The other award went to Sade Bethel, daughter of Sasha Bethel.

- **Blue Ribbon Award**
  The Blue-Ribbon Award, like the Secondary School Scholarship Award, is granted to students for entrance into Secondary School. It is granted to the student who has an Ariza Education Savings Plan account and attained the highest score at the Primary Exit Assessment Level.

Calvin Clyne, son of Michel E. Clyne, captured this award in 2022. He received **483 points out of a total of 500.**

- **Brighter Future Scholarship Award**
  This is a tertiary level award for students pursuing studies at the T.A. Marryshow Community College. The scholarship is awarded to two (2) students whose parents / guardian are members of the Credit Union or who have Excel accounts. Each student receives $1,500.00 per year for their two-year programme at the College, provided that a high academic performance is maintained. In 2022, this scholarship was not awarded.

- **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 university level education at various institutions. Each successful applicant was awarded $5,000.00 as a one-off payment to assist with their studies.

These awardees were:

1. **Jervon Drakes** – University of Maryland Baltimore County (UMBC), pursuing a Bachelor of Science degree in Computer Science.
2. **Kamilah Andrews** – University of the West Indies, Cave Hill Campus, Trinidad, pursuing a LLB Degree in Law University of the West Indies.
3. **Shawayne Daniel** – University of the West Indies, Cave Hill Campus, Barbados, pursuing a Bachelor of Science degree in Pure Maths.
4. **Ramone Babb** – University of the West Indies Open Campus Grenada, pursuing a Bachelor of Education degree in Educational Leadership and Management.

TRANSITIONS 2022

The following members made their transition in 2022. May their souls rest in peace and their families be comforted by the memories created throughout their lifetime.

Andall, Francis
Baptiste, Bernard
Benjamin, Mellisa
Benjamin, Selwyn
Bhagwan, Julien
Bishop, Kerlon
Britton, Joan
Bubb, Jacinta Mary
Bullen, Oliver W.
Calliste, Kerlene T.K.
Campos, Gilda
Charles, Augustus
Coutain, Everard
Depradine, Tahirah
Edwards, Celia
Ettienne, Deanne
Felix, Anthony
Flemming, Alfred
Forsyth, David J.
Francis, Deiron
Francis, Earlyn
Francis, Muriel Evelina
Francis-Worme, Pheona
George, Peter

Gill, John
Harford, Shane R.
Harris, Petron Daniel
Henry, Avil J. Dominic
Hillaire-Baptiste, Veronica
James, Daniel
James-Francis, Curlyn
Johnson, Rachael A.
Joseph, Charles
Joseph, Marilyn Gloria
Julien, Angela
Julien, Jervis S.
La Touche, Gabriel
Lake, Raymond D.
Lalite, Johanna
Lett, Eleanor
Lewis, Gracelyn
Lewis, Irene Lisca
Mark-Benjamin, Claudia
Matheson, Kevin
Mc Lawrence, Thomas
Mc Sween, Ada A.
Medford, Kathy-Ann N.
Miller, Maureen
Mitchell, Sybil
Nicholas, Terence
Noel, Jerome
Noel-Alexander, Monica
O'Carrol, Thomas
Oluonye, Irma D.
Patrick, Ronald E.
Philbert, Clara
Phillip, Anthony Martin
Phillip, Charmaine
St. Bernard, Anthony
Stephen, Anika
Stewart-Abraham, Cindy
Taitt, Cosmus
Thomas, Eric
Thomas, Patricia A.
Victor, Fimbar Michael
Whiteman, Fitzroy
Whiteman, Peter
William (aka Diego), Samuel

ACKNOWLEDGEMENTS

During the calendar year 2022, the challenge was for your Board to remain sturdy and focused while navigating the slow recovery following the after-effects of the Covid-19 pandemic. Succession planning, organizational restructuring, job evaluation, portfolio diversification and loan growth all remained on the front burner of our priorities while trying to maintain our growth trajectory. These tasks and accomplishments throughout the year, however, would not have been possible without the commitment and dedication of all our volunteer committees, our hard-working dedicated staff and You, our loyal members.

We wish to thank everyone for their support during the year and look forward to 2023 with renewed optimism and drive as we face a more resilient and buoyant economic environment. We look to this new year where our members will grow and progress on their journey towards achieving financial freedom. We thank you for the opportunity to serve you!!

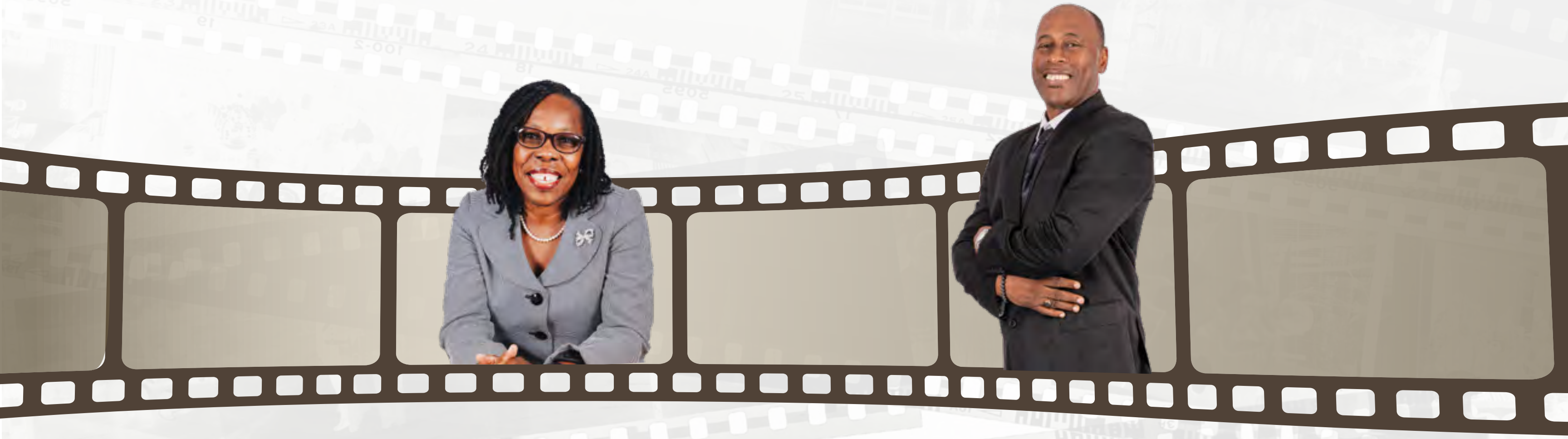
Lyndon Bubb
President

Peterlyn Cooper
Secretary

Lucia Livingston-Andall
CEO

CREDIT COMMITTEE REPORT

(L. - R.) Bro. Brian Pascal , Sis. Deshon Harris, Sis. Portia Fraser,



(L. - R.) Sis. Ann Isaac, Bro. Justin Hazzard

MANDATE

As Chairman of the Credit Committee, I am pleased to present the report in accordance with the Credit Union By-Laws and the mandate given at our last General Meeting, for the financial year ending 31st December 2022. 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.

Throughout 2022, the Credit Committee met weekly to execute its mandate. It was supported by the staff of the Loans & Credit Administration Department.

COMPOSITION

During the period, the Committee comprised the following members:

- Bro. Brian Pascal - Chairman
- Bro. Justin Hazzard - Secretary
- Sis. Ann Isaac - Member
- Sis. Deshon Harris - Member
- Sis. Portia Fraser - Member

OVERVIEW

The 2022 calendar year was a dynamic and challenging period for the Credit Union, its staff, committee members, membership and the Grenadian economy as a whole. During this interval, Ariza placed great emphasis on consolidating all efforts towards refocusing, readjusting, rebuilding, and reinforcing its policies, operations, and coping mechanisms to address the lingering effects of the Covid-19 pandemic.

Post-pandemic, the economy started to show early signs of recovery however, the Credit Union and its members were still tested with high volumes of unemployment, loss/reduced incomes, closure of small and large business enterprises alike which demanded more vigilance, cooperation and management of the Credit Union's members, lending and recoveries operations.

The Credit Union celebrated its 75th anniversary under the theme of ***"75 years of transforming lives".*** Bearing all of this in mind and in keeping with the Credit Union's mission of improving the quality of life of all members through sound financial solutions tailored to their needs, the Credit Union launched its 75th Anniversary suite of products. This was geared at encouraging and providing various financial solutions to all members based on their individual needs. The 75th suite of products afforded members the opportunity to anchor their roots through our 'Own Your Own' products which consisted of home, vehicle and land ownership as well as education (Future) financing. Additionally, the Credit Union offered a 'Simplify' debt consolidation product which allowed our members to simplify their finances by amalgamating their loans with one financial institution.

As part of the Credit Union's action plan to alleviate some of the effects of the Covid-19 pandemic, a total of 3,660 moratorium were approved by the Board of Directors on the principal, or principal and interest, on loan payment to members on 30th April 2020 with a loan value of $174,012,408.36. As of 30th June 2022, all moratoria were removed and all loans were reintegrated back into the normal loans portfolio in line with the mandate circulated by GARFIN. Following this, the Credit Union recognized that its wider membership continued to exhibit signs of stress and financial hardship from the impact of Covid-19 as many were still unemployed, continued to receive reduced incomes or their households were indirectly or directly affected. This realization and the cooperation of GARFIN allowed for the Credit Union to manage a total of 192 loans with a value $7,696,290.47 to be specially handled on a case-by-case basis based on their current financial situation with a view of being remedied within a short-term period of 3-8 months.

LENDING ACTIVITIES

TABLE 2 - PORTFOLIO GROWTH
Gross Loans & Growth Rate 2018-2022

Year	2022	2021	2020	2019	2018
Loan value ($M)	437,271,312	403,396,91	374,218,20	342,655,181	311,883,163
Growth rate	8.4%	7.8%	9%	10%	17%

A growth rate of 8.40% was achieved in 2022 which was a commendable effort when factoring in the 7.8% which was recorded in 2021. The table above demonstrates a 0.60% increase in loans when compared to the total loans growth in 2021. This positive surge in growth was the result of increased economic activity, increased employment opportunities with the removal of social distancing barriers, new business ventures and the launch of the 75th suite of products during Ariza's celebratory year.

SUMMARY OF ACTIVITIES:

TABLE 3 - LOAN DISBURSEMENTS 2022

NUMBER OF LOANS				VALUE OF LOANS		
CATEGORY	2022	2021	% Change	2022	2021	% Change
Debt Consolidation	1,882	2,106	-10.64	$ 35,800,141.00	$ 39,347,305.00	-9.02
Personal Expenses	8,217	7,996	2.76	$ 11,751,801.00	$ 15,170,826.00	-22.54
Educational	807	717	12.55	$ 1,803,555.00	$ 2,262,266.00	-20.28
Housing	1,346	1,190	13.11	$ 38,467,357.00	$ 30,988,824.00	24.13
Home Furnishing	356	262	35.88	$ 925,264.00	$ 1,039,752.00	-11.01
Agriculture	89	51	74.51	$ 462,368.00	$ 1,391,452.00	-66.77
Land Purchase	68	112	-39.29	$ 3,807,033.00	$ 6,939,884.00	-45.14
Business	203	217	-6.45	$ 9,410,710.00	$ 6,509,707.00	44.56
Vacation / Travel *	349	327	6.73	$ 1,081,142.00	$ 661,751.00	63.38
Motor Vehicles	811	678	19.62	$ 9,584,646.00	$ 8,119,063.00	18.05
TOTAL	**14,128**	**13,656**	**3.46**	**$ 113,094,015.00**	**$ 112,430,829.00**	**0.59**

Loan Approval and Disbursement

According to Table 3 above, there was an upsurge in the 2022 disbursements which was as a result of the increased economic activity post the Covid-19 pandemic and the launching of the 75th Anniversary suite of products. The table alludes to all loans disbursed by the Credit Union for the interval of 2021 compared to 2022. The three (3) foremost disbursement categories for 2022 were as follows and are recorded based on most impactful; the agricultural sector highlighted significant increase in disbursement of 74.51% over 2021 performance, this was followed by home furnishing which recorded a 35.88% increase, followed by a 19.62% growth in motor vehicle purchase disbursements.

Noteworthy areas in disbursement that depicted a negative growth were as follows; a 39.29% reduction was identified in the land purchase disbursements as most of the borrowing members were aiming to construct their dream home during this period as exhibited in the table above. The home construction category grew by 13.11%. There was also a decline in the debt consolidation request as the previous two (2) years were focused on amalgamating debts into one loan to make repayments more affordable to manage on a monthly basis. This move allowed members to refocus and prioritize, while allowing them the flexibility to lend for other purposes, for instance; personal and living expenses, vacation, education among others. The third area where a decrease in disbursement was recorded was in the business sector, in which most businesses were in one way or another affected by Covid-19 pandemic.

TABLE 4 - GROSS LOAN PORTFOLIO BY SECTOR

NUMBER OF LOANS				VALUE OF LOANS			
CATEGORY	2022	2021	% Change	2022		2021	% Change
Debt Consolidation	2,310	2,185	5.72	99,994,574.56	$	89,056,152.38	12.28
Personal Expenses	2,454	2,600	-5.62	31,746,621.10	$	33,645,879.74	-5.64
Educational	322	339	-5.01	7,616,871.12	$	8,522,509.65	-10.63
Housing	1,679	1,689	-0.59	207,563,248.18	$	175,704,227.04	18.13
Home Furnishing	168	138	21.74	2,140,048.42	$	1,896,760.93	12.83
Agriculture	84	85	-1.18	13,499,138.32	$	13,611,034.49	-0.82
Land Purchase	287	286	0.35	26,461,272.61	$	27,753,208.20	-4.66
Business	300	301	-0.33	20,112,842.27	$	26,350,396.37	-23.67
Vacation / Travel	216	218	-0.92	2,933,652.63	$	2,922,206.59	0.39
Motor Vehicles	756	784	-3.57	25,203,042.74	$	23,934,536.59	5.3
TOTAL	**8,576**	**8,625**	**-0.57**	**437,271,311.95**	**$**	**403,396,912.98**	**8.4**

The table above shows that the housing and housing-related loans sector continues to dominate, at 48% of the gross portfolio. Associating this sector's performance to that of 2021 which recorded a 44% exposure to that of 2022, an increase of 4% was noted. Over the last 20 years, our membership has invested primarily in home ownership, which provided more stability and security for the members and Credit Union alike.

LOAN GROWTH 2018-2022

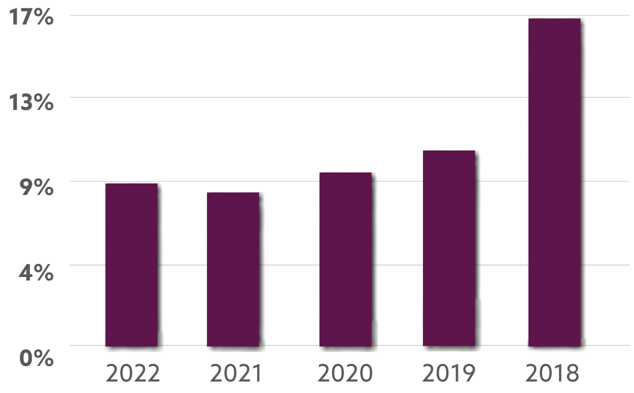


TABLE 5 - LOANS DISBURSED BY GENDER - 2022

GENDER	NUMBER	VALUE	
MALE	6,025	$	58,845,557
FEMALE	8,103	$	54,248,458

Delinquency Management

The delinquency ratio showed substantial signs of deterioration in the 2022 performance. While the economy started its rebounding process post Covid 19, there were many members who were left unemployed, with reduced household incomes, closure of businesses which negatively affected the Credit Union's ability to reduce the unavoidable rising delinquency.

The Recoveries team worked assiduously, especially after the reintegration of the loans in moratorium back into the normal portfolio. The Unit was faced with many challenges while trying to implement and enforce a sound strategy to reduce the overall delinquency.

The delinquency portfolio has moved from 8.27% Portfolio at Risk to 8.47% PAR90, which is 3.47% above the prudential standard and a 0.20% increase over the previous year's performance. The internationally accepted level is 5%.

The above-stated increase was no surprise to the Credit Union as this was an expected trend post the pandemic, which was evident within the sector both locally and regionally.

The Credit Union has however, taken remedial steps to include the appointing of a Delinquency task force, charged with the responsibility of revising the underwriting practices and implementing a delinquency strategy. The team is comprised of members from the Loans & Credit Administration Managers, Supervisory & Compliance Committee, Board of Directors and Credit Committee.

The strategy was approved and rolled out in December 2022, which allowed for the quick actioning of some accounts. An important step for the department was the hiring of bailiffs to assist in finding employed members who were not honoring their commitments.

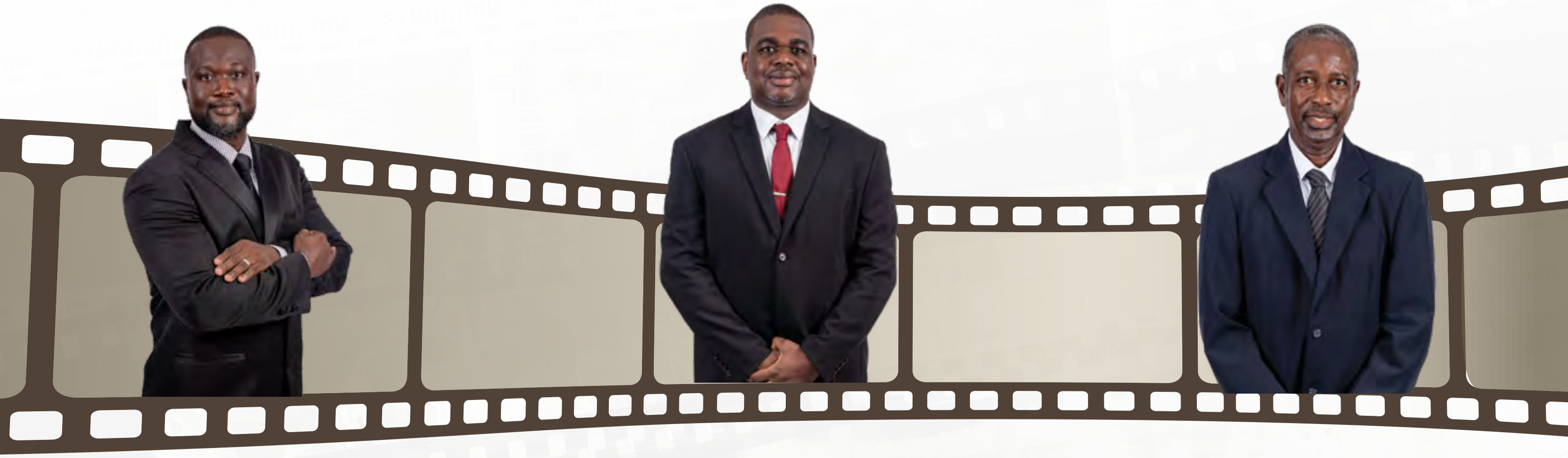
GENERAL OBSERVATIONS

Overall, the reporting year for the Credit Union can be classified as satisfactory. The loans portfolio demonstrated a growth of 8.4% over the 2021 performance as a result of increased economic activity and the launch of the 75th Anniversary suite of products. The Credit Union continued to combat the prolonged challenges of the pandemic, including unemployment reduced incomes and increased delinquency. The Credit Union has had to find innovative and reliable ways through the implementation of revised loans underwriting and delinquency strategies to address and manage the loans portfolio while keeping delinquency at a minimal ratio.

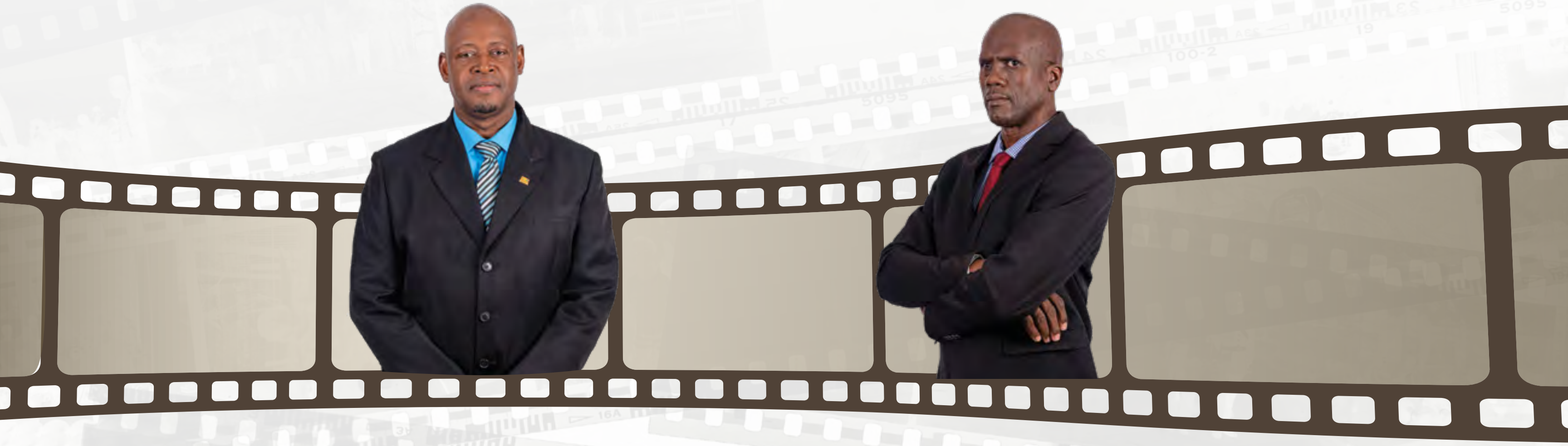
As a Credit Committee, we extend heartfelt thanks and appreciation to the Board of Directors, the Chairman and members of the Supervisory & Compliance Committee, CEO, Executive Manager and staff of the Loans & Credit Administration Department and to you our general membership.

Brian Pascall
Chairman

SUPERVISORY & COMPLIANCE COMMITTEE REPORT



(L. - R.) Bro. Alan Francis, Bro Adrian Strachan, Bro. Francis Robertson,



(L. - R.) Bro. Davon Baker , Bro. Terrence Victor

1. INTRODUCTION

In accordance with the Co-operatives 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 1st January to 31st December 2022.

Subsequent to the Annual General Meeting held on 29th September 2022, the members of the committee were as follows:

- Bro. Francis Robertson (into his second year of his second three-year term) - Chairman
- Bro. Adrian Strachan (into his third year of his first three-year term) - Secretary
- Bro. Terrence Victor (into his first year of his second three-year term)
- Bro. Alan Francis (into his first year of his second three-year term)
- Bro. Davon Baker (into his second year of his first three-year term)

Our Credit Union celebrated a significant milestone, its 75th Anniversary in 2022, with the theme "75 years of transforming lives." It was a year in which we continued to thrive in a society where citizens had to adapt to changes brought on by Covid -19, some of which have now become permanent. The year also marked a transition in leadership of our Credit Union. The Chief Executive Officer, Mrs. Lucia Livingston-Andall, retired after twenty-five years of service, while Mrs. Florence Williams, Executive Manager – Loans & Credit Administration, retired after sixteen years of service. The SCC recognises their combined forty-one years of service which not only impacted our Credit Union as an organisation, but also the lives of members.

During the year, the SCC met on average twice per month. Various tasks were pursued during virtual and in-person meetings / work sessions. The committee's findings, general observations, and recommendations from those tasks are the basis for this report.

2. REVIEW OF MANAGEMENT ACCOUNTS

The review of management accounts is geared to match the performance of the credit union against benchmark prudential standards. As part of examining the books of the Credit Union, Management accounts and ratios for the months January to October were reviewed. The review process revealed the following:Increase in loans delinquency for all categories (>30, >60 and >90 days)

- Significant increase in non-earning assets to total Assets
- Slight deterioration in savings deposits to total assets ratio

Recommendations:

- Greater emphasis on reducing risk of non-payment, particularly at the underwriting phase.
- Greater efforts towards converting surplus cash to generate returns.
- Strengthen the loan underwriting and loan approval process with more thorough credit assessments.
- Offer debt counselling to borrowers experiencing financial difficulties.
- Offer financial management training and support for members on budgeting, saving, investing, and credit management, through webinars/workshops, or even blogs.

3. REVIEW OF SAMPLE DELINQUENT LOANS

The context for the review was established with a presentation in August by the Delinquency Management Unit that focused on the delinquent loans' portfolio, recovery strategies, challenges and opportunities. Further to the review of the sample of twenty-one delinquent loans, the SCC noted the following areas for improvement;

- Complete documentation of information in members' files
- Prompt follow through of delinquent procedures

Cognizant that reducing loans delinquency required efforts both at the loans underwriting and loans repayment stages, the SCC recommended the establishment of a "task force." We are pleased to report the Executive Management acceded to our recommendation and the task force was established. The first meeting was held on 23rd November, with consideration of the draft "Loans underwriting and delinquency strategy" as the main agenda item.

Recommendation:

- Monitor and evaluate during the next financial year the implementation of the approved "Loans underwriting and delinquency strategy"

4. REVIEW OF CREDIT UNION'S INVESTMENT PORTFOLIO

As part of confirming the cash instruments, properties and securities of the Credit Union, the schedule of securities as at 31st December was reviewed. The Committee noted the mix of short-term and long-term investments. We also recognised the limited investment opportunities both locally and in the OECS region.

Recommendations:

- Continued investments in 365 days treasury bills
- Conduct regular reviews of the Credit Union's investment strategy to ensure it aligns with the institution's overall financial goals and tolerance for risk.

5. REVIEW OF MINUTES AND PAPERS OF MEETINGS OF THE BOARD OF DIRECTORS

As part of monitoring the management of the Credit Union, the review of Minutes and Papers of meetings of the Board of Directors were undertaken for meetings held during the period November 2021 to May 2022. Matters of particular interest noted were;

- An Enterprise Risk Management (ERM) assessment of the Credit Union was conducted between January and July. An implemented ERM framework should ultimately enable Ariza to be a highly profitable Credit Union.
- Change in members' equity share from $200 to $500.
- Exit of the former chairman and changes in the composition of sub-committees.
- The Board's concern with new members having insufficient grounding in the credit union's philosophy.

Recommendations:

- Monitor the implementation of the change in members' equity shares.
- Implement the recommendations of the completed ERM.
- Ongoing training of new members to enable their induction into the philosophy of the credit union movement.

6. REVIEW OF EXTERNAL REPORTS

In line with monitoring the management of the Credit Union, the Committee reviewed the report of GARFIN's 2021 targeted inspection (completed in July 2022), in particular the summary of key findings/observations, and recommendations.

Recommendations:

- Continued monitoring of Ariza's implementation of the recommendations of the report of the 2021 targeted inspection

7. EMPLOYEE ENGAGEMENT SURVEY

Towards the strengthening of the Credit Union human resources, the Terms of Reference (TOR) for an Employee Engagement Survey (EES) was developed in August. In November, a Request For Proposal (RFP) was disseminated to twelve firms and five Human Resource Associations. Five proposals were received by the 3.00 p.m. deadline on 2nd December. Following the evaluation of the proposals received, the Arthur Lok Jack Graduate School of Business (UWI, St. Augustine) emerged as the lead consultant. It is anticipated that the ESS would be completed during the second quarter of 2023. The EES is expected to contribute to the realisation of one of our Credit Union's strategic goals for the period 2021-2023, "Employer of Choice."

8. CASH COUNT

As part of confirming the cash instruments, properties and securities of the Credit Union, cash counts were conducted in Grenville and St. George's. During the exercise the committee observed the systems in place for treating with cash, and generally was satisfied with them. Suggestions for minor improvements were communicated in the reports on the cash counts.

The limited space at the Grenville Branch for both members and staff were also noted.

Recommendations:

- Harmonisation of the operations at the Grenville Branch with that of St. George's and Carriacou.

9. OTHER MATTERS

9.1 Training:

Members participated in a four-part training workshop, "The Eastern Caribbean Securities Market – Ariza's participation and members' benefits" organised for the Joint Committees, commencing 19th April.

Members also participated in a one-day "Identification and Document Authentication Seminar," organised in December by the Jamaica Institute of Financial Services.

9.2 Anti-Money Laundering (AML):

The Chairman participated in the AML Commission's onsite inspection of Ariza, conducted in October pursuant to Sections 9 and 10 of the Proceeds of Crime (Anti-Money Laundering and Terrorist Financing) Guidelines SRO 6 of 2012. During the next financial year, the SCC intends to monitor Ariza's implementation of the Examiners' recommendations.

9.3 Review of Ariza's By-Laws (approved by GARFIN on 27th September 2022)

The Committee noted a few areas where the language that defined its responsibilities could have provided for greater certainty by use of alternative words (e.g., "shall" instead of "may"). The Committee also communicated to Ariza's Executive Management the resolution of issues raised by one member further to the Annual General Meeting held on 29th September 2022.

9.4 Meeting with the Board of Directors:

The committee participated as observers in February's virtual meeting of the Board of Directors. The SCC will continue to periodically attend meetings of the Board, as observers, at least once per year.

9.5 Meetings with GARFIN:

Four meetings were held with GARFIN, two of which were bilateral. The other two included the Board of Directors and Chairman of both the Credit Committee and the SCC. In its quest to better fulfil its role, the SCC will continue its periodic one-on-one engagement with GARFIN.

9.6 64th Convention – Caribbean Confederation of Credit Unions

The Chairman participated in the annual convention held in Jamaica, as part of Ariza's delegation. Other members of the delegation were one Director, the Chairman of the Credit Committee, and one staff member. It was the first in-person convention since the COVID-19 pandemic. The delegation's report noted the networking opportunities during the convention as well as the realisation of knowledge enhancement about the credit union sector.

10. ACKNOWLEDGEMENTS

The SCC extends its gratitude for the support of the Board of Directors, Management and staff, and our general membership. We also extend special thanks to all who ensured the requisite preparations were made for our meetings / working sessions, as well as for the courtesies of the parking valets and security personnel.

Francis Robertson
Chairman

NOMINATING COMMITTEE REPORT

COMPOSITION

1.	Bro. Lyndon Bubb	- Chairman
2.	Bro. Wayne Radix	- Member
3.	Sis. Karel Hood	- Member
4.	Sis. Pauline Peters	- Member
5.	Sis. Amanda Gittens	- Member

The Committee was constituted in accordance with Section VII.VI (53) of the Credit Union's By-Laws.

MEETING

The Nominating Committee held its meeting on 31st May 2023. The Chairman noted that there were two (2) continuing and three (3) new members appointed to the Nominating Committee. He welcomed and thanked them for their willingness to serve the Ariza Credit Union.

The meeting proceeded to review the Skills Assessment Report on the Board of Directors of the Ariza Credit Union and the Summary of Strategic Goals and Focus Areas for the period 2023 to 2025. The meeting noted that gaps on the current board existed in the areas of legal and accounting competencies.

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.

DELIBERATIONS

The Committee in its meeting was guided in its deliberations by the following:

- The skill sets advised for the Board of Directors included the areas of Law, Finance and Accounting, Information technology and Strategic Planning;
- The skill sets advised for the Supervisory and Compliance Committee included the areas of Compliance and Risk, Auditing, Finance, and Law;
- The skill sets advised for the Credit Committee included the areas of Credit Risk Analysis, Finance, Business Management, Operations Management and Project Management;
- Individual qualities including commitment, available time to attend to the business of the Credit Union, ability, and willingness to represent the interest of the Credit Union at various levels locally and abroad;
- Representation from Carriacou/Petite Martinique;
- Representation of the older members of the Credit Union;
- Opportunities for involving younger members of the Credit Union;
- Relating to the Supervisory and Compliance Committee, the ability to command the respect of members, regulators, and competitors, and conduct matters with the highest level of propriety and confidentiality; and
- Relating to the Credit Committee, the ability to analyse the financial viability of projects and appreciate a risk-based approach to lending

strategies. Also, the ability to contribute and underpin discussions which leads to the development of new products and strategies.

The requirements of the Act and By-laws are as follows:

- Is eighteen (18) years or over
- Is a citizen or legal resident of Grenada
- Is a descendant of a citizen of Grenada, irrespective of place of birth and residence
- Is a citizen of the OECS or CARICOM
- Holds twenty-five (25) fully paid qualifying shares
- Has been a member for not less than six (6) months
- Saved and/or conducted business transactions regularly, maintaining an active account(s)
- Is in good financial standing

VACANCIES

Outlined below are the vacant positions for consideration by the Committee:

Board of Directors

There were three (3) vacancies on the Board of Directors as follows:

1. One **three-year term** to replace Bro. Aaron Moses who has completed a 2nd three-year term **and is not eligible for re-election;**
2. One **three-year term** to fill the vacancy of Sis. Carla Thomas-Ross, who has completed a 2nd three-year term and **is not eligible for re-election;** and
3. One **three-year term** to fill the vacancy of Sis. Lyndonna Hillaire-Marshall who has served the remaining term of Bro. Dennis Cornwall and is now **eligible for election for her first term.**

Supervisory and Compliance Committee

There was one (1) vacancy on the Supervisory and Compliance Committee as follows:

1. One **three-year term** to fill the vacancy of Bro. Adrian Strachan who has completed a 1st three-year term and **is eligible for re-election.**

Credit Committee

There were two (2) vacancies on the Credit Committee as follows:

1. One three-year term to fill the vacancy of Justin Hazzard who has completed a 2nd three-year term and is **not eligible for re-election.**
2. One three-year term to fill the vacancy of Ann Isaac who has completed a 2nd three-year term and is **not eligible for re-election.**

The Nominees were as follows:

1. *Kivette Joseph-Charles*
2. *Melecia S. Japal-Rodney*
3. *Carla Blackman-Joseph*
4. *Tricia Melville*
5. *Kishona Hypolite*
6. *Alana Twum-Barimah*
7. *Judy Pivotte*
8. *Lyndonna Hillaire-Marshall*
9. *Desiree Stephen*
10. *Merryl Phillip-Sylvester*
11. *Adrian Strachan*

NOMINATIONS

- **Board of Directors**
- The Nomination Committee considered eight (8) nominations:
  1. Sis. Lyndonna Hillaire-Marshall *(eligible to serve her first three-year term)*
  2. Sis. Tricia Melville
  3. Sis. Alana Twum-Barimah
  4. Sis. Kivette Joseph-Charles
  5. Sis. Desiree Stephen
  6. Sis. Melecia Japal-Rodney
  7. Sis. Carla Blackman-Joseph
  8. Sis. Kishona Hypolite

- **Supervisory and Compliance Committee**
- The Nominating Committee considered five (5) nominations and one (1) incumbent who is eligible to serve a serve a second three-year term as follows:
  1. Sis. Desiree Stephen
  2. Sis. Judy R. Pivotte
  3. Sis. Merryl Phillip-Sylvester
  4. Bro. Adrian Strachan *(eligible to serve his 2nd three-year term)*
  5. Sis. Carla Blackman-Joseph

- **Credit Committee**
- The Nomination Committee considered five (5) nominations:
  1. Sis. Desiree Stephen
  2. Sis. Judy R. Pivotte
  3. Sis. Kivette Joseph-Charles
  4. Sis. Melecia Japal-Rodney
  5. Sis. Carla Blackman-Joseph

Based on the criteria for serving on the various committees, eight (8) of the eleven (11) nominees were eligible to serve.

GUIDELINES AND GOVERNANCE TRAINING

The Nominating Committee noted and adopted the Guidelines and Scorecard for considering nominees to the Board of Directors and Committees. These Guidelines detailed the skillsets 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.

The Governance training was held on the 25th May 2023 and zeroed in on the key areas below:

- The Credit Union Difference
- Effective Governance
- Role of the Regulator and statutory obligations of the Credit Union
- Financial Structure of Ariza and Prudential Standards

RECOMMENDATIONS

After considering the Guidelines and the nominations received, the Committee noted the decrease in the number of applicants received this year as well as the decrease in male representation. It was also noted that the incumbents who were eligible for re-election had performed well during their initial term and therefore, with the need for continuity and stability, the Nominating Committee recommends as follows:

- **Board of Directors**
    1. Sis. Lyndonna Hillaire-Marshall for a first three-year term.
    2. Sis. Tricia Melville for a first three-year term.
    3. Sis. Alana Twum-Barimah for a first three-year term.

- **Supervisory and Compliance Committee**
    1. Bro. Adrian Strachan for a second three-year term.

- **Credit Committee**
    1. Sis. Desiree Stephen for a first three-year term
    2. Sis Judy Pivotte for a first three-year term

The Nominating Committee also made recommendations as follows:

- The shortlisted candidates should be the only submissions for analysis by the Committee.
- As it relates to the Governance Training, candidates who received training in the past and reapplied should receive a refresher course after a period of three years.

The Bios of the nominees are annexed to this Report.

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 for its work. The Nominating Committee also extends thanks to all those who expressed interest in serving on various committees of the Credit Union as well as to all members who have contributed to this aspect of our governance over their tenure.

Lyndon Bubb
Chairman

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 31st December 2022 and is made up of three elements which are assets, liabilities and capital.

ASSETS

These are resources owned, which contribute 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 are those assets through which a return is directly generated. Ariza's earning assets consists of Investments.

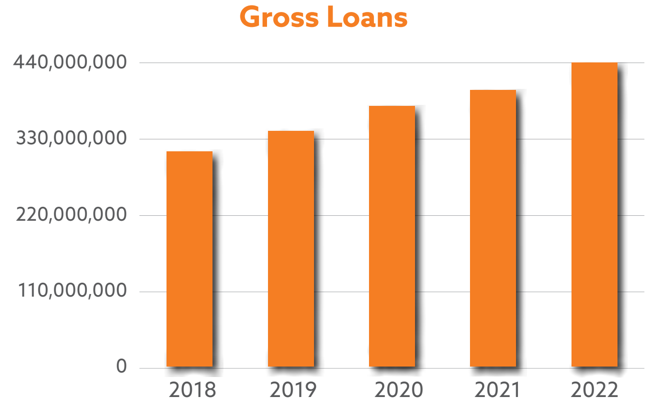
Investments are made predominantly in our members through loans. Additionally, investments via financial assets and real property are also pursued.

- **Members' Loans**

  Members' loans account for 75.46% of the asset base and as such, is the main source of revenue. At the end of 2022, the gross loan portfolio grew by $33.9M or 8.40% over 2021. The gross portfolio stood at $437.3M. Total Loans disbursed in the year 2022 amounted to $113.09M.

  Graph 1.1 below shows the growth in gross loans over the last five (5) years.

Graph 1.1



Loans past-due-90 days and loans which experienced significant increase in credit risk and/ or are impaired, stood at $36.9M or 8.43% of the gross loan portfolio as at 31st December 2022. The standard recommends a percentage of 5%.

- **Financial Assets**

The financial assets held by Ariza were mainly in the form of term deposits, treasury bills, and investment in shares.

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. Ariza Credit Union did not purchase or sell any financial assets of this kind in the year 2022. Available for Sale financial assets stood at $1.38M at the end of 2022.

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.

   At the end of 2022, total financial assets stood at $47.0M. During the period, the Credit Union was able to generate a return of 3.31% amounting to $1.52M. 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 from the parking lot for the year 2022 amounted to $299.9K. One property was sold at Morne Jaloux in the year 2022. A total of $71.6K in the year 2022 was realized from this sale.

Non-Earning Assets

Non-Earning Assets are assets which 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 which are used in the Credit Union's operations. In 2022, there was a decrease in the Credit Union's PPE from $24.95M to $24.22M. This represented a decrease of $732K or 2.93%.

- **Cash and Cash Equivalents**

With the growth of the Credit Union, there has been an increase in the need for operational cash. Notwithstanding, emphasis was placed on minimizing idle cash through the pursuit of investments with a return above the cost of deposits. The extremely liquid market resulted in a decrease in the return on investments, thereby minimizing the availability of feasible instruments. This was reflected in the increase of $33.4M or 101.7% in cash and cash equivalents over 2021. 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 24.32%, which was above the prescribed standard of 15%.

LIABILITIES

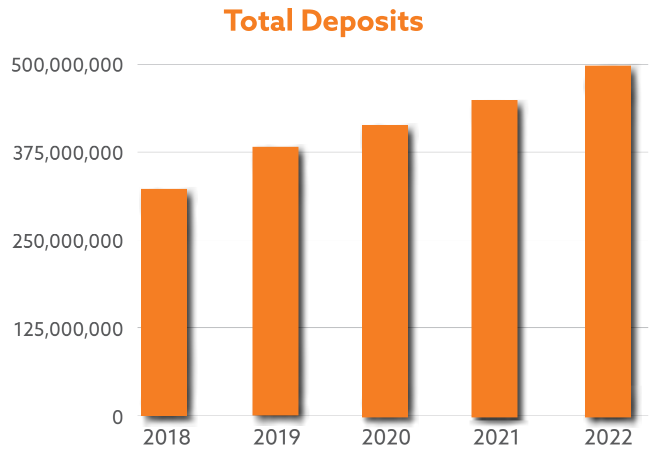
Liabilities capture the financial obligations of the Credit Union. It details the indebtedness to persons or institutions. Our main liabilities are members' deposits and savings.

- **Members Lifetime Savings/Other Deposits**

  In 2022, the total deposit portfolio stood at $497.5M. This represented a growth of $48M or 10.70% over 2021. This increase was fueled mainly by members' investment in Lifetime Savings and Savings Deposits. Over the year, the Lifetime Savings portfolio grew by $29.7M or 12.14% and Other Savings Deposits by $18.4M or 8.99%.

  Graph 1.2 below shows growth in total deposits over the last five (5) 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 $2.7M or 20.77% in the year ended 2022.

- **Other Liabilities**

  Other liabilities stood at $1.5K as at year ended 2022. These other liabilities represent interest on Ariza's Staff Pension Plan as at 31st December 2022.

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 members' investment in excess of the $200 mandatory qualifying shares. This investment allows the members to share in the year end surplus through the payment of a dividend. In the financial year 2022, equity shares grew by $853K or 5.31%. At the end of the year, the balance stood at $16.91M.

- **Institutional Capital**

  At the end of 2022, the capital-to-total assets stood at 10.72% of which Institutional Capital accounted for 7.80%. 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 shares which define eligibility for membership. Qualifying Shares stood at $6.10M in the year 2022. This represented a growth of $810.83K or 15.32%.

  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 2022, the Credit Union's Statutory Reserve stood at $18.79M.

  III. Accumulated Surplus - Accumulated surplus stood at $20.38M at the end of 2022.

Statement of Comprehensive Income

The Credit Union earned total income of $34.5M during the year 2022 as compared to $33.4M in 2021. Income from loans amounted to $30.8M and non-interest income totaled $3.68M. Loan interest income recorded a decrease of $81K or 0.26% over 2021.

Interest on deposits and other finance cost amounted to $11.74M, which represented an increase of $397M or 3.50% over the year 2021.

As at December 2022, total operating expenses stood at $12.87M. This represented an increase of $1.69M or 15.14% when compared to 2021. The Credit Union continued to efficiently manage its operating costs with an operating cost to average total asset ratio of 2.23%, which was within the standard of 5% maximum.

Ariza recorded a surplus before provision of $9.8M. This continues to show the success of the Credit Union business model and the commitment of our members to the Credit Union. In the yearly review, the Credit Union saw it prudent to increase its provision as a measure of prudence, in light of the effect that Covid 19 had on members and by extension, the financial landscape. The result was an extraordinary provision in the amount of $4.5M. Surplus before appropriation amounted to $4.9M, an increase of $1.25M or 34.2% on 2021. At the end of 2022, the Credit Union was able to transfer $2.89M of unallocated surplus to accumulated Surplus.

The financial performance of your Credit Union speaks to a marriage of member confidence and astute management. We are thankful for the tremendous support and loyalty from members, management and staff over the Credit Union's 75 years in operation. As we envision another 75 years, we look forward to continued commitment, perseverance and loyalty. Your Board promises its unwavering support as we continue on our mission to transform our members' lives.

Carla Thomas-Ross
Treasurer

RATIO ANALYSIS

Ratios	Goal	Dec-2022	Dec-2021
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%**	71.82%	73.96%
Savings Deposits/Total Assets	**70-80%**	85.75%	85.81%
Member Share Capital/Total Assets	**>=3%**	2.91%	3.07%
Institutional Capital (other)/Total Assets	**>=7%**	7.80%	7.95%
Asset Quality			
Balance of Del loans >90 /Gross Loan Portfolio	**<=5%**	8.47%	8.27%
Non-Earning Assets/Total Assets	**<=5%**	17.11%	12.89%
Rates of Return and Cost (Annualized)			
Fin Investment Income/Avg. fin investments	**Market Rate 2%**	3.31%	3.27%
Fin costs:savings deposit/Average sav deposits	**Market Rate 2%**	2.32%	2.45%
Operating Expenses/Average Total Assets	**<=5%**	2.33%	2.21%
Liquidity			
Liquid Assets-ST payables/Unencumbered deposits	**Min 15%**	24.32%	20.02%
Signs of Growth (Annualized Growth Rate)			
Total Assets	**> inflation+10%**	10.78%	6.98%
Loans to Members	**5%**	8.40%	7.80%
Savings deposits	**5%**	10.70%	7.98%
Share Capital (N)	**Min 15%**	15.32%	22.12%
Institutional Capital	**Min 10%**	10.26%	10.84%
Membership	**Min 15%**	9.10%	6.21%

*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, 2022
(Expressed in Eastern Caribbean Dollars)

CONTENTS

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PKF
Accountants & business advisers

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, 2022, 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, 2022 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 2022 Annual Report

Other information consists of the information included in the Credit Union's 2022 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.

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A., CPA, CGA (Mrs.), Michelle K. Bain ACCA (Miss)

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

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

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

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.

PKF

GRENADA
June 5th, 2023

Accountants & Business Advisers

ARIZA CREDIT UNION LIMITED
Statement of Financial Position
for the year ended December 31, 2022

(Expressed in Eastern Caribbean dollars)

	Notes	2022 $	2021 $
Assets:			
Earning Assets			
Members' loans	6	417,279,110	387,976,683
Investment properties	7	16,578,217	16,860,202
Investment securities	8	47,055,702	51,400,842
Total earning assets		480,913,029	456,237,727
Non-earning Assets			
Property and equipment	9	24,222,667	24,954,968
Other Assets			
Accounts receivables and prepayments	10	8,714,551	9,674,464
Cash and cash equivalents	11	66,361,468	32,904,878
		99,298,686	67,534,310
Total Assets		580,211,715	523,772,037
Equity and Liabilities			
Equity			
Members' qualifying equity	12	6,104,748	5,293,916
Statutory reserve	13	18,794,099	17,393,178
Accumulated surplus		20,382,154	18,378,688
Total Institutional capital		45,281,001	41,065,782
Members' equity shares	14	16,058,046	16,058,046
Other funds and reserves			
Development fund	15(a)	285,644	248,215
Education fund	15(b)	1,106,037	959,054
Education savings plan fund	15(c)	1,414,287	1,164,805
Provident fund	15(d)	608,077	449,091
		3,414,045	2,821,165
Total Equity		65,606,100	59,944,993
Liabilities			
Members' life time savings	16	274,027,666	244,366,041
Other deposits	17	223,494,301	205,056,241
Non-interest bearing liabilities	18	15,671,655	12,976,112
Pension liability		1,410,486	1,426,950
Other liabilities		1,507	1,700
Total liabilities		514,605,615	463,827,044
Total Equity and Liabilities		580,211,715	523,772,037

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

Director:　　　　　　　　Director:

ARIZA CREDIT UNION LIMITED
Statement of Comprehensive Income
for the year ended December 31, 2022
(Expressed in Eastern Caribbean dollars)

	2022 $	2021 $
Income from loans:		
Interest from member loans	30,767,809	30,848,897
Fees and charges	1,898,604	1,375,349
Loan protection	(1,199,828)	(1,145,293)
Other income from loans	64,643	34,142
Net loan income	31,531,228	31,113,095
Income from Liquid Investments:		
Interest on investments	1,496,801	1,458,668
Dividends on investments	20,788	37,336
Non-related income	1,405,909	844,067
	2,923,498	2,340,071
Total income	33,454,726	33,453,166
Financial Cost:		
Interest expenses on savings	10,963,503	10,610,537
Life savings insurance	489,077	457,305
Other financial cost	292,381	280,058
	11,744,961	11,347,900
Gross Margin	22,709,765	22,105,266
Operating expenses:		
Personnel expenses	6,525,064	6,053,804
Governance	468,125	363,680
Occupancy Expense	967,099	846,289
Marketing expense	1,276,997	734,396
Administration	2,652,633	2,115,050
Depreciation	985,841	1,069,844
	12,875,759	11,183,063
Total operating surplus	9,834,006	10,922,203
Less: Allowance for expected credit loss	(4,552,944)	(6,682,676)
Provision for vacation accrual	(64,195)	(113,733)
Provision for pension accrual	(317,429)	(420,000)
Write off - other receivable	(54,000)	(54,000)
Surplus for the year before appropriation	4,899,438	3,651,794
Appropriations		
Transfer to: Statutory Fund	1,224,859	912,948
Provident fund	244,972	182,590
Education of members' fund	146,983	109,554
Education savings plan fund	244,972	182,590
Development fund	146,983	109,554
Total comprehensive income for the year	2,890,669	2,154,558

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

ARIZA CREDIT UNION LIMITED
Statement of Changes in Members' Equity
for the year ended December 31, 2022
(Expressed in Eastern Caribbean dollars)

	Qualifying and Equity Shares $	Statutory Reserve $	Other Funds and Reserves $	Accumulated Surplus $	Total Equity $
Balance at January 1, 2021	19,773,266	16,187,648	2,445,115	16,802,005	55,208,034
Net movement in shares	1,578,696	-	-	-	1,578,696
Entrance fees	-	29,660	-	-	29,660
Net movement on other funds and reserves	-	1,175,870	376,050	(1,497,236)	54,684
Dividends paid	-	-	-	(577,875)	(577,875)
Net surplus for the year	-	-	-	3,651,794	3,651,794
Balance at December 31, 2021	21,351,962	17,393,178	2,821,165	18,378,688	59,944,993
Net movement in shares	1,663,840	-	-	-	1,663,840
Entrance fees	-	44,720	-	-	44,720
Net movement on other funds and reserves	-	1,356,201	592,880	(2,008,770)	(59,689)
Dividends paid	-	-	-	(887,202)	(887,202)
Net surplus for the year	-	-	-	4,899,438	4,899,438
Balance at December 31, 2022	23,015,802	18,794,099	3,414,045	20,382,154	65,606,100

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

ARIZA CREDIT UNION LIMITED
Statement of Cash Flows
for the year ended December 31, 2022
(Expressed in Eastern Caribbean dollars)

Operating activities	**2022** **$**	**2021** **$**
Net surplus for the year	4,899,438	3,651,794
Adjustments for:		
Provision for credit loss	4,552,944	6,682,676
Provision for vacation accrual	64,195	113,733
Depreciation	985,841	1,069,844
Interest income	(32,264,610)	(32,307,565)
Interest expense	10,963,503	10,610,537
Net movement in reserves	(59,687)	54,684
Write off - other receivable	-	-
Prior year adjustment	-	(253,603)
Operating loss before changes in working capital	(10,858,376)	(10,377,900)
Change in accounts receivable and prepayments	3,119,513	(620,520)
Change in Members' loans	(33,855,371)	(30,966,161)
Change in Members' deposits	29,661,625	28,469,371
Change in other deposits	18,438,060	4,755,574
Change in non-interest bearing liabilities	2,259,807	(4,104,799)
Change in pension liability	(16,464)	420,000
Change in other liabilities	(193)	-
	8,748,601	(12,424,435)
Interest received	30,105,010	33,410,263
Interest paid	(10,591,965)	(10,557,066)
Net cash provided by operating activities	28,261,646	10,428,762
Investing activities		
Purchase of property and equipment	(356,571)	(644,111)
Disposal of property and equipment	103,031	-
Purchase of investment properties	(845,528)	(744,384)
Sales of investment properties	1,127,513	95,689
Net movement in investment securities	4,345,140	(4,507,147)
Net cash used in investing activities	4,373,585	(5,799,953)
Financing activities		
Entrance fees	44,720	29,660
Dividends paid	(887,202)	(577,875)
Increase in members' shares	1,663,841	1,578,696
Net cash (used in)/provided by financing activities	821,359	1,030,481
Increase in cash and cash equivalents	33,456,590	5,659,290
Cash and cash equivalents, beginning of year	32,904,878	27,245,588
Cash and cash equivalents, end of year	66,361,468	32,904,878

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

1. NATURE OF OPERATIONS

The principal activities of Ariza Credit Union Limited ("The Credit Union") (previously named the Grenada Public Service Co-operative Credit Union Limited) centre around its mission of improving the quality of life of its members through sound financial solutions tailored to their needs. Over the past seventy-five (75) years, the Credit Union has provided all-inclusive financial solutions to members including savings, investment, and credit facilities

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 one hundred and two (102) persons during the year compared to ninety-six (96) persons in 2021.

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 (IFRSs) 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 (IFRSs) adopted by the International Accounting Standards Board (IASB). These financial statements were approved by the Board of Directors on June 5, 2023.

3. BASIS OF PREPARATION *(continued)*

(b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Credit Union's annual financial statements for the year ended December 31st, 2021, except for the adoption of new standards and interpretations below.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective 1 January 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant, and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

3. BASIS OF PREPARATION *(continued)*

(b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations (continued)

Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract (Effective 1 January 2022)

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach.' The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the Credit Union.

(ii) Standards in issue not yet effective

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 IAS 1 – Classification of Liabilities as Current and Non-Current (Effective 1 January 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

3. BASIS OF PREPARATION *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information.' Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not bedisclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1st January, 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty."

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.

- The effects of a change in an input or measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

3. BASIS OF PREPARATION ***(continued)***

(b) Changes in accounting policies and disclosures

(ii) Standards in issue not yet effective (continued)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  – Right-of-use assets and lease liabilities.
  – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

3. BASIS OF PREPARATION ***(continued)***

(b) Changes in accounting policies and disclosures

(ii) Standards in issue not yet effective (continued)

IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IFRS 4 – Extension of the Temporary Exemption for applying IFRS 9 changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January, 2023.

3. BASIS OF PREPARATION *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(iii) 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 IFRSs. The following amendments are applicable to periods beginning on or after 1st 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.

4.2 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Revenue recognition (continued)

(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.

4.4 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 *Leases*

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.

(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, they 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(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:

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(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.

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).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Financial instruments (continued)

(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:

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 (e.g., more stringent covenants);
- significant increases in credit risk on other financial instruments from the same borrower;
- an actual or forecast significant adverse changes in the business, financial or economic conditions that are expected to significantly affect the borrower's ability to meet its debt obligations (e.g., increase in interest rates and unemployment rates);
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower or decrease in 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,
- 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 behavior 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 unlikeliness 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 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 the 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, and 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 Cooperative 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.

(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 (2021: nil).

6. MEMBERS' LOANS

		2022	2021
		$	**$**
General loans		437,271,312	403,396,913
Members overdraft accounts		583,203	602,231
		437,854,515	403,999,144
Allowance for doubtful loans		(20,575,405)	(16,022,461)
Total members' loans		417,279,110	387,976,683
Current		34,008,003	20,992,318
Non-current		383,271,107	366,984,365
		417,279,110	387,976,683
Allowance for expected credit loss			
Balance at January 1st, 2022	$	16,022,461	11,024,020
Amounts written off during the year		-	(1,684,235)
Allowance for expected credit loss for the year		4,552,944	6,682,676
Balance at December 31st, 2022	$	20,575,405	16,022,461

The average interest rate earned on the members' loans during the financial year was 7.32% (2021: 7.93%).

7. INVESTMENT PROPERTIES

	Land $	Building $	Total $
Balance at January 1, 2021	15,161,785	1,049,722	16,211,507
Additions during the year	96,899	647,485	744,384
Sale during the year	(95,689)	-	(95,689)
Balance at December 31, 2021	15,162,995	1,697,207	16,860,202
Additions during the year	-	845,528	845,528
Sale during the year	(40,928)	(1,086,585)	(1,127,513)
Balance at December 31, 2022	15,122,067	1,456,150	16,578,217

8. INVESTMENT SECURITIES

	2022 $	2021 $
(a) **Financial assets at fair value through other comprehensive income (FVTOCI)**		
Equity financial assets		
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	424,153
Total Financial assets at fair value through OCI	**1,380,888**	**1,380,888**
(b) **Financial assets at amortised cost**		
Treasury bills		
Government of Antigua & Barbuda	4,901,603	5,916,151
Government of St. Lucia	2,555,772	2,555,772
Government of Grenada	4,864,736	4,864,736

8. INVESTMENT SECURITIES (continued)

Financial assets at amortised cost (continued)

	2022 $	2021 $
Fixed deposits		
Grenada Union of Teachers Co-operative Credit Union Limited	6,969,108	6,606,543
Communal Co-operative Credit Union Limited	4,654,192	4,556,319
Grenada Co-operative League Limited	1,700,315	1,666,091
First Citizens Investment Limited	5,923,036	5,923,036
Community First Credit Union Limited	4,373,145	4,266,483
Grenville Co-operative Credit Union Limited	620,907	602,823
Eastern Caribbean Home Mortgage Bank	7,112,000	7,062,000
Fixed rate bond		
Government of St. Lucia	2,000,000	2,000,000
Government of Grenada	-	4,000,000
Total Financial assets at amortised costs	45,674,814	50,019,954
Total Investment securities	47,055,702	51,400,842
Current	42,165,013	46,462,874
Non-current	4,890,689	4,937,968
	47,055,702	51,400,842

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, 2021										
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**	**23,291**	**-**	**25,380,701**
For year ended 31st December, 2021										
Opening book value	1,097,327	22,312,403	1,172,153	420,262	135,949	133,926	75,721	32,960	-	25,380,701
Additions for the year	106,895	113,912	17,712	88,849	6,403	-	310,340	-	-	644,111
Transfers	(567,877)	108,661	36,028	25,226	64,832	-	333,130	-	-	-
Depreciation charge for year	-	(483,161)	(189,401)	(275,700)	(67,947)	(29,655)	(14,311)	(9,669)	-	(1,069,844)
Net book value	**636,345**	**22,051,815**	**1,036,492**	**258,637**	**139,237**	**104,271**	**704,880**	**23,291**	**-**	**24,954,968**
Balance at 31st December, 2021										
Cost	636,345	24,577,133	2,321,169	3,430,580	898,429	407,875	723,857	48,347	188,630	33,232,365
Accumulated depreciation	-	(2,525,318)	(1,284,677)	(3,171,943)	(759,192)	(303,604)	(18,977)	(25,056)	(188,630)	(8,277,397)
Net book value	**636,345**	**22,051,815**	**1,036,492**	**258,637**	**139,237**	**104,271**	**704,880**	**23,291**	**-**	**24,954,968**
For year ended 31st December, 2022										
Opening book value	636,345	22,051,815	1,036,492	258,637	139,237	104,271	704,880	23,291	-	24,954,968
Additions for the year	55,839	-	64,796	52,640	-	149,386	33,910	-	-	356,571
Transfers	(202,765)	-	174,338	28,427	-	-	-	-	-	-
Disposals during the year	(8,007)	-	(3,837)	(11,629)		(79,558)	-	-		(103,031)
Depreciation charge for year	-	(484,137)	(202,948)	(157,985)	(65,313)	(47,602)	(18,187)	(9,669)	-	(985,841)
Net book value	**481,412**	**21,567,678**	**1,068,841**	**170,090**	**73,924**	**126,497**	**720,603**	**13,622**	**-**	**24,222,667**
Balance at 31st December, 2022										
Cost	489,419	24,577,133	2,560,303	3,511,647	898,429	557,261	757,767	48,347	188,630	33,588,936
Accumulated depreciation	(8,007)	(3,009,455)	(1,491,462)	(3,341,557)	(824,505)	(430,764)	(37,164)	(34,725)	(188,630)	(9,366,269)
Net book value	**481,412**	**21,567,678**	**1,068,841**	**170,090**	**73,924**	**126,497**	**720,603**	**13,622**	**-**	**24,222,667**

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2022	2021
	$	$
Due from Grenada Co-operative Bank Limited – ATM	3,586,656	3,838,895
Due from Communal Co-operative Credit Union Limited	1,645,430	547,164
Prepaid expenses	96,154	119,001
Due from Grenada Union of Teachers Credit Union	1,089,037	524,281
Other accounts receivable	533,326	786,190
Interest receivable	1,764,076	3,923,676
	8,714,679	9,739,207
Less: Provision for Fraud Loss	(128)	(64,743)
	8,714,551	9,674,464

11. CASH AND CASH EQUIVALENTS

	2022	2021
	$	$
Cash on hand	4,770,543	5,695,296
Cash in bank	61,590,925	27,209,582
Cash and cash equivalents per statement of cash flows	66,361,468	32,904,878

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 $20.00 can be paid towards the acquisition of shares.

13. STATUTORY RESERVE

	2022	2021
	$	$
Balance at January 1, 2022	17,393,178	16,187,648
Allocation for the year – 25% of surplus	1,224,859	912,948
Receipts from loans written-off	131,342	262,922
Entrance fees	44,720	29,660
Balance at December 31, 2022	18,794,099	17,393,178

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 additional share investment in the Credit Union apart from qualifying shares.

15. OTHER FUNDS AND RESERVES

(a) Development fund

	2022	2021
	$	$
Balance at January 1, 2022	248,215	271,210
Allocation for the year	146,983	109,554
Remittance to Grenada Co-operative League Limited	(109,554)	(122,191)
Remittance to Dominica Co-operative League	-	(10,358)
Balance at December 31, 2022	285,644	248,215

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*

	2022	2021
	$	$
Balance at January 1, 2022	959,054	850,800
Allocation for the year	146,983	109,554
Disbursements during the year	-	(1,300)
Balance at December 31, 2022	1,106,037	959,054

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

(c) *Education savings plan fund*

	2022	2021
	$	$
Balance at January 1, 2022	1,164,805	977,392
Allocation for the year	244,972	182,590
Interest allocated for the year	4,510	4,823
Balance at December 31, 2022	1,414,287	1,164,805

This fund was set up to provide scholarship to members.

(d) *Provident fund*

	2022	2021
	$	$
Balance at January 1, 2022	449,091	345,713
Allocation for the year	244,972	182,590
Disbursements during the year	(85,986)	(79,212)
Balance at December 31, 2022	608,077	449,091

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

16. MEMBERS' LIFE-TIME SAVINGS

	2022	2021
	$	$
Balance at December 31, 2022	274,027,666	244,366,041

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 2.75% per annum.

17. OTHER DEPOSITS

	2022	2021
	$	$
Term deposits	104,379,465	101,497,423
Savings	76,296,595	67,494,071
Education savings plan	15,243,804	14,412,696
Retirement savings	13,937,081	12,230,481
Internal holding	6,289,357	2,812,053
Insurance and group life savings plan	2,111,592	1,919,001
Loan payment savings	1,397,047	1,506,950
Excel savings	443,829	439,785
Business Savings	1,219,571	748,414
Trust accounts	586,461	599,218
Estate Management	499,793	750,151
Golden nest	1,036,274	598,775
Standing order	40,093	33,211
Micro-finance savings	12,402	13,317
Other deposits	937	695
	223,494,301	205,056,241

These deposits have various maturity profiles with interest rates varying from 0% to 4% (2021: 0% to 4%.

18. NON-INTEREST-BEARING LIABILITIES

	2022	2021
	$	$
Interest payable	1,461,878	1,833,416
Sundry creditors and accruals	996,243	1,021,992
International debit card payables	4,253,272	4,182,136
Other accounts payable	8,960,262	5,938,568
	15,671,655	12,976,112

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:

a) A person or a close member of that person's family is related to the Credit Union if that person:
   (i) has control or joint control over the Credit Union;
   (ii) has significant influence over the Credit Union; or
   (iii) is a member of the key management personnel of the Credit Union, or of a parent of the Credit Union.

b) An entity is related to the Credit Union if any of the following conditions applies:
   (i) The entity and the Credit Union are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.

20. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Related parties

(i) 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.

(ii) The entity is controlled, or jointly controlled by a person identified in (a).

(iii) 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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Board of Directors	2,834,774	3,023,667	893,272	844,482
Credit committee	1,095,117	1,277,503	328,035	460,857
Supervisory committee	128,896	118,767	320,123	204,114
Key management personnel	2,341,370	2,925,060	263,979	1,861,630
Total related party balances	6,400,157	7,344,997	1,805,409	3,371,083

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.

	2022	2021
	$	$
Interest income on loans	383,082	420,888
Interest expense on deposits	29,152	72,226
Accrued interest payable on deposits	-	6,681

Interest rates on related party deposits range from 0% to 4% (2021: 0% to 4%). Interest rates on related party loans range from 3% to 12% (2021: 3% to 12%).

20. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Related parties (continued)

Remuneration of key management personnel

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

	2022	2021
	$	$
Salaries and allowances	325,104	718,163

21. DIVIDENDS

During the year, the Credit Union paid $887,202 as dividends (2021: $577,875) to its members as follows:

	2022	2021
	$	$
Dividends paid	617,458	577,875
Rebate paid	269,744	-
	887,202	577,875

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.

22. FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

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.

22.1 *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.

22. FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

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.

	2022	2021
	$	$
On-balance sheet		
Cash and cash equivalents	66,361,468	32,904,878
Accounts receivable (excluding prepayments and deferred expenses)	8,085,071	8,769,273
Members' loans	417,279,110	387,976,683
Investment securities	47,055,702	51,400,842
	538,781,351	481,051,676

	2022	2021
	$	$
Off-balance sheet		
Loan commitments and other credit related facilities	14,339,063	4,977,239

22. FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

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	393,405,315	931,932	392,473,384
Stage 2	5,682,828	99,449	5,583,378
Stage 3	38,766,372	19,544,204	19,222,348
As at December 31, 2022	437,854,515	20,575,405	417,279,110

	Gross Amount	**ECL**	**Net Amount**
	$	**$**	**$**
Stage 1	366,323,205	347,039	365,976,166
Stage 2	2,851,909	28,519	2,823,390
Stage 3	34,824,030	15,646,903	19,177,127
As at December 31, 2021	403,999,144	16,022,461	387,976,683

<u>Stage 1 loans</u>
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)

a. 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, 2022 (2021: 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)

22.2 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, 2022

	On demand	Up to 1 year	1-5 years	Over 5 years	Total
	$	$	$	$	$
Liabilities					
Members' life time Savings	178,670,972	10,410,155	32,203,420	52,743,119	274,027,666
Other deposits	223,494,301	-	-	-	223,494,301
Non-interest bearing liabilities	15,671,655	-	-	-	15,671,655
Pension liability	-	-	1,410,486	-	1,410,486
Other liabilities	1,507	-	-	-	1,507
	417,838,435	10,410,155	33,613,906	52,743,119	514,605,615

22. FINANCIAL INSTRUMENT RISK (continued)

22.2 Liquidity risk analysis *(continued)*

As of December 31, 2021

	On demand $	Up to 1 year $	1-5 years $	Over 5 years $	Total $
Liabilities					
Members' life time Savings	153,352,636	6,725,609	22,924,998	61,362,798	244,366,041
Other deposits	205,056,241	-	-	-	205,056,241
Non-interest bearing liabilities	12,976,112	-	-	-	12,976,112
Pension liability	-	-	1,426,950		1,426,950
Other liabilities	1,700	-	-	-	1,700
	371,386,689	6,725,609	24,351,948	61,362,798	463,827,044

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.

As of December, 2022	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		66,361,468	-	-	-	-	66,361,468
Trade and other receivables		-	-	-	-	8,085,071	8,085,071
Members' loan	3% - 16%	583,203	35,002,265	73,192,354	308,501,288	-	417,279,110
Investment securities	2% - 5.75%	18,317,667	23,847,346	3,509,801	-	1,380,888	47,055,702
Total financial assets		85,262,338	58,849,611	76,702,155	308,501,288	9,465,959	538,781,351
Current liabilities							
Members' life-time savings	2.75%	178,670,972	10,410,155	32,203,420	52,743,118	-	274,027,666
Other deposits	0% - 3%	223,494,301	-	-	-	-	223,494,301
Non-interest-bearing liabilities		-	-	-	-	15,671,655	15,671,655
Pension liability		-	-	-	-	1,410,486	1,410,486
Other liabilities		-	-	-	-	1,507	1,507
Total financial liabilities		402,165,273	10,410,155	32,203,420	52,743,118	17,083,648	514,605,615
Total interest repricing gap		(316,902,935)	48,439,456	44,498,735	255,758,170	(7,617,689)	24,175,736

22. FINANCIAL INSTRUMENT RISK (continued)

22.3 *Market risk analysis (continued)*

(iii) Interest rate risk

As of December, 2021	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		32,904,878	-	-	-	-	32,904,878
Trade and other receivables		-	-	-	-	8,769,273	8,769,273
Members' loan	3.5% - 16%	602,231	20,645,279	86,790,048	279,939,125	-	387,976,683
Investment securities	2% - 5.75%	14,698,260	31,764,614	3,557,080	-	1,380,888	51,400,842
Total financial assets		48,205,369	52,409,893	90,347,128	279,939,125	10,150,161	481,051,676
Current liabilities							
Members' life-time savings	4%	153,352,636	6,725,609	22,924,998	61,362,798	-	244,366,041
Other deposits	2% - 4%	205,056,241	-	-	-	-	205,056,241
Non-interest-bearing liabilities		-	-	-	-	12,976,112	12,976,112
Pension liability		-	-	-	-	1,426,950	1,426,950
Other liabilities		-	-	-	-	1,700	1,700
Total financial liabilities		358,408,877	6,725,609	22,924,998	61,362,798	14,404,762	463,827,044
Total interest repricing gap		(310,203,508)	45,684,284	67,422,130	218,576,327	(4,254,601)	17,224,632

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)

22.4 *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

a) *Financial instruments not measured at fair value*

	Carrying Value		Fair Value	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	66,361,468	32,904,878	66,361,468	32,904,878
Investment securities:				
– Financial assets at amortised costs	45,674,814	50,019,954	45,674,814	50,019,954
Members' loans	417,279,110	387,976,683	417,279,110	387,976,683
Accounts receivable (excluding prepayments and deferred expenses)	8,085,071	8,769,273	8,085,071	8,769,273
	537,400,463	479,670,788	537,400,463	479,670,788
Financial liabilities				
Members' deposits	274,027,666	244,366,041	274,027,666	244,366,041
Other deposits	223,494,301	205,056,241	223,494,301	205,056,241
Non-interest bearing liabilities	15,671,655	12,976,112	15,671,655	12,976,112
Pension liability	1,410,486	1,426,950	1,410,486	1,426,950
Other liabilities	1,507	1,700	1,507	1,700
	514,605,615	463,827,044	514,605,615	463,827,044

(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, 2022 and December 31, 2021.

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, 2022		
Financial assets		
Investment securities:		
- Financial assets at fair value through other comprehensive income (FVTOCI)	1,380,888	1,380,888

	Level 3	Total
	$	$
December 31, 2021		
Financial assets		
Investment securities:		
- Financial assets at fair value through other comprehensive income (FVTOCI)	1,380,888	1,380,888

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.

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.

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	**2022**	2021
		%	%
1. Net Loans/Total Assets	70% to 80%	72%	74%
2. Institutional Capital/Total Assets	7% minimum	7.80%	7.84%
3. Total Delinquency/Total Loans	5% maximum	8.43%	8.27%

25. CONTINGENT LIABILITY

As of the reporting date, there was one (1) outstanding legal proceeding relating to pension payments against the Credit Union. This matter is currently at the stage of mediation. The Credit Union already has some provision in place for settlement. If a ruling goes against the Credit Union, any damages more than the existing provision, resulting therefrom will be charged to the Statement of Comprehensive Income at that time.

BUDGETED STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	DECEMBER ACTUAL 2022	BUDGET 2023	BUDGET 2024
Earning Assets			
Gross Loans	**437,271,312**	**483,571,312**	**538,971,312**
Less: Provision for loan bad debts	(20,575,405)	(23,575,405)	(26,575,405)
Net loans	**416,695,907**	**459,995,907**	**512,395,907**
Short Term Investments	43,674,814	50,175,473	55,175,473
Long Term Investments	3,380,888	8,380,888	8,580,888
Development Lands	16,578,217	12,978,216	8,478,216
Members Overdraft	583,203	554,043	404,043
Total Earning Assets	**480,913,027**	**532,084,527**	**585,034,527**
Non Earning Assets			
Fixed Assets	23,741,257	27,341,615	34,343,805
Rebranding	-	-	-
Morne Jalous WP	481,410	1,667,910	2,432,910
Receivables & prepayments	8,714,551	7,471,124	8,705,691
Cash on Hand & in Bank	66,361,468	70,004,009	64,237,233
Total Non-Earning Assets	**99,298,685**	**106,484,658**	**109,719,639**
Total Assets	**580,211,715**	**638,569,185**	**694,754,166**

STATEMENT OF FINANCIAL POSITION	DECEMBER ACTUAL 2022	BUDGET 2023	BUDGET 2024
Liabilities	-		
Members' Lifetime Savings	274,027,666	303,047,288	338,047,288
Savings	223,495,808	246,577,695	261,577,695
External Credit	-	-	-
Non Interest Bearing Liabilities	15,671,655	14,587,087	12,267,087
Staff Pension	1,410,486	1,830,486	2,250,486
Total Liabilities	**514,605,615**	**566,042,556**	**614,142,556**
Capital	-	-	-
Equity Shares	**16,911,054**	**15,086,158**	**13,361,262**
Institutional Capital	**-**	**-**	**-**
Qualifying Shares	6,104,748	9,229,444	12,604,340
Statutory Reserve	18,794,099	19,536,109	20,466,822
Accumulated Surplus	20,382,154	24,634,640	30,357,495
Earnings for Current Year	-	-	-
Total Institutional Capital	**45,281,001**	**53,400,193**	**63,428,657**
Other Funds & Reserves	**-**	**-**	**-**
Development Fund Reserve	285,644	354,888	387,480
Education of Members Reserve	1,106,037	1,242,265	1,341,085
Education Savings Plan Fund	1,414,287	1,774,668	1,359,969
Provident Fund	608,077	668,457	733,157
Total Capital	**65,606,100**	**75,526,629**	**80,611,610**
Total Liabilities & Capital	**580,211,715**	**638,569,185**	**694,754,166**

BUDGETED STATEMENT OF COMPREHENSIVE INCOME

	ACTUAL 2022	BUDGET 2023	BUDGET 2024
Income			
Net Loan Income	31,531,228	35,715,149	39,803,311
Total Non- Interest Income	2,923,499	3,525,659	3,868,692
Total Income	**34,454,727**	**39,240,808**	**43,672,003**
Cost/Expenses			
Total Financial Cost	**11,744,961**	**12,882,501**	**14,155,820**
Gross Margin	22,709,765	26,358,307	29,516,183
Operating Expenses			
Total Personnel Expenses	**6,525,064**	**9,184,777**	**10,358,421**
Total Member Interest Protection	**468,125**	**715,000**	**780,000**
Total Marketing Expenses	**1,276,996**	**1,070,000**	**1,145,000**
Total General & Admin Expenses	**3,619,731**	**3,957,786**	**4,260,959**
Total Depreciation	**985,841**	**1,073,141**	**1,497,810**
Total Operating Expenses	**12,875,759**	**16,000,704**	**18,473,993**

	ACTUAL 2022	BUDGET 2023	BUDGET 2024
Operating Surplus	9,834,006	10,357,603	11,473,993
Provision for Risk Assets	4,552,944	3,000,000	3,000,000
Provision for Vacation Accrual	64,195	150,000	180,000
Provision for Pension Accrual	317,429		
Surplus Before Appropriation	4,899,438	7,207,603	8,293,993
Transfer to Statutory Reserves	1,224,859	1,801,901	2,073,497
Transfer to Development Fund	146,983	216,228	248,820
Transfer to Education of Members Fund	146,983	216,228	248,820
Transfer to Education Plan Fund	224,972	360,380	414,700
Transfer to Provident Fund	224,972	360,380	414,700
Unallocated Surplus	2,890,669	4,252,486	4,893,456

CAPITAL BUDGET 2023 & 2024

	2023	2024
Computer Hardware	500,000	500,000
Computer Software	400,000	300,000
Leasehold Improvements	500,000	
Buildings	1,700,000	5,000,000
Furniture and Equipment	360,000	400,000
ATM	300,000	500,000
Morne Jaloux Land	1,800,000	2,565,000
Vehicles	300,000	
TOTAL	**5,860,000**	**9,265,000**

RESOLUTIONS

1. APPOINTMENT OF AUDITORS - 2023

WHEREAS the Annual General Meeting of 2021 approved the firm of PKF Accountant and Business Advisors as the Credit Union's Auditors,

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 2023.

2. APPROVAL OF BUDGET

WHEREAS it is required under the Credit Union's By-laws (section VII.IV 49 2(g)) that the budget be approved by the Annual General Meeting,

AND WHEREAS this budget is presented for the consideration of the meeting on pages 113-117 of the Annual Report and is highlighted as follows:

	2023	**2024**
Total Assets	$638.6M	$694.8M
Net Loans	$460.0M	$512.4M
Total Income	$39.2M	$ 43.7M
Total Expenses	$32.0M	$35.4M
Surplus before appropriation	$7.2M	$8.3M
Capital Expenditures	$5.7M	$9.3M

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

3. REIMBURSEMENT OF OFFICERS

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

WHEREAS it was approved by the AGM (Annual General Meeting) at its meeting of 26th August 2021 that members of the Board and Committees would be reimbursed on the following basis effective 1st October 2020:

Board of Directors:
President:
$1,000 per month

Secretary, Treasurer & Vice President:
$750 per month

Other Directors:
$500 per month

Supervisory & Compliance Committee:
Chairman & Secretary:
$550 per month

Other Members:
$500 per 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 Committee:
All members:
$130.00 per meeting

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 continues to grow,

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 reimbursements to compensate for same

BE IT RESOLVED
That the provision for the reimbursement of such costs be changed to reflect the following:

Board of Directors:
President:
$1,300 per month

Secretary, Treasurer & Vice President:
$850 per month

Other Directors:
$650 per month

Supervisory & Compliance Committee:
Chairman:
$600 per month

Secretary:
$550 per month

Other Members:
$500 per 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 Committee:
All members
$130.00 per meeting

MINUTES OF 75TH AGM

AGM/22/01 Welcome and Opening Remarks - Bro. Aaron Moses - Chairperson of the Opening Ceremony

The meeting was called to order at approximately 3:10 p.m. by the moderator of the Annual General Meeting (AGM), Bro. Aaron Moses.

Bro. Moses welcomed everyone to the third hybrid meeting. Members acknowledged the effectiveness of the hybrid format but made a clarion call to return to face-to-face meetings, for the camaraderie and physical sharing.

Bro. Moses indicated the significance of the chosen theme, *"Inspiring Hope",* particularly as the country was evolving from the trauma and experience of the Covid pandemic; a scenario which challenged the human spirit and the socio-economic structures, raising the issues of resilience and local capacity. He further stated that the day was also significant as Ariza was in the middle of celebrating its 75th anniversary. He emphasized that this milestone was worthy of attention given the core philosophy of Credit Unionism, where the primary mission was the enhancement of the lives of members. Bro. Moses thanked the founders, the visionaries whose dreams, actions and commitment bequeathed an institution that was now being enjoyed. He highlighted the challenge going forward to provide hope and incentives to the young members and to continue to build an institution which was a fundamental and critical pillar in societies across the world.

Sis. Florence Williams, Executive Manager: Loans & Credit Administration, was invited to lead the opening invocation. The Moderator invited the Acting President, Bro. Lyndon Bubb, to recognize invited guests and to deliver welcome remarks.

AGM/22/02 Remarks by Bro. Lyndon Bubb - Acting President, Ariza Credit Union Ltd.

The President acknowledged the presence of specially invited guests, including Ministers of Government, the General Manager of the Grenada Cooperative League Limited, Past Presidents of Ariza, other members of the Board of Directors, Committee members, the CEO, Management and Staff of Ariza, Assurance Partner PKF Grenada, Executive Director of GARFIN, Bro. Ray Roberts, Presiding Officer, Legal teams of Ariza Credit Union and Members of Ariza Credit Union.

Bro. Bubb extended a hearty welcome to everyone and advised that the President's message could be found on page 22 of the booklet.

He referenced the landscape in which the Credit Union continued to operate, noting the sustained impact of the pandemic globally. The President (Ag) highlighted the need for the Credit Union to be diligent in its strategic planning and to adopt new business practices to embrace the changing landscape and members' needs.

Bro. Bubb noted that the strategic focus for the next five (5) years would be to position the Credit Union to remain relevant and viable. Among key tenants of that focus would be digital transformation, service excellence, and business diversification. Bro. Bubb highlighted the milestones achieved in 2021 as follows:

- Total assets crossed the half a billion dollar threshold
- Gross loans of over $400 million
- Operating Surplus of over $10 million

He stated that the Ridgeway Residences project experienced significant traction, resulting in firm negotiations for the sale of two (2) houses and initial discussion for at least five (5) more.

Bro. Bubb informed the meeting that 2022 would be the year of transition in the leadership of the Credit Union and echoed the contributions made by Sis. Lucia Livingston-Andall, a visionary over the past twenty-five (25) years and Sis. Florence Williams, Executive Manager: Loans & Credit Administration, who served the Credit Union well for sixteen (16) years. He concluded by expressing gratitude to his colleagues on the Board and other committee members for their selfless service, the Management for their commitment and focus during challenging times, and to members for their loyalty.

AGM/22/03 Recognition of Departing Board Members

The President (Ag) recognized departing board members, Bro. Dennis Cornwall and Bro. Javan Williams who both served as President of the Board of Directors.

AGM/22/04 Special Presentations by Bro. Ambrose Phillip

Bro. Ambrose Phillip stated that he considered it a special privilege to be asked to represent the eleven (11) past presidents in recognizing the contributions made by Sis. Lucia Livingston-Andall and Sis. Florence Williams. In noting the contributions made by Sis. Florence Williams, he recognized her leadership in the achievement of strategic objectives in portfolio growth, Credit Management and Delinquency Management. He highlighted several initiatives including the revision of the department's organizational structure and its relocation to a new building on Church Street, the development and launch of new loan products, the adaptation of loan application processes to new software, updating policies and procedures, and management of the delinquency portfolio.

Bro. Phillip thanked and saluted Sis. Williams for her sixteen (16) years of dedicated service, her care and concern for members and work colleagues. He wished her God's richest blessings in the next chapter of her life's journey noting that it was a pleasure to have served with her.

Bro. Phillip reflected on the contributions made by Sis. Lucia Livingston-Andall, whose journey at the Credit Union began in 1996 as part of the Recruitment Committee tasked with finding a Manager for the Credit Union. He highlighted the critical role that she played in reshaping the strategic direction of the Credit Union. He also highlighted other key initiatives undertaken by Sis. Livingston-Andall as follows:

1. Amendments to the Credit Union By-laws
2. The expansion of the Credit Union Bond
3. Board leadership and development
4. Introduction of permanent shares
5. Refurbishment of Credit Union House
6. Introduction of new software
7. Launch of the network committee
8. Establishment of the Provident Fund
9. Credit Union Mergers
10. Scholarships
11. Card Services
12. Rebranding

Bro. Phillip thanked and saluted Sis. Livingston-Andall for her twenty-five (25) years of unflinching, unwavering, dedicated, loyal, professional and efficient service. He wished her God's blessings, and a happy and peaceful retirement.

AGM/22/05 Response by Sis. Lucia Livingston-Andall - Chief Executive Officer

Sis. Lucia Livingston-Andall thanked Bro. Ambrose Phillip for his kind words and expressed her gratitude to have served at the pleasure of her boards, and what she achieved was only possible because of their support. She recognized the past Presidents for their contributions towards her development and the Credit Union and invited them to stand and be recognized. Sis. Livingston-Andall expressed her gratitude particularly to Bro. Phillip for his mentoring role in her development and his vested interest in the development of the Ridgeway Project. Bro. Phillip urged the Board and those aspiring to be on the Board to look at the Credit Union movement, its growth and development during their tenure. Their work and accomplishments should be preceded by research; by the capability of people understanding what was there and how to face it.

The Moderator thanked Bro. Ambrose Phillip for making the presentations. He noted that the accolades were well placed and emphasized the need to write the history of Ariza.

AGM/22/06 Remarks by Bro. William Joseph - General Manager, Grenada Co-operative League Limited

Bro. William Joseph thanked the Moderator and congratulated Ariza on holding its 74th Annual General Meeting and echoed the relevance of the theme. He recognized Ariza's role as a leader within the wider OECS sub-region and the contributions made by Sis. Livingston-Andall in achieving that status. Bro. Joseph congratulated the entire Ariza family and expressed profound commendations to the Credit Union and to Sis. Lucia Livingston-Andall for offering her talents to the organization and her country. The Chairperson thanked Bro. William Joseph, and invited Bro. Denis Felix, Executive Director of GARFIN, to make his remarks.

AGM/22/07 Remarks by Mr. Denis Felix - Executive Director, GARFIN

The Executive Director of GARFIN joined with the Management and the Board of Directors in extending a special commendation to Sis. Lucia Livingston-Andall for her outstanding service over the past twenty-five (25) years. He brought greetings on behalf of the Board of Directors, the Management, and staff of GARFIN. Reiterating the importance of the Annual General Meeting in the governance construct of Credit Unions, he commended Ariza for its efforts at holding its AGM at this time. Bro. Felix noted that during 2021, the global Covid-19 pandemic continued to impact most aspects of our lives including the financial system and the wider national economy for a second year. Despite that, the figures for the Credit Union sector showed that the quality of performance in most of the key areas reflected improvement. There was improvement in total assets which stood at $1.2 billion as of December 2021, and represented a 6.8% increase over the previous year. They had also seen improvement or increases in the total deposits, total loans, capital and reserves and net operating surplus. In the area of prudential performance, the key aspect of liquidity reserves showed incredibly satisfactory performance and all Credit Unions met the required 15% of unencumbered deposits.

Bro. Felix stated that Ariza Credit Union 2021 financial statement showed another year of notable performance. As of 31st December 2021, Ariza held total assets amounting to over half a billion dollars and accounted for 44.6% of the total assets of the sector. This made Ariza the largest Credit Union in the sector and resulted in its designation as a systemically important financial institution and also an integral part of the financial system. He informed that as the Regulator, GARFIN had been charged with the primary objectives of ensuring the protection of the funds held by Credit Union members, the maintenance of financial stability and the well-being of Credit Unions in general, and in accordance with section 198 of the Co-operative Societies Act.

Bro. Felix outlined some of the measures taken over the past year to enhance their supervisory effort. There was the finalization of the longstanding Co-operative Societies Regulations. It was done with widespread consultation among stakeholders locally and in the wider sub region. In closing, Bro. Felix reiterated that GARFIN considered Ariza as an important financial institution in the sector and one that had the capacity to play a fundamental role in the promotion of Credit Unions' growth and development, both at the rural and the grassroots level.

The Chairperson thanked Bro. Felix and invited Senator the Hon. Adrian Thomas, Minister with responsibility for Agriculture and Lands, Fisheries and Co-operatives, to address the AGM.

AGM/22/08 Remarks by Senator the Hon. Adrian Thomas, Minister with responsibility for Agriculture and Lands, Fisheries and Cooperatives

Senator Thomas expressed his pleasure to be with Ariza at its 74th Annual General Meeting and in the 75th year of transforming lives. He brought greetings from the Government and congratulated Ariza on another year of reporting to its members on the operations of the Credit Union.

The Senator recognized that as a financial co-operative, Ariza had provided avenues for savings, loans and a range of services to its members, and that it had distinguished itself for service excellence in meeting the needs of members. Senator Thomas noted the Government's desire to build a strong strategic alliance with the sector in areas such as housing, agriculture, fisheries, healthcare, education, youth empowerment, culture and ICT. He singled out the creative economy, ICT, the digital economy, and agriculture as areas of particular importance in his administration's transformative agenda, quoting statistics to support the Government's focus. He also stated that young persons, including the youthful Ariza members, could be inspired to pursue their dreams through these industries, and if employed, could contribute significantly to Ariza's growing loan portfolio. Senator Thomas noted the strong financial performance of the Credit Union and encouraged prudent lending to protect the assets and constrain loan delinquency.

The Minister echoed Government's commitment through targeted interventions such as the payment of pension and the Covid-19 stimulus package, all geared to improve lives.

Minister Thomas concluded by referring to the theme "Inspiring Hope" and noted that there must be a strategic alliance between the Credit Union and Government. He wished the membership a fruitful and beneficial meeting. Minister Thomas said that he looked forward to a cordial and fruitful working relationship and the strengthening of bonds between the Credit Unions and the co-operative sector and the Ministry with responsibility for Co-operatives, and by extension, the Government and people of Grenada, Carriacou and Petite Martinique.

AGM/22/09 Closing Remarks by Moderator Bro. Aaron Moses

Bro. Aaron Moses thanked Senator the Hon Adrian Thomas for his insightful analysis, his strategic perspectives, and challenges on the way forward steering Ariza in the transformative direction. He also took the opportunity to thank all those who participated in the official session of the AGM. Bro. Moses invited Sabrina Francis to perform during a ten (10) minute break before going into the business session and to allow invited guests who were desirous of leaving to do so.

AGM/22/10 Business Session

The business session of the AGM was called to order by the Chairperson Bro. Aaron Moses. He welcomed all to Ariza's Annual General Meeting stating that the past two (2) years had been quite challenging, but the Credit Union was happy to be able to celebrate today.

Thirty (30) seconds of silence was observed in recognition of those members who transitioned during the year; the list of whom was captured on page 35 of the Booklet.

The Chairperson drew members' attention to the Zoom meeting procedures and protocols. He stated that these protocols would enable a smooth functioning of the meeting via participation of membership, both within the hall and online.

AGM/22/11 Report from the Nominating Committee

The Chairman of the Nominating Committee, Bro. Lyndon Bubb, presented the report.

The Nominating Committee comprised of the following members:

• Bro. Lyndon Bubb	Chairman
• Sis. Gemma Bain Thomas	Member
• Sis. Merlyn St. Bernard	Member
• Bro. Wayne Radix	Member
• Sis. Lisa McQuilkin	Member

The Committee was constituted in accordance with Section 42 (2) of the Credit Unions by-laws.

The report of the Committee was recorded on pages 51-54 of the Booklet.

- The report outlined the vacancies on the Board of Directors, the Supervisory and Compliance Committee and Credit Committee. The Committee in its meeting was guided by the following considerations:
- The skill set advised for the Board the Directors, the Credit Committee and the Supervisory and Compliance Committee
- Opportunities to involve younger members of the Credit Union.
- The Requirements of the Act and By-Laws:

  – At least 18 years old
  – A citizen or resident of Grenada
  – Holds 10 fully paid equity shares
  – A member for at least one year
  – Saved at least $50 per quarter for the last year
  – Is in good financial standing

- Resolutions passed at last year's AGM for attendance at the Volunteer's Governance Training to be included as a requirement for nominees to be considered as eligible to serve on the
- Board or any other committee.

The recommendations of the Committee were as follows:

Board of Directors

1. **Sis. Peterlyn Cooper** for a second three-year term
2. **Sis. Michelle Sayers-Griffith** for a second three-year term
3. **Bro. Kimanii Daniel** for a first three-year term
4. **Sis. Lyndonna Hillaire-Marshall** to serve the unexpired year of the three-year term of Bro. Dennis Cornwall.

Credit Committee

Sis. Portia Fraser for a two-year unexpired term.

Supervisory and Compliance Committee

1. **Bro. Terrence Victor** for a second three-year term
2. **Bro. Alan Francis** for a second 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 delivered by the Credit Union for members desirous of serving.

The Committee expressed appreciation to the Board of Directors for the opportunity given to them to serve and to the management and staff for providing the necessary support to its work.

The Committee also extended thanks to all those who expressed interest in serving on various committees of the Credit Union, as well as to all members who contributed to that aspect of governance over its tenure.

A motion was moved by Bro. Bubb to adopt the Nominating Committee's Report, seconded by Bro. Learie Barry, and carried.

AGM/22/12 Election of Officers

Bro. Ray Roberts, Presiding Officer, conducted the elections.
Prior to the elections, Bro. Ambrose Phillip referred to page 53 of the Booklet on governance training. He questioned who the training was provided to, and how it was provided to them, whether it was open to everyone or only to people who were nominated and whether the training dealt with fiduciary duties.

The Chief Executive Officer explained that an advertisement was sent out inviting all members who had an interest in serving to participate in the training. The training was open to everyone, and fiduciary responsibilities were covered.

Bro. Ray Roberts stated that it was his privilege to be the Presiding Officer for the election of members who would serve for the benefit of all. He informed that the nominated members would be highlighted, and on page 161 of the Booklet there was a profile of each nominee.

Prior to conducting the elections, Bro. Roberts requested to join with those who went before him in extending sincerest congratulations and best wishes to Sis. Lucia Livingston-Andall and Sis. Florence Williams. He wished them God's blessings and all that was wonderful during their retirement.

The recommendations of the Nominating Committee for the various committees were presented to the AGM. There being no other nominations from the floor, the recommendations from the committee stood as follows:

Board of Directors
1. **Sis. Lyndonna Hillaire Marshall** - *serving the unexpired year of the three-year term for Bro. Dennis Cornwall*
2. **Bro. Kimanii Daniel** - f*or a first three-year term*
3. **Sis. Peterlyn Cooper** - for *a second three-year term*
4. **Sis. Michelle Sayers-Griffith** - f*or a second three-year term*

Supervisory and Compliance Committee
1. **Bro. Alan Francis -** *for a second three -year term*
2. **Bro. Terence Victor** - *for a second three -year term*

Credit Committee
Sis. Portia Fraser – *serving the unexpired year of the three-year term* for *Sis. Allena Peters.*
The Presiding Officer congratulated the newly elected and re-elected members and wished them a wonderful term of office.

The Chairperson thanked Bro. Ray Roberts for conducting the elections and congratulated the newly elected Board and Committee members.

AGM/22/13 **Consideration of the Minutes of the 2021 AGM**

The Chairperson indicated that the Minutes could be found on pages 132 to 160 of the Booklet. In the interest of time, members were asked to be very judicious, and only raise an issue.

A motion that the minutes be taken as read was moved by Sis. Claudette James and seconded by Sis. Peterlyn Cooper.

The floor was open for corrections and amendments to the minutes.

Bro. Ambrose Phillip referred to page 142/143, which dealt with the amendments to the by-laws and stated that he was not satisfied that it was a comprehensive reflection of the points which had been raised. He stated that there were omissions, and that he was not satisfied with the minutes recorded. The Chairperson noted the absence of specifics and suggested that in the circumstance, amendments to the minutes could not be made nor the observations accepted. That being the case, they had to move on.

Bro. Ambrose Phillip inquired as to the role of minutes. He said that he did not regard that the minutes provided the amendments to the by-laws to be a true reflection of what had transpired.

The Chairperson in response stated that the observations were respected, but the meeting could not take any action since there was nothing specific from Bro. Phillip before the meeting to confirm that it was not an accurate reflection. In that case, he had no choice but to move on.

The Chairperson tabled a motion that the minutes be confirmed. The motion was seconded by Bro. Ray Roberts and carried.

AGM/22/14 **Matters Arising from the Minutes**

The Chairperson indicated it would be very time-consuming to go from page to page of the minutes and invited members to raise any matter they had, arising from them.

Bro. Ambrose Phillip stated that on the matter of by-laws, there were certain undertakings given in the last meeting concerning amendments and corrections that had to be made. He questioned whether there was a final document. Sis. Gemma Bain-Thomas was invited to respond. She stated that although they approved the minutes, Bro. Ambrose Phillip had asked some specific questions not recorded in the minutes.

Sis. Bain-Thomas explained that following the AGM, all the issues raised by Bro. Ambrose Phillip, Bro. Chris De Allie, Bro. Alan Francis, and others were indeed addressed. Having addressed the issues, the draft amended by-laws was sent to GARFIN for review and was approved in accordance with the law. GARFIN undertook their review, made some observations and comments, and returned the by-laws to the Credit Union for follow-up action.

Within the year, the necessary actions were taken to include a review and amendment to the membership section referred to by Bro. Ambrose Phillip, issues surrounding the corporate secretary, the joint committee among others that were raised; all these were addressed and removed from the final document.

She stated that GARFIN also raised some further issues, that the existing by-laws predated the 2011 Co-operative Societies Act, and though certain sections of the by-laws were not amended, the 2011 Act did not make provision for that and therefore, all of these had to be addressed. Sis. Bain-Thomas further noted that having addressed the observations made by GARFIN and the AGM, the amended by-laws were subsequently resubmitted to GARFIN and were approved.

Sis. Bain-Thomas referred to the document in her possession as the amended by-laws approved by GARFIN. In response, Bro. Ambrose Phillip stated that he interpreted the explanation of Sis. Gemma Bain-Thomas to mean that the by-laws in her possessions had to be returned to the AGM for approval because things they thought were approved had been struck down by GARFIN or had been inconsistent with the law. He was of the opinion that the document now presented was not the by-laws of the Credit Union because they had not come before an AGM for approval.

The Moderator recognized Bro. Learie Barry who confirmed that Bro. Ambrose Phillip expressed his sentiments. Bro. Dexter Best rose to register his disagreement with the investment in the Ridgeway Project. He referred to the amount of monies that had been spent on the project and said that initially, management indicated they were investing the Credit Union's money and if the project was successful, they would find an investor who was going to take over.

He further stated that the project was a failure as the Credit Union had invested over $45 million and they were not recovering that kind of investment. He therefore enquired whether there was a continuation of the investment or if it had failed, and he requested the investment figures and the loss to the Credit Union for investing in that project.

Bro. Best's second point pertained to the rebranding of the Grenada Public Service Credit Union and the name change to 'Ariza.' He disagreed with the rebranding as he felt that the Grenada Public Service Credit Union was already successful, it had included new members and was growing. He indicated from his research that there were eighty (80) Ariza's in Trinidad and Tobago, and questioned whether the Grenada Ariza was a branch of the Arizas in Trinidad.

Bro. Best referred to CLICO, stating that it was a more powerful financial institution than Ariza and collapsed. He stated that members should not take things for granted and assume that Ariza could not collapse if not managed properly. He also questioned the relationship with the Ariza in Trinidad. Bro. Bubb thanked Bro. Best for the question. He stated that as it relates to the Ridgeway Project, one (1) property was sold within the last year and another property was sold this year. The first property sold was just over $900,000 and this year, one was sold at $1.065 million. There were two pre-approved projects and many persons had shown great interest in the project. He did not have the exact figures as to the amount of monies spent, but he was certain that the report would have a breakdown. Bro. Kippling Charles provided an explanation on the expansion of the project stating that the cost of the land and the infrastructure work was approximately $2M and for the construction of the houses, it was approximately $4 million for a total of about $6 million.

In response to clarifying the details on the revenue generated from the project, Bro. Charles stated that a few AGM's ago, the financial statement provided the revenues from the sale of land. He recalled revenues of approximately $500,000 in one year and about $250,000 in another year, however, the sale of such was placed on hold and the Credit Union took the decision to repurchase some of the land, given the new trust of the project. The new thrust was to construct and sell, arising from a new feasibility study and the realization that the project in its original phase could have gone forward.

In relation to the houses that were sold, one had a profit of approximately $50,000 and the other resulted in a loss. It was reported at the last AGM, this was due to the change of contractor, which resulted in some overruns on that specific house. Regarding the sale of the third house, there was a proposed profit to be made. He informed that going forward with the new contractor, the project was projecting a profit.

Bro. Dexter Best insisted that from its conception, that project had been a failed project. He referred to the lack of interest among members in the framework plan which was displayed at the Church Street office and the effort to cut the lands up and sell, in his view, was also a failure.

Bro. Ambrose Phillip informed that he was quite displeased with the way in which the Meeting was handled. He stated that the Meeting was dealing with the amendments to the by-laws but shifted to a discussion on the Ridgeway Project. He pointed to page 31 of the Booklet where the Ridgeway Project was dealt with and said that the same points came up in previous minutes but what was recorded at the top of that page did not satisfy the requirements or what was asked for in the meeting. He had also expressed some concerns about that project and expected a comprehensive report on the project. He was confused and annoyed with the information provided by the Credit Union on the project.

In response, the Chairperson explained the shift from the discussion on the by-laws to the Ridgeway Project. He was attempting to accommodate the members online however, there were technical difficulties.

Bro. Learie Barry indicated that he was of the view that while amendments to the by-laws were ongoing between GARFIN and Ariza, there must be by-laws in effect and that must be addressed promptly. He therefore wished to be provided with the by-laws in effect.

Bro. Javon Williams, in providing clarity on the issue of by-laws, said that Bro. Ambrose Phillip alluded to the fact that we may not have an approved by-law, however going back to the Minutes, the decision taken at the last AGM clearly agreed to move forward. He referred to page 47 of the minutes which gave approval to move forward with amending the by-laws with specific conditions. This was done and GARFIN gave its final blessings a few days ago.

Bro. Chikarl Courtney intervened to raise concerns in relation to the Ridgeway Project. He said he was speaking as the first person to live on the Ridgeway Project. He had some concerns about the pace of the project. His recommendation to the Credit Union was to hire professionals who were versed in real estate so that the project could be marketed and pushed in a way that more people would be willing to part with their hard-earned cash to invest in the project.

He referred to the high number of people who came to view the project, but no major purchases. He stated that the Credit Union needed to look at the cause. He indicated further, that from speaking with persons, he concluded that the main hinderance was the restricted nature of the covenant.

Bro. Moses thanked the Member for his insightful comments. He informed that the issue of covenants had been raised before and the comments should be taken on board.

Bro. Chris De Allie, a former President of the Board intervened. He was concerned as he did not think that the matter raised by Bro. Ambrose Phillip regarding the by-laws had been dealt with efficiently. Approval for the amendments was sought, a vote was taken, and approval granted. However, Bro. Phillip was raising some concerns. He therefore enquired about the real status of the by-laws.

Sis. Lucia Livingston-Andall responded by stating that all by-laws must be approved by the Regulator and confirmed that this was done. She stated that if changes were necessary, it will require another process given the Credit Union's recent receipt of the Credit Union By-laws.

Bro. Richard Gabriel expressed his satisfaction regarding his experience with Ariza. He was high in praise to the Credit Union for allowing him to achieve some of his dreams. He further stated that the team should be recognized for their outstanding service, including Mrs. Roberts, Ms. Lewis, Ms. Bartholomew and Mrs. Herry-John. The Chairperson thanked Bro. Richard Gabriel for his comment and reminded members that they were still on matters arising from the Minutes.

Bro. Learie Barry commended Sis. Lucia Livingston-Andall and thanked her for her service. He endorsed the earlier comments on her contributions to Ariza and the movement. He also thanked Sis. Florence Williams for her service as well. However, with respect to the matters arising, he emphasized and joined with Bro. Ambrose Phillip in pointing out that the minutes was not an accurate reflection of the contributions at the previous AGM. He made several comments about the Ridgway Projects including one conversation which was not recorded. He suggested that since the minutes was recorded, that the staff member responsible for producing the minutes should go back to the recordings and properly produce the minutes.

Bro. Barry also stated that following the discussions last year on the Ridgeway Project, he saw a flurry of ads on GBN, who must have made hundreds of thousands of dollars for the sale of two houses. He again requested a review. He suggested for consideration by the new leadership of the Credit Union that the person preparing the minutes must create a table with the specific recommendations, the decisions of the AGM and the status of each.

Continuing, Bro. Barry stated that with respect to the by-laws, it was noted that GARFIN returned the approved document two (2) days ago, but the substantive issue was that they ought to have a by-law in effect. If the Regulator has the final say then the definitive version should be circulated, and then they were going to proceed with it as the by-law. If the Regulator did not have the final authority, then it should return to the AGM to be approved.

He requested a supplementary submission to members via text message from Ariza through a service provider advising all members of the legal clarification for the final authority on the approval of the by-law. If that was not the case and the by-laws was not in effect, it should be uploaded to the website and then they return to approve the final version.

The Chairperson thanked Bro. Barry for his contributions, stating that GARFIN was the legal body responsible for approving the by-laws, so there was no need to verify that. GARFIN is the Regulator, and the laws state that they are responsible for approving by-laws, which was done. The meeting's conduct was guided by the new by-laws where the quorum for a meeting was now three hundred (300). That explained the wait for a quorum to conduct the meeting. It was legal and the guide going forward unless they went through another process of making amendments. He urged that the matter be laid to rest.

Another member came forward in support of the issue raised by Bro. Phillip relative to the minutes stating that from a procedural standpoint, the proceedings were recorded to prevent omissions, therefore there should be some way of checking the minutes before printed, so that any omissions could be dealt with prior to the printing. He said the minutes should be there for posterity and if members were contending that there were serious omissions then things were going down the wrong road.

The Chairperson thanked the member for his contribution, stating that management would address that.

The Zoom moderator indicated that Bro. Learie Barry was still awaiting a response from the Chairperson on by-laws.

In response, Bro. Moses stated he had explained that GARFIN was responsible for approving by-laws. GARFIN as the legal entity had communicated their approval of the bylaws. In keeping with the approved by-laws, the quorum of two hundred (200) was adjusted to three hundred (300). There were no further clarifications.

Bro. Barry questioned the fact that the approved by-laws were received two (2) days before the AGM, and they were governing the AGM by those by-laws and no one else knew that. He felt that was not fair as members were supposed to have been provided with a synopsis of the new by-laws by the day before with a note as to what had changed.

The Chairperson again thanked Bro. Barry for his contribution. He then called on Bro. Ambrose Philip to continue his contribution.

Bro. Ambrose Philip indicated that he was confused by the fact that the AGM was operating on a document received two (2) days prior which was not circulated. He questioned what would happen if there was a legal challenge to some proceeding in the Credit Union's affairs.

Bro. Phillip continued stating that whilst GARFIN has the final say, members did not know what exactly had been excised or inserted in the name of consistency and congruence with the law. Bro. Moses thanked Bro. Ambrose Philip for his intervention and reiterated the point made by Sis. Bain-Thomas earlier, that attempts were made to incorporate some, if not all of the comments and issues that came out of the last AGM. The Chairperson requested further contributions related to the matters arising.

Bro. Chikarl Courtney also expressed the significance of the by-law issue and questioned the legality of using the new by-laws without informing members. Bro. Crispin Andrew endorsed the earlier comments on the by-laws stating that whilst not wanting to labour the point, it was a significant issue. He informed that everything had a procedure that needed to be followed and going forward it was something they should be cognizant of.

The Chairperson reminded the meeting that the by-laws were not something new, that most of the provisions in the by-laws were the same and most of the meeting guidelines had not changed. He stated its importance, however it was not as if they were doing anything fundamentally wrong, since none of the changes was affecting the operations of the meeting.

AGM/22/15 Board of Directors Report

The Board of Directors Report was presented by Director Peterlyn Cooper. She stated that for the interests of Members, the full report could be found in the Booklet from pages 26 to 33.

She provided the overview and the acknowledgement from the Report. Sis. Cooper highlighted that the year 2021 heralded the start of a new decade and marked five (5) years since the rebranding of Grenada Public Service Co-operative Credit Union to Ariza Credit Union. She stated that the Board saw this as an opportune time to review the status of the Credit Union to assess and determine the strategic imperatives that Ariza should pursue during the new decade to continuously achieve its vision of leading the Credit Union movement locally and in the wider Caribbean.

She indicated that an enterprise-wide risk management/risk assessment project was commissioned to establish a risk management framework for the organization. These initiatives, coupled with an emphasis on succession planning for organizational continuity at all levels, occupied the Board's thinking during the year and set the stage for more detailed work in 2022 in the areas of organizational review and restructuring, job evaluations, compensation review, and technology driven processes. Sis. Cooper informed that the moratorium facility remained in place for 2021 to further assist members who were still unemployed during that period. The increased focus on expense management allowed the Credit Union to sustain profitability even within the challenge of increased delinquency. During the year, the Board sought to successfully navigate the Credit Union through the highly competitive marketplace and to make provisions to ensure that it remained at the forefront.

She recognized that the tasks and accomplishments would have been impossible without the continued cooperation of all the volunteer committees, feedback from members and guidance from the League and Regulator. Management and staff selflessly gave their energy and personal time, even to the extent of personal risks to themselves and their families within a worsening pandemic environment. She thanked everyone for their unwavering support stating that the Board looked forward with optimism and hope to a more resilient and obtain a buoyant economic environment in 2022, where Members would be able to rebound and continue their path towards personal financial freedom.

The Chairperson thanked Director Cooper for the report and opened for questions and comments. Bro. Learie Barry supported the report and enquired about the status of the risk management project.

Bro. Moses in response informed that the Enterprise Risk Management project was ongoing. A consultant was hired who did a comprehensive review of the organization. He further stated that the consultant submitted a report which was under consideration and from his observation, it was a detailed and comprehensive report that was now being studied by the Board and the Risk Management Committee with a view for implementation.

Bro. Ambrose Phillip stated that he found it to be a particularly glaring omission that the report did not speak to the retirement of the two senior staff members that tributes were paid to earlier. However, it was raised in the President's message and so he saw it fit in the discussion of this Report. He enquired as to whether there was any word from the board regarding their replacement. Bro. Moses stated that the Board had been addressing the matter of the replacement of the two senior staff members who would be retiring. A consultant had been hired to manage the recruitment process and a search committee appointed by the Board. They were at the end of the entire recruitment process.

Bro. Ambrose Phillip stated his dissatisfaction with this situation. He further stated that he did not believe that it was in the last week or even the last month that the Board would have found out that these two senior staff members were retiring. He was concerned that two days before their tenure ended, the Board was waiting on a consultant's report on that matter. He asked whether the Board was extending their tenure so that arrangements could be made for a proper handover or oversight or overlap between the outgoing and incoming personnel.

The Chairperson gave the assurance that arrangements were in place to address the concerns raised. Bro. Ambrose Phillip further requested information on who the consultants were. Bro. Moses responded that the consultant was HRC Associates of Trinidad and Tobago and reiterated that plans were in place to address the issues raised. A motion to adopt the Board of Directors Report was moved by Sis. Cooper, seconded, and carried.

The Chairperson noted the omission to confirm the minutes and requested a motion to adopt the Minutes. A motion was moved by Sis. Claudette James, seconded by Sis. Michelle Sayers-Griffith and carried.

AGM/22/16 The Credit Committee Report

The Report was presented by Bro. Brian Pascal. He proceeded on the premise that everyone had read and studied the Report. He informed that the Committee was facilitated in its work by the Loans and Credit Administration Department staff and therefore thanked them.

He also extended thanks and appreciation to the Board of Directors, the Chairperson, the Supervisory and Compliance Committee, the CEO, Executive Manager of Loans and Credit Administration, staff of the Loans and Credit Administration Department of Ariza Credit Union and to the general membership.

Bro. Pascal then invited comments and questions.

Bro. Ambrose Phillip enquired about the extension of the moratorium for accommodating members with financial difficulty and the question of GARFIN dictating that the period be expired.

Bro. Moses responded that it was a regional issue, that the central bank had stipulated and indicated to the financial community that the time had come to cease the moratoriums. Based on that guideline, various countries had been moving to do so with some flexibility and understanding, and that the policy decision was taken at the highest level to preserve the health of the financial sector. Bro. Ambrose Phillip then questioned the impact this had on the loan provisioning and whether it was being done in respect to the current financials.

Bro. Moses indicated that the Treasurer would address that in the Treasurer’s Report.

Bro. Learie Barry questioned the $10 million increase in agricultural loans and the Credit Union's investment in agriculture resulting in the loan portfolio growth by almost $10 million in one year.

Bro. Moses replied that it was due to the financing of Excellent Farms Limited which was one project. Sis. Reisha Gabriel enquired why a consultant from Trinidad had to do the interviews and what were the two positions.

The Moderator responded that Ariza is a financial organization. It was one of the largest in the OECS, either the first or the second largest. Ariza was now considered by the OECS to be a systemically important financial institution.. As such, they had to be extremely professional in what they did and the people that they attracted to run the organization.

It was the considered opinion of the Board of Directors that they needed to seek the best available talent and so the decision was taken to advertise not only in Grenada but in the region. The decision was also taken to utilize a professional recruitment firm who had the reach and the capacity to participate in that search.

Bro. Ambrose Phillip stated that he heard of the process and hoped that it would not result in any further exits from the staff of the Credit Union. He expressed that one of the things that serious organizations were concerned about was the matter of succession planning, and he did not think that an organization engenders loyalty in its staff when it offers its top position to the world at large. The Chairperson thanked Bro. Ambrose Phillip for his input, stating that those sentiments were under active consideration by the Board of Directors.

Sis. Brenda Charles enquired about the possibility of having a non-national in the position advertised. Sis. Charles continued stating that there were two Grenadian women spoken about earlier who were good candidates, and at the time the Recruiting Committee did not go through this elaborate process, and questioned why this was now necessary.

Sis. Brenda Charles' second point pertained to a point made earlier about the connection with Ariza in Trinidad. She enquired whether the membership was told the truth and whether there really was a connection with Ariza in Trinidad.

Bro. Moses expressed that the process involved going to market and inviting firms to bid. He informed that nine (9) submitted bids and based on the profiles, the best was chosen. Bro. Dexter Best indicated that he endorsed Sis. Brenda Charles comments stated and insisted that Ariza had a relationship with Trinidad. The Moderator thanked Bro. Best and other members for their contributions.

A motion to confirm the report of the Credit Committee was moved by Bro. Brian Pascal, seconded, and carried.

AGM/22/17 Supervisory and Compliance Committee Report

The Report was presented by Bro. Francis Robertson. The Report was on pages 44 to 50 of the Booklet. He focused on two aspects of the report as follows:

1. Challenges and opportunities for Ariza
2. Highlights of some recommendations in the Report.

In terms of challenges and opportunities:

1. The first area was that of Loan Delinquency Management.
2. The second was the Credit Union's ability to function in a post Covid-19 environment, particularly with the ending of the moratorium and developing new ways of doing business.
3. Third was the Regulators' approval and mainstreaming of the revised by-laws.
4. Fourth, the Co-operative Societies new regulations that was pending and to conclude,
5. The continued rollout of the service transformation.

The Committee recommended that the Credit Union reviewed the target regarding membership as a sign of growth given Grenada's *"fixed"* population size and demography. The Committee also recommended that the Credit Union strengthens its efforts to reduce loan delinquency and complete the review of the Loans manual in terms of the approval by the Policy Review Committee of the Board.

He also stated that there should be an acceleration of the succession plan for Executive Managers and there should be closer monitoring by the Credit Union and the wider management of large loan accounts, the strengthening of internal oversight of the implementation of approved policies and procedures, a minimization of the value of loan repayments via *over-the-counter* cash repayments and management utilization of information gleaned from the survey of members to improve the Credit Union's operations in the short term.

He also emphasized the need for better and timelier communication between the Executive Management and the Supervisory and Compliance Committee.

The Chairperson invited questions and comments on the report of the Supervisory and Compliance Committee.

Bro. Learie Barry sought clarity on the acting appointment in the absence of the CEO. Bro. Moses responded that in the absence of the CEO, Bro. Kippling Charles acted for the CEO.

Bro. Learie Barry stated that as it related to the current report of the Supervisory and Compliance Committee, it pointed out more concerns than he had seen in a long time. He stated that the target was 15% membership growth, however the report from the Supervisory and Compliance Committee stated less than 40% of the goal was accomplished. He recommended that in instances like these, a further sentence could be included providing the Supervisory and Compliance Committee's interpretation of the lower-than-expected performance.

Bro. Barry noted the recommendation on the revision of the target regarding membership however, pointed out that it was no longer the Public Service Credit Union. He was a champion of what the Credit Union had become. In making the recommendation for a revision of the target regarding membership as a sign of growth, it should be borne in mind that although Grenada has a fixed population size and demography, and Ariza is based in Grenada, it could accept members from CARICOM and the Diaspora.

Bro. Barry further stated that it must also be recalled that the Credit Union had been going to New York, and this year went to Canada to recruit members as well as to promote the Ridgeway Project. He suggested that the fixed population of Grenada should not be a view that the Supervisory and Compliance Committee maintains regarding membership targets.

Bro. Barry noted that the Committee was requesting enhanced loan underwriting and greater adherence or loan monitoring and therefore asked for an explanation on the recommendation.

In response, Bro. Robertson stated that loan delinquency arose from two (2) aspects which could be viewed from the front and back ends. The front end dealt with loans and the back end dealt with loan repayment after the loan had been made. It was their observation that there were improvements that could be made in loans underwriting as well as the back end in terms of loan recoveries. At the back end, the policies detailed specific steps to be taken once a repayment had not been made. Viewing the information on files, the Committee noted instances where those steps were not followed and therefore recommended improvements for both at the front end and the back end.

Bro. Ambrose Phillip intervened, pointing out that the largest loan was under scrutiny by GARFIN who issued specific recommendations to be followed by the Credit Union. He inquired whether it was the same Excellent Farms agriculture loan earlier spoken about and requested a further status of the project. Bro. Robertson responded in the affirmative stating that there were some specific actions that GARFIN recommended. He was not able to recall all the recommendations. Bro. Ambrose Phillip enquired whether the project was active or inactive.

The Chairperson responded that the Board of Directors decided to foreclose the project. After that action was initiated, the project sponsor requested a stay to reorganize, restructure and access new financing. The Board considered the request and gave conditions under which they would agree on a period within which to respond. Bro. Ambrose Phillip replied that the answer provided was in respect to actions taken however, did not inform whether the project was active or inactive.

In response, Bro. Moses informed that the project was closed in November and remained that way. Bro. Ambrose Phillip enquired whether the loan was provided for in the financials, stating that it is what a responsible management would do.

Bro. Learie Barry noted that the Committee questioned some loan approvals outside the terms and conditions outlined in the Act, regulations, the by-laws, loan manuals and loan policy. He questioned whether there were violations.

The Chairman of the Supervisory and Compliance Committee was asked by Bro. Barry to view page 45-46 where the section referred to the review of loans to Directors, Committee members and employees. The Report stated that the Committee reviewed loans during 2020 for that group and did it to ensure that the approvals were done in accordance with the approved terms. During the review, it was noted that the loans policy was still in draft, however, loans were being processed. He sought confirmation as to whether this was what the report was conveying.

Bro. Barry continued by stating that the report indicated the Committee's questions regarding whether the loans were being made in accordance with the Act and Regulations. Bro. Robertson replied that the statement referred to the Loans policy manual currently in use which had been under review by the Policy Committee of the Board. Although it was being used, it was not approved and the statement in the report pertained to that. The statement did not mean that nothing existed. The policy or the loans manual existed, nevertheless, it was under review, and so loans were being approved in accordance with what existed then. Bro. Barry inquired whether it was possible to give a deadline for the Policy Committee to complete that work since it appeared to be going on perpetually, and loans were being approved, resulting in challenges.

Bro. Barry also pointed to the recommendation to ensure that the loan application documents accurately reflected the applicant's circumstances and are accompanied by independent supporting documentation, and noted some risks alluded to in the Committee's report. He questioned whether the Committee did not trust the documents provided and hence the recommendation for independent supporting documents.

Bro. Robertson responded that when statements are made in an application, the Committee, on perusing the files, would seek to substantiate the information. However, there were cases where supporting documentation was not seen on file during the review. Bro. Barry requested more details on the Committee's directive to the Board.

Bro. Robertson responded, stating that subsequent to each review and each meeting, the minutes and the reports were sent to the Board, and periodically the Committee would engage the Board as well as the Executive Management on those reports and reviews.

Bro. Barry then enquired whether the Committee would review the responses provided and then engage with the internal auditors; specifically, he questioned whether a request for a response was sought when minutes and reports were sent to the Board. Bro. Robertson replied that requests were made and at times information was received however, at times there were delays.

Bro. Barry recommended that the Board be given strict timelines within which to respond and failing which, the Committee should escalate and flag.

Bro. Barry also referred to the large loan previously discussed and asked whether it was the same loan they were commenting on in the last bullet at the bottom of page 46 which spoke to challenges faced by one of the largest loan accounts to secure working capital, or whether it was another loan. Bro. Robertson responded that it was the same loan. Bro. Barry then enquired as to what was the Committee's assessment of the exposure to the Credit Union and its members as a result of that particular loan.

Bro. Robertson responded that the value of the loan was $10M. Bro. Barry stated, that was not the exposure he was referring to. He wanted to know whether the loan was in conformity with the loan-to-capital ratio. He pointed out that GARFIN did not approve the amendment to move the ratio from 10% to 20% and thus, the Credit Union could not make a loan greater than 10% of the capital of the institution. He noted the recommendation was to move the ratio to 20%. However, the report stated that it was not approved. He inquired whether it would have been safer if the ratio was 20% of capital to a single borrower and whether the institution was less exposed or equally exposed.

Bro. Robertson replied that on the surface it would be more exposed. Bro. Barry then inquired whether the current loan was given above the 10% requirement in law. Bro. Robertson responded in the negative. Bro. Barry referred to section 4.0 under review of minutes and board papers where a comment was made about closer monitoring. He observed that statements kept recurring re the monitoring of large loans by the Credit Union's wider management, and also enquired about the composition of such, as well as who were being recommended to monitor the Board.

Bro. Robertson stated that wider management referred to the Joint Committee, which included the Credit Committee, the Supervisory and Compliance Committee and the Board of Directors. Bro. Barry recommended that at the next AGM, the minutes must be presented with a table showing what was said, what was asked for and the response. He acknowledged that the report of the Supervisory and Compliance Committee was very instructive, and he was concerned that all that work would lead nowhere if there were no follow-ups. He further recommended that the Committee add to their Report, a table of all recommendations made and a report card on the responses of the Board to the recommendations plus that of the wider management.

Bro. Barry requested that the AGM, in their approval of the Supervisory and Compliance Committee report, ensure support for the call for wider management supervision of the loans that was being made. There should also be support for the implementation of the recommendation that wider management or Joint Committee should hold leaders and management accountable. The Supervisory and Compliance Committee, being the internal watchdog, should not compromise.

A motion to adopt the Supervisory and Compliance Committee Report was moved by Bro. Robertson, seconded, and carried.

AGM/22/18 Auditors' Report

The Auditors' Report was presented by Mr. Lorenzo Sylvester of the auditing firm PKF. He read the opinion paragraph on page 62 of the Annual Report which stated, "*we have audited the financial statements of Ariza Credit Union, which comprise the statement of financial position as at December 31st, 2021, and the statement of comprehensive income, statement of changes in members equity, and statements of cash flow 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 31st, 2021, its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards, IFRS."

Bro. Learie Barry thanked the Auditor for the report. He observed that the report indicated a whole suite of new policies, however, PKF had presented only IFRS as the new standards, new policies and innovative approaches guiding accounting practices. He referred to approximately 6 to 7 pages of new approaches to accounting and requested clarification.

The Auditor responded that these standards were normally given by the International Reporting Standards Board, so as the years went by, new standards were introduced, and these were now included within the Booklet. Bro. Learie Barry enquired whether the Auditor was now preparing the review in accordance with these amendments to IFRS 9 and IAS 39. The Auditor responded in its affirmative.

Bro. Barry referred to statements which spoke to standards which were not yet effective. He referred to page 70, which detailed a set of amended standards, noted it was a lot of information, and inquired whether the Auditor was now reviewing the statements of the Credit Union by all these amendments.

The Auditor replied in the affirmative stating the Credit Union was compliant with the new accounting standards and these reports were prepared on that basis.

Bro. Ambrose Phillip noted that the PKF report was dated 24th August and enquired when the auditing firm was invited to do the report. He further noted that last year, the AGM was late and this year it is even later, informing that there is a legal requirement to hold AGM much earlier than it was being held. He further stated that if PKF was submitting the audit report in August, the Credit Union would require another month before it could hold its Annual General Meeting. He questioned whether it was possible to hold the meeting much earlier and within the legal framework.

In response, Bro. Kippling Charles stated that from his recollection, the interim audit started in March and the final audit in June. Ariza took responsibility for the audit being conducted at that time. Bro. Charles noted that the last couple of AGMs were held around the same time, pointing out that last year's AGM was held in August. He stated that the interim audit was normally done at the end of December, and sometimes early in January, however, with the onset of the Covid-19 pandemic, it had significantly impacted their operations internally as well as the preparations for the audit. He hoped that with the easement, next year's audit would be completed in time and the AGM could be held much earlier. He reiterated that the responsibility for the early completion of the audit lies with the Credit Union and not the auditing firm.

Bro. Ambrose Phillip acknowledged the response stating that it should be one of the indices of performance measurement for the next CEO.

A motion to adopt the Auditors' report was moved, seconded, and carried.

AGM/22/19 **Treasurer's Report**

The Treasurer's Report was presented by Sis. Carla Thomas-Ross and was found on page 55 of the booklet. Sis. Thomas-Ross stated that the accompanying audited financial statements and analysis of the Credit Union's performance was submitted in accordance with the requirements of Section 130 of the Corporate Societies Act, 2017. The statements were broken down into assets, liabilities, and capital.

Referring to the comprehensive income statement, the Treasurer stated that the Credit Union earned a total income of $33.4M during 2021, compared to $33.04M in 2020. Loan interest income recorded an increase of 1.42%. Total operating expenses amounted to $11.18M and that represented a decrease of 6.7% over 2020.

Sis. Thomas-Ross commended management under the leadership of Bro. Charles and his team for the Credit Union's efficiency in managing its operating costs and continuing to stay within the industry standard with an operating cost-to-total asset ratio of 2.21%, which was within the standard of 5%.

Surplus before appropriation amounted to $3.65M, which was a decrease over the preceding year by 10.3%. At the end of 2021, the Credit Union was able to transfer $2.15M of the unallocated surplus to reserve. It was obvious that the Credit Union played an integral and instrumental role in helping shape the lives of members as they pursued financial freedom.

Bro. Barry thanked the Treasurer for the Report. He referred to the asset quality ratio of non-earning assets to total assets with a standard of less than 5%, being almost three times the recommended standard. He questioned the risks and whether they were significant or just a statistic.

In response, Bro. Charles stated that the standards were guidelines. The non-earning asset to total asset ratio of 5% was that guideline, but in interpreting that percentage, several things must be taken into consideration; for example, the specific conditions under which they were operating. It was also challenging to find viable instruments in which they could invest. He informed that the market across the financial landscape was very liquid and as alluded to by the Treasurer and the Executive Director of GARFIN, all the Credit Unions were very liquid. Additionally, the Credit Union was guided by certain policies as to where they could invest, which was somewhat challenging.

Bro. Charles further stated that apart from securities, loans were a very viable investment option however, that would depend on the dynamics in the market. Bro. Charles stated that from the two perspectives provided above, the percentage was of a concern, in that these monies could be used to generate revenues for the Credit Union however, that had to be coupled with the reality as to where these monies could be invested and what sort of return, could be received.

Bro. Ambrose Phillip referred to page 56 on Investment Property and noted the report on the Morne Jaloux Project and the Bruce Street Project. He asked what the plan for Grand Anse was, if any, and should the Credit Union be taking advantage of the soaring prices in the south. Furthermore, he referred to the revenue from the car park and enquired whether the car park was for visitors to the area or was it a paid service. He also enquired whether there should be a section of the car park for persons up to one hour as a maximum, rather than being there from 8:00 am to 5:00 pm.

Further, Bro. Ambrose Phillip shared his concern regarding treasury bills and bonds as it relates to the Credit Union's exposure to Government of Antigua and St. Vincent. He expressed his concern, as he heard Government conversing on haircuts and the Treasury bills going at 5% or 6% and even 7%. Bro. Charles responded that with respect to the instruments, Bro. Phillip was correct, as the higher the return, the higher the risk. He informed however, that these instruments were relatively safe as they were traded on the RGSM. Bro. Charles stated that with respect to the car park, the larger of the two was for the paying public and there were some with monthly arrangements. The smaller of the two car parks provided free parking to persons carrying out business at the Credit Union. Bro. Moses provided an update on the Grand Anse property stating that there was a positive shift within the last two decades regarding business in the South. He further stated that the plan was to provide a commercial complex. That initial plan stalled a few years ago, with the decline in economic fortunes simultaneously.

Meanwhile, the Credit Union thought it judicious to acquire the land adjacent as it became available, thereby facilitating the need to have a presence in the south. The Chairperson indicated that the Board had taken the decision to construct a building only for Ariza in the short term, however, provide accommodation for future development That was actively being pursued in terms of the designs to ensure that Ariza has a presence in the South to serve its members.

Bro. Ambrose Philip indicated that he was unaware of the current decision to do an Ariza only building. He stated that within the last two or three years, he had discussed with the CEO the notion of a health facility in the area. He wanted to put that on the table for further investigation. Bro. Learie Barry had a follow up to Bro. Charles response on investments, stating that one of the reports pointed to the establishment of an investment and brokerage unit. He questioned the status of that unit. With respect to the building of an Ariza complex or office, he reminded the AGM that the Compliance committee expressed significant concern about Ariza's lack of use of civil engineers to monitor projects. He urged that any construction to be done should make provisions for monitoring by the Supervisory and Compliance Committee. The Chairperson acknowledged the comments made by Bro. Barry.

Bro. Rennie Parke enquired whether it was necessary to have another building in Grand Anse, as the shift is towards online services, he also questioned whether there were statistics to support that move to the South, notwithstanding the growth.

Bro. Moses responded that there was evidence to support that, stating that members were requesting a presence in the Grand Anse area and in fact they were losing business. He informed that he had personal testimonies of people stating our lack of presence, and therefore are going elsewhere. He referred to the SGU and other environments, and also to a best use survey that was done in recent times, suggesting the need for a presence in the South of the island.

A motion to adopt the Treasurer's Report was moved, seconded, and carried.

AGM/22/20 **Resolution for approval of 2022/2023 Budget**

Sis. Carla Thomas-Ross also presented the Budget as follows:

WHEREAS it is required under the Credit Union bylaw section 37 (2h) that the budget be approved by the Annual General Meeting.

AND

WHEREAS this budget is presented for the consideration of the consideration of the meeting on page 61 to 125 of the Annual Report and is highlighted as follows:

	2022	2023
Total Assets	$578.7M	$634.8M
Net loan	$430.3M	$478.6M
Total income	$37.6M	$42.2M
Total Expenses	$31.2M	$33.7M
Surplus before appropriation	$6.49M	$8.5M
Capital Expenditure	$6.045M	$8.6M

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

Bro. Ambrose Phillip stated that he was of the opinion that the provisions for the capital budget was small, with the exception of the land and building. The provisions for computer hardware and software were small. Bro. Phillip referred to the point that more and more business was being conducted online and therefore the amount allocated for such was inadequate and therefore should increase. The Chairperson acknowledged Bro. Phillip's point.

The motion for the adoption of the resolution for the approval of 2022/2023 Budget was moved by Sis. Michelle Sayers-Griffith, seconded by Sis. Pearlena Sylvester, and carried.

AGM/22/21 **RESOLUTION FOR THE ALLOCATION OF SURPLUS**

A resolution for allocating surplus for the year 2021 was presented.

WHEREAS the Credit Union paid interest of 2.75% on Lifetime Savings amounting to $6,516,461 to its members during 2021;

And **WHEREAS** the Board has approved a further payment in the form of LOAN INTEREST REBATE of 1% amounting to $269,746 which will be paid to members within one week of the AGM;

And **WHEREAS** the Credit Union earned a surplus of $3,651,794 for the year ended December 31st 2021 and a balance of $2,154,558 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 and QUALIFYING SHARES of 3% amounting to $618,093 is paid to Members.

Bro. Ambrose Phillip questioned why the maximum allowed by the Regulators was 3%, hence the Credit Union was paying 0.25 points above what was paid on fixed deposits. He requested an explanation as to why 5% could not be paid. Sis. Livingston-Andall acknowledged the comment pointing out that the resolution was not printed in the Booklet, due to having obtained GARFIN's approval prior to announcing a dividend payment, therefore it was added to the Booklet as an addition. The Board had no authority to pay outside of what GARFIN had approved.

Sis. Livingston-Andall also stated that with respect to the percentage, the Credit Union would have taken into consideration some of the provisions of the Act, specifically with respect to institutional capital. The Act stated that there must be institutional capital of 7% in order to pay a dividend and as such, in doing the calculations, these parameters were taken into consideration. In response, Bro. Ambrose Phillip stated that he heard the explanation, however, he believed that laying out the maximum did not improve the resolution. A motion was moved, seconded and carried on the resolution for the payment of 3% dividend.

AGM/22/22 APPOINTMENT OF AUDITORS FOR 2022

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 2022.

The resolution for appointing PKF as the Credit Union's auditors for 2022.was unanimously passed. The Chairperson thanked the Treasurer for her presentation and management of that section of the AGM.

AGM/22/23 Closing Remarks

Bro. Moses announced that the lucky winner of the Samsung Galaxy SZ was Sis. Whiteman from Carriacou.

He thanked all those who participated and stayed the course. He stated that it was a clear indication of their commitment and support to the growth and development of Ariza. He thanked the staff and reminded members that despite being under tremendous stress the meeting was a success.
He reminded members to remain and enjoy the music of Sabrina and the band.

AGM/22/24 Adjournment

The motion to end the meeting at approximately 7:50 p.m. was moved by Sis. Peterlyn Cooper, seconded by Sis. Claudette James and carried.

NOMINEES
BOARD OF DIRECTORS

Sis. Tricia Melville
FCCA, MBA, ACB, ALB

Fellow of the Association of Chartered Certified Accountants (ACCA), Sis. Tricia Melville. Her experience in accounting and auditing spans more than sixteen (16) years. She is also a graduate of the University of Wales with an MBA in Finance.

From 2008 through 2015, she was employed with PKF, Accountants and Business Advisors, here she started as an Audit Junior and advances to the position of Qualifies Audit Senior.

Dure her tenure at PKF, she worked in both audit and accounting roles and accumulated a plethora of expertise from working with diverse business.

After that, Sis. Melville moved on to Digicel from 2015 to 2022. She worked initially as a financial accountant and advanced to Finance Manager. She later relocated to St. Lucia where she worked with Digicel Caribbean as the Finance Manager for Digicel Grenada, St. Vincent and Anguilla.

Currently, Sis. Melville is the Financial Controller of Jonas Browne& Hubbard (G'da) Ltd. She continues to gain a ton of expertise in the Finance and Accounting sector and will like to use the skills she has developed over the years to serve the Credit Union.

Alana Twum-Barimah
Ph.D. (Candidate), LLM, AML/CA, LEC, LLB, BSc. Attorney-at-Law

Alana Twum-Barimah is an Attorney-at-Law and a Governance and Compliance Specialist with over 12 years of experience in different executive-level management positions. She has served as Deputy Registrar and Registrar of the Supreme Court (2010-2019). Additionally, from 2019 to 2022 she served as Corporate Secretary/ Executive Manager Legal and Compliance at Grenada Co-operative Bank. Effective August 1st, 2022, Mrs. Twum-Barimah assumed the position of Assistant Professor of Law and Management at St. George's University. At SGU she teaches International Trade Regulation, International Business Law, and Business Law at the Bachelor's and Master's level.

Mrs. Twum-Barimah has completed a Bachelor's degree in Psychology (2002), a Bachelor of Law (LLB) (2007), a Legal Education Certificate (2009), and an LLM in International Business Law (2020). Mrs. Twum - Barimah is also a certified Compliance Specialist (AML/CA, FIBA) (2020). She is currently a Ph.D. candidate at the University of Birmingham where she is pursuing a Ph.D. in law with a focus on banking law.

Mrs. Twum-Barimah has served as Director on the Board of Alpha Junior School since 2005. Additionally, she is the owner and author of the Reading Book Series, Keke, the Caribbean Kid.

Mrs. Twum-Barimah has a wealth of experience in several areas, including Commercial and Banking Law, the law of AML/CFT, Succession and Family law, Corporate Governance, Employment and Contract Law. Mrs. Twum-Barimah desires to continue to serve the financial sector in Grenada with her knowledge, skills and expertise.

BOARD OF DIRECTORS

Lyndonnna Hillaire-Marshall

MBA/MIntl, BSc (Hons), ADipCusMgt, DTM

Mrs Lyndonna Hillaire-Marshall is a well-trained Senior Administrator with over twenty-six years of Public Service experience. She currently serves in the capacity of Project Coordinator, Awakening Special Potential by Investing in Restoration and Empowerment (ASPIRE), Youth Project. A project funded by the Caribbean Development Bank. Before that, she served as Head, Reform Management Unit, Department of Public Administration in the Prime Minister's Office for four years after serving as Deputy Comptroller of Customs for six years.

Mrs Hillaire-Marshall is currently pursuing a doctor of business administration degree specialising in Organisational Development. She completed her Master of Business Administration and a Master of International Business degrees from St. George's University; she attained a Bachelor of Science in Business Administration Degree with honours along with a certificate in Public Administration from the University of the West Indies. She also earned an Advanced Diploma in Customs Management from the University of Canberra, Australia. In addition, she completed several academic and self-development certificate courses including Level 3 OCN Award for Working with Gangs and Youth Violence Course, Competency-Based Education and Training Instructor and Assessor certification from Grenada National Training Agency, Administrative Law for the Public Service, Advanced Negotiations, Project Cycle Management, Business Process Re-Engineering, and is a proud alumnus of the Caribbean Leadership Project's Leadership Development Programme.

Mrs Hillaire-Marshall subscribes to Mahatma Gandhi's quote; "The best way to find yourself is to lose yourself in the service of others." She gains great joy and satisfaction from helping others hence her completion of the International Coaching Federation's-accredited professional coaching certification, which has equipped her with a wide range of strategies, processes, and methodologies to adapt to different client profiles, work, and culture scenarios while serving as a leadership and professional development certified coach and mentor.

Over the years, she also gained great satisfaction in committing her time and expertise to facilitate professional capacity building workshops for both public and private sector entities.

Mrs Hillaire-MarshallI has a strong appetite for self-development, which she believes makes persons better at who they are and what they do. As a result, she has been an avid Toastmaster for the past twelve years. She is a Distinguished Toastmaster who is a chartered member of Grenada Public Service, Grenada Gems and Leaders Extraordinaire Toastmasters Clubs where she earned proficiency certification in Motivational Strategy, Presentation Mastery, Visionary Communication and Effective Coaching. Mrs. Hillaire-Marshall is pleased to have led the clubs to President Distinguished status (Toastmasters International highest level of awards) while serving in the capacities of President, Area Director and Assistant Division Director. Mrs Hillaire-Marshall also served as the Pathways Guide for all the clubs in Grenada responsible for guiding and supporting the introduction of Toastmasters International's revised education program – Pathways. She also served as a member of District 81, Caribbean Toastmasters' Task Force responsible for supporting clubs to transition smoothly into conducting online meetings owing to the challenges faced by the Covid -19 pandemic.

Mrs Hillaire-Marshall credits the Toastmasters programme for allowing her to continuously strengthen her interpersonal, communication, and leadership skills, which are essential for success in all senior leadership positions. Her strong interpersonal skills are demonstrated through her assertiveness, ability to bring out the best in others, ability to control her emotions, maintain relationships, and cultivate a positive outlook in all situations.

Mrs Hillaire-Marshall is a family-oriented person who has been married for the past twenty-three years and is the proud mother of three handsome sons. Mrs Hillaire-Marshall believes to succeed one must work hard – if one doesn't take a chance, one doesn't stand a chance, since nothing is impossible – the word itself reads, I'm possible.

SUPERVISORY AND COMPLIANCE COMMITTEE

Adrian Strachan

Adrian Strachan has over fifteen years' experience in accounting and finance with exposure to the private and statutory sectors. During his career he has been involved in accounts reconciliation, financial reporting, financial and accounting controls, document and database development, training and coaching, and management and supervision.

Mr. Strachan has completed the Association of Chartered Certified Accountants (ACCA) Strategic Professional Level, Audit Committee Certification and Directors' Education and Accreditation. He has attended various trainings including leadership, risk management and credit union governance. His interests include performance management and strategy with the goal of contributing to organisational efficiency and effectiveness.

Mr. Strachan has held voluntary leadership roles and during his tenure as a member of Ariza's Supervisory and Compliance Committee, has served as the Committee's Secretary. He is willing to continue his contribution to the Credit Union.

CREDIT COMMITTEE

Judy Pivotte

Judy Rachel Pivotte is employed with the Government of Grenada, attached to the Ministry of Finance, Inland Revenue division. She has been employed with the Government for over 37 years and currently holds the post of Tax Inspector.

Judy is a graduate of the University of the West Indies (U.W.I) with a certificate in Public Administration. He is also a graduate of the St. George's University (S.G.U) with a bachelor's degree in accounting & Finance. Aside from her academic achievements, she also served on the Credit Committee on two occasions, serving for two consecutive terms on each occasion (July 2006- July 2012) and July 2015 – September 2021). She has been a member of the Grenada Public Service Credit Union, t/a Ariza Credit Union for over thirty-five (35) years. She is also a member of the St. John's Loins Clun and currently holds the post of Treasurer.

As an individual, Judy has displayed a high level of confidentiality, is task oriented, has excellent communication and listening skills, is open-minded it new and existing challenges, and pays significant attention to details and information accuracy.

CREDIT COMMITTEE

Desiree Stephens

Sis. Stephens has been a member of the Ariza Credit Union for approximately fifteen (15) years having joined the Credit Union after I was appointed to the Public Service of Grenada in August 2008. She is currently attached to the Ministry of Health, Wellness and Religious Affairs in the capacity of Permanent Secretary with responsibility for General and Health Administration, since July 2022.

Prior to this appointment at the Ministry of Health PSC she served as the Deputy Permanent Secretary with responsibility for Administration in the Ministry of Finance, Senior Human Resource Officer and Human Resource Management Officer at the Department of Public Administration. Subsequent to joining the Public Service she worked in the Private Sector in the areas of accounting/finance and human resource for approximately seven (7) years.

Sis Stephens attained her academic qualifications from Midwestern State University in 1999 where she gained a Bachelor's Degree in Finance and a Master's Degree in International Business from the St. George's University in 2013. She also acquired valuable experience having been exposed to a number of Training in Procurement, Strategic Planning, Human Resource Management, Advanced Negotiations, Events Management, Managing Public Sector Performance, Monitoring and Evaluation, Human Resource Audit, Good Practises in Public Sector Management and Leadership (soft side of leadership).

She served as a member of the Board of Director of the National Water and Sewerage Authority, Financial Complex Limited, Grenada Tourism Authority, Grenada Solid Waste Management Authority, Grenada Airports Authority, Grenada Sustainable Trust Fund and the Grenada Cultural Foundation. She currently serves on the Board of Directors of the Aviation Services of Grenada.

She has also served my country and my community in the following capacities:

- Captain of the National Under 23 Netball Team
- Member of the National Senior Netball Team
- Member of the National Female Basketball Team
- Member of the National Women's Football Team
- Vice President & Treasurer of the Grenada Netball Association
- Director/Treasurer of Fontenoy United Club
- General Secretary of the Grenada Athletic Association
- Member of the Women's Committee of the Grenada Football Association

ARIZA CREDIT UNION APPOINTS MERVYN LORD AS CEO

The Board of Directors of Ariza Credit Union is pleased to announce the appointment of Mr Mervyn Lord as its Chief Executive Officer.

Mr Lord joined Ariza on 1st December 2022 after a distinguished tenure as the General Manager of the Grenada Development Bank from 2008. Under his leadership, the Bank consistently exceeded key strategic and operational targets.

With a passion for business development, leadership and wealth creation, his career has spanned both the private and public sectors. In addition, he served on various Boards of Directors including the Birchgrove Co-operative Credit Union as the Chairman, the Grenada Co-operative League as the Treasurer and the Grenada Chamber of Industry and Commerce as a director. He was the Chairman of the Association of Development Banks of the Eastern Caribbean from 2016 to 2022.

Mr Lord possesses a combination of leadership, business management, accounting, finance and strategic management skills. He holds a Master's degree in Accounting and Finance from Birmingham University, UK and a Bachelor's degree in Business Administration with a major in Management from Andrews University, USA. He also obtained high-level training in leadership.

In addition to Mr Lord's professional training and experience, he strongly affirms to practising the principles of excellence in leadership. He believes in placing emphasis on people and team work and is an advocate for employee and member satisfaction, as major pillars for institutional transformation and financial sustainability.

Mr Lord will build on the solid foundation laid by past Chief Executive Officer Mrs Lucia Livingston-Andall and continue the transformation of Ariza Credit Union to enable the achievement of its vision: "To maintain our role as leader in providing all-inclusive financial solutions based on co-operative ideals."

FAREWELL

LUCIA LIVINGSTON-ANDALL

Chief Executive Officer

Sis. Lucia Livingston-Andall has led the Credit Union admirably for the last 25 years, serving under 11 Presidents and enabling significant milestones to be celebrated along the way. She served as General Manager of the Grenada Public Service Co-operative Credit Union from September 1997 to 30th December 2016, and CEO of the organization rebranded to Ariza Credit Union from January 2017 to 30th September 2022.

Throughout her leadership, the Credit Union continued pushing the envelope, breaking barriers, and taking bold initiatives to better serve our growing membership.

Sis. Livingston-Andall embodies the credo of the Co-operative movement of "people helping people." She has been instrumental in helping transform members' lives by being available to advise, counsel and assist members in their financial affairs.

We thank and salute you, Sis. Lucia Livingston-Andall for 25 years of unwavering service, and for putting the Credit Union on a sound course for the 21st Century and beyond.

We wish you God's richest blessings as you start the next chapter in your life's journey.

Happy Retirement!

FAREWELL

FLORENCE WILLIAMS

Executive Manager
Loans & Credit Administration

Sis. Florence Williams has played an integral role in the development of the Credit Union for the last 16 years.

As Executive Manager of the Loans & Credit Administration, Mrs Williams led several initiatives, including: the revision of the department's organizational structure and relocation to a new building, software upgrades, development and launch of new loan products, updating of policies and procedures which includes the computerization of member data and management of the delinquency portfolio.

She has championed the daily Morning Rally, where employees get together at the start of the workday to share uplifting words, participating from time to time in friendly competitive exercises and giving thanks for the many blessings in their lives.

We thank and salute you, Sis. Florence Williams for 16 years of dedicated service, and for your care and concern for members and employees.

We wish you God's richest blessings as you start the next chapter in your life's journey.

Happy Retirement!

JANICE DARBEAU

Member Service Representative

On Friday 1 st April 2022, Ms Janice Darbeau officially proceeded on retirement, having been part of the history and growth of our Credit Union for thirty-seven (37) years.

Ms Darbeau was passionate about the wellbeing of all members, including employees. All the duties she performed, including assisting members on the telephone, handling the affairs of deceased members and ensuring employees had the supplies they needed, were conducted with consideration for the philosophy of the Credit Union movement. Many members can attest to Ms Darbeau's assistance in improving their quality of life during the various roles in which she served, including Member Services Officer and Loans Officer. Retirement is an opportunity to spend more time with family, as well as on recreational activities. We pray God's continued blessings on her and her family while she enjoys the benefits of her hard work.

Happy Retirement!

Highlights


FINISH
1:10:06
T.A. MARRYSHOW
COMMUNITY COLLEGE
smile
Best Mom Ever
smile
Best Mom Ever
PURE GRENADA

Why Choose Ariza 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.

NOTES

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