



LABORIE CO-OPERATIVE CREDIT UNION LTD.

38th Annual General Meeting



LCCU:

**Meeting the Social and Economic
Needs of the Member**

Sunday 23rd April, 2023

Credit Union Prayer

Lord, make me an instrument of Your peace,
where there is hatred, let me sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
where there is sadness, joy;

O, Divine Master,

Grant that I may not so much seek
to be consoled as to console;
to be understood as to understand;
to be loved as to love;
For it is in giving that we receive;
it is in pardoning that we are pardoned;
and it is in dying that we are born to eternal life.

Amen

Core Values

We believe our members come first
We believe in being human centered
We believe in unequivocal excellence in all aspects of our operations
We believe in being community focused
We believe in the co-operative philosophy

Core Purpose | Just Cause:

To provide the means by which members enhance their capabilities and capacities to achieve wellness for themselves, their families and communities.

Vision

To be the financial institution most adept at enabling each member to thrive, based on his or her potential.

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Notice is hereby given that the 38th Annual General Meeting of the Laborie Co-operative Credit Union Ltd. will be held on Sunday 23rd April 2023 at the Laborie Boys' Primary School at 1:30 p.m.

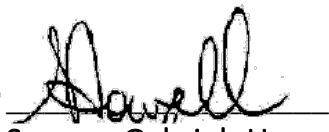
A G E N D A

Part One

- ✓ Call to Order
- ✓ Prayers & National Anthem
- ✓ Welcome Remarks
- ✓ Apologies
- ✓ Introduction of Guests and Greetings from Fraternal Organizations

Part Two

- ✓ Ascertainment of quorum
- ✓ Reading and Confirmation of Minutes of the 36th Annual General Meeting
- ✓ Reports
 - × Board of Directors
 - × Treasurer
 - × Auditor
 - × Credit Committee
 - × Supervisory Committee
- ✓ Election of Officers
- ✓ Appointment of Auditor
- ✓ Any Other Business
- ✓ Adjournment



Samara Gabriel -Howell
Secretary

S T A N D I N G O R D E R S

1. A member shall:
 - a. Stand when addressing the Chairperson.
 - b. Identify himself / herself by name before proceeding to make speeches.
2. Speeches should be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when recognized or called to do so by the Chairperson after which he/she shall immediately take his / her seat.
4. No member shall address the meeting except through the Chairperson.
5. A member shall not speak twice on the same subject except:
 - a. He/she is the mover of the motion and has the right to reply.
 - b. He/she rises to object or explain (with the permission of the Chairperson).
6. No speeches shall be allowed after the question has been put, carried, or negated.
7. A member rising on a 'Point of Order' must state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders).
8. The mover of a 'procedural motion' (adjournment, postponement) shall have no right of reply.
9. A member shall:
 - a. Not 'Call' another member 'To Order' but may draw the attention of the Chairperson to a 'Breach of Order'.
 - b. At no time 'Call' the Chairperson 'To Order'.
10. A question should not be put to the vote if a member desires to speak on it or move an amendment to it.
11. Only one motion / amendment should be before the meeting at one and the same time.
12. When a motion is withdrawn any amendment to it fails.
13. The Chairperson shall have the right to a 'Casting Vote' in addition to his/her ordinary vote in the event of an equality of votes.
14. If there is an equality of votes on a motion / amendment, and if the Chairperson does not exercise his/her casting vote the motion / amendment is lost.
15. The Chairperson shall always make provisions for the protection of members from vilification or personal abuse.
16. No member shall impute improper motives against the Chairperson, Board of Directors, Officers, or any other member.

**Minutes of the 37th Annual General Meeting
held at the Laborie Boys' Primary School
on Sunday 30th April 2022**

PART ONE

Call to Order

The Meeting was called to order at 1:59 p.m. by the Chairperson, President Steven Auguste.

Invocation and National Anthem

Members present joined in the recital of the Prayer of St Francis of Assisi and the Laborie Cooperative Credit Union Core Values, following which, an instrumental version of the National Anthem was played.

Attendance

Board of Directors

Steven Auguste

Lana Alexander

Eyan St Helen

Dave Jn Pierre

Samara Gabriel Howell

Denver Chiquot

Julian Dubois

Vincent Edward

Credit Committee

Nazaria John Chicot

Dale Louis

Nataki James George

Carina Snagg

Jenny Chicot Louisy

Supervisory &

Compliance Committee

John Lawrence

Irma Francis

Kediana Charlery

Kendell Peter

Absent was Director Augustine Dominique who sent in his apologies.

Welcome Remarks

Director Steven Auguste welcomed all members to the 37th Annual General Meeting. He noted that the afternoon's proceedings would be in two parts, namely an Open and Closed session. While the Open session was opened to everyone, the Closed session would be exclusively for LCCU members. He wished members a productive AGM and urged them to participate fully.

Greetings from Fraternal Organizations

- Mrs. Marylene John-Marquis, a member of the Laborie Fishers and Consumers Cooperative executive, extended congratulatory remarks to LCCU on its AGM on behalf on the Cooperative and expressed her hopes to see LCCU continuing to partner with the Laborie Fishers and Consumers Cooperative under the LUC (Laborie Union of Cooperatives) initiative.
- Ms. Jeanell Garness, the secretary of the Black Bay Farmers and Consumers Cooperative also congratulated LCCU on its AGM and expressed her hopes for LCCU to continue to develop the community and the nation through best practices.
- Mr. Lucius Ellevic, the representative for the Laborie Development Foundation reinforced the views by Mrs. Marquis and Ms. Garness. He wished LCCU a successful AGM and was hopeful that member deliberations would help to foster the continued growth of the development of LCCU.

PART TWO

Minutes of the last AGM

The Minutes of the 36th AGM held on Sunday 30th May 2021 were read by Director Eyan St Helen.

Errors and Omissions

Page 5 **Re: Attendance**

The name of Paul Sammy is omitted from the list of Board of Directors and should be reflected.

Page 9 **Re: Credit Committee Report**

The names *Nazaria John Chicot* and *Celia John Chicot* appear in the report. Though the names belong to the same person, one name should appear for consistency.

Confirmation of the Minutes

The Minutes of the 36th AGM were confirmed on motion moved by Martina Alexander and seconded by Raymond Couloute. The motion was unanimously carried.

Matters Arising

Page 5 **Re: Matters Arising**

The General Manager reported that LCCU has been informed that the outstanding debt from the St. Lucia Fish Marketing Corporation will be paid in the 2022 fiscal year.

Page 5

Re: Matters Arising

Based on an enquiry into the Castries Branch, the Chairperson indicated that a report on the branch would be presented in the Board of Directors Report.

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Re: Any Other Business (first item)

The General Manager provided clarification to Family Indemnity Plan's coverage. He explained the children of a policy owner aged one (1) through twenty-five (25) and who are not married are covered under the plan. In addition, children who are permanently disabled are covered for the duration of their lives once they are enrolled before age twenty six (26).

Board of Directors Report

The Report for the financial year under review was presented by President Steven Auguste. The Board of Directors included:

Mr. Steven Auguste – President

Ms. Lana Alexander – Vice President

Mr. Eyan St. Helen – Secretary

Mrs. Samara Gabriel Howell – Assistant Secretary

Mr. Dave Jn Pierre – Treasurer

Mr. Augustine Dominique _ PRO

Mr. Julian Dubois – Director

Mr. Denver Chiquot - Director

Mr. Vincent Edward – Director

The President reported that despite operating in a milieu where the World Bank projected an increase in the rate of inflation of 2.6% for St. Lucia and an increase in debt to GDP ratio, LCCU continued to leverage the resources of its members to provide high quality competitive products and services to all members as a whole. During the year under review members were paid \$7.23 million in interest representing an average of 3.59% whereas the average interest rate offered by most banks during that period was 2%. LCCU was also able to successfully open its Castries branch.

The President noted that LCCU placed particular attention to providing housing and opportunities for higher learning to members during 2021 as is reflected in the composition of total loans disbursed. The loans portfolio grew by \$65.77 million during the period with \$48.22 million of that amount used to finance the housing and education needs of members.

At the end of the financial year, LCCU was able to meet and surpass many of its performance targets.

- Total Assets- \$294.67 million projected; \$296.20 million was achieved.
- Gross Loans - \$222.26 million projected; \$248.77 million was achieved.
- Total Savings - \$235.70 million projected; \$246.3 million achieved.
- Total Income - \$18.40 million was projected; \$17.64 million was achieved.

In addition, LCCU experienced over 25% growth in total assets and 13.3% growth in account holders in 2021.

In consideration of LCCU's notable financial achievement, a payment of 6% dividends was recommended and a payment of 10% patronage refund was approved by the Board for the year ending December 21, 2021. The President thanked Directors for their diligence, commitment and contributions towards LCCU's successes. He informed the

meeting that Directors Eyan St Helen and Lana Alexander had reached the end of their tenure and were therefore retiring.

The following discussions and points were generated from the Board of Directors report:

- Officers and management were lauded for their ability to keep delinquency down despite and growing loans portfolio. In addition, management and the Board were applauded for their hard work in ensuring that LCCU achieved its performance targets despite the tough economic climate.
- The opening of the Castries branch was applauded however an inquiry was made into getting uniform for the Castries staff.

The Board of Directors' Report was adopted on a motion moved by Paul Sammy and seconded by Raymond Couloute. The motion was unanimously carried.

1st Raffle Draw

Glycerius Johannes, won the first raffle draw – A full body massage.

2nd Raffle Draw

Samuel Antoine, won the second raffle draw of \$500.00

Treasurer's Report

Director Dave Jn Pierre delivered this report, highlights of which are as follows:

- The loans portfolio and membership grew by 35% and 13.3% respectively.
- At the end of the fiscal year the delinquency value was 3.99% of the total loans portfolio.
- Total Assets grew by 25% over 2020 to \$296.2 million dollars.

- Members' fixed deposits, special savings and regular deposits increased by \$54 million.
- Members' Equity increased by \$6.2 million from \$42.9 million to \$49.1 million – an increase of 14%.
- Share capital grew by \$3.1 million.
- Reserves and Funds expanded by \$1.7 million.
- Retained earnings increased by \$1.3 million.
- An increase of 11% in Total Income, from \$14.8 million to \$16.5 million.
- Interest paid to members moved from \$6.71 million in 2020 to \$7.28 million in 2021 – an increase of 8.5%.
- Administrative expenses grew by 12.7%.
- LCCU recorded an increase in surplus of \$1.02 million in 2021 over the results of 2020.

Members were encouraged to stay informed and to take advantage of the several products and services offered by LCCU such as: land, mortgage, student, personal, vehicle loans; line of credit, Kwédi Alèz, Vision Plus, SmartClime Agricultural, Mix and Match loans, Family Indemnity Plan, Fixed Deposit, Western Union, Sure Pay and ATM services.

In the ensuing discussion, the following points were made:

- The impressive growth of the loans portfolio while delinquency continues to be reduced is laudable. The General Manager attributed this to better loan underwriting and screening.

The Treasurer's Report was adopted on a motion moved by Francillia Browne and seconded by Francine Marius. The motion was unanimously carried.

3rd Raffle Draw

Stephen Eugene won the third raffle of \$500.00

4th Raffle Draw

Kerly Sandy Harris won the fourth raffle of \$500.00

5th Raffle Draw

Ashlyn John won the fifth raffle draw of \$500.00

Credit Committee Report

Jenny Chicot Louisy delivered this report. The Committee comprises:

Nazaria John Chicot – Chairperson

Dale Louis – Vice- Chair

Jenny Chicot Louisy

Carina Snagg

Nataki James George

The following points were highlighted in the report:

- During the period under review, the Committee met fifty-one (51) times and deliberated over 3114 loans- eighty one (81) more loans than the previous year.
- 3076 loans were approved totaling \$111,867,522.31. This represented an increase of \$54,021,467.61 over 2020.
- Mortgage, Personal and land loans represented the largest amounts of approved loans.

- 38 loans were not approved for reasons including insufficient security, uncertainty about ability to repay, insufficient information and prior delinquency.

In the discussion following the Credit Committee's report, the following points were highlighted:

- An explanation of the Kwédi Alèz loan product was given by the General Manager based on an inquiry.
- Agricultural loans are not in high demand and the importance of agriculture in food security should be underscored to encourage more members to apply for such loans.

The Credit Committee's Report was adopted on a motion moved and seconded by Marylene John-Marquis and Olivia Clery respectively. The motion was unanimously carried.

6th Raffle Draw

June Albert won the sixth raffle draw for \$500.00

7th Raffle Draw

Mary Phillips won the seventh raffle draw for \$500.00

Auditor's Report

Llewellyn Gill of Llewellyn Gill & CO Chartered Accountants delivered the Auditor's Report in a virtual presentation. He reported that the financial statements presented fairly, in all material respects, the financial position of the Credit Union as at 31

December 2021 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS).

The Auditor's Report was adopted on a motion moved and seconded by Martina Alexander and Nyoka Fred respectively. The motion was unanimously carried.

Supervisory and Compliance Committee Report

Kediana Charlery, the Chairperson presented the report. The committee consist of:

Kediana Charlery – Chairperson

Kendell Peter – Assistant Chairperson

Irma Francis – Secretary

John Lawrence – Assistant Secretary

Caron Serieux – Member

Ms. Charlery disclosed that the following had been conducted during the year in review:

- Cash Audits
- LCCU Performance Review using PEARLS Ratio
- Health and Safety Assessment
- Review of Employee Benefits Policy
- Review of Declaration of Source of Funds
- Bursary and Scholarship Review (New Awardees)
- Anti-Money Laundering Policy Review

She indicated that no major concerns had been detected during the aforementioned exercises and that the Committee is satisfied with LCCU's procedures, policies and systems of internal control.

The Supervisory & Compliance Committee’s Report was adopted on a motion moved and seconded by Maurina St. Brice and Saturina Louisy respectively. The motion was unanimously carried.

8th Raffle Draw

Cyprian Montrope won the eight raffle draw for \$500.00

Nomination & Election of Officers

The Nominations Committee comprised of Peter Alphonse, Marylene John-Marquis and Lana Alexander. The details on the election of officers are outlined in the table below.

Committee	Recommendations		Elected Officers
	Nominations Committee	The Floor	
Board of Directors	Lauric Etienne Francillia Browne Steven Auguste (A motion that nomination be closed was moved by Marylene John-Marquis and		Lauric Etienne Francillia Browne Steven Auguste (Officers were elected unopposed)

	seconded by Raymond Couloute. The motion was carried)		
Credit Committee	Dale Louis (A motion that nomination be closed was moved and seconded by Paul Sammy and Francine Marius respectively. The motion was carried)		Dale Louis (The Officer was elected unopposed)

Appointment of Auditor

A motion authorizing the Board of Directors to appoint an Auditor for the next financial year was moved and seconded by Phils Louis and Nyoka Fred respectively. The motion was carried unanimously.

9th Raffle Draw

Liza Victor won the ninth raffle draw for \$500.00

Any Other Business

1. LCCU should consider providing shelter to members from the elements since queues can be long because of the enforcement of Covid-19 protocols limiting the number of members inside the Credit Union at any one point.
2. Members attending the AGM virtually should be able to participate more fully by acknowledging comments placed in the chat and raised hands.

10th Raffle Draw

The tenth draw for \$1000.00 was won by Marva Charlemagne.

Adjournment

The Chairperson thanked all members for attending the AGM and for their active participation. He wished all a good evening. The meeting was adjourned at 5:55 p.m. on a motion moved by Yanic Thomas and seconded by Lana Alexander.



Eyan St Helen
Secretary

Board of Directors' Report

for the year ending December 31, 2022

LCCU: Meeting the social and economic needs of the member.

Welcome to our 38th Annual General Meeting. On behalf of the Board of Directors, I am pleased to report on the performance of our Credit Union for the past year. The report presents an opportunity for you, the member, to assess the extent to which the Board is ensuring that the Laborie Co-operative Credit Union (LCCU) continues to fulfill its purpose. Your directors for the year in review were as follows:

- Mr. Steven Auguste, President
- Mrs. Francilia Brown, Vice President
- Mrs. Samara Gabriel- Howell, Secretary
- Mr. Dave Jn Pierre, Treasurer
- Mr. Lauric Etienne, Assistant Secretary
- Mr. Augustine Dominique, P.R.O.
- Mr. Vincent Edward, Director
- Mr. Julian Dubois, Director
- Mr. Denver Chiquot, Director

Performance Review

A combination of events in the global environment has triggered unprecedented increases in prices, including food prices, in St. Lucia. This has resulted in both social and economic hardship for many citizens especially the vulnerable. Additionally, the business environment in which the LCCU operates is growing in complexity. This complexity is characterized by increasing competitiveness, technological advancements and changes in consumer preferences. Notwithstanding those challenges in the business environment

and the economy, LCCU has been able to exercise prudence and innovation in continuing to create economic and social value for members. Accomplishing this social transformation objective warranted that the credit union devise strategies that were aligned with the business and economic environment and yet not lose sight of the co-operative identity.

And so, during the year under review, our credit union crafted and implemented strategies that required creativity and innovativeness. We motivated members to manage their personal finances, provided loan products and services which are in line with the needs and circumstances of members. Guided by these strategies, LCCU achieved the following results during 2022:

Performance Indicator	Achieved 2021	Achieved 2022
Total Assets	\$296.20 million	\$359.8 million
Gross Loans	\$248.77 million	\$311.9 million
Total Savings	\$246.3 million	\$298 million
Total Income	\$17.64 million	\$21.89 million
Total Expenses	\$12.74 million	\$ 17.37 million

The results achieved indicate that the credit union continues to grow positively in all of the key performance variables. Notwithstanding that delinquency is being managed well to the extent that at the end of the year under review the rate was 3.95%, provisions for bad debts had to be increase to \$1.93 million, thus impacting total expenses. The increase was necessary because the non-performing loans on which the credit union hold judgements are taking an inordinate length of time to be sold off. When sold, the sale proceeds will be set off against the provisions for bad debts.

Our Castries Branch has gone through a complete year of operations. The purpose of the Branch is to help LCCU maximize opportunities to attain the mission of transforming the lives of as many Saint Lucians as possible. At December 31, 2022 the Branch had total loans of \$20.62 million and total savings of \$28.4 million. The total accounts at the Branch was 3,273 made up of 3,017 members, 197 minors and 59 organizations. The total savings of the Branch exceeded its total loans thus the Castries Branch currently serves as the hub of savings for LCCU. The Branch has greatly facilitated access to LCCU services to Laborians and residents in the north of the island.

The LCCU objective of helping members and non-members develop coping skills to deal with the current economic situation received great traction through the Castries Branch. LCCU was able to make presentations on the essentials of personal financial management to over 300 employees of various firms in the North.

Achieving Effectiveness and Efficiency

During the year under review, LCCU placed great emphasis on disaster preparedness and the continuity of business operations after a disaster. To this end, the information technology unit has configured a robust network structure that has improved the ability of LCCU to resume operations within 72 hours after a major island wide disaster. The newly configured network also enhanced the ability of the credit union to switch operations to other Branches if any one of the branches should suffer from a disaster. Further, all members of staff received training on various aspects of disaster management in a bid to minimize the impact of disasters. The objective is to be prepared to offer regular services to members with minimum delay after a disaster.

During 2022, LCCU launched project 'Do you know who your beneficiary is?' This is in response to the numerous occasions where members passed away leaving no beneficiary or the named beneficiary died before the member. Such situations can result in families having to spend thousands of dollars to determine who should receive the savings of the deceased member. So members, do you know who your beneficiary is?

LCCU continued to enhance its ability to render services to members via its virtual services unit. The unit was established based on two reasons. Firstly, members at home and abroad would prefer to apply for loans and other services from the comfort of their homes and offices. Secondly, the quicker the process from loan application to disbursement the better the value proposition. The initiative has resulted in members saving time and reducing the need for frequent visits to the Credit Union to effect transactions. It has also reduced congestion at the Branches. The performance of the unit has been reviewed and enhancement measures will be implemented.

Looking Ahead

LCCU seeks to transform lives by creating and sustaining value by relentlessly pursuing new opportunities to serve members and the greater community. To this end LCCU will focus on addressing social problems in our community using economic means. In this regard initiatives planned for 2023 will include LCCU deepening the strategic alliance between Laborie Fishers and Consumers Co-operative, and Black Bay Farmers and Consumers Co-operative, under the auspices of the Laborie Union of Co-operatives (LUC). Member education is inextricably linked to the process of transforming lives. Consequently, LCCU will explore various means and media to provides members access to material on social and economic wellness.

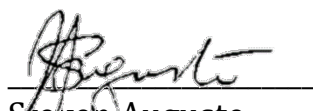
Acknowledgements

I am deeply grateful to my fellow Directors for their dedicated service to LCCU. Never in the history of LCCU has any monthly board meeting been postponed for lack of a quorum. On behalf of the general membership, I also extend heartfelt thanks to Directors Dominique, Jn Pierre and Edward. They have completed one term as directors and are eligible for re-election. Deep appreciation for exceptional service must also be extended to Officers Serieux, Lawrence and Charlery of the Supervisory Committee. They have concluded two terms of service and are retiring.

Sincere thanks is conveyed to the Manager and his Staff for their steadfast efforts in the performance of their duties. It is their quality of effort which have contributed in great measure to the successes for which LCCU is known. Heartfelt appreciation to you members for your love, commitment and trust to our Credit Union. Indeed, we are the credit union of one.

Conclusion

In closing, let me state that the Board is accountable to you, the members, for the outcomes created or realized during the past year. Moreover, based on the LCCU performance of 2022 and the plans for 2023, the Board declares the payment of 6% patronage refund and recommends dividends of 6% on equity shares. Members, let us continue to build our Credit Union; the Credit Union which would enable each member to thrive based on his or her potential.



Steven Auguste
President

Treasurer’s Report

for the year ending December 31, 2022

Fellow Members:

The year 2022 will be remembered as the beginning of the post COVID era. During that year also, the economy of St. Lucia has shown some signs of recovery now that the restrictive burdens of COVID have been lifted. The tourism sector has shown significant indications of recovery and with that all sectors of the St Lucia economy benefited. The Laborie Credit Union (LCCU) thrived throughout the height of the COVID pandemic and maintained that momentum post COVID.

The LCCU set aggressive targets for 2022 and achieved most of them as indicated in the table below.

Performance Indicator	Targets 2022	Achieved 2022
Total Assets	\$359 million	\$359.8 million
Gross Loans	\$295 million	\$311.9 million
Total Savings	\$294 million	\$298 million
Total Income	\$22.89 million	\$21.88 million
Total Expenses	\$16.5 million	\$ 17.37 million

Loan interest rates in the market has been volatile during the past year and LCCU had to respond appropriately so as to remain competitive. The response strategy meant that LCCU had to sacrifice some loan interest income, thus impacting the ability of LCCU to achieve the targeted total income figure. The LCCU closed the fiscal year with a delinquency value 3.95% of the total loan portfolio value. The acceptable standard is 5%. Some of the delinquent loans are over 365 days old and so adequate provisioning had to

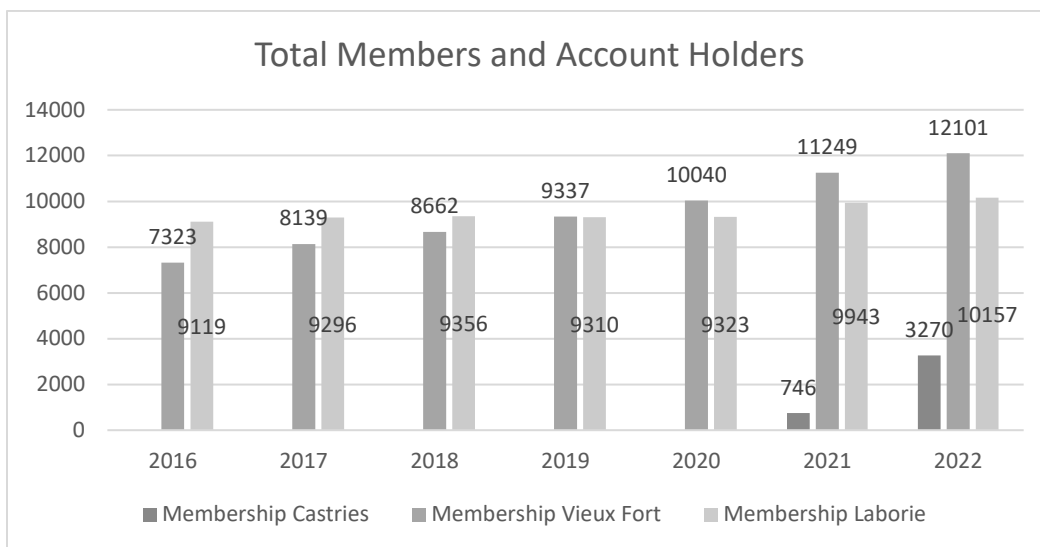
be made for these loans, while the credit union continue with the process of selling off the collateral associated with these loans. This increased level of provisions impacted the total expenses for 2022. Members are reminded that non-payment of loans will negatively impact the ability of the LCCU to operate effectively.

The Castries Branch continues to gather momentum and is on track to become self-sustainable in the near future. The Branch has contributed significantly to the value of total member savings during 2022. The management and staff of the Credit Union must be commended for once again producing another successful financial year of growth and profitability whilst meeting the socio-economic needs of members.

The following is a review of key performance indicators:

Membership and Account Holders

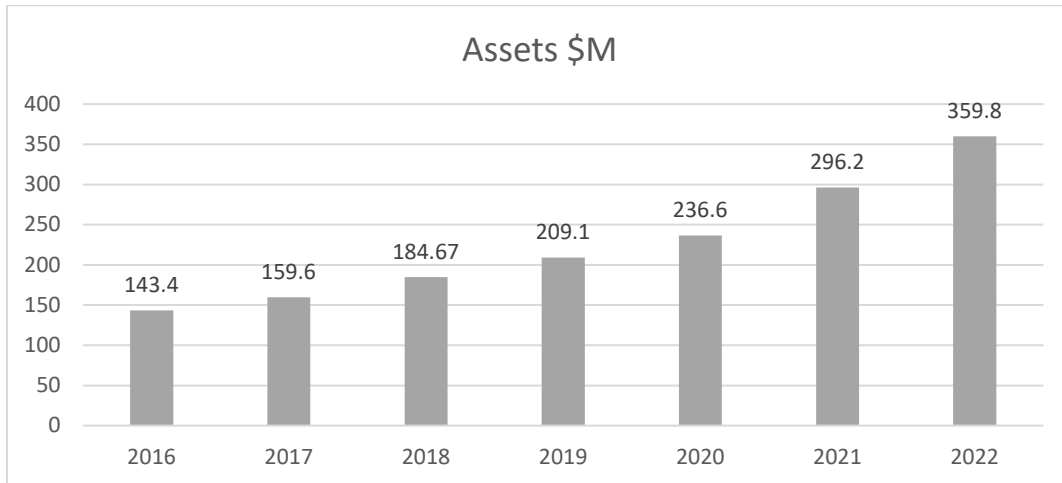
Membership and account holders grew by 16% bringing the total to 25,528. The net growth in Account Holders for the year was 3,591. The Vieux Fort Branch accounted for 853, the Laborie Branch accounted for 214 and Castries 2524. Total accounts held at the Vieux Fort was 12,101, Laborie Branch was 10,157 and Castries 3,270.



Financial Position

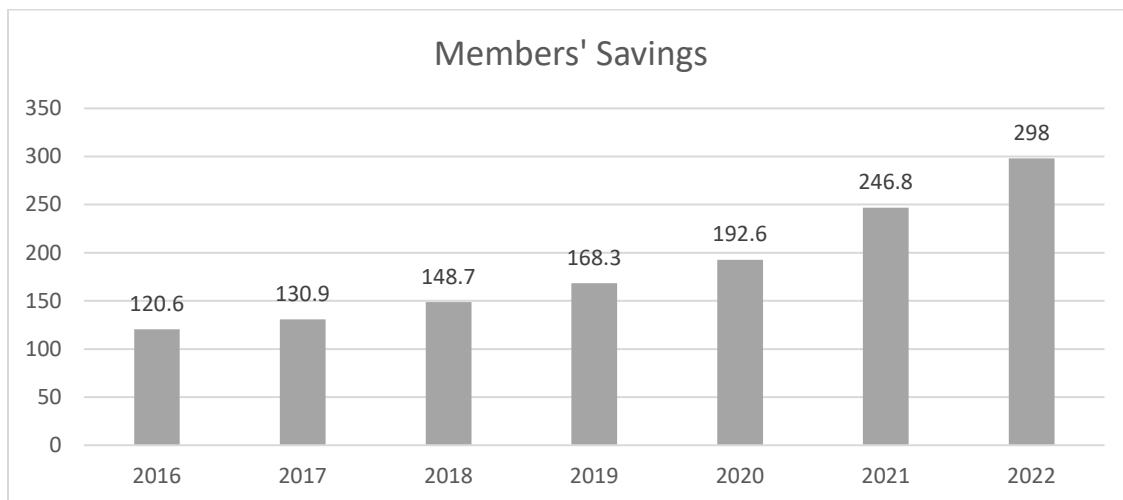
Assets

Total Assets increased by 21% over 2021 to \$359.8 million dollars. Most of this increase was driven by a 19.6% increase in member loans.



Liabilities

Liabilities increased by 22%. Liabilities represent amounts due to third parties, member savings and fixed deposits. Member fixed deposits, special savings and regular deposits increased by \$51.2 million. The LCCU offers favorable interest rates, and deposits with the LCCU is considered to be one of the better investment opportunities currently available.



Members' Equity and Capital

Members' Equity increased by \$8.13 million from \$49.02 million to \$57.2 million or 16.7%. Share capital increased by \$4.41 million. Reserves and funds increased by \$2.9 million and Retained earnings increased by \$.9 million.

Financial Performance

Income

The total income generated by the core business activities in 2022 was \$21.88 million compared to \$17.64 million in 2021, an increase of 24.04%.

Interest Expense

Interest paid to members increased from \$7.28 million to \$9.27 million, an increase of 27.33%. Member savings increased by 21%. The Laborie Credit Union is committed to providing members the best interest rate on savings. The Credit Union will manage its operations so as to continue to provide one of the best investment options for members.

Administrative Expenses

Total administrative expenses increased by \$1.25 million or 29%. Most of that increase was expenses associated with the new branch in Castries which experienced its first full year of operation.

Surplus

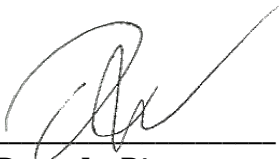
The credit union recorded a \$387,000 decrease in surplus compared to that of 2021. This is the result of the increased provisions for delinquent loans. A net surplus of \$4.5 million was realized with total comprehensive income of \$5.68 million.

Conclusion

The LCCU continues its mission to “enhance the standard of living and quality of life of its members” whilst staying true to its Core Values. We encourage members to continue to stay informed and take advantage of the many products and services available.

- Land Loans
- Mortgage Loans
- Student Loans
- Personal Loans
- Smartclime
- Kwedie Alez
- Vehicle Loans
- Line of Credit
- And more....
- Business Loans
- Mix & Match Loans
- Vision Plus Loans
- Family Indemnity Plan
- Fixed Deposit
- Western Union Services
- Surepay Services
- ATM

Thank you.



Dave Jn Pierre
Treasurer

Credit Committee's Report for the year ending December 31, 2022

The Credit Committee is pleased to present its report for the financial year ending December 31, 2022.

The Credit Committee is charged with the responsibility to provide members fair access to members' deposits in the form of loans as specified in the Laborie Cooperative Credit Union's (LCCU) loan policies. These lending policies are determined by the Board of Directors and the implementation process is the role of the Credit Committee. It is significant to note that the lending process is paramount to the success and advancement of the organization.

Composition of the Credit Committee

The Credit Committee comprised of the following Officers:

Nazaria Celia John - Chicot, Chairperson

Dale Louis, Deputy Chairperson

Carina Snagg, Secretary

Jenny Chicot - Louisy, Member

Nataki James-George, Member

Loans Processed

During the year under review, the Committee held 49 weekly meetings and deliberated on three thousand, nine hundred and fifty-five (3955) loan applications, representing eight hundred and eighty-one (881) loan requests more than the previous year. This is illustrated in Table 1 below.

CATEGORY	No. of Loans	
	2021	2022
Business	79	85
Education	93	70
Agriculture	8	7
Personal	1963	2,668
Mortgage	155	114
Medical	28	18
Housing	353	402
Vehicle	266	318
Land	153	87
Kwédi Alèz	16	122
Bust	0	64
TOTAL	3114	3,955

Table 1: Loan application by category

The Table reveals that the largest number of loans requested were Personal, Housing, Vehicle and Kwédi Alèz applications. It further indicates a significant decrease in Mortgage and Land loans in comparison to 2021.

Approved Loans

Approval was granted for the disbursement of 3923 loans totaling \$ 83,499,378.63, a decrease of \$28,368,143.68 over 2021. Mortgage, Personal, Land and Vehicle categories represent the largest amounts approved as Table 2 reflects.

CATEGORY	NUMBER	% OF APPROVED LOANS	AMOUNT	% OF AMOUNT APPROVED
Business	79	2.01	3,435,996.49	4.11
Education	68	1.73	2,136,929.52	2.56
Agriculture	7	0.18	113,097.00	0.14
Personal	2,663	67.88	21,094,266.43	25.26
Mortgage	104	2.65	26,408,935.61	31.62
Medical	18	0.46	185,492.61	0.22
Housing	402	10.25	6,536,837.78	7.83
Vehicle	312	7.95	11,069,272.73	13.26
Land	84	2.14	11,742,777.68	14.06
Kwedi Alez	122	3.11	447,969.81	0.54
Bust	64	1.63	327,802.97	0.39
Total	3,923	100%	83,499,378.63	100%

Table 2 Approved loans

Loans Not Approved

The Credit Committee cautiously reviews loan applications to ensure fairness and equity in service to members while safeguarding the Institution’s interest. To this end, thirty - two (32) loan requests were denied for varied reasons including insufficient information, insufficient security, uncertainty about ability to repay and prior delinquency. Table 3 presents information on loans that were not approved.

CATEGORY	NUMBER OF LOANS
Business	7
Education	2
Agriculture	0
Personal	4
Mortgage	10
Medical	0
Housing	0
Vehicle	6
Land	3
Total	32

TABLE 3: Loans not approved

Based on the above statements, we urge you, our dignified members, to familiarize yourselves with the loan requirements to ensure prompt and successful processing of loan applications. These include cash security, mortgages, bills of sale, co-makers, life and term insurances. Provisions are also in place for the Manager to disburse loans within shares.

Other Committee Involvement

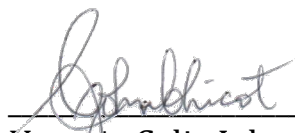
In addition to meeting weekly to deliberate over and approve loan applications, the Committee participated in Joint Committee meetings, training sessions and other activities. These training sessions provided opportunities to clarify loan processing concerns, make recommendations and assist management in implementing projects.

Conclusion

The review and processing of loan applications can sometimes be very arduous and time consuming, especially when insufficient information is provided or clarity is required. Such occurrences could result in the deferment of applications although the LCCU's management body ensures that measures are in place to expedite the Credit granting process. Thus, the Committee is immensely grateful to the General Manager, Staff, Board of Directors and Supervisory Committee for their unwavering support and cooperation during the past year.

Special thanks are expressed to those staff members who promptly responded to our late calls when clarity was needed to facilitate the deliberation process. Our greatest share of gratitude is reserved for you members, the most esteemed component of LCCU for your patience and understanding when the loan process was delayed for various reasons or when the result did not meet your expectations. However, we wish to reiterate that while we seek to assist all members, it is also critical that LCCU's interest is safeguarded.

As the management of the Laborie Cooperative Credit Union strives to explore various ways to ensure that it remains the most preferred financial institution, I implore you to remain steadfast and committed in supporting your organization.



Nazaria Celia John-Chicot
Chairperson.

Supervisory and compliance Committee's Report for the year ending December 31, 2022

The Supervisory and Compliance Committee is pleased to present its report for the financial year ending December 31, 2022. The committee embraces its role and responsibility to monitor the operations of the Laborie Cooperative Credit Union and ensure that the established policies and procedures are adhered to. The committee reports, on a regular basis, to the board an appraisal of the Laborie Cooperative Credit Union's systems of governance, internal control, and risk management. We work on behalf of the members of the credit union, to assess the effectiveness of the procedures employed by the credit union and to provide objective challenge, when it is necessary to do so. The purpose of this report is to summarize our activities for the year and to provide evidence that we have discharged our responsibilities faithfully.

Composition

The committee comprises of five members. They are:

- Officer Kediana Charlery – Chairperson
- Officer Kendell Peter – Deputy Chairperson
- Officer Irma Francis – Secretary
- Officer John Lawrence – Assistant Secretary
- Officer Caron Serieux – Member

Our meetings are also attended by Mr. Tedly Cotter (Internal Auditor and Compliance Officer) who supports the work of the committee by providing clarity on the implementation both financial and non-financial systems of the credit union.

Work Plan

The scheduled work plan for the year included the following:

- Cash Audit
- Review of Fixed Asset Register
- Investment Portfolio Review
- Declaration of Source of Funds Review
- Review of Loans Delinquent over 1 Year
- Personnel Audit
- Bursary and Scholarship Review
- Health and Safety Audit

Cash Audit

The committee conducted physical cash audits at each of the three branches of the credit union. Tellers were randomly selected at the end of the business day and their cash on hand was reviewed to ensure that it balanced and reflected the results of the day's transactions. The tellers' end of day report was also reviewed for accuracy. The committee was satisfied with the results of the audit.

Review of Fixed Asset Register

The committee performed a desk review of the fixed asset register of the Credit Union. This review was conducted to ensure that all relevant and necessary information relating to the fixed assets were recorded and up to date. The information reviewed during this activity included the list of assets, the purchase date, the initial cost and the current value. The committee was satisfied that the information provided was accurate and compliant with the credit union's policies.

Investment Portfolio Review

A review of the investment portfolio of the Credit Union was conducted by the committee. This review examined whether there was proper documentation relating to the credit union's investments. The committee reviewed and is satisfied that all relevant certificates are assigned to the credit union and that all supporting documents relating to transactions for bonds held were recorded and updated as necessary.

Declaration of Source of Funds Review

The committee conducted a review of transactions requiring a declaration of source of funds from the Castries, Vieux Fort and Laborie branches of the credit union. The review was conducted to ensure that the declarations were filed when necessary, as well as, the whether the policy was complied with when the declarations were filed. The committee reviewed a random sample of qualifying transactions and is satisfied that the policies of the credit union are being adhered to.

Review of Loans Delinquent over 1 Year

The committee examined loans that had been delinquent for over 1 year. An evaluation was conducted to ensure that the files relating to such loans had been updated with all communications and actions by the credit union as expected as per the established policy. The committee is satisfied that the credit union's policies for loans that fall into that category are being observed.

Personnel Audit

The committee assessed the personnel files for all employees, stationed at all three branches of the credit union. The files were reviewed to ensure that the content was up to date, accurate and standardized. The committee was satisfied that all files contained the relevant documents and were up to date.

Bursary and Scholarship Review

The committee performed an evaluation of the bursaries and scholarships awarded by the credit union in 2022. This review was procedural to ensure that the established policy for awarding of scholarships was followed by the scholarship committee. While the committee was satisfied that the procedure was complied with, a recommendation was made to the board so that the process can be improved in the future.

Health and Safety Audit

The committee conducted site visits to all three branches of the credit union in order to conduct health and safety audits. The audits took the form of a walkthrough, as well as interview of staff at the various branches. The audit had three main objectives:

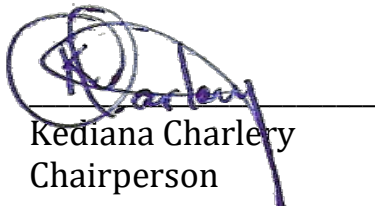
- To minimize the risk of accidents at the branches.
- To ensure that a safe working environment exists.
- To ensure that the branches were adequately equipped with all necessary safety installations.

The committee was satisfied that that efforts were being made to ensure that all three of these objectives were met and that there was a high level of compliance with the policies relating to health and safety.

Conclusion

Based on the work undertaken during the year, it is our conclusion that the Laborie Cooperative Credit Union continues to progress. The Officers of the Supervisory and Compliance Committee sincerely appreciate the opportunity given to serve you the members. We applaud the management and staff of the Laborie Cooperative Credit Union for their support and are thankful for their courtesies shown during the year.

Officers Kediana Charlery, John Lawrence and Caron Serieux have completed two consecutive terms on the Supervisory and Compliance Committee and are not eligible for reelection. They take this opportunity to thank the Laborie Cooperative Credit Union for the opportunity to serve and wish the committee well in continuing to carry out its mandate.



Kediana Charlery
Chairperson

Laborie Co-operative Credit Union Ltd.

Independent Auditor's Report

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

DECEMBER 31, 2022

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LABORIE CO-OPERATIVE CREDIT UNION LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of:

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **LABORIE CO-OPERATIVE CREDIT UNION LIMITED** ("the Credit Union"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, 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 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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 Society or to cease operations, or has no realistic alternative but to do so.

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

LABORIE CO-OPERATIVE CREDIT UNION LIMITED
INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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.
- o 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.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements
(Continued)

Other Legal Matters

This report is made solely to the Credit Union's members as a body. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinion we have formed.

.Castries, St Lucia
March 18, 2023


Chartered Accountants

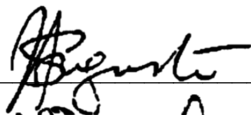
LABORIE CO-OPERATIVE CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

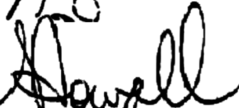
AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and balances with banks (Note 5)	\$ 15,524,811	\$ 13,138,893
Investment securities, available for sale (Note 7)	1,141,882	1,173,477
Accounts receivable (Note 6)	2,219,638	1,479,905
Investment securities, held to maturity (Note 7)	24,931,420	27,036,037
Loans to members (Note 8)	310,062,098	248,373,373
Deferred equipment cost	2,434	2,878
Property, Plant and Equipment (Note 9)	<u>5,901,165</u>	<u>5,006,351</u>
TOTAL ASSETS	<u>\$ 359,783,448</u>	<u>\$ 296,210,914</u>
LIABILITIES		
Members fixed deposits (Note 12)	\$ 145,882,095	\$ 113,402,633
Accounts payable and accruals (Note 10)	420,511	377,414
Members' regular deposits (Note 13)	67,836,450	55,006,400
Members special savings (Note 14)	88,428,086	77,992,156
Long term debt (Note 15)	<u>-</u>	<u>350,473</u>
Total Liabilities	<u>302,567,142</u>	<u>247,129,076</u>
MEMBERS' EQUITY		
Share Capital (Note 18)	19,664,100	15,252,620
Fair Value Reserve (Note 20)	-	17,786
Revaluation Reserve (Note 21)	1,668,477	467,055
Member Funds (Note 22)	2,801,889	2,291,255
Statutory Reserve (Note 19)	13,596,728	12,429,530
Retained earnings	<u>19,485,112</u>	<u>18,623,592</u>
Total Members' Equity	<u>57,216,306</u>	<u>49,081,838</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 359,783,448</u>	<u>\$ 296,210,914</u>

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 18, 2023



President



Secretary

The accompanying notes form an integral part of these statements.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2022

	Share Capital	Fair Value Reserve	Revaluation Reserve	Member Funds	Statutory Reserves	Retained Earnings	Total Members' Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2021	12,147,247	60,483	467,055	1,750,381	11,183,264	17,301,903	42,910,333
Total comprehensive income for the year	-	-	-	-	-	4,860,608	4,860,608
Transfers to reserves	-	(42,697)	-	332,172	1,225,826	(1,515,301)	-
Net Shares purchased	3,105,373	-	-	-	-	-	3,105,373
Entrance Fees	-	-	-	-	20,440	-	20,440
Contribution of funds	-	-	-	208,702	-	-	208,702
Dividends and Patronage Refunds	-	-	-	-	-	(2,023,618)	(2,023,618)
Balance at December 31, 2021	15,252,620	17,786	467,055	2,291,255	12,429,530	18,623,592	49,081,838
Balance at January 1, 2022	15,252,620	17,786	467,055	2,291,255	12,429,530	18,623,592	49,081,838
Total comprehensive income for the year	-	-	-	-	-	5,685,656	5,685,656
Transfers to reserves	-	(17,786)	1,201,422	225,792	1,128,958	(2,538,386)	-
Net Shares purchased	4,411,480	-	-	-	-	-	4,411,480
Fair Value Loss	-	-	-	-	-	13,810	13,810
Entrance Fees	-	-	-	-	38,240	-	38,240
Contribution of funds	-	-	-	284,842	-	-	284,842
Dividends and Patronage Refunds	-	-	-	-	-	(2,299,560)	(2,299,560)
Balance at December 31, 2022	19,664,100	-	1,668,477	2,801,889	13,596,728	19,485,112	57,216,306

The accompanying notes form an integral part of these statements.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
INCOME		
Members' loan interest	\$ 19,353,292	\$ 15,373,444
Investment interest	<u>1,019,664</u>	<u>1,121,929</u>
	20,372,956	16,495,373
Interest Expense		
Interest and bank charges	29,896	26,221
Members fixed deposit interest	5,878,554	4,434,593
Members deposits and special savings interest	3,358,355	2,797,813
Loan term debt interest	<u>7,001</u>	<u>20,768</u>
	9,273,806	7,279,395
 Net Interest Income	 11,099,150	 9,215,978
 Provision for Impairment of loans & advances	 (1,504,034)	 (434,272)
Provision for Impairment of Investments	(13,810)	-
CUNA Insurance and LCCU Loan protection fund	(485,238)	(466,319)
Other Income (Note 24)	<u>1,065,995</u>	<u>981,076</u>
Net Interest and Other Income	10,162,063	9,296,463
 OPERATING EXPENSES		
Marketing	144,512	157,062
Depreciation	436,794	254,491
Insurance	95,607	71,282
Office supplies and stationery	241,167	178,756
Other expenses (Note 25)	871,063	662,604
Lease	540,192	490,192
Salaries, benefits and allowances	2,711,718	2,154,019
Security services	199,569	136,080
Utilities	<u>405,611</u>	<u>288,672</u>
	5,646,233	4,393,158
 SURPLUS FOR THE YEAR	 4,515,830	 4,903,305
 OTHER COMPREHENSIVE INCOME		
Fair value increase (decrease) in available-for- sale investments	<u>1,169,826</u>	<u>(42,697)</u>
 TOTAL COMPREHENSIVE INCOME	 \$ 5,685,656	 \$ 4,860,608

The accompanying notes form an integral part of these statements.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Cash flows from Operating Activities		
Total Comprehensive Income for the year	\$ 5,685,656	\$ 4,860,608
Add (deduct): charges to income not involving cash		
Depreciation	436,794	254,491
Provision for Impairment of Loans	1,504,034	434,272
Loss on disposal of assets	1	3,507
Provision for impairment of Investments	31,585	42,697
Revaluation Reserve	<u>(1,201,422)</u>	<u>-</u>
	6,456,648	5,595,575
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	(581,400)	487,857
Decrease (Increase) in AFS Investments	(31,585)	-
(Increase) in loans to members	(63,305,687)	(65,929,576)
Increase in members fixed and other deposits	55,745,443	53,967,646
Increase in accounts payable and accruals	43,097	(358,299)
Decrease (Increase) in investments HTM	<u>2,104,617</u>	<u>12,474,755</u>
Net cash flow provided by (used in) operating activities	<u>431,133</u>	<u>6,237,958</u>
Cash flows from Investing Activities		
Purchase of fixed assets	(130,188)	(1,225,405)
Deferred equipment cost	444	4,698
Proceeds from disposal of assets	<u>-</u>	<u>50</u>
Net cash flow (used in) investing activities	<u>(129,744)</u>	<u>(1,220,657)</u>
Cash flows from Financing Activities		
Dividends and patronage refunds	(2,299,560)	(2,023,618)
Increase in members' shares	4,411,480	3,105,373
Long term debt repayment	(350,473)	(119,148)
Entrance fees	38,240	20,440
Employment benefit fund payment	-	(9,297)
LCCU Loan Protection fund	<u>284,842</u>	<u>217,999</u>
Net cash flow provided by (used in) financing activities	<u>2,084,529</u>	<u>1,191,749</u>
INCREASE IN CASH	2,385,918	6,209,050
CASH AND CASH EQUIVALENTS, beginning of year	<u>13,138,893</u>	<u>6,929,843</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 15,524,811</u>	<u>\$ 13,138,893</u>

The accompanying notes form an integral part of these statements.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. LEGAL STATUS

The Laborie Co-operative Credit Union Limited (the Credit Union) was duly registered as a Credit Union on May 27, 1981 pursuant to the Co-operative Credit Union Act, Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued under Section 241 of the Co-operative Societies Act, No. 28 of 1999. The Credit Union was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The registered office and principal place of business of the Credit Union is located at Allan Louisy Street, Laborie, Saint Lucia. The principal activities of the Credit Union is the provision of financial services to its members on reasonable terms and conditions for provident and productive purposes.

The Laborie Co-operative Credit Union Limited is not subject to income tax in accordance with Subsection 25(1)(p) of the Income Tax Act No. 1 of 1989.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

The Laborie Co-operative Credit Union Limited's financial statements have been prepared under the historical cost convention in conformity with International Financial Reporting Standards (IFRS).

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that could affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities, and the amounts of revenue and expenditures during the year. Actual amounts could differ from those reported. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation include: securities impairment, determination of fair value of financial instruments, and the allowance for credit losses.

(b) Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Eastern Caribbean dollars, which is the Credit Union's functional and presentation currency.

(c) Revised standards effective and relevant to the Credit Union

a) New standards and revisions issued and effective for the financial year beginning January 1st, 2022.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

IAS 17 - Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Annual Improvements to IFRS Standards 2018-2020 - Standards Amended IFRS 1, IFRS 9, IFRS 16 and IAS 41.

IAS 16 – Property, Plant and Equipment

This amendment addresses Proceeds before Intended Use and prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceed and related cost in profit or loss.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

IAS 17 - Onerous Contracts

This amendment specifies that the 'cost of fulfilling ' a contract comprises the 'costs that relate directly to the contract'.

Annual Improvements to IFRS's 2018 to 2020 Cycle was issued in May 2020.

IFRS 1 - First time adoption of International Financial Reporting Standards - This relates to a Subsidiary as a First time Adopter.

IFRS 9, Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities

IAS 16 - as above and

IAS 41 Agriculture - Taxation in fair value Measurements

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Credit Union.

Early adoption of standards

The Credit Union did not early-adopt any new or amended standards in 2022.

(d) Financial assets

The Credit Union allocates financial assets to the following IAS 39 categories: loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

a) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union's management has the positive intention and ability to hold to maturity, other than:

(a) those that the Credit Union upon initial recognition designates as at fair value through profit or loss; (b) those that the Credit Union designates as available for sale;

and c) those that meet the definition of loans and receivables. These are initially recognized at fair value including direct and incremental transaction costs and measured subsequently as amortised cost, using the effective interest rate method. Interest on held-to-maturity investments is included in the statement of income. In case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognized in the statement of income.

If the Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale investments.

b) Available-for-sale

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in the statement of income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized in the statement of comprehensive income. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognized in the statement of income. Dividends on available for-sale equity instruments are recognized in the statement of income when the Co-operative's right to receive payment is established.

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c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and advances to members or as investment securities. Interest on loans and advances to members and investment securities are included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the statement of income.

(d) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity, if any.

(e) Impairment of financial assets

IFRS 9 has fundamentally changed the Credit Unions's impairment model by replacing IAS 39's incurred loss approach with a forward-looking three-stage expected credit loss (ECL) approach. The expected credit loss model is applicable to the following categories of financial assets:

(a) Members' Loans and (b) Individual receivables and prepayments

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

ECLs are recognised in three (3) stages:

Stage 1

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

Stage 2

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

Stage 3

Stage 3 comprise of financial assets that are considered to be impaired. Here the Credit Union records an allowance for the Lifetime ECLs. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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PD - The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of the principal and interest, whether scheduled by contract or otherwise.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

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

Calculation of ECLs

Stage 1

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

Stage 2

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

Stage 3

For the financial assets considered credit-impaired, the Credit Union recognises the lifetime ECLs for these financial assets. The method is similar to that of Stage 2 assets, however provision is made on the difference between the value of the asset securing the debt and the debt outstanding similar to the treatment in IAS 39.

Assets carried at amortised cost

The Credit Union assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial assets is impaired. A financial asset or group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimate future cash flows of the financial asset or group of financial assets that can be reliably estimated.

A loss event includes any of the following (i) significant financial difficulty of the issue or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal or (iii) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;;

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The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Credit Union determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income. If a loan or held-to-maturity investment has variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Credit Union may measure impairment on the basis of an instrument's fair value using the observable market price.

The calculation of the present value of the estimated future cash flows of the collateral financial asset reflects the cash flows that may or may not result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for the loan impairment in the statement of income.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (subsequent to an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of income.

Impairment of other non-financial assets

Assets carried at fair value

The Credit Union assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on the net basis, or realize the asset and settle the liability simultaneously. Pursuant to Section 109 of the 2001 Act, the Credit Union has a legally enforceable right to offset members' deposits against any related loan balances that are over 90 days overdue.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand and short-term deposits with original maturities of less than one year. For the purpose of Cash Flow Statement, cash and cash equivalents comprise balances of cash on hand and current bank accounts less any bank overdraft balances.

(g) Accounts receivable

Accounts receivable represent the principal amounts due at the balance sheet date less, where applicable, any provision for impairment.

(h) Property, plant and equipment

Property, plant and equipment, except for land, are stated at historical cost less accumulated depreciation. Additions to property, plant and equipment are recognized as separate items when it is probable that future economic benefits will flow to the Credit Union and the cost of the items can be measured reliably. Cost comprises the purchase price, and cost directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis, so as to allocate cost to their residual values over their estimated useful lives as follows:

Furniture & Fittings	15%
Computer hardware & software	33.33%
Leasehold improvements	20%
Buildings	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amounts are greater than their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with their carrying amounts. These are included in the statement of income.

(i) Financial liabilities

The Credit Union's financial liabilities are measured at amortised cost and include members' deposits and savings, trade payables and accrued liabilities. Financial liabilities are derecognized when extinguished.

(j) Members' shares

This represents the paid up shares of members at a par value of \$ 5 per share. Members are encouraged to maintain a minimum of 20 shares with a value of \$ 100.

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(k) Dividends on members' equity shares

Dividends on ordinary shares are recognized as a reduction of retained earnings under members' equity and in the year declared. Dividend declaration is based on a rate that is not more than that recommended by the Board of Directors for distribution. Members, at Annual General Meeting, may not approve a rate that is higher than that recommended by the Board of Directors.

(l) Interest income & expense

Interest income and expense for all interest-bearing financial instruments are recognized within interest income and interest expense in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Credit Union estimates cash flows consisting all contractual terms of the financial instrument but does not consider further credit losses. The calculation includes all fees 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.

(m) Fees and commission income

Fees, commissions and other income are recognized on an accrual basis when related service has been provided.

(n) Dividend income

Dividend income from available-for-sale equities is recognized when the right to receive payment is established.

(o) Provisions

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

(p) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investment securities, loans to members, deposits and shares to members. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

(q) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

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3. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for risk management. The authority for assigning and operating the processes that address the objectives is delegated to the Treasurer.

Financial instruments' strategy

Consequent on its nature, the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts the proceeds of deposits and shares from members and seeks to earn an interest margin by lending these monies to members while maintaining sufficient liquidity to met all claims that may fall due.

The Credit Union also seeks to raise its interest margins by obtaining above average margins, net of allowances, through investing in various financial instruments.

The most common types of risks are credit risk, liquidity risk, market risk, and operational risk. Market risk includes currency and interest rate risks.

(a) Credit risk

The Credit Union takes on exposure to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Credit Union's portfolio, could result in losses that are different from those provided at the balance sheet date. Management, therefore carefully manages its exposure to credit risks.

The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis. Limits on the level of credit risk by products are approved by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

Impairment & provisioning policies

Impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Some accounts are reviewed monthly, others quarterly and sometimes when individual circumstances require.

Impairment losses on individually assessed accounts are determined by an evaluation of the incurred loss at the balance sheet date on a case by case basis and are applied to all individually significant accounts. The assessment encompasses collateral held and the anticipated receipts for those individual accounts. This forms the specific provisioning.

The collective provisioning requires management's judgment about the risks of default and loss associated with a pool of accounts. These accounts are in a segment that is considered to be Pass and or Special Mention. Management determines whether objective evidence of impairment exist based on the following criteria:(a) Delinquency in payments of principal and interest (b) Cash flow constraints of members, (c) Breach of loan covenants, (d) Deterioration of members competitive position, (e) Deterioration in the value of collateral and (f) Economic conditions.

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Maximum exposure to credit risk before collateral held or other credit enhancements
Credit risk exposures relating to on-balance sheet assets are as follows

	<u>2022</u>	<u>2021</u>
Cash at Bank	\$ 15,524,811	\$ 13,138,893
Investment Securities	26,073,301	28,209,514
Loans and Advances to members	310,062,098	248,373,373
Accounts receivable	<u>2,219,638</u>	<u>1,479,905</u>
	353,879,848	291,201,685
Loan commitments	<u>12,055,106</u>	<u>19,106,240</u>
Maximum exposure to credit risk	<u>\$ 365,934,954</u>	<u>\$ 310,307,925</u>

(b) Market risk

Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements. The interest rates on term contracts are fixed to the term of maturity. Rates on members deposits held are reviewed on an annual basis. The rates for the various deposits and other financial assets are disclosed in their associated notes.

The Credit Union is exposed to market risks (fair value) with it's Share holdings in the Eastern Caribbean Financial Holding Company which are traded on the open market through the Eastern Caribbean Securities Exchange. Other Investments are monitored by management and changes in fair values are reported through the profit and loss accounts.

(c) Currency risk

The Credit Union takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The exposure of the Credit Union to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars (US\$). The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar has been pegged at EC\$2.7169 to US\$1.00 since 1974.

(d) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level mismatch of interest rate repricing that may be undertaken.

(e) Liquidity Risk

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with the financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lenders. The Credit Union is exposed to daily calls on its available cash resources from maturing members' deposits and loan draw downs. The Credit Union does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

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Liquidity risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for the Credit Union to be completely matched as transacted business is often of uncertain terms and types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates.

(f) COVID –19 Risk

The Covid 19 Pandemic was declared in March 2020, and brought with it many risks not only health but economic as well, The Credit Union was impacted in its operations by the adjustments which had to be made to facilitate its members during this time. At present the Protocols have been relaxed and life has almost returned to what can be deemed to be a state of normalcy. There are still financial risk in the Economy which may continue to affect its members, but the credit union remains responsive to help its members and looks forward to a more stable economic environment.

(g) Fair Value of Financial Instruments

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and are best evidences by the quoted market values, if they exist. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, accounts receivable, accounts payable, members' deposits, members' savings and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of statement of financial position commitments are also assumed to approximate the amounts disclosed.

Investment securities

Assets classified as available-for-sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated based on their cost as the amounts are immaterial. For investment securities classified as loans and receivables, fair value is estimated using the discounted cash flows.

Loans and advances to members

Loans and advances are net of their provisions for impairment. The estimated values of loans and advances represent 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.

Except for the Eastern Caribbean Financial Holding Limited's shares which trade on the Eastern Caribbean Securities Exchange, there were no other financial instruments that traded in any active market.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. The carrying amounts of all financial liabilities are assumed to approximate their fair values.

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(h) Capital management

The Credit Union manages capital with the following objectives:

- (i) to comply with the statutory capital requirements of the Co-operative Societies Act of St Lucia and enforced by the Financial Services Regulatory Authority (FSRA);
- (ii) to safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits other stakeholders;
- (iii) to maintain a strong capital base in an effort to maintain members, creditors and other parties confidence and sustain future development of the Credit Union; and
- (iv) to provide a cushion in the event of market instability.

The Board of Directors monitors the return, which is defined as surplus for the year divided by average total assets, and also the level of dividends paid to members. Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10.0% of its liabilities. As at the year end, the minimum requirements was:

	<u>2022</u>	<u>2021</u>
Minimum capital requirement	<u>\$ 30,256,714</u>	<u>\$ 24,712,908</u>

Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS requires that each Credit Union maintains a minimum of 10.0% of total assets as its capital base. As at the year end, that figure was:

	<u>2022</u>	<u>2021</u>
Minimum capital requirement	<u>\$ 35,978,345</u>	<u>\$ 29,620,535</u>

The Credit Union was in compliance for both these requirements.

(h) Regulatory capital

Regulatory capital is divided into two sections:

- (a) Institutional capital: Share capital, Retained earnings, Statutory reserve; and
- (b) Transitory capital: Fair value reserve, Revaluation reserve, Employment benefit fund, Disaster relief fund and LCCU Loan protection fund..

	<u>2022</u>	<u>2021</u>
Institutional capital		
Share capital	\$ 19,664,100	\$ 15,252,620
Retained earnings	19,485,112	18,623,592
Statutory reserve	<u>13,596,728</u>	<u>12,429,530</u>
	<u>52,745,940</u>	<u>46,305,742</u>
Transitory capital		
Revaluation reserve	1,668,477	467,055
Employment benefit fund	1,299,048	1,073,255
Disaster relief fund	1,000,000	1,000,000
LCCU Loan protection fund	502,841	217,999
Fair value reserve	-	17,787
	<u>4,470,366</u>	<u>2,776,096</u>
Total regulatory capital	<u>\$ 57,216,306</u>	<u>\$ 49,081,838</u>

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The risk-weighted assets are measured by an estimation of market, credit, interest and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management and the Board of Directors monitor any major movements in asset levels on a monthly basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CASH AND BALANCES WITH BANKS

	<u>2022</u>	<u>2021</u>
Cash at banks	\$ <u>15,524,811</u>	\$ <u>13,138,893</u>

Interest is earned on deposit bank balances at an average rate of 1.58% (2021 – 1.58%) per annum.

Pursuance to Section 119 (3) of the Co-operative Society's Act, the Credit Union is required to maintain a liquidity reserve calculated to be 15.0% of members' shares and deposits.

The following bank deposits and investment securities have been identified to meet the requirements of the Act.

	<u>2022</u>	<u>2021</u>
Bank of St. Lucia Limited - Cash	\$ 15,524,811	\$ 13,138,893
St Lucia Co-operative League - Deposit	791,797	770,605
Certificates of deposit	5,963,726	8,091,234
Government of St Lucia – Private Treasury Bond	2,928,404	2,928,404
Government of St Lucia – Treasury Note	4,002,192	4,003,836
Government of St Lucia – Treasury Bills	<u>11,245,301</u>	<u>11,241,958</u>
	\$ <u>40,456,231</u>	\$ <u>40,174,930</u>
The minimum requirement under the Act is	\$ <u>48,271,610</u>	\$ <u>39,248,072</u>

As at the year-end, the Credit Union did not meet the liquidity reserve requirement.

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6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>2022</u>	<u>2021</u>
St. Lucia Fish Marketing Corporation	\$ -	\$ 204,680
Due from A&C Ltd (Western Union Agent)	585,661	523,588
Other	<u>1,681,048</u>	<u>957,041</u>
	2,266,709	1,685,309
Less provisions for impairment	<u>(47,071)</u>	<u>(205,404)</u>
	<u>\$ 2,219,638</u>	<u>\$ 1,479,905</u>

7. INVESTMENT SECURITIES

	<u>2022</u>	<u>2021</u>
Securities Available-for-sale		
St Lucia Co-operative League - Shares	\$ 500,105	\$ 500,105
Laborie Fishers & Consumers Co-operative	30,000	30,000
Shares at St.Lucia Electricity Services Ltd (10,000 shares)	200,000	200,000
Eastern Caribbean Financial Holdings Ltd. (85,393 shares)	309,977	341,572
1st National Bank Limited (10,000 ordinary shares)	<u>101,800</u>	<u>101,800</u>
	<u>\$ 1,141,882</u>	<u>\$ 1,173,477</u>
Held to maturity		
Bank of St Lucia Limited – Certificates of deposit	\$ 2,713,012	\$ 4,935,201
Capita Financial Services Inc – Certificates of deposit	3,250,714	3,156,033
St. Lucia Co-operative League – Certificate of deposit	791,797	770,605
Government of Saint Lucia – 4.5% to 7.5% Private Treasury Bond	2,928,404	2,928,404
Government of Saint Lucia – 3 year (5.0%) Treasury Note	4,002,192	4,003,836
Government of Saint Lucia- 1 - 3 year 4% & 4.5% Treasury Bills	<u>11,245,301</u>	<u>11,241,958</u>
Investment securities, held to maturity, net of allowance for impairment	<u>\$ 24,931,420</u>	<u>\$ 27,036,037</u>
Total investment securities, net of allowance for impairment	<u>\$ 26,073,302</u>	<u>\$ 28,209,514</u>

St Lucia Electricity Services Ltd (LUCELEC) – a St Lucian incorporated company whose purpose is to provide electrical power for the Island. LUCELEC's shares are traded on the Eastern Caribbean Securities Market, and as at December 31, 2022, the market value of these shares was \$20.00 (2021 - \$ 20).

Eastern Caribbean Financial Holdings Ltd, is the parent company to the Bank of St Lucia Limited, a commercial bank operating in St. Lucia, among others. Its shares are traded on the Eastern Caribbean Securities Market, and as at December 31, 2022, the market value of its shares was \$ 3.63 (2021- \$ 4.00)

1st National Bank St Lucia Limited, a St Lucian incorporated company, was formed in December 1937 and commenced trading in January 1938. The Bank provides commercial and retail banking services, including acceptance of deposits, granting loans and advances among other services. The Bank's shares are not traded on any exchange.

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St Lucia Co-operative League Ltd, of which the Laborie Co-operative Credit Union Limited is an affiliate member, is the umbrella organization responsible for the development of the credit union movement in St Lucia.

Laborie Fishers & Consumers Co-operative Ltd is a duly registered society pursuant to section 241(f) the Cooperative Society's Act of St Lucia. It was formed to promote thrift and co-operative principles among its members.

8. MEMBERS' LOANS AND ADVANCES

	<u>2022</u>	<u>2021</u>
Balance opening	\$ 248,969,239	\$ 183,294,681
Additions	<u>171,570,478</u>	<u>177,734,580</u>
	420,539,717	361,029,261
Repayments	<u>(108,549,496)</u>	<u>(112,060,022)</u>
Balance closing	311,990,221	248,969,239
Provision for Impairment of Loans	<u>(1,928,123)</u>	<u>(595,866)</u>
	<u>\$ 310,062,098</u>	<u>\$ 248,373,373</u>

Summary of members' loans & advances by product

	<u>2022</u>	<u>2021</u>
Personal 1	\$ 34,492,825	\$ 29,317,777
Business	11,636,370	11,277,993
Land	36,818,119	32,348,948
Mortgage	49,117,405	37,159,637
Agriculture	130,950	175,504
Education	5,852,980	5,414,686
BUST	434,558	426,224
Housing	13,672,182	11,442,112
Vehicle	24,190,785	18,953,178
Vision Plus	7,870	59,042
Kwedi Alez	491,928	406,540
Smart clime	10,232	39,904
Personal 2	2,481,447	828,655
Mix & Match	66,950,164	60,873,384
Line of credit	4,405,176	2,067,346
Comfort for life	29,232,527	16,347,514
Dream maker	31,872,013	21,627,060
Accrued interest	<u>192,690</u>	<u>203,735</u>
	<u>\$ 311,990,221</u>	<u>\$ 248,969,239</u>

Provision for Impairment of Loans

Balance at beginning of year	\$ 595,866	\$ 416,611
Charges for the year	1,716,527	626,846
Write Offs/Recoveries	<u>(384,270)</u>	<u>(447,591)</u>
	<u>\$ 1,928,123</u>	<u>\$ 595,866</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

Regulation 30 (1) of the Co-operative Societies Act – Provisioning

Period Overdue Loans	Delinquent Loans	Collateral	Net Loans Delinquent	Loss Exposure %
Less than 3 months	\$ 2,925,978	\$ 2,445,637	\$ 480,341	-
3 months < 6 months	1,707,159	1,275,377	431,782	25
6 months < 9 months	222,369	73,386	148,983	50
9 months < 1 year	1,147,606	710,472	437,134	75
1 year and over	<u>6,317,986</u>	<u>4,782,120</u>	<u>1,535,866</u>	100
Totals	<u>\$12,321,098</u>	<u>\$ 9,286,992</u>	<u>\$ 3,034,106</u>	

	<u>2022</u> Provision	<u>2021</u> Provision
Less than 3 months	\$ -	\$ -
3 months < 6 months	107,946	68,116
6 months < 9 months	74,492	120,063
9 months < 1 year	327,851	126,262
1 year and over	<u>1,535,866</u>	<u>1,579,818</u>
Totals	<u>\$ 2,046,155</u>	<u>\$ 1,894,259</u>

9. PROPERTY, PLANT & EQUIPMENT

	<u>2021</u> <u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>2022</u> <u>C/forward</u>
Cost				
Land	\$ 187,225	\$ -	\$ -	\$ 187,225
Buildings	4,200,851	258,149	-	4,459,000
Furniture & equipment	1,253,524	95,238	1,899	1,346,863
Leasehold improvements	746,698	-	-	746,698
Computer hardware and software	<u>576,533</u>	<u>34,950</u>	-	<u>611,483</u>
	<u>6,964,831</u>	<u>388,337</u>	<u>1,899</u>	<u>7,351,269</u>
Depreciation				
Buildings	838,250	105,022	943,272	-
Furniture & Equipment	703,431	114,166	1,898	815,699
Leasehold improvements	43,375	149,340	-	192,715
Computer hardware and software	<u>373,424</u>	<u>68,266</u>	-	<u>441,690</u>
	<u>1,958,480</u>	<u>436,794</u>	<u>945,170</u>	<u>1,450,104</u>
Net book value				
Land	187,225			187,225
Buildings	3,362,601			4,459,000
Furniture & equipment	550,093			531,164
Leasehold improvements	703,323			553,983
Computer hardware & software	<u>203,109</u>			<u>169,793</u>
Total	<u>\$ 5,006,351</u>			<u>\$ 5,901,165</u>

The Credit Union property in Laborie was revalued by Mr. Richard R. Sammy a qualified Quantity Surveyor/Appraiser on December 12, 2022, which resulted in an increase in the Value of the Building and a Revaluation Surplus indicated in Note 21.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

10. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2022</u>	<u>2021</u>
National Enrichment Learning Program (NELP)	\$ 96,995	\$ 96,995
Unclaimed deposits	52,794	57,884
Audit fees	40,000	40,000
Accruals and sundry payables	<u>230,722</u>	<u>182,535</u>
	<u>\$ 420,511</u>	<u>\$ 377,414</u>

11 INTER-AMERICAN GRANT

	<u>2022</u>	<u>2021</u>
Balance, opening	\$ -	\$ 253,487
Additions	<u>-</u>	<u>-</u>
	-	253,487
Disbursements	<u>-</u>	<u>(253,487)</u>
Balance, closing	<u>\$ -</u>	<u>\$ -</u>

Pursuant to an agreement – ATN/ME-16289-RG – the Inter-American Development Bank agreed to provide the Laborie Co-operative Credit Union Limited – the executing agency, with grant funding of US\$360,940 for distribution to eligible applicants to finance a portion of the technical co-operation project. The main objective of the project was to strengthen the viability of agribusiness operators in the southern region of St Lucia within the context of climate change through a developed model. The total grant funding utilized was USD\$ 210,520.

12. MEMBERS' FIXED DEPOSITS

	<u>2022</u>	<u>2021</u>
Balance, opening	\$ 113,402,633	\$ 82,295,775
Additions	<u>156,860,733</u>	<u>131,148,867</u>
	270,263,366	213,444,642
Withdrawals	<u>(124,381,271)</u>	<u>(100,042,009)</u>
Balance, closing	<u>\$ 145,882,095</u>	<u>\$ 113,402,633</u>
Summary of Members' Fixed Deposit		
Balance	\$ 143,517,720	\$ 111,211,677
Accrued interest	<u>2,364,375</u>	<u>2,190,956</u>
	<u>\$ 145,882,095</u>	<u>\$ 113,402,633</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

13. MEMBERS' REGULAR DEPOSITS

	<u>2022</u>	<u>2021</u>
Balance, opening	\$ 55,006,400	\$ 43,189,773
Additions	<u>197,646,658</u>	<u>142,098,997</u>
	252,653,058	185,288,770
Withdrawals	<u>(184,814,608)</u>	<u>(130,282,370)</u>
Balance, closing	<u>\$ 67,838,450</u>	<u>\$ 55,006,400</u>

Summary of members' deposits by product

	<u>2022</u>	<u>2021</u>
Deposits - 0	\$ 64,193,540	\$ 52,393,901
Special	774,168	454,031
FIP	133,475	129,246
CUNA payment protector	86,195	37,973
Vision	750,021	460,894
Deposit 8	48,704	-
Easi-cash	113,835	75,074
Accrued interest	<u>1,736,512</u>	<u>1,455,281</u>
	<u>\$ 67,836,450</u>	<u>\$ 55,006,400</u>

14. MEMBERS' SPECIAL SAVINGS

	<u>2022</u>	<u>2021</u>
Balance, opening	\$ 77,992,156	\$ 66,947,993
Additions	<u>39,437,162</u>	<u>32,151,793</u>
	117,429,318	99,099,786
Withdrawals	<u>(29,001,232)</u>	<u>(21,107,630)</u>
Balance, closing	<u>\$ 88,428,086</u>	<u>\$ 77,992,156</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

15. LONG TERM DEBT

Inter-American Development Bank – #4257/SX-RG

	<u>2022</u>	<u>2021</u>
Balance, opening	\$ 350,473	\$ 469,621
Additions/interest	<u>7,000</u>	<u>20,768</u>
	357,473	490,389
Less payment	<u>(357,473)</u>	<u>(139,916)</u>
	-	350,473
Less current portion	<u>-</u>	<u>(109,219)</u>
Balance, closing	<u>\$ -</u>	<u>\$ 241,254</u>

Inter-American Development Bank

Pursuant to an agreement executed on November 11, 2017, the Inter-American Development Bank agreed to loan the Laborie Co-operative Credit Union Limited the sum of US\$804,000 (EC\$2,184,388) to on-lend to members to finance climate resilient projects in the agricultural sector.

The loan proceeds are restricted to:

- 75.0% for long-term loans to finance investments in climate adaptation; and
- 25.0% for working capital loans.

The loan bears an interest rate of 5.0% and is repayable semi-annually commencing with 1.5 years after the date of signing the agreement. The Loan was paid off in June 2022.

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions. In this regard the balances of the Directors, Officers and Management at December 31, 2022 were as follows:

	<u>2022</u>	<u>2021</u>
Loans	\$ 6,209,473	\$ 4,306,924
Shares and Deposits	\$ 2,545,390	\$ 1,555,062

17. COMMITMENTS

LEASE

Effective January 1st, 2019, the Laborie Co-operative Credit Union Limited entered into a ten (10) year lease agreement for its Vieux Fort office accommodations. The lease agreement commits the Credit Union to a monthly payment of \$20,016 commencing with January 2019, security deposit of \$20,016, and last month rent of \$20,016.

New lease for Castries

The Credit union also entered into a 10 year lease agreement for its Castries Branch on March 1, 2021 with a security deposit of \$ 25,000. The agreement commits the Credit union to a monthly payment of \$25,000 for the first five years and thereafter an increased payment of \$ 26,875 for the subsequent five years.

	<u>2022</u>	<u>2021</u>
The Lease commitment for 2023 is:	<u>\$ 540,192</u>	<u>\$ 540,192</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

Undisbursed Loans and Advances

	<u>2022</u>	<u>2021</u>
Personal 1	\$ 445,357	\$ 1,191,516
Business	97,732	1,189
Land	599,385	1,063,482
Mortgage	5,399,973	1,594,907
Education	1,182,461	640,068
BUST	17,627	37,378
Housing	553,866	215,868
Vehicle	611,483	1,250,204
Line of Credit	26,372	1,042,325
Comfort for life	935,111	6,048,955
Mix & Match	1,208,894	1,128,532
Dream Maker	<u>976,845</u>	<u>4,891,816</u>
	<u>\$12,055,106</u>	<u>\$19,106,240</u>

18. SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
Share capital at beginning of year	\$ 15,252,620	\$ 12,147,247
Net shares purchased	<u>4,411,480</u>	<u>3,105,373</u>
Share capital at end of year	<u>19,664,100</u>	<u>15,252,620</u>

19. RESERVES

Statutory reserve		
At beginning of year	12,429,530	11,183,264
Add : 25% of net surplus for the year	1,128,958	1,225,826
Entrance Fees	<u>38,240</u>	<u>20,440</u>
At end of year	<u>13,596,728</u>	<u>12,429,530</u>

20. FAIR VALUE RESERVE

At beginning of year	17,786	60,483
Fair value increase(decrease) in AFS investments	<u>(17,786)</u>	<u>(42,697)</u>
At end of year	<u>-</u>	<u>17,786</u>

21. REVALUATION RESERVE

At beginning of year	467,055	467,055
Revaluation reserve increase(decrease) in Asset Value	<u>1,201,422</u>	<u>-</u>
At end of year	<u>1,668,477</u>	<u>467,055</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

22. MEMBER FUNDS

Employment benefit fund

At beginning of year	1,073,256	837,388
Add : 5% of net surplus for the year	225,792	245,165
Less : payments for the year	<u>-</u>	<u>(9,297)</u>
At end of year	<u>1,299,048</u>	<u>1,073,256</u>

Disaster relief fund

At beginning of year	1,000,000	912,993
Add : Transfers	<u>-</u>	<u>87,007</u>
At end of year	<u>1,000,000</u>	<u>1,000,000</u>

LCCU Loan protection fund

At beginning of year	217,999	-
Deposits	<u>284,842</u>	<u>217,999</u>
At end of year	<u>502,841</u>	<u>217,999</u>

TOTAL MEMBER FUNDS	<u>2,801,889</u>	<u>2,291,255</u>
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23. MANAGEMENT & EMPLOYEE COST

	<u>2022</u>	<u>2021</u>
Salaries and wages	\$ 2,305,649	\$ 1,901,397
Travelling	129,601	120,111
Medical Insurance	36,510	32,458
NIC contributions, uniforms and other	<u>233,838</u>	<u>100,052</u>
	<u>\$ 2,705,598</u>	<u>\$ 2,154,018</u>

KEY MANAGEMENT COMPENSATION

Salaries and wages	\$ 464,553	\$ 425,381
Travelling	62,000	58,800
Other	<u>20,898</u>	<u>22,473</u>
	<u>\$ 547,451</u>	<u>\$ 506,654</u>

24. OTHER INCOME

	<u>2022</u>	<u>2021</u>
Loan fees, photocopies and service fees	\$ 640,894	\$ 674,519
Dividends received	21,302	10,333
Commissions	245,066	234,142
Sundry	<u>158,733</u>	<u>62,082</u>
	<u>\$ 1,065,995</u>	<u>\$ 981,076</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

25. OTHER EXPENSES

	<u>2022</u>	<u>2021</u>
Annual general meeting	\$ 23,517	\$ 15,191
Audit	46,200	45,342
Board of director expenses	14,648	13,071
Education and training	20,276	1,352
Donations and Scholarships	120,565	113,145
Honorarium	28,500	28,500
League dues	75,000	67,500
Legal and professional fees	9,700	18,342
Member relations	82,972	29,093
Other expenses	565	16,348
Property tax	3,477	3,477
Loss on disposal of property, plant & equipment	1	3,507
Repairs and maintenance	332,844	206,467
ATM Expenses	28,705	31,947
Special events	47,011	40,609
Staff and officers appreciation	37,082	28,713
	<u>\$ 871,063</u>	<u>\$ 662,604</u>

Laborie Co-operative Credit Union Ltd.



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Mobile: (758) 285-5601

Vieux Fort Branch

New Dock Road
Vieux Fort
Tel: (758) 459-6925
Mobile: (758) 485-3470

Castries Branch

Bridge Street
Castries
Tel: (758) 459-6939
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