



GECCU LTD

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

Reports and Accounts
2017

52nd
Annual General
Meeting



**"Enhancing our Culture
of Innovation"**

Thursday May 31st, 2018
Methodist Church Hall, Kingstown
4:30pm

Credit Union Song

With us there are no barriers, cause we are all
The same the more of us the happier the louder
We'll proclaim that we are owner members our rule is
honesty. We are the Credit Union and the entire world
can see.

Chorus:

Together we give and receive together we help each
other to achieve cause in our world today it's not safe to
be alone. Let make each other's cares to be our own.

We all will be true savers though it be great or small.
We will become shareholders providing loans for all.
So when great need arises there's no uncertainty once in
the Credit Union there's help for you and me.

We pledge to be of service to better our land.
We harbour no prejudice upon this theme we stand.
One man, one vote, for members of high or low degree.
For in the Credit Union there's pure democracy.

Credit Union Prayer

LORD, make me an instrument of Thy peace
Where there is hatred let me sow love.
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light and
Where there is sadness, joy.

O Divine Master, grant that I may not
So much seek to be consoled as to console;
To be understood as to understand,
To be loved as to love;
For it is in giving that we receive;
It is pardoning that we are pardoned
And it is in dying that we are born to eternal
life
Bless, O Lord our deliberations and grant that
whatever
We may say and do will have
Thy blessing and guidance through Jesus

Christ our Lord. Amen

National Anthem of Saint Vincent and the Grenadines

Saint Vincent land so beautiful,
With joyful hearts we pledges to thee
Out loyalty and love, and vow
To keep you ever free.

Refrain:

What e'er the future brings
Our faith will see us through
May peace reign from shore to shore,
And God bless and keep us true.

Hairoun! Our fair and blessed isle
Your mountains high, so clear and green,
Are home to me, though I may stray,
A haven, calm serene.

Our little sister islands are
Those gems, the lovely Grenadines,
Upon their seas and golden sands,
The sunshine ever beams.

***Lyrics: Phillis Joyce Mclean Punnet
Music: Joel Bertram Miguel.***

VISION

To be accepted as the first choice financial institution by our members and the general public.



MISSION

To enhance the quality life of all members by their ownership of a stable and efficient institution offering quality services in keeping with members' needs.

NOTICE/AGENDA OF THE 52nd ANNUAL GENERAL MEETING

Dear Members,

Notice is hereby given that the 52nd Annual General Meeting of the General Employees' Co-operative Credit Union Limited is scheduled to take place on Thursday 31st, May 2018 at the Methodist Church Hall, Kingstown at 4:30 p.m.

AGENDA

OPENING SESSION

- 1.Call to Order – President
- 2.Prayers
- 3.National Anthem
- 4.Silent Tribute
- 5.Apologies for Absence
- 6.Welcome – President
- 7.Remarks– Minister of Co-operatives
- 8.Greetings – Guest Societies

CLOSED SESSION

- 1.Ascertainment of Quorum
- 2.Minutes of the 51st Annual General Meeting
- 3.Matters arising from Minutes
- 4.Reports and Elections
 - (a) Board of Directors
 - (i) Board of Directors' Report
 - (ii) Treasurer's Report
 - (iii) Auditors' Report
 - (iv) Election of Board of Directors
 - (b) Credit Committee
 - (i) Credit Committee's Report
 - (ii) Election of Credit Committee
 - (c) Supervisory and Compliance Committee
 - (i) Supervisory and Compliance Committee's Report
 - (ii) Election of Supervisory and Compliance Committee
 - (d) Education Committee
 - (i) Education Committee's Report
5. Election of Auditors
6. New Business
7. Closing Exercise

Yours co-operatively,



Bro. Brian Alexander
Secretary
Board of Directors

STANDING ORDERS

1. (a) A member to stand when addressing the Chair.
 (b) Speeches to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak on the subject twice except:
 - (a) The Mover of a motion-who has the right to reply.
 - (b) He rises to object or explain (with the permission of the Chair).
5. The Mover of a Procedural Motion. – (Adjournment lay on the table, Motion to Postpone) to have no right to reply.
6. No speeches to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”).
8. (a) A member should not “Call” another member “To Order” but may draw the attention of the Chair to a “Breach of Order”.

 (b) In no event shall a member call the Chair to order.
9. A “Question” should not be put to the vote if a member desires to speak on it or move an amendment to it except, that a Procedural Motion, the “Previous Question” “Proceed to next Business” or the closure: “that the question be now put” may be moved at anytime.
10. Only one amendment should be done before the meeting at one and the same time.
11. When a motion is withdrawn any amendment to it falls.
12. The Chairman to have the right to a “Casting Vote”.
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
14. Provision to be made for protection by the Chairman from vilification (Personal Abuse).
15. No member shall impute improper motives against another member.

PRESIDENT'S MESSAGE

To the 52nd Annual General Meeting



“Enhancing Our Culture of Innovation”

INTRODUCTION

Brothers and Sisters of GECCU, it is an honour for me to welcome you to this 52nd Annual General Meeting. On behalf of the Board of Directors, the management team and staff I would like to thank you for coming out. Your attendance and participation at this AGM are of great importance as we review the performance of our Credit Union over the past year and collectively decide on our strategies for the upcoming year. As members, you are encouraged to continue participating in the decision-making process of your Credit Union. It is one characteristic that makes us different from the Commercial Banks and this should be embraced wholeheartedly.

This year we are focusing on the theme, “Enhancing our Culture of Innovation”. We understand that GECCU must continue to adopt to our changing environment; we need to allow our staff and volunteers to be even more flexible and create opportunities for educating and empowering them on changes and challenges faced by the financial sector in St. Vincent and the Grenadines, the wider Caribbean and emerging trends in the international space. Consequently management will be in a much better position to identify any risks and develop processes, as well as new people skills and abilities, that would better satisfy our members and other stakeholders.

In 2017, GECCU made strong progress towards its vision to be acknowledged as the first choice financial institution in St. Vincent and the Grenadines, achieving strong membership growth, increased net profit and strong growth across a range of products and services. Over the past year, the Board has worked assiduously to strengthen the organisation’s ethical and governance framework. To this end our Board recently implemented an Integrity and Professional Conduct policy, and two very important committees: the Audit Committee: and the Succession Planning Committee.

MEMBERSHIP:

As a credit union, our purpose is to act in the best interests of our members and to ensure every decision we make at all levels of management, and every initiative we undertake, has a clear focus and benefit to our members. This focus on our members has sustained a long-term trend of member growth as well as organisational growth. In 2017 GECCU welcomed 3,225 new members and achieved net member growth of 3,157 members. There is a strategic focus to grow our membership further, by continuing to attract new members and retain our existing members.

Our main focus continues to be the preferred financial services alternative; to grow our membership; to build a stronger credit union and to make a difference in the communities we serve.

FINANCIAL PERFORMANCE:

GECCU continues to maintain the Credit Union’s core philosophy of not for profit. It is important that we achieve sufficient surplus each year to ensure our long-term sustainability, to invest prudently in improving and delivering products and services that enhance members’ financial wellbeing, and make a difference to the communities we serve.

As at the end of the financial year, GECCU’s total assets stood at \$232 million, net surplus in excess of \$2.8 million, institutional capital of \$33 million (14%), cash and cash equivalent of \$32 million and net loan to members of \$137 million.

Economic volatility has become the new normal and St. Vincent and the Grenadines continues to experience low levels of economic growth. While the economic outlook can appear uncertain, members' loans and deposits continue to grow in spite of severe competition from the banks and other financial institutions. Our Vision to be acknowledged as the most trusted financial services provider in St. Vincent and the Grenadines has never been more relevant than today. GECCU is well placed to operate effectively in these conditions, managing costs carefully and achieving strong growth as a brand that resonates in the financial marketplace as a genuine alternative to commercial banks.

TRIBUTE:

Brothers and sisters, I would like to pay tribute to our Board of Directors, Credit and Supervisory Committees, Management and staff who continue to provide outstanding service and professionalism in the conduct of their various duties. Our volunteers and staff's passion, drive, capacity, capability and enthusiasm for our members are certainly our greatest asset.

Today our Treasurer, Bro Jerold Jackson will be retiring from the Board after serving for six years and I join with my fellow Directors to thank him sincerely for his dedication and voluntary service over those years.

Brothers Michael DaSilva and Brian Alexander have offered to be nominated for election after three outstanding years of service on the Board and I also express thanks to them. It is my hope that collectively we can continue the important work of building GECCU by serving you, our members.

I also say thanks to all the other volunteers who are retiring this year and hope that you will continue to serve the Credit Union in a different capacity.

CONDOLENCES:

During the reporting period 2017, some of our members were deceased. I take this opportunity to express my sympathy to their immediate families and the wider GECCU family. We recognised the efforts of past members who contributed towards making this Credit Union what it is today.

CONCLUSION:

Brothers and sisters, as we go through this AGM, let me encourage you to celebrate another year of financial strength and stability, profitability, membership growth, increased lending to our members, and good corporate governance. Let us celebrate the fact that we are members and owners of this great organisation.

I express my appreciation and thanks to my fellow Board members for their support, encouragement and love during the past year.

Special thanks also to the general membership for expressing confidence in the Board of Directors to serve this noble organisation and to the volunteers, management and staff for the unwavering support.

I wish us all a productive and efficient 52nd Annual General Meeting.

May God bless you richly,



Gary Matthias
President

MINUTES OF THE 51ST ANNUAL GENERAL MEETING OF THE GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED (GECCU) HELD AT THE KINGSTOWN METHODIST CHURCH HALL ON 7TH JUNE 2017 AT 4:30 P.M.

OPENING SESSION

PRESENT:	Bro. Kelvin Pompey	-	President
	Sis Mineva Glasgow	-	Vice President
	Bro. Jerold Jackson	-	Treasurer
	Bro. Harold Lewis	-	Secretary
	Bro. Ronnie Daniel	-	Director
	Bro. Michael D Silva	-	Director
	Bro. Clarence Harry	-	Director
	Bro. Philmore Isaacs	-	Director
	Bro. Brian Alexander	-	Director
	Bro. Lennox Bowman	-	Chief Executive Officer

1.1 CALL TO ORDER

The President, Bro. Kelvin Pompey, called the meeting to order at 4:43 p.m.

2. PRAYERS

Bro. Michael Da Silva led the meeting in prayer. The Credit Union prayer was recited by all present.

3. NATIONAL ANTHEM

National Anthem was sung by all present followed by the Credit Union song.

4. SILENT TRIBUTE

One minute silence was observed for members who died during the year.

5. APOLOGIES FOR ABSENCE

Apologies were made on behalf of Sis Angela Martin and Hon. Frederick Stephenson, Minister with responsibility for Co-operatives.

6. WELCOME

- (i) The President and Chairman, Bro. Kelvin Pompey, welcomed all to the 51st General Meeting. In his message captioned "Improving Access, Changing Lives... Keeping our Promises to our Communities", he commended GECCU for achieving significant results in 2016 despite the economic challenges facing the financial sector. He accentuated that GECCU's total assets surpassed \$200 million, a net surplus of over \$1.1 million was realized, \$54.1 million was loaned to members and new offices were constructed in Canouan and South Rivers.
- (ii) Additionally, he commented that with the total membership approaching 40,000 in a population of 110,000, emphasis will have to be shifted towards optimizing the borrowing potential of existing members.
- (iii) In concluding, the Chairman assured members that GECCU will remain committed to improving the lives of families and communities and with the expansion of branch networks to the rural areas, it will be able to deliver enhanced loyalty and patronage to its existing members.

7. REMARKS – MINISTER OF COOPERATIVES

- (i) Mr. Patterson Homer, Registrar (acting) apologised for the absence of Hon. Frederick Stephenson. He congratulated GECCU on its 51st AGM and 52 years of providing vital service to the citizens of St Vincent and the Grenadines (SVG).

- (ii) In his remarks, he noted that over the years, GECCU continued to shape the socio-economic fabric of the Vincentian community. Organizations like GECCU and by extension, the local Co-operative Movement, continue to deliver on Government's priorities such as poverty alleviation, livelihood enhancement, food security, sustainable employment, sustainable economic development and many other socio-economic indicators that contribute to the country's development.
- (iii) He highlighted the key performances of GECCU in areas such as total assets, total savings, total income, profitability and membership. He alluded to the Credit Union's ability to move from \$1.6 million deficit in 2015 to a surplus of \$1.1 million in 2016. He also noted that a membership of almost 40,000 attributed to a large portion of the Vincentian population. He highlighted the adult membership penetration rate of approximately 71% of the overall population; as such the St. Vincent and the Grenadines Co-operative Movement was ranked as the world leader with regard to the proportion of the population as members of Co-operatives.
- (iv) Referring to the Schools' Co-operative Thrift Programme, he said that St. Vincent and the Grenadines can be looked at as a model because of the number of educational institutions that were members of the Schools' Co-operative Thrift. Of the eighty-five (85) schools, thirty-one (31) schools were sponsored by GECCU. Additionally, over the past 4 years, a number of farmers' co-operatives, fisher folks' organizations and consumer co-operatives have emerged in St. Vincent and the Grenadines.
- (v) He assured the members that the Government will continue to provide and enable an environment for co-operatives to flourish and will continue to champion the cause for a soothing political, economic, socio-cultural and technological environment for Co-operatives to develop and grow. He added that the Government will continue to expose nationals to co-operative training and educational practice.
- (vi) In concluding, he challenged members to continue to support the growth and expansion of GECCU and by extension, the local co-operative sector in the country.

8. GREETINGS- GUEST SOCIETIES

Fraternal greetings were received from the following societies:

Kingstown Co-operative Credit Union Limited
 St. Vincent and the Grenadines Co-operative League Limited
 St Vincent and the Grenadines Police Co-operative Credit Union Limited
 St Vincent and the Grenadines Teachers' Co-operative Credit Union Limited
 Financial Services Authority
 St Vincent Automotive Co-operative Limited
 Baptiste and Company Chambers
 Lyndon George's Chambers

CLOSED SESSION

1. ASCERTAINMENT OF QUORUM

There were approximately 254 persons present.

Standing Order

The Chairman drew attention to the Standing Orders listed on page 4 for the meeting procedure.

Agenda

There was no amendment to the agenda. On a motion moved by Sis. René Baptiste, seconded by Bro. Ricky Haynes, the agenda was accepted as presented.

2. MINUTES OF THE 50TH ANNUAL GENERAL MEETING, 31ST MAY 2016

The minutes having been circulated before were accepted as read.

(a) Amendments

Page 11: second sentence, "...over 2,000 new members were recruited over the last eleven (11) years..." was changed to "...over the past eleven (11) years, consistently, GECCU has recruited over 2,000 members..."

Bro. Philbert John suggested that for subsequent minutes, the paragraphs be numbered.

On a motion moved by Bro. Philbert John seconded by Bro. Joel Poyer, the minutes were confirmed and carried with amendments.

3. MATTERS ARISING

There were no matters arising out of the minutes.

4. REPORTS AND ELECTIONS

(a) Board of Directors

(i) Board of Directors' Report

Correction:

In Table 1 on page 19, "Bro. Mineva Glasgow" and "Sis. Philmore Isaacs" were corrected to "Sis. Mineva Glasgow" and "Bro. Philmore Isaacs" respectively.

The report was taken as read. Bro Kelvin Pompey guided the meeting through the report, which established seven (7) priority areas that management and staff focused on for 2016. The following priority areas were highlighted:

1.0 Corporate Governance

- 1.1 A Risk Management Committee was established to assist the Board in overseeing the risk profile and approved the risk management framework of GECCU.
- 1.2 Emphasis on monitoring and reporting systems ensured efficient and effective communication flow within the organisation across the various communities.
- 1.3 GECCU maintained relationships with the St. Vincent and the Grenadines Co-operative League and the Financial Services Authority. Statutory obligations were observed.

1.2 Registration of new members

- 1.2.1 In 2016, 2,994 new members/depositors were registered. This surpassed the targeted number by over 36.1% and last year's figure by 727 members. Strategies employed in pursuing membership growth included the opening of a new office in Canouan, enlisting the help of volunteers/liaison officers, increased use of technological platforms, intensifying the schools' outreach programme and greater segmentation of markets.
- 1.2.2 The youth continued to be the main focus as 58% of members were under the age of 30 years, 2% below the set target. The total membership/depositors stood at 39,486.

1.3 Human resource capacity building

- 1.3.1 In 2016, orientation sessions were held with staff and volunteers to demonstrate the working of Centre for Professional Development (CPD) On line – a web-based training facility providing credit union specific courses in all areas of credit union operations. Participants were also exposed to in-house and ex-house training as well as stimulation exercises. A summary was tabled in the report.

1.4 To assist members in fulfilling their housing needs

Corrections:

4.1.4.3 – “recommended” was changed to “recommenced”.

4.1.4.4 – "have been received for the cutting and cleaning of trees and vegetation on land." was added to the last sentence of the paragraph.

- 1.4.1 The second phase of development of the GECCU/NIS Peter’s Hope Project recommenced. A joint Steering Committee was established and terms of reference were prepared. The next stage of the project was to procure the service of a consultant regarding the design, supervision of road network and clearing of lands.

1.5 Access to GECCU services

- 1.5.1 A new office was opened in Canouan on May 7th, 2016. Since then, 229 new members were recruited and over \$1.2 million was collected. The Georgetown office was expanded and enhanced and a new office was opened in South Rivers.
- 1.5.2 Eight (8) firms were requested to submit technical proposals for the construction of the new headquarters. Construction was expected to start in the first quarter of 2018.

1.6 Strengthening of the movement nationally and regionally

- 1.6.1 GECCU provided support to the St. Vincent and the Grenadines Co-operative League in the form of financial and human resource assistance to sister credit unions and other non-credit union co-operatives locally and regionally.
- 1.6.2 GECCU was also represented at the Organisation of Eastern Caribbean States (OECS) Credit Union Summit, Caribbean Confederation of Credit Unions (CCCCU) Convention and World Council of Credit Unions (WOCCU) Conference

1.7 Financial sustainability and profitability

- 1.7.1 In 2016, a net profit of over \$1.1 million was realised (166% increase from 2015). Assets increased by 10% and loans portfolio grew by 13.41%. Total expenses decreased by 12%. Performance highlights were tabled.
- 1.7.2 The Credit Union’s performance and PEARLS-M Monitoring Standard were also tabled.

2.0 Discussion

- 2.1 Bro. Cecil ‘Pa’ Jack opined that an organisation such as GECCU with close to 40,000 members and numerous resources at its disposal should be in a position to give its own analysis of the country’s economy.
- 2.1.1 The Chairman responded that though the Board did its own analysis of the economic statistics and recognise the technical resources of its members, it had to rely on a central repository of information, which was distributed by the Eastern Caribbean Central Bank (ECCB).

- 2.1.2 Bro. Philbert John sought clarification regarding the “growth in economic activity” outlined in 1.4 under **Economic Experience** which contradicted the statement made in the Treasurer’s Report on page 37 that there was a “(decline in the) rate of economic growth”.
- 2.1.3 The Chairman responded that the statements were not a contradiction to each other but reinforcement. He explained that there was a 1% increase in economic growth in 2016, however, the rate at which the growth occurred from 2015 - 2016 was slower than that from 2014 - 2015, which was what the Treasurer’s Report highlighted.
- 2.1.4 Bro. Daniel Mc Millan questioned why dormancy and delinquency were omitted from the list of Priority Areas. Bro. Gary Matthias, referring to Asset Quality of the PEARLS ratios, suggested that delinquency should be made a priority given that the rate of decrease in 2016 compared to 2015 was slower and the goal of >5% was not attained.
- 2.1.5 The Chairman responded that dormancy and delinquency continued to receive the attention of management. Effective systems and structures were in place to ensure that they were better managed so attention can be shifted to other pertinent areas. This, he said, can be observed in the gradual reduction in delinquency over the last ten (10) years.
- 2.1.6 Bro. Cecil ‘Pa’ Jack, making reference to point 2.1 under **4.1.1 PRIORITY 1: CORPORATE GOVERNANCE** questioned whether members of the Risk Management Committee comprised of the staff of GECCU or volunteers. He also sought further information on the greater segmentation of markets strategy outlined in 4.2.1.1 under **4.2.1 PRIORITY 2: REGISTRATION OF NEW MEMBERS** and questioned whether any meetings were held with the individuals before recruiting them.
- 2.1.7 In his response, the Chairman stated that the Risk Management Committee comprised members of the Board of Directors. The committee was tasked with the responsibility to identify and examine areas of risk, and be proactive in implementing strategies and solutions to mitigate the effects of these risks.
- 2.1.8 With respect to market segmentation, the Chairman noted that emphasis was placed on targeting the younger population. All ages and needs of the members were examined and strategies were tailored to target the most prominent needs. The procedure for recruiting new members was explained in the Education Committee’s report.
- 2.1.9 Bro. Philbert John referred to **PRIORITY 2**. He questioned whether there was a distinction between members and depositors and if all membership was in accordance with the Co-operate Societies Act. He referred to section 4.2.1.3 and pointed out that “Junior Savers” were not members according to the Act. He questioned; the statement in 4.2.1.2 “...58% of our new members are under the age of 30” valid?
- 2.1.10 The Chairman responded that the issue of Junior Savers being members according to the statutory requirements of the Co-operate Societies Act was debated over a number of years. However, over the years, most Junior Savers remained with GECCU to become full-fledged members. Though they may not be qualified as members according to the Act, they are being treated as future members of the organisation.
- 2.1.11 Bro. Daniel McMillan made reference to 4.1.4.3 under **4.1.4 PRIORITY 4** and compared it to 2015 and 2016 - Developmental Costs on the balance sheet on page 63. He requested an explanation as to why there was such a significant decrease in 2016, considering that the second phase of the Peter’s Hope project was scheduled to start in July 2016.
- 2.1.12 The Chairman explained that the decrease in cost was due to a halt in the project that occurred in transition between the first and second phase. However, the second phase has since commenced and the cost was expected to increase considerably for 2017. The intended timeline for the project was off by approximately six months; completion was expected within the latter half of 2018.
- 2.1.13 Bro. Gary Matthias expressed concern that the organisation was still falling short of its >5% target on

Non-Earning Assets as outlined under Asset Quality of the PEARLS ratios. He made reference to **PRIORITY 5: ACCESS TO GECCU SERVICES**, stating that constructing a new headquarters may push the organisation further away from achieving its intended target. He then questioned whether the previous decision made to renovate the Centrex building was still in effect, and if not, what will be the purpose of the building.

- 2.1.14 The Chairman responded that the main reason for the non-earning assets percentage being so high was due to the Peter's Hope lands still under development. Regarding the Centrex building, after re-evaluation, it was established that the current headquarters was 30% larger than the Centrex building. The location was ideal as it was closer to three of the major banks and parking would be easier. He said that the architects also agreed that the present office was the better location. However, the building was in a dilapidated condition and needed refurbishing.
- 2.1.15 The Centrex building will be used as a temporary location while the headquarters was being renovated. It was explained that once completed, considerations may be given to either rent or sell the Centrex building as it was an ideal location for business. However, deposits interest rates at banks are rapidly declining so a better economic decision will be to leave the property to appreciate over time.
- 2.1.16 Renovations and refurbishing should start early 2018 for approximately 18 months.
- 2.1.17 Bro. Gary Matthias opined that the decision to buy Centrex building for the purpose of constructing a headquarters was a rushed decision considering that the current location was determined to be more suitable.
- 2.1.18 The Chairman responded that purchasing the Centrex building was an organisational investment. He added that assessments were done; however, one may be forced to adjust the decision as situations change.
- 2.1.19 Referring to 4.1.6.1 and 4.1.6.3 under **PRIORITY 6**, Bro. Cecil 'Pa' Jack questioned the nature of the support given to the St. Vincent and the Grenadines Co-operative League and the level of representation at the OECS Credit Union Summit etc.
- 2.1.20 The Chairman responded that GECCU was represented by members of the Board, Committees and staff. They were exposed to new ideas and established networks which provided new knowledge and skills set that can be incorporated into the operations of the organisation.
- 2.1.21 Bro. Philbert John expressed dissatisfaction in representatives being sent to the conventions. He stated that members should also be given an opportunity to attend, rather than always having a chosen delegation from the management of the organisation. He suggested that the organisation publish the venue and necessary details so that members are given the opportunity to attend.
- 2.1.22 Sis. Marcelle Burgin suggested that the \$100 monetary reward given to successful students of the CPEA should be increased, especially since the cost of living and textbooks has increased.
- 2.1.23 The Chairman supported the decision.
- 2.1.24 Sis. Verina Sandy expressed concerns that the Peter's Hope project was taking too long. She noted that given that the list of deceased members seemed to increase every year, she feared that current members may not live long enough to enjoy the fruit of their investments in the credit union.
- 2.1.25 The Chairman responded that the Peter's Hope project was a very large project between GECCU and NIS which was expected to provide hundreds of houses in the area. Therefore, it was important that the necessary infrastructure be put in place so the residents can live comfortably when the time comes.
- 2.1.26 The Chairman added that the list of deceased members has increased over the years and as such, the gap between death benefit contributions and claims was getting closer. It was noted that funeral costs have also increased over the years.

- 2.1.27 The Chairman then announced that effective immediately, the funeral grant will now be \$6,000 and death benefit contribution will increase to \$30 annually.
- 2.1.28 A question was raised as to whether the establishment of a funeral home between GECCU and BUNPAN, proposed at the last AGM, was still in the pipeline.
- 2.1.29 The Chairman responded that a proposal was received from the consultant and was being reviewed by GECCU and BUNPAN. He admitted that the process was not where the Board expected it to be because there was some delay on BUNPAN's part. However, the proposed project was not abandoned as it was expected to reduce the funeral cost for members and enhance the quality of funeral arrangements.
- 2.1.30 The Board of Directors report was accepted on a motion moved by Bro. Philbert John, seconded by Sis. René Baptiste.

(ii) Treasurer's Report & Auditor's Report

The Treasurer's and Auditor's reports were taken as read on a motion moved by Bro. Philbert John, seconded by Bro. Daniel McMillan.

(a) Treasurer's Report

The Treasurer's Report was presented by Bro. Jerold Jackson. The following were highlighted:

- 1.0 Total assets increased by 10% due to increase in the loan portfolio which increased by 13%.
- 1.1.1 Mortgage portfolio also grew by 13%. Loans granted to the Co-operate Sector were in excess of \$3.4 million.
- 1.1.2 Investment portfolio marginally increased by 0.35%.
- 1.1.3 The credit union's \$167,438 loss in COMFI further reduced its investment value to \$255,232.60.
- 1.1.4 The expected settlement of the investments in BAICO was not yet received.
- 1.1.5 Cash resources increased by 18%.
- 1.1.6 Investment properties decreased by 12%.
- 1.1.7 Fixed assets increased by 15%.
- 1.1.8 Construction of the South Rivers office was completed and cost incurred at the end of 2016 was \$1,168,223.
- 1.1.9 Appraisal of investment properties resulted in a net depreciation of \$1,222,000 and revaluation of buildings classified as Property Plant resulted in a net loss of \$903,113. Total loss on revaluation of properties stood at \$2,125,113.
- 1.1.10 Members' shares savings increased by 8% and ordinary deposits by 25%. Loan interest income also increased by 9%.
- 1.1.11 Impairment charges significantly decreased by 96% due to losses in COMFI.
- 1.1.12 Total expense decreased by 12% because no write-offs of investments were done as in 2015.
- 1.1.13 A net profit of \$1,113,318 was realised for 2016 compared to a loss of \$1,687,377 in 2015.
- 1.1.14 Bro Jackson concluded that with GECCU having over \$210 million in assets and significantly writing off most of its impaired financial investments, further growth and success in core areas of operation was anticipated.

(iii) Auditor's Report

- 1.0 The Auditor's Report was presented by Bro. Floyd Patterson of Patterson & Co. Chartered Professional Accountants as follows:
- 1.1.1 At the last AGM, the members appointed BDO as the official Auditors for the credit union. However, the Auditors' Report was signed off by another firm, Patterson & Co. He explained that audit firms operate under a "franchise" or alliances with firms around the world, adopting a style and a name. At the last AGM, the firm appointed was practising under the style of BDO. During the course of the year, the partners within the firm responsible for GECCU's accounts moved away from the style of BDO. At the time of sign-off, Patterson & Co. (who was in charge of the accounts) was practising as an interim measure being subjected to certain judiciary procedures. Beginning June 1st, 2017, Patterson & Co. practised under the style of Grant Thornton (GT) – a US-based firm with its origin in the United States and United Kingdom, which has been in the OECS since 2013. Currently, it is the largest accounting firm in the OECS with over 120 staff and partners.
- 1.1.2 Regarding the financial statements, Mr Patterson stated that certain statutory requirements had to be assessed to ensure that they were complied with by the credit union's management and staff. The credit union's loan portfolio was also reviewed. He indicated that soon new standards for financial institutions in St Vincent will be implemented, which will impact all financial institutions including the credit unions.
- 1.1.3 The following are some of the key audit matters that he addressed:
- 1.1.4 The estimate for the allowance for impaired loans (bad debts): The assessment of loan balances and collateral pledged as security were scrutinised. Management was required to assess delinquent loans, likely time period of realisation, and cost associated with the securities, then calculate the present value. This value was then compared to the outstanding balance of the loan. If the outstanding balance was greater than the present value, a provision or "bad debt charge" was made. If the nominal value exceeds the present value when brought into the same time value of money, an adjustment must be made.
- 1.1.5 Recognition of interest income: In cases where loans were not performing, the increment of interest had to be suspended. Interest was therefore only recognised to the extent that there was security value that will support the ultimate realisation. If the loan was deteriorating and going further into delinquency, the interest clock was stopped.
- 1.1.6 Potential issues of fraud, override of policies and misrepresentation of financial position or results of entity: Tests such as the drilling journal adjustments were done to determine if management had taken any steps that may potentially misstate financial statements or results that were presented. Based on the tests performed, the financial statements, financial positions and the results of GECCU present fairly in all material respects.
- 1.1.7 Mr Patterson also explained that "Cash Profits" - Statement, Operating Profit before Changes in Operating Assets and Liabilities went from \$2.92 million in 2015 to \$3.64 million in 2016 – an increase of 24.4%. He said that it showed some degree of healthy activity taking place in performance. Delinquency rate would therefore decline because the loan portfolio was becoming healthier, and reinvestment was possible.
- 1.1.8 He concluded that the solvency of financial institutions such as the credit unions was important and had to be adequately capitalized. Equity and capital base needed to be consistently growing. One may boast about loans and deposits increasing, but financial institutions should only allow their deposits to grow to the extent that there was even faster or corresponding growth rate in its capital base in order to protect depositors.
- 2.0 **Discussion**
- 2.1 Bro. Cecil 'Pa' Jack questioned why the Auditors' report was signed off by another firm given that the members appointed BDO at the last AGM and the firm was still in business.

- 2.1.1 The Auditor explained that accounting firms operate as a partnership. Whenever a partner leaves a firm, the partnership was deemed to have been dissolved. The Auditor was not the firm but rather the partner within the firm. Patterson & Co. was a partner, practising under the style of BDO that audited GECCU's accounts over the years. Patterson was now practising under a new style – Grant Thornton. When a partner leaves a firm, the accounts also leave with the partner. At the time of sign-off, Patterson & Co. practised as an interim measure while waiting for judiciary procedures to become partners in the Grant Thornton firm and practise under their style. Effective 1st June 2017, Patterson and Co. were partners of Grant Thornton and would, therefore, sign off on audit reports as Grant Thornton.
- 2.1.2 Bro. Philbert John sought clarification on the word “style” as was used by the Auditor. He also mentioned that there was a statutory limitation on the auditors for credit unions according to the Co-operate Societies Act, that each auditing firm was allotted a certain number of years for which they were allowed to audit a credit union's accounts. The year ended 2016 was BDO's last year. He then asked whether Patterson & Co. would be up for nominations and inquired whether the move from BDO was for the purpose of being re-elected under another name.
- 2.1.3 In his response, the Auditor explained that the word “style” referred to methodologies used by firms to gather evidence to support the information presented in financial statements. Each firm has different methods of collecting data and samples, testing transactions and event, technologies employed etc. which was referred to as the ‘style’ of the audit.
- 2.1.4 Regarding the question about the auditor's nomination, Mr Patterson stated that Patterson and Co. accountants were auditing GECCU's account over the years under the firm BDO. Patterson & Co. has since moved to Grant Thornton firm. The nominations would therefore not be Patterson & Co. but rather Grant Thornton. He added that the move was not done to be re-elected.
- 2.1.5 Bro. Philbert John raised several questions.
1. He sought clarification on why COMFI was being treated as an investment with a loss to the credit union even though it no longer existed.
 2. Was a study done on Death Benefit, to determine the sustainability of the service over time, given the small gap between claims and contributions?
 3. Were the demographics of the beneficiaries examined and if so, what was the average age group of persons receiving death benefit claims?
- 2.1.6 In response to question 1, the Treasurer stated that COMFI was in liquidation but was awaiting information from the liquidators. GECCU has adopted a standard known as the Equity Method which accounted for the accumulated profits/losses until information from the liquidators was received. The liquidation process is expected to be completed in 2017.
- 2.1.7 The Chairman responded to questions 2 & 3 stating that internal studies have been done but there was still need for more analysis. He added that increasing the contribution to \$30 and the payment to \$6,000 will comfortably allow the Death Benefit programme to continue for another decade without the gap narrowing significantly.
- 2.1.8 The average age for persons receiving death benefits remained consistent at 73 years, though the number of beneficiaries had increased.
- 2.1.9 Bro. Daniel Mc Millan referred to the tabled **EXPENSES** of the Treasurer's Report and questioned why the loss on revaluation of properties increased since the last valuation in 2011.
- 2.1.10 The Treasurer responded that over the years, the GECCU buildings depreciated in property value.
- 2.1.11 Bro. Philbert John requested the reasons for the increase in Audit and Professional fees as stated on page 69 of the Auditor's Report.
- 2.1.12 The Auditor responded that because GECCU is a financial institution and utilised high complex IT systems, the auditors were required, according to the standards, to carry out an IT audit. The increase in Audit fee was due to the additional cost to carry out an IT audit. The IT audit was aimed at

protecting the integrity of the credit union's information and its members. The fact that the staff accessed the internet exposed the IT systems to hackers from anywhere in the world. The tests were carried out to ensure that there was adequate fibre security, to identify deficiencies and ensure that complex operational processes were carried out accordingly. Experts had to be brought in to perform these tests.

- 2.1.13 The Treasurer explained that the increase in professional fees was mainly due to a business plan that was done for the funeral home project.
- 2.1.14 In concluding the discussion, Bro. Philbert John commended the Treasurer, members of the Board of Directors and Auditor for their consistency in providing transparent and comprehensive reports.
- 2.1.15 The Treasurer's and Auditor's Reports were accepted on a motion moved by Bro. Philbert John, seconded by Bro Daniel Mc Millan.

(iv) Election of the Board of Directors

- 1.0 A representative of the Financial Services Authority (FSA) supervised the elections.
- 1.1.1 The Nominations Committee comprised: Sis Verlene Saunders, Bro. Clarence Harry, Sis. Arlene Lewis and Sis. Damoris Alexander.
- 1.1.2 Three (3) directors retired were Bros. Philmore Isaacs, Harold Lewis and Sis Mineva Glasgow.
- 1.1.3 Bros. Philmore Isaacs and Harold Lewis served one term and were eligible for re-election. Sis. Mineva Glasgow served two consecutive terms and was not eligible for re-election.
- 1.1.4 The Nominations Committee nominated: Bros. Philmore Isaacs, Harold Lewis, and Sisters Cecelia Williams and Gemma Mc Cree-Clarke.
- 1.1.5 Nominations from the floor were as follows: Bro. Gary Matthias nominated by Bro. Daniel Mc Millan, seconded by Bro. Philbert John.
- 1.1.6 Nominations were closed on a motion moved by Bro. Philbert John, seconded by Sis. Laurette Kelly-Joseph.
- 1.1.7 The results of the election were as follows:

Bro. Philmore Isaacs	86 votes
Bro. Harold Lewis	75 votes
Sis. Cecelia Williams	52 votes
Sis. Gemma McCree-Clarke	57 votes
Bro. Gary Matthias	63 votes
- 1.1.8 The three (3) members duly elected to serve on the Board of Directors for the next three (3) years were Bros. Philmore Isaacs, Harold Lewis and Gary Matthias.

(b) Credit Committee's Report

- 1.0 Sis. Janice King, Deputy Chairperson of the Credit Committee, guided the meeting through the report.
The following were highlighted:
 - 1. Sixty-one (61) meetings of the committee were held in 2016;
 - 2. Ninety (90) interviews were conducted with loan applicants; forty (40) interviewees were members' contractors;
 - 3. Loan applications processed increased by 12.3% and the value of loans disbursed by 49.3%. The increase was attributed to loans approved to St. Vincent and the Grenadines Police Co-operative Credit Union Limited and other corporate societies;

4. Total loans disbursed increased by 69%; 40.5% of the loans disbursed were for housing – a 29.7% increase from the previous year due to the reduction of the interest rate for land and mortgage to 6.99%;
5. Total mortgage portfolio represented 42% of the loan portfolio;
6. For 2016, 72 mortgages were approved, representing 26.9% of total loans approved;
7. Delinquency rate decreased from 5.5% to 5.3%;

1.1.1 It was concluded that despite the challenges faced, the Credit Committee continued to exceed its intended performances.

2.0 Discussion

2.1 Bro. Philbert John made reference to **Table 2: Loans Disbursed by Type** on page 73 and commented that the Vincentian lifestyle has changed based on the types of loans they were applying for.

2.1.1 Bro. Timothy Providence also remarked that a significant percentage of the loans disbursed were for mortgages and vehicles. He questioned whether there was a limit to each category, expressing concern that if the numbers increase every year, the other categories may suffer.

2.1.2 The Chairman responded that the cap on mortgage loans was at 40% and the total mortgage loans had already reached 38%. He added that the credit union recognised that it will become a challenge and regulations will have to be put in place to keep it under control.

2.1.3 Bro. Philbert John questioned the difference between domestic and household loans.

2.1.4 Sis. Janice King explained that domestic referred to loans for medical emergencies while household loans were for furniture and appliances.

2.1.5 The report of the Credit Committee was accepted on a motion moved by Bro. Philbert John, seconded by Bro. Joel Poyer.

(ii) Election of the Credit Committee

1.0 Sis. Janice King retired and was eligible for re-election.

1.1 The Nominations Committee nominated Sisters Janice King, Fay-Ann Durham-Richards and Tammy Walters. Sis. Tammy Walters was not eligible for election as she was serving on the Supervisory Committee of another credit union.

1.1.1 Nominations from the floor were as follows:

- Sis Nelsia Samuel nominated by Bro. Philbert John, seconded by Sis. Wendie Wilson.
- Sis Marcelle Burgin nominated by Bro Cecil 'Pa' Jack, seconded by Sis. Cecelia Williams.

1.1.2 Nominations were closed on a motion moved by Bro. Harold Lewis, seconded by Bro. Linus Goodluck.

1.1.3 The results of the election were as follows:

Sis. Janice King	70
Sis Fay-Ann Durham-Richards	6
Sis Nelsia Samuel	15
Sis Marcelle Burgin	9

1.1.4 Sis. Janice King was duly elected to serve on the Credit Committee for the next three (3) years.

(c) Supervisory & Compliance Committee's Report

1.0 Bro. Joel Poyer, Chairman of the committee, guided the meeting through the report of the Supervisory & Compliance Committee Report. The following were highlighted:

1.1 Seventeen (17) meetings of the committee were held.

1.1.1 A scope of work plan was developed and executed. This included the following areas: loan delinquency, social development fund, reporting, security, sub-office operations and training.

1.1.2 In closing Bro. Joel Poyer commended Sis Cornelia Moses, Operations Officer at GECCU, for spearheading the CPD Online training as highlighted in the report of the Board of Directors.

2.0 Discussion

2.1 Bro. Gary Matthias asked if any risk assessment was done as it was not mentioned in the report.

2.1.1 Bro. Joel Poyer responded that the risk assessment was done by the Internal Auditors and Risk Management Committee. The results were communicated to members of the Credit Committee who were satisfied.

2.1.2 The report of the Supervisory & Compliance Committee was accepted on a motion moved by Bro. Philbert John and seconded by Bro. Ricky Haynes.

(i) Election of Supervisory & Compliance Committee

1.0 Retiring from the committee were Bro. Joel Poyer and Sis. Marva Cato-Robinson. Bro. Joel Poyer was eligible for re-election.

1.1 The Nominations Committee nominated Bros. Joel Poyer and Ricky Haynes and Sisters Athena Lewis and Ena Walters. Sis Athena Lewis was absent and, therefore, was not eligible for election.

1.1.1 Nominations from the floor were as follows:

- Bro. Kazon Simmons nominated by Bro. Terral Mapp, seconded by Bro. Harold Lewis.
- Sis. Fay-Ann Durham nominated by Bro. Bernard John, seconded by Sis. Lucille Browne.
- Sis. Gemma Mc Cree-Clarke nominated by Bro. Renard Kelly-Joseph, seconded by Sis. Luella Jackson.

1.1.2 Nominations were closed on a motion moved by Bro. Linus Goodluck, seconded by Bro. Ricky Haynes.

1.1.3 The results of the elections were as follows:

Bro. Joel Poyer	47
Bro. Ricky Haynes	49
Sis. Ena Walters	50
Sis. Gemma Mc Cree-Clarke	39
Bro. Kazon Simmons	30
Sis. Fay-Ann Durham-Richards	15

1.1.4 Bros. Joel Poyer and Ricky Haynes and Sis. Ena Walters were duly elected to serve on the Supervisory and Compliance Committee for the next three (3) years.

(d) Education Committee's Report

1.0 Having been previously circulated, the report of the Education Committee was taken as read.

1.1 Sis. Ena Walters, Secretary of the committee guided the meeting through the report.

2.0 Discussion

2.1 Bro. Philbert John referred to the use of ICT technologies and expressed satisfaction in the performance of the Marketing Department. He asked that the credit union measure the penetration rate of the social media platforms in St. Vincent and the Grenadines to determine its effectiveness for the next AGM.

2.1.1 Sis. Ena Walters stated that the Marketing Department worked closely with the IT department and that the Education Committee will take the proposal into consideration.

2.1.2 The report of the Education Committee was accepted on a motion moved by Bro. Picasso John and seconded by Bro Aubrey Burgin.

5.0 ELECTION OF AUDITORS

5.1 The Chairman announced that, with the credit union being cognizant of the changes to local accounting/auditing firms, proposals were sent to three (3) accounting firms: BDO, Grant Thornton and KPMG.

5.1.1 The proposals were assessed in terms of their approach to five (5) criteria: audit quality (25%), team knowledge and experience (30%), audit qualification (10%), value-added services (10%) ,and quote and pricing (25%).

5.1.2 Based on the assessment criteria, KPMG scored the highest percentage. The Board, therefore, nominated KPMG to be the Auditors for the 2017 financial year.

5.1.3 Bro. Terral Mapp nominated Grant Thornton, seconded by Sis. Reisa Daly.

5.1.4 Nominations were closed on a motion moved by Bro. Anthony Stewart, seconded by Bro. Philbert John.

5.1.5 The results of the election were:

KPMG:	73
Grant Thornton:	4

5.1.6 KPMG was elected as the Auditors for the 2017 financial year.

6.0 NEW BUSINESS

6.1 Bro. Philbert John reminded the meeting about the proposal made at the last AGM to establish a business directory. He said that he was not aware if it was done and proposed that it be undertaken electronically via the ICT platform.

6.1.1 The Chairman responded that a form was available for members to record their information to be included in the directory; however, members were not participating in the process. He said that the electronic platform will be considered.

6.1.2 Sis. Marcelle Burgin questioned why there was no security staff listed for the Canouan office in the

Staff Profile on page 34.

- 6.1.3 Sis Cornelia Moses (Operations Officer) responded that security was available but was contracted from a security firm hence the reason a name was not listed in the Staff Profile.
- 6.1.4 Sis. Nikeisha Williams commended the Board for the establishment of the new office in South Rivers. She pointed out that there were three (3) main towns on the leeward side of the island namely, Chateaubelair, Layou and Barrouallie and inquired whether consideration is being made to establish an office in one of the towns. Sis. Williams was of the view that the decision made to change the closing time at the Kingstown office from 3:30 pm to 3:00 p.m. inconvenienced persons from the leeward side who do business with the credit union. She recommended that the closing time be reverted to 3:30 pm.
- 6.1.5 The Chairman assured the members that an office in Troumaca is expected to be completed by 2018/2019, in keeping with the credit union's mission and AGM theme.
- 6.1.6 With regard to the change to the closing hours at the Kingstown office, it was explained that not only the closing time was changed from 3:30 to 3:00 p.m. but also that the opening time on weekdays was changed from 8:30 a.m. to 8:00 am. This was to accommodate members from the rural areas, particularly on the leeward side, who wish to do transactions early in the morning.
- 6.1.7 The Chairman reminded the meeting that the offices of the credit union are also open on Saturday from 9:00 a.m. until 11:30 a.m.
- 6.1.8 Bro. Aubrey Burgin requested an update on the GECCUMED claims that were still outstanding since 2016.
- 6.1.9 The Chairman responded that there was some improvement in the pay-outs from CLICO regarding the GECCUMED service. However, there was a particular claim in 2016 that caused some draw-backs for that year. He stated that the credit union is researching the market for a new insurance company to provide health insurance for its members; however, it was not something that could be rushed because the relationship with CLICO was still valued and moving out would force persons to get new insurance. It was hoped that there will be a positive turnaround for CLICO. However, if there was an insurance company that would agree on the existing rate and benefits, the credit union will not hesitate to make the changeover.
- 6.1.10 The Chairman congratulated the newly elected members of the Board of Directors and committees. He recognised and thanked Sis Mineva Glasgow who served on the Board of Directors for six (6) years. He also thanked the members for attending and contributing to the discussions.
- 6.1.11 There being no other business, the meeting ended at 8:53 p.m. on a motion moved by Sis. Marcelle Burgin, seconded by Bro. Philbert John.

Read and signed as a true record this day of 20.....

.....
Secretary

.....
Chairman

BOARD OF DIRECTORS' REPORT TO THE 52nd ANNUAL GENERAL MEETING



**Bro. Gary Matthias
PRESIDENT**



**Bro. Harold Lewis
VICE PRESIDENT**



**Bro. Brian Alexander
SECRETARY**



**Bro. Jerold Jackson
TREASURER**



**Bro. Clarence Harry
DIRECTOR**



**Bro. Ronnie Daniel
DIRECTOR**



**Bro. Michael Da Silva
DIRECTOR**



**Bro. Kelvin Pompey
DIRECTOR**



**Bro. Philmore Isaacs
DIRECTOR**



**Bro. Lennox Bowman
CEO**

1.0 Introduction

Fellow Co-operators,

- 1.1 The Board of Directors is pleased to present the report on the operations of GECCU Ltd for the year ended 31st December, 2017, under the theme “Enhancing Our Culture of Innovation.”
- 1.2 These days, Credit Unions are attracting unprecedented attention. The rapid and inescapable transformation in technology and financial services, resulting from globalization in trading arrangements, is pressuring policy makers, business managers and consumers alike to constantly seek alternative and more creative and efficient mechanisms for achieving their goals and agendas.
- 1.3 The success of Credit Union systems validates and must continue to validate the importance of savings mobilization through soundly managed financial institutions, providing an expanding range of superior financial products and services to its members. Your Credit Union, our Credit Union, is one such Credit Union. At GECCU we realise that the quality growth which we are experiencing is only possible in an environment where our stakeholders trust our organization’s leadership and management , and have confidence in our strategic and operational decisions.

2.0 Board of Directors

- 2.1 At the 51st Annual General Meeting, three new members, Brothers Philmore Isaacs, Harold Lewis and Gary Matthias were elected to the Board.
- 2.2 At its first meeting, the Board of Directors elected Bro. Gary Matthias – President, Bro. Harold Lewis- Vice President, Bro. Jerold Jackson – Treasurer, and Bro. Brian Alexander - Secretary.

The full Board of Directors comprises the following:

Bro. Gary Matthias	-	President
Bro. Harold Lewis	-	Vice President
Bro. Brian Alexander	-	Secretary
Bro. Jerold Jackson	-	Treasurer
Bro. Kelvin Pompey	-	Director
Bro. Philmore Isaacs	-	Director
Bro. Michael Da Silva	-	Director
Bro. Ronnie Daniel	-	Director
Bro. Clarence Harry	-	Director

3.0 Meetings and Attendance

Meetings of the Board were held monthly. In addition, five special meetings were convened. A summary of attendance is given in Table 1.

Table 1: Summary of Attendance of Board of Directors

Names	Regular	Special	GRAND
	TOTAL (10)	TOTAL (5)	TOTAL(15)
Bro. Gary Matthias	10	5	15
Bro. Harold Lewis	10	4	14
Bro. Brian Alexander	10	4	14
Bro. Jerold Jackson	10	4	14
Bro. Kelvin Pompey	9	4	13
Bro. Philmore Isaacs	8	4	12
Bro. Michael Da Silva	9	4	13
Bro. Ronnie Daniel	9	4	13
Bro. Clarence Harry	10	4	14

4.0 PERFORMANCE RELATED TO PRIORITY AREAS

- 4.0.1 The Board of Directors established seven (7) priority issues to be addressed during the year. The management team and staff then developed a detailed implementation work plan (with clear targets and time frames) as well as a budget to address the critical issues. This work plan and budget were approved by the Board.
- 4.0.2 The Board of Directors is pleased to report on its accomplishments over the year with respect to the priority issues for the period under review.

4.1.1 PRIORITY 1: CORPORATE GOVERNANCE

4.1.2 During the year, Corporate Governance continued to be a strategic imperative for the Board of Directors, and in fact there was a heightened focus on this all important area of GECCU's operations.

4.1.3 In this regard, the following were or are being currently undertaken.

- Bye-laws currently being reviewed
- Establishment and operationalization of Audit Committee
- Establishment and operationalization of a Succession Planning Committee
- Salary Scale Review in progress
- Establishment of Voluntary Separation Policy
- Establishment of Retirement Policy
- Establishment and Operationalization of Ethics Policy
- Investment Policy reviewed

4.1.4 Our preparation for the adoption of IFRS9 continues, and we are confident that the Credit Union will be fully compliant with this standard.

4.1.5 Special emphasis continued to be placed on the monitoring and reporting mechanisms, thereby ensuring that GECCU benefitted from the timely and effective communication flow in all directions within the organization.

4.1.6 The close working relationships with Financial Services Authority and the SVG Credit Union League were maintained, while all Committees continue to meet regularly and report in a timely manner.

4.2.1 PRIORITY 2: REGISTRATION OF NEW MEMBERS

4.2.1. During the period under review, **3,225** new members/depositors were registered, compared with 2,994 for the year ended 31st December, 2016; the targeted number for this period was 2,500.

4.2.2. Even as we operate in a challenging economic environment , we are truly heartened by the trust and confidence of our stakeholders in our Credit Union.

4.2.3 GECCU's brand is a “ problem solver” where we listen and respond to our members with helpful financial choices which empower them.

4.2.4 We are particularly pleased that 60% of our new members are under the age of 30.

4.2.5 Our Education Committee and Marketing Department Report highlights many of the activities undertaken during the period under review.

4.2.6 Total membership/depositors of the credit union now stands at **42,643**.

Table 2: Breakdown of new membership/depositors by age

AGE	Gender		Number of Persons	Percentage
	Female	Male		
Junior Savers	447	390	837	26
16-30	595	495	1090	34
31-40	288	261	549	17
41-50	194	196	390	12
51-60	128	155	283	9
60+	32	44	76	2
TOTAL	1,684	1,541	3,225	100

4.3.1 PRIORITY 3: HUMAN RESOURCE CAPACITY BUILDING

- 4.3.2 Consistent with our Vision ‘ to be accepted as the first choice financial institution by our members and the general public’, GECCU’s human resource and recruitment policies are geared towards the building of a highly trained, motivated, efficient and committed staff and volunteers.
- 4.3.3 GECCU is mindful that the Credit Union philosophy is what sets us apart and that a good understanding of this philosophy, the core principles and values of the Co-operative movement are indispensable to the achievement of our Mission.
- 4.3.4 With this in mind, GECCU continues to develop training programmes and assist with Education programmes targeting Staff, Volunteers and the General Membership.
- 4.3.5 The following charts detail the extensive training undertaken during the year.

Table 4: Staff Training - Workshop and Seminars (In-house)

Seminar Title	Participants	Date	Facilitator
Foreclosure Procedures	Loans Department Staff Credit Committee Damoris Alexander Karen Mulraine Baldwin Johnney	February 17 & 24	Duane Daniel, Barrister Solicitor & Notary Public
IDEA (Audit Software) – Concepts and Practices	Damoris Alexander Elias Francis Gertrude Jacobs Anton Jardine Karen Mulraine Rhonda Thompson	August 22 & 23	Dejane Ramsay Symptai Consulting Ltd. Jamaica
Anti-Money Laundering and Counter-Terrorist Financing Measures	All Staff	November 27	Representatives – Financial Intelligence Unit (FIU)

Table 5 : Consultations Workshops

Title	Participants	Date	Venue	Hosted by
Financial and Economic Challenges Facing the Caribbean and the Way Forward	Keon Findlay Julian Joslyn Karen Mulraine	January 13	National Insurance Conference Room	National Insurance Services
Global Market Outlook & Budget Review	Rhonda Thompson	March 23	Grenadine House	First Citizens Investment Services
Evaluation Methods for bridging loans (Construction Projects)	Baldwin Johnney Julian Joslyn	March 28	Frenches House	Physical Planning Unit
ICT Training and Innovation	Anton Jardine	December 5	Centre for Excellence, Diamond	SVG National Centre of Technological Innovation

Table 6: Staff Training - Workshop and Seminars (Ex-house)

Seminar Title	Participants	Location	Date	Resourced by
Youth Caribbean Development Educator (CaribDE24)	Ketora Browne	Trinidad and Tobago	January 15 - 21	CCCU,CUNA & WOCCU
Cyber-Security	Damoris Alexander Elias Francis Anton Jardine	St. Vincent & the Grenadines	March 7 - 8	Caribbean Institute of Forensic Accounting (CIFA)
Understanding Issues of Productivity and Exploring Ways of Improving	Danny-lee Francis Cornelia Moses	St. Vincent & the Grenadines	March 9	SVEF, ILO & CEC
Overcoming AML/CFT and International Challenges through Demonstrable and Effective Compliance	Maxine Johnney Cornelia Moses Rhonda Thompson	St. Vincent & the Grenadines	March 22	SVG National Anti-Money Laundering Committee
Ethics and Business Practice Regarding Mortgages and Legal Issues in Real Estate Finance	Maxine Johnney	Dominica	April 24 - 28	ECHMB & REIC
Implementation of New IFRS/ IAS Accounting Standards for Financial Institutions in St. Vincent and the Grenadines	Keon Findlay Junelto James Maxine Johnney Julian Joslyn Karen Mulraine Rhonda Thompson Janice King Linus Goodluck	St. Vincent & the Grenadines	May 3	SVG Co-operative League & BDO Eastern Caribbean
IFRS 9: Financial Instruments	Julian Joslyn Maxine Johnney Rhonda Thompson	St. Vincent & the Grenadines	June 28	KPMG
Basic Principles of Insurance	Ketora Browne	St. Vincent & the Grenadines	September 20 (two weeks)	Insurance Institute of SVG
Roles, Functions and other Requirement of Board of Directors in Governance and Leadership	Dir. Gary Matthias Dir. Harold Lewis Dir. Jerold Jackson Dir. Brian Alexander Dir. Kelvin Pompey	St. Vincent & the Grenadines	September 20	SVG Co-operative League Ltd.
Roles, Responsibilities and Legal Requirements of a Supervisory and Compliance Committee	Ricky Haynes Joel Poyer Ena Walters Damoris Alexander Karen Mulraine	St. Vincent & the Grenadines	November 8	SVG Co-operative League Ltd.
Mortgage Lending for Residential Housing	Maxine Johnney	St. Vincent & the Grenadines	November 13 - 17	ECHMB & REIC
Effective Credit Management for Credit Committees	Renato Gumbs Janice King Marla Mulraine Michael Sayers Gertrude Jacobs Julian Joslyn	St. Vincent & the Grenadines	November 21	SVG Co-operative League Ltd.
Leading and Motivating	Anton Jardine Leslie Joseph Rhonda Thompson	St. Vincent & the Grenadines	November 25	SVG Teachers Co-operative Credit Union Ltd.
International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation: The Financial Action Task Force (FATF) Recommendations	Maxine Johnney Cornelia Moses Melissa Millington	St. Vincent & the Grenadines	December 11- 13	Caribbean Financial Action Task Force

4.1.4 **PRIORITY 4: TO ASSIST MEMBERS IN FULFILLING THEIR HOUSING NEEDS**

- 4.1.4.1 GECCU continues to play an important role in assisting our members to meet their housing needs. The growing complexities of the housing market make it imperative that we encourage our members to seek the best possible advice as they contemplate the largest investment which many will make.
- 4.1.4.2 The Credit Committee and Management continue to work tirelessly in this regard and the results of the efforts are shown in the report of the Credit Committee. Our Mortgage Portfolio now constitutes 46% of our total Loans Portfolio.
- 4.1.4.3 With regard to the joint project with the NIS to develop 57 acres (GECCU 30 acres and NIS 27 acres) at Peter's Hope, the joint Committee has recently finalized the procurement of a Consultant re the design and supervision of the network of roads and other infrastructure, as well as the procurement of a Project Manager. This phase of the development has commenced.

4.1.5 **PRIORITY 5: ACCESS TO GECCU SERVICES**

- 4.1.5.1 The digital customer experience remains a strategic priority for GECCU Ltd. As we aim for process excellence, we are mindful that our end users are becoming more and more technology dependent and none more so than our elusive millennials.
- 4.1.5.2 On May 8th, 2017, we opened our sixth office at South Rivers. All of our offices operate online and in real time with each other provide an invaluable and easy access to our services which can be accessed from any of these offices.
- 4.1.5.3 During the period under review, we have continued to upgrade our software network and hardware to ensure the highest affordable quality in the delivery of our services.

	New Members		Collections		Disbursement	
	2017	2016	2017	2016	2017	2016
Union Is.	83	99	\$3,377,619.18	\$3,071,749.15	\$2,231,319.64	\$2,461,720.33
Canouan	141	229	\$2,435,939.24	\$1,248,298.59	\$272,659.18	\$160,186.33
Bequia	103	85	\$1,599,528.70	\$1,603,679.26	\$947,908.77	\$838,342.57
Georgetown	652	592	\$8,384,598.02	\$ 8,553,471.47	\$13,550,605.20	\$12,681,382.85
South Rivers	136	-	\$998,716.82	-	\$928,553.10	-
TOTAL	1,115	1,005	\$16,796,401.96	\$14,477,198.47	\$17,931,045.89	\$16,141,632.05

- 4.1.5.4 With respect to the construction of our new headquarters, the design for the renovations of the recently acquired CENTREX/CIBC Building is complete. Renovations to this building will commence soon, and this will temporarily house GECCU's operations during the period of construction of our new headquarters. The design for the new headquarters is also being prepared by the firm of Moulton Mayers Architects Ltd.

4.1.5.6 Regular visits are made to all our offices by our Marketing Department, Education and Supervisory and Compliance Committees and our Internal Auditors, in an effort to continue the enhancement of our administration of these offices.

4.1.5.7 We continue to constantly upgrade our information and communication technology throughout the year and we are confident that the electronic delivery of our services continues to be effective and efficient.

4.1.6 PRIORITY 6: STRENGTHENING OF THE MOVEMENT NATIONALLY AND REGIONALLY

4.1.6.1 GECCU continues to play its part re this objective, on a bilateral basis as well as through the SVG Co-operative League Ltd, the Caribbean Confederation of Credit Unions, the Financial Services Authority and the Caribbean Credit Union Managers' Association .

4.1.6.2 The CEO continues to perform the role of Treasurer of the CCCU Ltd as well as the Vice President of the Caribbean Credit Union Managers' Association. A close working relationship is maintained with the SVGCUL and the FSA as we continue to participate and support the activities and initiatives of these bodies.

4.1.6.3 GECCU worked closely with Credit Unions locally and regionally. A Senior Officer of the Cathedral Credit Union of Trinidad and Tobago was hosted on attachment for one week from August 20th -26th, 2017. The aim of the attachment was to expose the officer to the operations of GECCU.

4.1.6.4 Two GECCU Directors, Bros. Jerold Jackson and Harold Lewis currently sit on the Board of Directors of the SVG Credit Union League and Sis. Cecelia Williams is a member of the Supervisory and Compliance Committee of the said League.

4.1.6.5 GECCU also attended and provided active representation at the CCCU Convention and WOCCU.

4.1.7 PRIORITY 7: FINANCIAL SUSTAINABILITY AND PROFITABILITY

4.1.7.1 Despite the many challenges of the local, regional and international markets, GECCU has achieved positive growth in most key areas of activities.

4.1.7.2 During the period under review:

⇒ A net profit of \$2,877,849 was realized for 2017 compared to \$1,113,318 in 2016.

⇒ Assets grew by 10% consistent to 10% in 2016.

⇒ Loans portfolio grew by 12% relative to 13.41% in 2016.

⇒ Total expenses decreased by \$742,486 or 6 %.

⇒ GECCU's Liquidity position remains very strong.

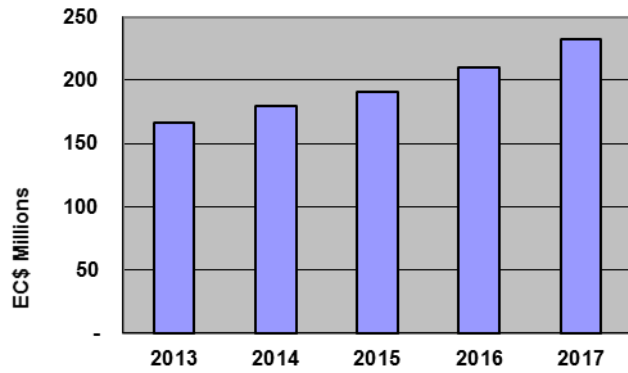
Though a detailed analysis is included in the Treasurer's Report, the following table shows the performance highlights for the year under review.

4.1.7.3 Interest & Dividend

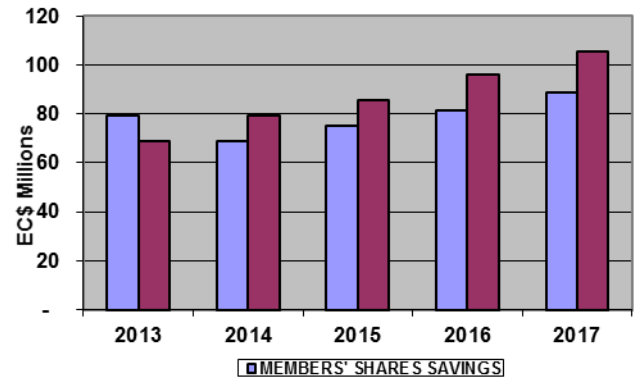
The interest paid on members' Shares Savings is **2%**. The Board of Directors proposes to pay a dividend of **5%** on Equity Shares.

	GECCU Performance Highlights 2012-2017					
	2017 EC\$	2016 EC\$	2015 EC\$	2014 EC\$	2013 EC\$	2012 EC\$
ASSET GROWTH						
Loans – net	137,816,907	123,416,638	108,827,524	101,662,432	96,624,034	91,339,757
Cash Resources	31,782,884	30,844,713	26,112,130	25,494,776	20,196,191	23,710,667
Inventory	6,660,283	6,657,966	6573290	5904370	-	
Fixed Assets	12,101,360	9,799,610	8,491,778	4,652,031	4,571,584	4,370,176
Investment Securities	36,446,955	30,608,505	30,501,789	31,053,476	29,457,655	24,614,544
Other Assets	220,824	282,724	357,526	628,612	631,777	550,895
Investment Properties	6,885,734	8,769,000	9,991,00	9,925,000	15,358,660	15,358,660
Total Assets	231,914,947	210,379,156	190,855,037	179,320,697	166,839,901	159,944,699
SAVINGS COMPONENTS						
Members' Shares Savings	88,825,864	81,219,786	75,414,806	69,103,981	79,511,378	56,378,839
Members' Deposits	104,906,915	95,545,786	86,227,317	78,807,788	72,814,195	72,191,431
Total Savings	193,732,779	176,765,572	161,642,123	147,911,769	152,325,573	128,570,270
INCOME						
Loan Interest	11,588,526	10,659,222	9,752,199	9,095,687	8,940,483	9,039,411
Investment Income	1,639,522	1,561,637	1,528,716	1,560,615	1,298,550	1,348,139
Non-Interest Income	2,008,524	1,357,199	1,147,546	1,141,342	935,044	882,531
Total Income	15,236,572	13,578,058	12,428,461	11,797,644	11,174,077	11,270,081
EXPENSES						
Marketing, General, Admin & Other Expenses	7,679,982	8,888,924	10,380,865	6,399,307	5,164,560	5,114,839
Interest Expenses	3,999,811	3,270,542	3,555,564	3,816,232	3,679,092	4,500,934
Allowance for Loan Loss	678,930	305,274	179,409	216,000	222,764	215,174
Total Expenses	12,358,723	12,464,740	14,115,838	10,431,539	9,066,434	9,830,947
PROFITABILITY						
Surplus	2,877,849	1,113,318	1,687,377	1,366,105	2,107,661	1,439,134
Other Reserves	7,034,555	4,729,154	4,047,842	6,016,190	4,655,512	20,477,324
Equity Shares	25,663,931	23,634,241	21,810,012	20,057,119	5,334,904	4,529,050
MEMBERSHIP	42,643	39,486	37,083	38,953	38,496	36,011

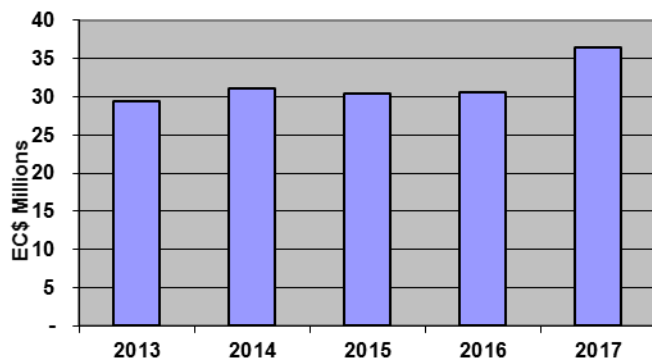
TOTAL ASSETS



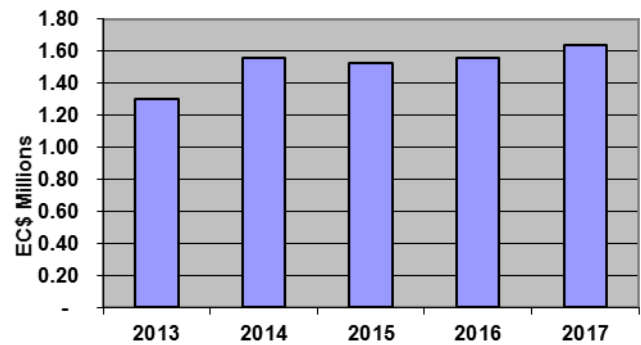
MEMBERS' SHARES, SAVINGS and MEMBERS' DEPOSITS



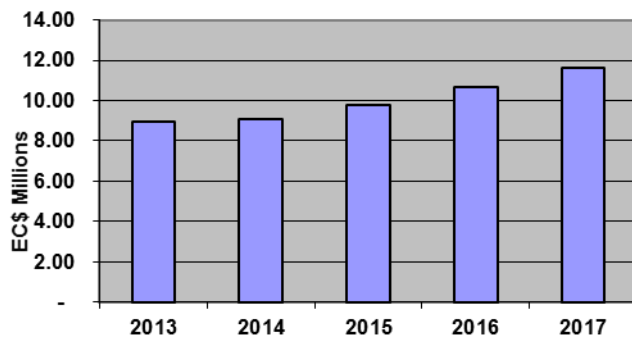
INVESTMENT SECURITIES



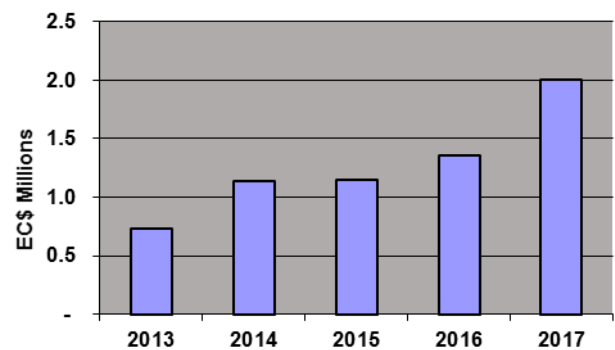
INVESTMENT INCOME



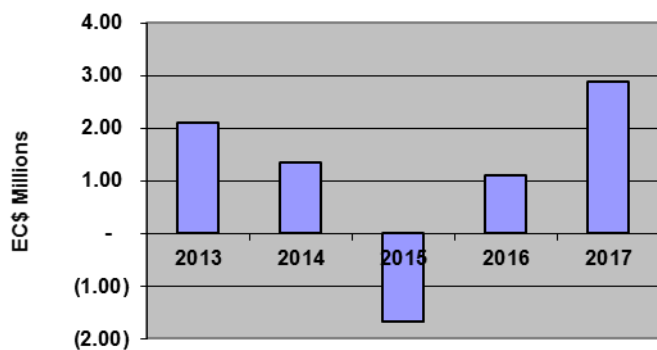
INTEREST INCOME



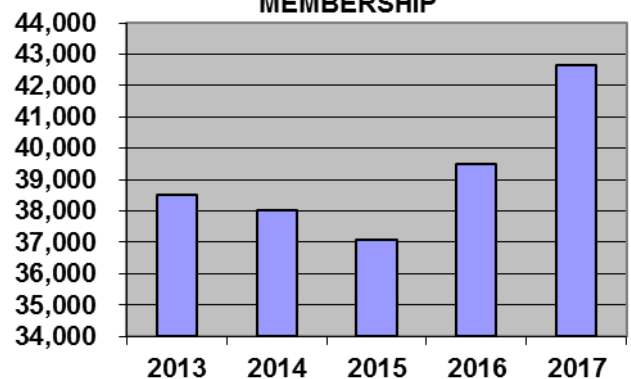
NON INTEREST INCOME



NET PROFIT



MEMBERSHIP



4.1.7.2 The PEARLS-M Monitoring Standard

This is the benchmark standard adopted for the monitoring and measurement of the operations of the Credit Union.

PEARLS Ratios	Goals	31 st Dec 2016	31 st Dec 2017
P – Protection			
Loan Loss Allowances / Delinquency >12mths <i>This measures the adequacy of the provision for loans delinquent over 12 months</i>	100%	199.95%	190.13%
Solvency <i>The degree of protection for members' shares & deposits in the event of liquidation.</i>	Min 110%	103.62%	103.67%
E – Effective Financial Structure			
Net Loans / Total Assets <i>Measures the percentage of total assets invested in Loans.</i>	Between 70 to 80%	58.66%	59.43%
Financial Investments / Total Assets <i>Measures the percentage of long-term Investment in Total Assets</i>	Max 10%	4.22%	4.42%
External Credit / Total Credit <i>Measures the percentage of Total Assets financed by external borrowings</i>	Max 5%	0%	0%
A – Asset Quality			
Total Delinquency / Gross Loan Portfolio <i>Measures the percentage of delinquency in the Loan Portfolio.</i>	Less than 5%	5.37%	7.74%
Non-Earning Assets / Total Assets <i>This measures the percentage of total assets not producing income.</i>	Less than 5%	7.62%	9.52%
R – Rates of Return and Cost			
Net Loan Income / Average Net Loan Portfolio <i>Measures the percentage yield on the Loan Portfolio</i>	Between 9 to 12%	9.25%	9.02%
Operating Expenses / Average Assets <i>Measures the cost associated with the management of the C.U assets.</i>	Less than 5%	4.43%	3.44%
L – Liquidity			
Liquid Investment + Liquid Assets – ST Payables / Total Deposits <i>Measures the adequacy of liquid cash management to respond to Members' short-term requirements.</i>	Min 15%	29.45%	28.77%
Non-Earning Liquid Assets / Total Assets <i>Measures the percentage of cash invested in Non earning Assets</i>	Less than 1%	2.83%	4.23%
S – Signs of Growth			
Net Loans <i>Measures the percentage growth in Loan Portfolio</i>	More than 10%	13.41%	11.67%
Total Assets <i>To measure the percentage growth in Total Assets.</i>	More than 10%	10.23%	10.24%
Membership <i>Measures the percentage growth in Membership</i>	Min 5%	6.48%	8.00%

5.0 Corporate Social Responsibility

- 5.1 For GECCU Ltd., Corporate Social Responsibility is not just an internal organizational policy or business strategy, corporate social responsibility speaks to the heart of our philosophy and who we are as a Credit Union. As a consequence of the foregoing, CSR has always been aligned with our core values, including high ethical standards, community engagement and respect and care for our environment.
- 5.2 GECCU Ltd. therefore continues to play leading roles in many national causes, activities and celebrations such as National Heritage Month, Emancipation Day celebrations, May Day, VINCY MAS, Independence, Easterval, Gospel Festival and the Nine Mornings Festival to name a few.
- 5.3 In striving to be a leader in Corporate Social Responsibility, GECCU focuses on developing business practices, products and services that serve its members well, while contributing to the social, educational and environmental well-being of our communities. An example of such a product which was launched during the period under review, was the CREDIT REPAIR LOAN which brought much relief to many of our members.

6.0 Social Development Fund

- 6.1.1 The year 2017 was not an eventful one for the Social Development Committee as far as housing and property damage are concerned. However, a high percentage (81.82%) of the cases that came to the committee was for medical expenses. There were forty-two (42) requests for assistance during 2017. Of these thirty-four (34) were approved, six (6) were denied, and three (3) are pending. The Committee also reached out to those who suffered loss through the effects of hurricanes Irma and Maria. A contribution of \$25,000 was made through the SVG Co-operative League Ltd., and GECCU also provided other relief to members who were working in St. Martin and the BVI who had their livelihoods disrupted.
- 6.1.2 The table below gives a breakdown of the applications that were received and processed in 2017.

Category	Applications Received	Applications Approved
Medical	36	29
Housing, Flood & Fire	6	5
TOTAL	42	34

6.1.4 FINANCIAL STATUS OF THE SOCIAL DEVELOPMENT FUND

Table 1.2 Financial Statement of the Social Development Fund at 31st December, 2017.

1 st January 2017	Balance Brought Forward	\$1,017,459.38
Add	Members Contribution	\$492,880.00
Less	Assistance to Members	\$243,247.27
31st December 2017	Closing Balance	\$1,267,092.11

6.1.5 GECCUMED

The Social Development Committee is concerned about the long delays in the processing of members' claims. This situation has been in existence for too long and nullifies the impact that GECCUMED was intended to have on members' health care.

The Committee welcomes GECCU's plans to carry out a review in the ensuing year and looks forward to a positive outcome for members.

7.0 ANNUAL SCHOLARSHIPS TO SECONDARY SCHOOL

7.1.1 During the period under review, twelve (12) scholarships were awarded to students who were successful in the 2017 Caribbean Primary Exit Assessment (CPEA).

7.1.2 The 2017 scholarship recipients were:-

Girls:	Aneilia Cato	- Kingstown Preparatory
	Zlene Ibrahim	- St. Mary's Roman Catholic
	Halei Williams	- St. Mary's Roman Catholic
	Keaja Jack	- Georgetown Government
	Callia Jackson	- Kingstown Preparatory
Boys:	Keanu Child	- Georgetown Government
	Joshua Harry	- Kingstown Preparatory
	Denil Joseph	- Kingstown Preparatory
	Jayson Sandy	- St. Mary's Roman Catholic
	Rai Gumbs	- St. Mary's Roman Catholic

Grenadines Scholarship:

Northern Grenadines: Oslyan Ollivierre – Bequia Anglican Primary

Southern Grenadines: Alancia Joseph – Mary Hutchinson Primary

7.1.3 The recipients of scholarships were presented with certificates of academic excellence at a ceremony held on Tuesday 25th July 2017 at the Methodist Church Hall, Kingstown.
One hundred and three (103) other successful students received monetary awards of \$150.00 each.

7.1.4 In keeping with its policy on training and education for the general membership, GECCU awarded three (3) members with bursaries valued at \$3,000.00 each to continue with their studies at the University of the West Indies. The successful recipients were Sisters Bernisa Roberts, Sashaw Dublin and Delight Ollivierre.

7.1.5 Scholarships and bursaries amounted to \$155,964.10 as at December 31, 2017.

- 7.1.6 The Board of Directors and the Scholarship Committee extend congratulations to all recipients of scholarships and wish them continued success in their academic endeavours.
- 7.1.7 Congratulations are also extended to our scholars who performed exceptionally well in the 2017 Caribbean Secondary Education Certificate (CSEC) and the Caribbean Advanced Proficiency Examinations (CAPE).
- 7.1.8 Special congratulations to the following scholars:
- Ianá Ferguson and Shane Cadogan, Scholars of 2012 on their outstanding performance in the CSEC examinations.
 - Abigail Scott and Thandi Myers, Scholars of 2010 on their exceptional performance at the Caribbean Advanced Proficiency Examinations (CAPE). Abigail and Thandi are recipients of the Government of St. Vincent and the Grenadines National Island Scholarships of 2017.
- 7.1.9 On August 31, 2017, the Scholarship Committee held a counselling session with ten (10) scholarship holders, ranging from Form 1 to Year 2 of the Community College, along with their parents in an effort to ensure that the students maintain an acceptable level of performance.
- 7.1.10 The Scholarship Committee collaborated with the Education Committee and Marketing Department to host the fifth (5th) annual Youth Leadership Symposium on August 22 & 23, 2017 at the Anglican Pastoral Centre, New Montrose. The theme of the symposium was **“Gen-Z: Credit Union Agents for Change”**. Topics included: “Mental Health in Teenagers” and “How to prepare for the business environment”. The participants also engaged in a team building exercise. In addition, they were taken on a field trip to the Forestry Division at Campden Park where they were sensitized to the role of the Forestry Division and the importance of maintaining a healthy, safe and green environment.

GECCU Scholarship Recipients 2017



HIGHLIGHTS



Bequia Green space handing over



Union Island Townhall meeting



Scholarship Award Ceremony



Volunteerism Training



Mid-year Retreat



Youth Symposium



South Rivers Opening Ceremony



Grassroot Basketball Closing

Dinner & Awards 2017

MOST OUTSTANDING PERFORMANCE



Alice Simmons
(Accounts Department)



Alicia Ashton-Doyle
(Administration
Department)



Ketsha Johnson
(Member Service Section &
Most Outstanding Junior Employee)



Julian Joslyn
(Loans Department)



Tonyah Williams
(Sub- Office)



BALDWIN JOHNNEY

EMPLOYEE OF THE YEAR
MOST OUTSTANDING SENIOR EMPLOYEE

VOLUNTEER AWARDS



BRO. AUBREY E. BURGIN

"GECCU has allowed me to have a sense of involvement, camaraderie, among not just the persons on the committees but by extension the members of the credit union"



BRO. JOEL A. POYER

"No amount of money can pay for the benefit that I have received from being a volunteer of GECCU"



SIS. SYLVIA G. STODDARD

"I have learnt a lot from volunteering at GECCU, especially attending the CCCU Conferences. The Credit Union movement encouraged us to become better citizens in St. Vincent and the Grenadines"



BRO. CLAUDE H.A. CAMBRIDGE

As a volunteer, you learn a lot, travel a lot, meet different and interesting people from other islands. I am a person who gets fed up easily, but I can tell you that I have never been fed up with GECCU"



BRO. CECIL W. JACK

"Volunteerism has taught me service to humanity and my fellow man and it has helped me to make St. Vincent and the Grenadines a better place for all"



Allister D. George
(10 years)



Charissa Pitt
(10 years)



Maxine Johnney
(15 years)



Danny-Lee Francis
(15 years)



Bernadette Culzac
(20 years)



Joanne Stowe- Powers
(30 years)

***Missing:**

Cheryl Bacchus
(30 years)

Prenella Holder
(35 years)

CEO AWARDS



Melissa Millington



Junelto James



Anton Jardine



Colita Mitchell



Kathlyn Parsons



Ketora Browne

***Missing: Khandé Henry**

STAFF PROFILE

BRO. LENNOX BOWMAN— CHIEF EXECUTIVE OFFICER

SIS. ALICIA ASHTON-DOYLE— CEO’S SECRETARY

ACCOUNTS DEPARTMENT

Sis. Maxine Johnney	Accountant
Sis. Rhonda Thompson	Assistant Accountant
Bro. Leslie Joseph	Senior Accounts Officer
Bro. Kenneth Thomas	Senior Accounts Officer
Sis. Adinga Findlay	Disbursement Officer
Sis. Kathlyn Parsons	Accounts Clerk
Bro. Hassan Archibald	Accounts Clerk
Bro. Ricardo Springer	Junior Clerk/Cashier
Sis. Alrice Simmons	Junior Clerk/Cashier
Sis. Canique Dennie	Junior Clerk/Cashier
Bro. Olijah Parris	Junior Clerk/Cashier
Sis. Annisha Rodgers	Junior Clerk/Cashier
Bro. Ashley Ashton	Junior Clerk/Cashier
Bro. Romani Hull	Junior Clerk/Cashier

Insurance Section:

Sis. Cecile Fraser-Gibson	Insurance Clerk
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ADMINISTRATION DEPARTMENT

Sis. Cornelia Moses	Operations Officer
Sis. Sharlene Charles	Operations Assistant
Sis. Prenella Holder	Member Service Clerk
Sis. Bernadette John	Member Service Clerk
Sis. Melissa Millington	Member Service Clerk
Sis. Keisha Johnson	Member Service Clerk
Sis. Andreka Samuel	Member Service Clerk
Sis. Grace Guy	Receptionist
Sis. Lydia Cain	Office Attendant

INTERNAL AUDIT DEPARTMENT

Sis. Damoris Alexander	Internal Auditor
Sis. Alana Karen Mulraine	Ass’t. Internal Auditor

MARKETING DEPARTMENT

Sis. Danny-lee Francis	Senior Marketing Officer
Bro. Tehani Cato	Junior Marketing Officer

LOANS DEPARTMENT

Sis. Gertrude Jacobs	Loans Supervisor
Bro. Julian Ivo Joslyn	Senior Loans Officer
Sis. Cheryl Bacchus	Senior Loans Officer
Sis. Sarah Commissiong— Benjamin-	Loans Officer
Bro. Junelto James	Loans Officer
Sis. Sherissa Cupid	Senior Securities Officer
Bro. Osbert Cunningham Jr.	Loans Clerk
Sis. Ketora Browne	Securities Clerk
Sis. Kimesha Browne	Loans Filing Clerk
Sis. Theresa Douglas	Loans Receptionist

Loans Department: Recoveries Section

Sis. Joann Stowe- Powers	Recoveries Officer
Bro. Keon Findlay	Ass’t Recoveries Officer

I. T DEPARTMENT

Bro. Elias Francis	Data Systems Administrator
Bro. Anton Jardine	Assist. Data Systems Administrator

GEORGETOWN OFFICE

Bro. Baldwin Johnney	Administrative Officer
Sis. Charissa Pitt	Junior Clerk
Bro. Keldon Walters	Junior Clerk
Sis. Khandé Henry	Junior Clerk
Sis. Norecia Seymour	Junior Clerk

BEQUIA OFFICE

Sis. Treanna Sargeant	Administrative Clerk
Bro. Danny George	Security Staff

CANOUAN

Sis. Colita Mitchell	Administrative Clerk
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UNION ISLAND

Sis. Vennecia Ollivierre	Administrative Clerk
Bro. Junior Adams	Security Staff

SOUTH RIVERS OFFICE:

Sis. Tonyah Williams	Junior Clerk
Sis. Mehaila Williams	Junior Clerk
Sis. Fay-Ann Baptiste	Office Attendant

8.0 Future Directions and Strategies

- 8.1 The Credit Unions and other financial sector entities continue to experience profound changes driven by innovations in technology, regulatory reforms, disruptive business models and rising expectations from digitally-empowered consumers.
- 8.2 Continued strategic thinking at all levels of the Credit Union, underpinned by sound practices, remains the focus to ensure the further development of this strong and viable institution- GECCU Ltd.
- 8.3 Skilled human resource, modern management systems, innovative and customer driven products and services, effective marketing , an unwavering commitment to the membership and a laser sharp focus on our aging and elusive millennials, must continue to be central to our efforts.
- 8.4 GECCU must continue to strive at all times to change lives!! We strive to be a strategic thinking and acting organization. Foremost, GECCU believes that honesty, integrity and high ethical standards must continue to be the DNA of our Credit Union.
- 8.5 GECCU will continue the modernisation of the Credit Union by paying attention to the needs of its members while remaining true to our mission. In 2018, our plan focusses broadly on the following:
 - a. Differentiation for competitive advantage in the areas of cost, strategy, technology and focus.
 - b. Striving always to be a strategically thinking and learning organization.
 - c. Competitive and well thought out pricing of our products and services in the best interest of our members.
 - d. Make quality lending a priority as we focus on the development of all areas of our members' lives.
 - e. Ensuring that all available resources at our disposal are nurtured and are efficiently and effectively utilised.

9.0 Condolences

- 9.1 The Society extends sincere condolences to all bereaved members of the Credit Union family who lost loved ones during the year (*see Appendix 1*). May their souls rest in peace and may the good Lord provide comfort to their surviving relatives.

10.0 Acknowledgement

- 10.1 The Board wishes to express its gratitude and appreciation to Management and Staff who continue to demonstrate their support, loyalty and commitment to the Credit Union.
- 10.2 Deepest appreciation and heartfelt thanks to the members of the Education, Supervisory and Compliance, Credit and other Committees for the valuable work they have rendered to the development of the Credit Union.
- 10.3 Special thanks to the Financial Services Authority, the Co-operative Department, the SVG Co-operative League, Sister Credit Unions, the solicitors Baptiste and Company and Lyndon George, the Auditors KPMG and other stakeholders for their support.
- 10.4 Most of all, the Board wishes to express sincere thanks to all valued members for continuing to support the Credit Union and for affording us the opportunity to serve you during the year.



Bro. Gary Matthias
President

Appendix 1

List of members who passed on during the year:

- | | | |
|------------------------|------------------------------|-----------------------------|
| 1. Gosnel Johnson | 46. Beulah Charles | 91. Adolphus Sutherland |
| 2. Grafton Castello | 47. Vivian Primus | 92. Ambrozone Doughy |
| 3. Althea Peters | 48. Daisley Durrant | 93. Eva Charles |
| 4. Charles Forde | 49. Nosawema Agbon-Diafo | 94. St.clair Campbell |
| 5. George Alexander | 50. Rohan Walker | 95. Benjamin Haynes |
| 6. Lorna Ollivierre | 51. Majorie Pierre | 96. Virgil Jacks |
| 7. Elmeta Stowe | 52. Oscar Porter | 97. Yvonne Humphrey |
| 8. George Tucker | 53. Jacqueline Muckette | 98. Abraham Hazelwood |
| 9. Joseph David | 54. Ian Spencer | 99. Cornelius Ince |
| 10. Adina Philips | 55. Vincent De Grads | 100. Deneisha Cuffy |
| 11. Yvonne Pompey | 56. Nakeitha Morris | 101. Selvin Thompson |
| 12. Othniel Richards | 57. Augustine Fraser | 102. Arno Browne |
| 13. Valcena France | 58. Angela Delplesh- Ottley | 103. Septimus Bruce |
| 14. Carianne Padmore | 59. Lolita Williams -Simmons | 104. Wesley Harris |
| 15. Ruth Ollivierre | 60. Kisha Moore | 105. Daniel Anthony |
| 16. Jill Scott | 61. Collie Small | 106. Junior Frederick |
| 17. Nicholson John | 62. Harriette Sterling | 107. Angela Delplesh |
| 18. Desiree Samuel | 63. Jean Thomas | 108. Yvonne Primus |
| 19. Norma Ambris | 64. Ena Duncan | 109. Judith Mulraine |
| 20. Gordon Joseph | 65. Muriel Hackshaw | 110. Carlos Bynoe |
| 21. Lymus Grant | 66. Agatha Mapp | 111. Gornik Da Silva |
| 22. Patrick Bowman | 67. Ethan Rodgers | 112. Charles Macdonald |
| 23. Francillia Thomas | 68. Gweneth Weekes-Bowens | 113. Gaylene Ottley |
| 24. Samuel Browne | 69. Trilda Warrican | 114. Gideon Bailey |
| 25. Merverna Kydd | 70. Alston Sam-Forde | 115. John Peniston |
| 26. Albert Gibson | 71. Angus Hazell | 116. Abraham Pope |
| 27. Shirley Isaacs | 72. Carlton Cunningham | 117. Nathaniel Hope |
| 28. Noel Cooke | 73. Arthur Warren | 118. Atina Browne |
| 29. Marilyn Badnock | 74. Cassandra Williams | 119. Junior Frederick |
| 30. Sullivan Scipio | 75. Celicia Collis | 120. Pondora Gills-Williams |
| 31. Garnet Cyrus | 76. Lionel Mc Dowall | 121. Doris James |
| 32. Alpheus Browne | 77. Foster Duncan | 122. Yvette Tittle |
| 33. Michael Garraway | 78. Conroy John | 123. Alridge Corke |
| 34. Charles Williams | 79. Kelvin Joslyn | 124. Leon Olliveirre |
| 35. Yvette Mason | 80. William Mc Dowall | 125. Iran James |
| 36. Ian Harris | 81. Melborn Edwards | 126. Randolph Kelly-Roberts |
| 37. Amin Glasgow | 82. Veronica John | 127. Racalson Haywood |
| 38. Clyde Lavia | 83. Wilfred Miller | 128. Vancina Pitt-Clarke |
| 39. Marvinia Defreitas | 84. Ursill Jackson | 129. Daniela Daniel |
| 40. Veronica Alexander | 85. Kathleen James | 130. Josiah Mayers |
| 41. Reynold Neptune | 86. Shirley Byron-Cox | 131. Wendel O'neil |
| 42. Ramand Mingo | 87. Devon Antoine | 132. Ac Keisya Benn |
| 43. Dornilla Smart | 88. Harold James | 133. Elaine Fagan |
| 44. Verena Pope | 89. Lorlene Robinson | |
| 45. Henry Jackson | 90. Leopold Decaul | |

THE TREASURER'S REPORT TO THE 52ND ANNUAL GENERAL MEETING

INTRODUCTION

- 1.0 Brothers and sisters, it is my pleasure once again to present the Treasurer's report, which highlights the financial performance of the General Employees Co-operative Credit Union Ltd for the year ended December 31, 2017.
- 1.1 In 2017 GECCU Ltd operated in a financial sector that was very competitive. The expansion of other non-traditional sources of credit made it more critical that we compete effectively and efficiently. We operated in an economy that realised Growth of 0.8%, the average annual inflation rate was 2.2%, and the average interest rate among commercial banks fell by .32%. It is in this context that our credit union was able to double its profits for the year 2017.

2.0 FINANCIAL PERFORMANCE

- 2.1 The following is a synopsis of performance for the financial year ended December 31, 2017 with comparison to the 2016 financial year.

2.2 ASSETS

	2017 \$	2016 \$	Increase/ (Decrease)	Increase (Decrease) %-age 2017 over 2016	Increase (Decrease) %-age 2016 over 2017
Total assets	231,914,947	210,379,156	21,535,791	10%	10%
Loans to members	137,816,907	123,416,638	14,400,269	12%	13%
Investment securities	36,446,955	30,608,505	5,838,450	19%	0.35%
Cash resources	31,782,884	30,844,713	938,171	3%	18%
Investment properties	6,885,734	8,769,000	(1,883,266)	(21%)	(12%)
Property plant & equipment	12,101,360	9,799,610	2,301,750	23%	15%

- 2.3 During the year total assets increased by 10% over 2016.
- 2.4 The movement in total assets was influenced by the following;
1. Loans portfolio
 - ⇒ The portfolio grew by 12% or \$14,400,269.
 - ⇒ The mortgage portfolio grew by 16% or \$8,428,937.
 - ⇒ Consumer loans increased by 8% or \$5,535,856;
 2. Investment securities. *(Note 8 in F/S gives details of investments)*

The portfolio increased marginally by 19% or \$5,838,450. The following investment activities were undertaken during the year.

 - ⇒ Active trading was done in treasury bills; as a result our investment in these short-term, low-risk instruments increased by \$3,318,583 or 81%.
 - ⇒ Other investments undertaken were the placement of additional government bonds and fixed deposit and the reinvestment of principal and interest of fixed deposits on maturity
 - ⇒ The balance of the shares in COMFI of \$255,232 was written off. Based on the interim report of the liquidator, there is the likelihood that the fixed deposit of \$522,500 would be reimbursed.
 - ⇒ We have received the first tranche of payment of \$1,731,854 in the BAICO approved plan of arrangement to reimburse its plan creditors 20% of their investment in two equal installments. The final tranche is due to be paid in 2018. The amount received was applied to the balance of \$1,572,224 that was still recorded for BAICO, and the remaining amount was posted to other income.

3. Cash resources
 - ⇒ The cash resources increased by 3% or \$938,171.
 - ⇒ Net cash of \$18,982,313 was received from members' contribution to regular shares, deposits and equity shares.
4. Investment properties
 - ⇒ Investment properties decreased by 21% or \$1,883,266.
 - ⇒ The decrease was primarily due to the reclassification of the Connell Property from investment property to property, plant and equipment. The building was demolished, and the property is temporarily being utilized as a private car park; hence owing to the change of use, it was reclassified.
5. Property, plant and equipment
 - ⇒ Fixed assets increased by \$2,301,750 or 23%.
 - ⇒ The increase was mainly due to cost relating to the completion of the construction of the South Rivers building and the furnishing of this office, and the reclassification of the Connell Property valued at \$2,088,000 to property, plant and equipment.

2.4 SHARE CAPITAL & MEMBERS' DEPOSITS

	2017 \$	2016 \$	Increase/ (Decrease)	Increase (Decrease) %-age 2017 over 2016	Increase (Decrease) %-age 2016 over 2017
Share capital	25,663,931	23,634,241	2,029,690	9%	8%
Members' ordinary savings	88,825,864	81,219,786	7,606,078	9%	8%
Term deposits	56,019,152	54,780,014	1,239,138	2%	3%
Members' deposits	48,030,197	39,922,791	8,107,406	20%	24%

- ⇒ The table shows the movement in deposits and shares. The term deposit increased by 2% or \$1,239,138, whilst the members' deposit increased by 20% or \$8,107,406. The growth in these accounts is indicative of the growing confidence that the members/public have/has maintained in the credit union.

2.5 INCOME

	2017 \$	2016 \$	Increase/ (Decrease)	Increase (Decrease) %-age 2017 over 2016	Increase (Decrease) %-age 2016 over 2017
Total income	15,236,572	13,578,058	1,658,514	12%	9%
Loan interest income	11,588,526	10,659,222	929,304	9%	9%
Investment income	1,639,522	1,561,637	77,885	5%	2%
Rental income	159,182	198,840	(39,658)	(20%)	0%
Death benefit contributions	958,980	612,040	346,940	57%	6%
Other income	890,362	546,319	344,043	63%	32%

- ⇒ Total income increased by \$1,658,514 or 12%.
- ⇒ Loan interest income represented 76% of total revenue and increased by \$929,304 or 9% relative to 2016.
- ⇒ The growth in investment income of \$77,885 was mainly due to the increase in income earned on sovereign instruments (bonds and T-bills). The credit union is being challenged with the consistent reduction in the rate of interest on its financial instruments.

- ⇒ The decrease of 20% in rental income was due to one of our tenants vacating our property.
- ⇒ The increase in other income was mainly due to the amount recovered from the written off BAICO investment and increase in processing fees due to loans demand.

2.6 EXPENSES

	2017 \$	2016 \$	Increase/ (Decrease)	Increase (Decrease) %-age 2017 over 2016	Increase (Decrease) %-age 2016 over 2017
Total expenses	12,358,723	12,464,740	(106,017)	(1%)	(12%)
Interest expenses	3,999,811	3,270,542	729,269	22%	(8%)
Staff costs	2,818,695	2,594,135	224,560	9%	7%
CUNA insurance	916,047	821,399	94,648	12%	9%
Loan loss allowance	678,930	305,274	373,656	122%	70%
Other operating expenses	3,151,208	2,659,839	491,369	18%	12%
Death benefit payments	538,800	521,000	17,800	3%	22%
Impairment charges	255,232	167,438	109,882	66%	(96%)
Loss on revaluation of properties	-	2,125,113	-	(-%)	(100%)

- ⇒ Total expense was reduced by 1% or \$106,017.
- ⇒ The increase in interest expense by 22% or \$729,269 resulted from the increase in the rate of interest paid on regular shares from 1.25% in 2016 to 2% in 2017 and the growth in members that are utilizing the ordinary deposit account.
- ⇒ The increase in staff cost of 9% or \$224,560 was due to cost relating to the growth in the staffing composition and the provision being made on the CLICO pension.
- ⇒ Other operating expenses increased by 18% or \$491,369. The increase was substantially due to cost relating to the operation of the South Rivers Office (additional depreciation charges on building and content, office expense, security, telephone & internet, etc.).

2.7 NET PROFIT

- 2.7.1 A net profit of \$2,877,849.00 was realized for 2017; this represents an increase of 158% relative to the profit of \$1,113,318 in 2016.

3.0 CONCLUSION

With increasing assets driven by loans, positive net cash flows, a GDP forecast of 1.89% for 2018 and our members' demonstration of confidence in the organization through their continued patronage, we expect further growth in profits, net cash flows and Loans for 2018.

Our resilience has been strengthened by recent challenges and with a competent Board of Directors, Committee Members and Staff, we will continue to meet our members' expectations.

I must say thanks to the membership and all Volunteers for their support in 2017.



 Bro. Jerold Jackson
 Treasurer

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With comparative figures for the year ended December 31, 2016)

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

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Statement of Changes in Members' Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-50



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Independent Auditors' Report

To the Members of General Employees' Co-operative Credit Union Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of General Employees' Cooperative Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Matter

The financial statements of General Employees' Co-operative Credit Union Limited for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2017.



Independent Auditors' Report (Cont'd)

To the Members of General Employees' Co-operative Credit Union Limited

Report on the Audit of the Financial Statements (cont'd)

Other Information

Management is responsible for the other information. The other information comprises the Annual Report 2017, but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual Report 2017, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Independent Auditors' Report (Cont'd)

To the Members of General Employees' Co-operative Credit Union Limited

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

KPMG
Kingstown, St. Vincent and the Grenadines
May 7, 2018

General Employees' Co-operative Credit Union Limited

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Statement of Financial Position

As of December 31, 2017

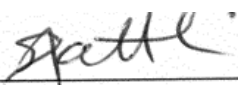
With comparative figures as at December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes	2017 \$	2016 \$
ASSETS			
Cash resources	6	31,782,884	30,844,713
Inventories	7	6,660,283	6,657,966
Investment securities	8	36,446,955	30,353,273
Investment in associates	9	-	255,232
Loans to members	10	137,816,907	123,416,638
Other assets	11	220,824	282,724
Investment properties	12	6,885,734	8,769,000
Property, plant and equipment	13	12,101,360	9,799,610
Total Assets		231,914,947	210,379,156
Liabilities			
Other payables		1,788,913	1,738,838
Staff pension fund deposit	14	763,076	643,447
Members' deposits	15	104,906,915	95,545,786
Members' ordinary savings	16	88,825,864	81,219,786
Total Liabilities		196,284,768	179,147,857
Members' Equity			
Share capital	17	25,663,931	23,634,241
Statutory reserve	18	4,246,318	3,380,574
Social development fund	19	1,267,092	1,017,459
Statutory development fund	20	30,000	60,000
Accumulated other comprehensive income	21	1,634,601	1,790,445
Retained earnings		2,788,237	1,348,580
		35,630,179	31,231,299
		231,914,947	210,379,156

The notes on pages 8 to 50 are an integral part of these financial statements.

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON MAY 7, 2018 AND SIGNED ON ITS BEHALF BY:



DIRECTOR



DIRECTOR

General Employees' Co-operative Credit Union Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2017
With comparative figures as at December 31, 2016
(Expressed in Eastern Caribbean Dollars)

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	Notes	2017 \$	2016 \$
Income			
Loan interest income		11,588,526	10,659,222
Investment income	22	1,639,522	1,561,637
		13,228,048	12,220,859
Interest expense		(3,999,811)	(3,270,542)
Net interest income		9,228,237	8,950,317
Impairment of loans, less recoveries	10	(678,930)	(305,274)
Operating expenses	23	(3,969,586)	(3,481,238)
Staff costs	24	(2,818,695)	(2,594,135)
Other operating income/(expenses)	25	1,372,055	(1,288,914)
Operating profit		3,133,081	1,280,756
Share of loss in associated company		(255,232)	(167,438)
Profit for the year		2,877,849	1,113,318
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Appreciation of land and building		-	948,376
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Unrealised (loss)/gain on available-for-sale financial assets		(155,844)	31,586
Other comprehensive income		(155,844)	979,962
Total comprehensive income		2,722,005	2,093,280

The notes on pages 8 to 50 are an integral part of these financial statements.

General Employees' Co-operative Credit Union Limited

Statement of Changes in Members' Equity

For the year ended December 31, 2017

With comparative figures as at December 31, 2016

(Expressed in Eastern Caribbean Dollars)

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	Notes	Share capital \$	Statutory reserve \$	Social development fund \$	Statutory development fund \$	Accumulated other comprehensive income \$	Retained earnings \$	Total \$
Balance as at December 31, 2015		21,810,012	3,155,689	707,045	30,000	810,483	892,153	27,405,382
Profit for the year		-	-	-	-	-	1,113,318	1,113,318
Net increase in qualifying shares	17	191,200	-	-	-	-	-	191,200
Net increase in equity shares	17	1,633,029	-	-	-	-	-	1,633,029
Other comprehensive gain	21	-	-	-	-	979,962	-	979,962
Social development fund, net	19	-	-	310,414	-	-	-	310,414
Statutory development fund	20	-	-	-	30,000	-	(30,000)	-
Appropriation to statutory reserve	18	-	222,664	-	-	-	(222,664)	-
Entrance fees	18	-	2,221	-	-	-	-	2,221
Dividends paid		-	-	-	-	-	(404,227)	(404,227)
Balance as at December 31, 2016		23,634,241	3,380,574	1,017,459	60,000	1,790,445	1,348,580	31,231,299
Profit for the year		-	-	-	-	-	2,877,849	2,877,849
Net increase in qualifying shares	17	228,020	-	-	-	-	-	228,020
Net increase in equity shares	17	1,801,670	-	-	-	-	-	1,801,670
Other comprehensive loss	21	-	-	-	-	(155,844)	-	(155,844)
Social development fund, net	19	-	-	249,633	-	-	-	249,633
Statutory development fund	20	-	-	-	(30,000)	-	(30,000)	(60,000)
Appropriation to statutory reserve	18	-	863,355	-	-	-	(863,355)	-
Entrance fees	18	-	2,389	-	-	-	-	2,389
Dividends paid		-	-	-	-	-	(544,837)	(544,837)
Balance as at December 31, 2017		25,663,931	4,246,318	1,267,092	30,000	1,634,601	2,788,237	35,630,179

The notes on pages 8 to 50 are an integral part of these financial statements.

General Employees' Co-operative Credit Union Limited

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Statement of Cash Flow

For the year ended December 31, 2017

With comparative figures as at December 31, 2016

(Expressed in Eastern Caribbean Dollars)

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Profit for the year		2,877,849	1,113,318
Adjustments for:			
Depreciation	13	408,900	244,362
Loss/(gain) on disposal of property and equipment		2,669	(9,499)
(Gain)/loss on revaluation of investment properties		(72,912)	1,222,000
Loss on disposal of investment property		80,000	-
Loss on revaluation of land and buildings – net		-	903,113
Share of loss in associated company		255,232	167,438
Impairment of loans, less recoveries		678,930	305,274
Interest income		(13,228,048)	(12,220,859)
Interest expense		3,999,811	3,270,542
		(4,997,569)	(5,004,311)
Changes in:			
Loans to members		(15,137,999)	(14,960,990)
Other assets		61,900	74,802
Members' deposits		9,346,545	9,051,027
Staff pension fund deposit		119,629	107,703
Inventories		(2,317)	(84,676)
Other payables		50,075	467,050
Members' ordinary savings		7,606,078	5,804,980
		(2,953,658)	(4,544,415)
Interest received		13,198,496	12,357,148
Interest paid		(3,985,227)	(3,003,100)
Net cash generated from operating activities		6,259,611	4,809,633
Cash flows from investing activities			
Purchase of property and equipment	13	(625,319)	(1,507,432)
Proceeds from sale of property and equipment		-	10,000
Addition to investment properties		(211,822)	-
Change in investment securities		(6,161,174)	(312,255)
Net cash used in investing activities		(6,998,315)	(1,809,687)
Cash flows from financing activities			
Net increase in development fund		189,633	310,414
Increase in share capital		2,029,690	1,824,229
Entrance fees		2,389	2,221
Dividends paid		(544,837)	(404,227)
Net cash generated from financing activities		1,676,875	1,732,637
Increase in cash and cash equivalents		938,171	4,732,583
Cash and cash equivalents – Beginning of year		30,844,713	26,112,130
Cash and cash equivalents – End of year	6	31,782,884	30,844,713

The notes on pages 8 to 50 are an integral part of these financial statements.

1. Reporting entity

The General Employees' Co-operative Credit Union Limited was registered on July 14, 1964, as a Co-operative Society. The Credit Union's operations are subject to the Co-operative Societies Act 2012 of St. Vincent and the Grenadines and the supervision of the Financial Services Authority and the Co-operatives Unit in the Ministry of National Mobilization, Social Development, Family, Gender Affairs, Persons with Disabilities and Youth.

The Credit Union's principal objectives are to promote thrift and savings among its members, and make loans to members exclusively for provident and productive purposes.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), under the historical cost convention unless otherwise stated.

These financial statements were authorized for issue by the Board of Directors on May 7, 2018.

b) Functional and presentation currency

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

c) Use of judgement and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgement affect (1) the reported amount of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates, and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the amounts recognised in the financial statements, and estimates that can cause a significant adjustment to the carrying amounts of asset and liabilities in the next financial year include the following:

2. Basis of preparation

c) Use of judgement and estimates (cont'd)

(i) Key sources of estimation uncertainty

(a) Impairment losses on loans to members

The Credit Union reviews its loan portfolio to assess impairment at least annually. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. These judgements and assumptions give rise to uncertainty.

(b) Impairment of held-to-maturity financial instruments

Financial instruments that are not carried at fair value through profit or loss are subject to an impairment test at each reporting date. A financial asset or group of assets is impaired, and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

c) Impairment of Non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental cost of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The recoverable amount is sensitive to the discount rate used for DCF model as well as the future cash inflows.

(ii) Judgements

In the process of applying the Credit Union's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognized in the financial statements:

Revaluation of land and buildings and investment property

The Credit Union measures its land and buildings at revalued amounts with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. The Credit Union engages independent valuation specialists to determine fair value of its land and buildings. The valuers use judgement in the application of valuation techniques such as replacement cost, capitalization of potential rentals and the market price of comparable properties, as applicable in each case.

3. Significant accounting policies

a. Foreign currency translation

These financial statements are expressed in Eastern Caribbean dollars. The Eastern Caribbean dollar is the Credit Union's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currencies classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognized in profit or loss.

Translation differences on non-monetary items, such as equities held at fair value are recognized through profit or loss, and 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 in other comprehensive income and ultimately accounted for in reserves in equity.

b. Cash resources

Cash resources include notes, coins, balances held with banks and highly liquid financial assets with original maturities of less than three months.

c) Inventories

Inventories represents property held for sale and is stated at the lower of cost and net realised value. The Credit Union's inventories arise when there is a change in the use of investment properties evidenced by the commencement of development with a view to sell, and the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realizable value. Cost, includes design cost, materials, direct labour, other direct costs and related construction overheads and borrowing costs for the development of all those qualifying assets, which is allocated to individual lots on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d) Loans to members and allowance for loan losses

Loans are stated net of unearned interest and allowance for loan losses.

The allowance for losses is based on an annual appraisal of loans. Specific and general allowance for loan losses is based on the year-end appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified. Loans are written down to estimated realisable value when the normal banking relationship with the customer has ceased; interest on the loan up to that time is credited to operations and allowance is made where appropriate.

3. Significant accounting policies (cont'd)

e. Property and equipment

Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five years by independent professional valuers. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historic cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Changes in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Land is not depreciated. Depreciation of other assets is calculated using a straight line method, at rates which are expected to write-off the cost or valuation of the assets over their estimated useful lives at the following annual rates:-

Freehold building	2%
Furniture and equipment	20%
Motor vehicle	20%

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Repairs and maintenance are charged to the profit or loss account when the expenditure is incurred.

f. Investment properties

Investment properties are properties, land or buildings or part thereof or both owned by the Credit Union, to earn rentals or for capital appreciation or both. Any property interest held under an operating lease, which is used to earn rental income, and the Credit Union assumes substantially all the risk and rewards incidental to ownership is recognized as an investment property.

Investment properties are accounted for under the fair value model. The fair value of investment properties are determined by reference to independent notional market approach valuations. Changes in fair market valuation of investment properties are reflected in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3. Significant accounting policies (cont'd)

g. Investment in associate

Associates are all entities over which the Credit Union has significant influence but not control, generally accompanied by a shareholdings of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost.

The Credit Union's share of its associates' post-acquisition profits or loss is recognised in statement of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income or loss is recognised in other comprehensive income or loss with a corresponding adjustment to the carrying amount of the investment.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Credit Union's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Credit Union does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Credit Union determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Credit Union calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit (loss) of associates' in the statement of profit or loss and other comprehensive income.

Unrealised gains on transactions between the Credit Union and its associates are eliminated to the extent of the Credit Union's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For the preparation of the financial circumstances, common accounting policies for similar transactions and other events in similar circumstances are used.

Dilution gains or losses in associates are recognised in the statement of profit or loss and other comprehensive income.

3. Significant accounting policies (cont'd)

h. Financial instruments

Non-derivative financial assets – Classification

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at cost being their fair value plus transaction costs that are directly attributable to its acquisition or issue.

The Credit Union classifies non-derivative financial instruments into the following categories: held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets – Recognition and derecognition

The Credit Union initially recognises loans and advances, deposits and loans payable on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Credit Union becomes a party to the contractual provisions of the instrument.

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Credit Union is recognised as a separate asset or liability.

Non-derivative financial assets – Measurement

i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Credit Union has the positive intention and ability to hold to maturity.

After initial measurement, held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The Credit Union has reported government securities which have all been classified under the held-to-maturity classification.

3. Significant accounting policies (cont'd)

h. Financial instruments (cont'd)

Non-derivative financial assets – Measurement (cont'd)

i) Held-to-maturity investments (cont'd)

Impairment losses are reported as a deduction from the carrying value of the investment (through an allowance account) or investment balance. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income.

If the Credit Union were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Credit Union would be prohibited from classifying any financial asset as held-to-maturity for the current and during the following two financial years.

ii) Available-for-sale investments

Available-for-sale financial investments include equity securities. Equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from approved valuation models. Unrealised gains and losses on available-for-sale securities are recognised directly in the fair value reserve in equity and reported under other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of profit or loss and other comprehensive income.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

For available-for-sale financial investments, the Credit Union assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income – is removed from other comprehensive income and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through the statement of profit or loss and other comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

3. Significant accounting policies (cont'd)

h. Financial instruments (cont'd)

Non-derivative financial assets – Measurement (cont'd)

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment.

Impairment losses are reported as a deduction from the carrying value of the loan (through an allowance account) or balance and recognised in the statement of profit or loss and other comprehensive income as loan impairment expense.

Non-derivative financial liabilities – Classification, Recognition/Derecognition and Measurement

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

The Credit Union's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Credit Union determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans payable, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR amortisation, if any, is included in the statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3. Significant accounting policies (cont'd)

i. Impairment of financial assets

Assets carried at amortised cost

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Credit Union uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales)
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration in the value of collateral
- Downgrading below investment grade level

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Credit Union determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset 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 recognised are included in a collective assessment for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of 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 recognised in the statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, 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 an observable market

3. Significant accounting policies (cont'd)

i. Impairment of financial assets (cont'd)

Assets carried at amortised cost (cont'd)

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Credit Union's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Credit Union and historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses to the Credit Union and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Credit Union to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss and other comprehensive income in impairment charge for credit losses.

3. Significant accounting policies (cont'd)

i. Impairment of financial assets (cont'd)

Assets carried at amortised cost (cont'd)

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets 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 recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments are not reversed through the statement of profit or loss and other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as Available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions.

j. Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income for all interest bearing instruments on an accrual basis using the effective interest yield method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

k. Offsetting financial instruments

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

1. Share capital

Share capital costs

The proceeds from the issue of new shares, except shares redeemable at the option of the holder, are accounted for as equity, net of transaction costs. Shares which are redeemable at the option of the holder are accounted for as financial liabilities.

Dividends

Dividends on shares, other than those redeemable at the option of the holder, are recognised in equity in the period in which they are approved by the directors. Dividends on shares which are redeemable at the option of the holders are accounted for as a charge in the statement of profit or loss and other comprehensive income in the period they are approved by the directors.

4. Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Credit Union has not early adopted these new or amended standards in preparing these financial statements.

The new standards listed below are those that could potentially have an impact on the Credit Union's performance, financial position or disclosures in the period of initial application. The potential impact of each standard is discussed below.

Effective January 1, 2018

IFRS 9 Financial Instruments

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted; the Credit Union is therefore required to adopt IFRS 9 from January 1, 2018. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-☐ financial items.

i) IFRS 9 Implementation Strategy

The Credit Union's IFRS 9 implementation process is governed by a Committee whose members include representatives from risk, finance, operations and IT functions. The Committee meets on a regular basis to challenge key assumptions, approve decisions and monitor the progress of the implementation work across the Credit Union, including evaluation of whether the project has sufficient resources.

The Credit Union is in the process of completing a detailed impact assessment including most of the accounting analysis and will then commence work on the design and build of models, systems, processes and controls.

ii) Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

4. Standards issued but not yet effective (cont'd)

ii) Classification – Financial assets (cont'd)

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
 - the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Credit Union may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 permits new elective designations at FVTPL or FVOCI to be made on the date of initial application and permits or requires revocation of previous FVTPL elections at the date of initial application depending on the facts and circumstances at that date.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

4. Standards issued but not yet effective (cont'd)

ii) Classification – Financial assets (cont'd)

Preliminary impact assessment

Based on its preliminary high-level assessment of possible changes to the classification and measurement of financial assets held, the Credit Union's current expectation is that:

- loans and advances to customers that are classified as loans and receivables and measured at amortised cost under IAS 39 would in general also be measured at amortised cost under IFRS 9;
- held-to-maturity investment securities measured at amortised cost under IAS 39 would in general also be measured at amortised cost under IFRS 9;
- debt securities that are classified as available for sale under IAS 39 may, under IFRS 9, be measured at amortised cost, FVOCI or FVTPL, depending on the particular circumstances;
- equity securities classified as available for sale under IAS 39 that are held for long-term strategic purposes would generally be designated as measured at FVOCI.

The Credit Union's assessment is however on-going and will include a detailed review of the contractual terms of all financial assets. At that stage, the final impact will be determined.

iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued

No impairment loss will be recognised on equity investments.

4. Standards issued but not yet effective (cont'd)

iii) Impairment of Financial assets (cont'd)

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events on a financial instrument within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

The assessment of whether credit risk on a financial asset has increased significantly will be one of the critical judgements in implementing the impairment model of IFRS 9. When assessing this, the Credit Union will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert credit assessment and including forward-looking information.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Credit Union expects to receive);
- *financial assets that are credit-impaired at the reporting date*: the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive; and
- *financial guarantee contracts*: the expected payments to reimburse the holder less any amounts that the Credit Union expects to recover.

Financial assets that are credit-impaired are defined by IFRS 9 in a similar way to financial assets that are impaired under IAS 39.

4. Standards issued but not yet effective (cont'd)

iii) Impairment of Financial assets (cont'd)

Preliminary impact assessment

The most significant impact on the Credit Union's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. The Credit Union is not yet able to provide quantitative information about the expected impact, since the Credit Union is in the process of building and testing models, assembling data and calibrating the impairment stage transfer criteria. However, the Credit Union expects loss allowances under IFRS 9 to be larger and more volatile than under IAS 39.

iv) Classification –financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Credit Union has not designated any financial liabilities as at FVTPL and it has no current intention to do so. The Credit Union's preliminary assessment did not indicate any material impact regarding the classification of financial liabilities under IFRS 9.

v) Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Credit Union's assessment included an analysis to identify data gaps against current processes and the Credit Union is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

vi) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Credit Union will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at January 1, 2018.

4. Standards issued but not yet effective (cont'd)

vi) Transition (cont'd)

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted; the Credit Union is therefore required to adopt IFRS 15 from January 1, 2018.

The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 11, *Construction Contracts*, IAS 18, *Revenue* and IFRIC 13, *Customer Loyalty Programmes*.

The Credit Union will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

Management has assessed that the main impact of this standard is in respect of fees and commission income. The Credit Union earns fees and commission income on provision of services to members. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of fees and commission income. However, the Credit Union has not yet completed its detailed assessment and the financial impact has not yet been determined.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

4. Standards issued but not yet effective (cont'd)

Effective January 1, 2019

IFRS 16 Leases

IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest and the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with a value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

The Credit Union is assessing the impact that this standard will have on its 2019 financial statements.

5. Financial risk management

a. Financial Risk Factors

The Credit Union's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risks and operational risks. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance. The Credit Union has not entered into forward contracts to reduce its risk exposure.

i) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's cash resources, loans and advances to members and investment securities.

The exposure to credit risk is dependent on the degree of failure of counter-parties, including its customers, banks and other debtors, to honour their obligations to the Credit Union. The Credit Union's credit risk is spread primarily over a diversity of private customers, commercial entities, and government securities.

The Credit Union manages limits and controls concentrations of credit risk whenever they are identified, in particular to individual counterparties and groups, and to industries. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

i) Credit risk (cont'd)

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, or groups of borrowers.

Collateral

The Credit Union employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Credit Union implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- i) Mortgages over real properties; and
- ii) Charges over members' deposits and ordinary savings.

The Credit Union's risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Credit Union's credit exposure.

In addition, in order to minimize the credit loss, the Credit Union will seek additional credit collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

The following summarises the maximum credit risk:

	2017	2016
	\$	\$
Deposits with commercial banks	30,309,008	30,055,385
Investment securities	36,446,955	30,353,273
Loans to members	137,816,907	123,416,638
Other assets	220,824	282,724
	204,793,694	184,108,020

5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

i) Credit risk (cont'd)

The exposures set out above are based on net carrying amounts as reported in the statement of financial position, and represent a worst case scenario of credit risk exposure as at December 31, 2017 and 2016 without taking account of any collateral held or other credit enhancements attached. The following summarises the Credit Union's maximum credit risk exposures to off-balance sheet financial instruments:

	2017 \$	2016 \$
Loan Commitments and other related obligations	3,144,475	4,160,096

The table below presents an analysis of the Credit Union's special savings, treasury bills and debt and equity securities, loans to members and other financial assets by rating agency designation at December 31, 2017 and 2016, based on Moody's ratings or equivalent:

	Cash resources \$	Investment securities \$	Loans to members \$	Other assets \$	Total \$
At December 31, 2017					
Lower than A-	-	9,027,743	-	-	9,027,743
Unrated	30,309,008	27,419,212	137,816,907	220,824	195,765,951
	30,309,008	36,446,955	137,816,907	220,824	204,793,694

	Cash resources \$	Investment securities \$	Loans to members \$	Other assets \$	Total \$
At December 31, 2016					
Lower than A-	-	7,227,899	-	-	7,227,899
Unrated	30,055,385	23,125,374	123,416,638	282,724	176,880,121
	30,055,385	30,353,273	123,416,638	282,724	184,108,020

ii) Liquidity risk

Liquidity risk is the risk that the Credit Union will be unable to meet its payment obligations when they fall due under normal circumstances. The Credit Union monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Credit Union utilises available credit facilities and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash in each operating currency, which is sufficient to meet reasonable expectations of its short-term obligations.

General Employees' Co-operative Credit Union Limited

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5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

ii) Liquidity risk (cont'd)

The table below analyses the Credit Union's financial assets and liabilities into relevant contractual maturity groupings, as of reporting date.

	0 – 3 Months \$	3 – 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
At December 31, 2017					
Financial Assets					
Cash resources	31,782,884	-	-	-	31,782,884
Investment securities	12,879,724	14,128,642	8,208,110	1,230,479	36,446,955
Loans to members	5,828,197	18,197,437	55,568,860	58,222,413	137,816,907
Other assets	220,824	-	-	-	220,824
	50,711,629	32,326,079	63,776,970	59,452,892	206,267,570
Financial Liabilities					
Other payables	1,788,913	-	-	-	1,788,913
Staff pension fund deposit	763,076	-	-	-	763,076
Members' deposits	65,918,132	38,988,783	-	-	104,906,915
Members' ordinary savings	88,825,864	-	-	-	88,825,864
	157,295,985	38,988,783	-	-	196,284,768

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5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

ii) Liquidity risk (cont'd)

	0 – 3 Months \$	3 – 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
At December 31, 2016					
Financial Assets					
Cash resources	30,844,713	-	-	-	30,844,713
Investment securities	4,894,448	18,504,569	6,013,471	940,785	30,353,273
Loans to members	1,542,589	2,435,990	44,915,561	74,522,498	123,416,638
Other assets	282,724	-	-	-	282,724
	37,564,474	20,940,559	50,929,032	75,463,283	184,897,348
Financial Liabilities					
Other payables	1,788,913	-	-	-	1,738,838
Staff pension fund deposit	763,076	-	-	-	643,447
Members' deposits	58,848,281	36,697,505	-	-	95,545,786
Members' ordinary savings	81,219,786	-	-	-	81,219,786
	142,450,352	36,697,505	-	-	179,147,857

Off-balance sheet Instruments

Loan Commitments and Other Related Obligations

As of reporting date, the contracted amounts of the Credit Union's off-statement of financial position instruments that commit it to extend credit to members and other facilities (Note 29), are summarised in the table below:

	2017 \$	2016 \$
Loan commitments and other related obligations	3,144,475	4,160,096

5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets.

Interest rate risk

Interest rate risk gives rise to fluctuations in cash flows on financial instrument as a result of changes in 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 an 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 sets limits on the level of mismatch of interest rate repricing that may be undertaken.

General Employees' Co-operative Credit Union Limited

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5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

The table below summarizes the Credit Union's exposure to interest rate risks.

At December 31, 2017

Financial Assets

Cash resources	30,309,008	-	-	1,473,877	31,782,884
Investment securities	27,008,366	8,208,110	-	1,230,479	36,446,955
Loans to members	24,025,634	55,568,860	58,222,413	-	137,816,907
Other assets	-	-	-	220,824	220,824
Total Financial Assets	81,343,008	63,776,970	58,222,413	2,925,180	206,267,570

Financial Liabilities

Other payables	-	-	-	1,788,913	1,788,913
Staff pension fund deposit	763,076	-	-	-	763,076
Members' deposits	104,906,915	-	-	-	104,906,915
Members' ordinary savings	88,825,864	-	-	-	88,825,864
Total Financial Liabilities	194,495,855	-	-	1,788,913	196,284,768
Total Interest Re-pricing Gap	(113,152,847)	63,776,970	58,222,413	1,136,267	9,982,802

General Employees' Co-operative Credit Union Limited

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5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

The table below summarizes the Credit Union's exposure to interest rate risks.

At December 31, 2016

Financial Assets

Cash resources	30,055,385	-	-	789,328	30,844,713
Investment securities	23,399,017	6,013,471	-	940,785	30,353,273
Investment in associate	-	-	-	255,232	255,232
Loans to members	3,978,579	44,915,561	74,522,498	-	123,416,638
Other assets	-	-	-	282,724	282,714
Total Financial Assets	57,432,981	50,929,032	74,522,498	2,268,069	185,152,580

Financial Liabilities

Other payables	-	-	-	1,738,838	1,738,838
Staff pension fund deposit	643,447	-	-	-	643,447
Members' deposits	95,545,786	-	-	-	95,545,786
Members' ordinary savings	81,219,786	-	-	-	81,219,786
Total Financial Liabilities	177,409,019	-	-	1,738,838	179,147,857
Total Interest Re-pricing Gap	(119,976,038)	50,929,032	74,522,498	529,231	6,004,723

5. Financial risk management (cont'd)

a. Financial Risk Factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow interest rate risk arises from loans and advances to members at variable rates. At December 31, 2017, if variable interest rates had been 0.5% higher/lower with all other variables held constant, profit for the year would have been \$691,585 (2016: \$617,083) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

iii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

While operational risk is inherent to each of the Credit Union's business activities, the exposure is minimised by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Credit Union, mitigation of operating risk is assigned to senior management supported by a well-defined organisational structure that segregates operational and administrative functions. Back-up capabilities are also maintained to ensure on-going service delivery in adverse circumstances.

In addition, periodic reviews are undertaken by the Internal Audit department. The results of the reviews are discussed with the management of the business unit to which they relate, senior management and Board of Directors.

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities

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 is best evidenced by quoted market value, if one exists.

i) Financial instruments not measured at fair value

The table below summarises the carrying amount and fair values of those financial assets and liabilities not presented in the Credit Unions statements of financial position at their fair value:

	Carrying value		Fair value	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial Assets				
Cash Resources	31,782,884	30,844,713	31,782,884	30,844,713
Investment securities	35,453,123	29,256,981	35,453,123	29,256,981
Investment in associates	-	255,232	-	255,232
Loans to members	137,816,907	123,416,638	137,816,907	123,416,638
Other assets	220,824	282,724	220,824	282,724
	205,273,738	184,056,288	205,273,738	184,056,288

	Carrying value		Fair value	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial Liabilities				
Other payables	1,788,913	1,738,838	1,788,913	1,738,838
Staff pension fund deposit	763,076	643,447	763,076	643,447
Members' deposits	104,906,915	95,545,786	104,906,915	95,545,786
Members' ordinary shares	88,825,864	81,219,786	88,825,864	81,219,786
	196,284,768	179,147,857	196,284,768	179,147,857

Off-balance sheet instruments

	Carrying value		Fair value	
	2017 \$	2016 \$	2017 \$	2016 \$
Loan commitments and Other related obligations	-	-	3,144,475	4,160,096

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

i) Financial instruments not measured at fair value (cont'd)

Determination of fair value

The following methods and assumptions have been used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value: -

Short-term financial assets and liabilities: The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of deposits with other commercial banks, investment securities, interest receivable, and certain other assets. Short-term financial liabilities are comprised of members' deposits and ordinary shares, staff pension fund deposit and certain other liabilities. The fair value of off-balance sheet financial instruments are also assumed to approximate the amounts disclosed in Note 29 due to their short-term nature.

Long-term loans and receivables: The estimated fair value of long-term loans to members is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining terms of maturity. Some of the financial assets included in investment securities are long-term.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Credit Union's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges such as Barbados and Eastern Caribbean.
- Level 2 – Quoted prices for identical assets or liabilities in markets that are inactive (for example, over-the-counter transactions) or observable market quotes for similar instruments, or use of valuation techniques where all significant inputs are observable.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This level includes equity investments and debt instruments with significant unobservable components.

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

i) Financial instruments not measured at fair value (cont'd)

Fair value hierarchy (cont'd)

The hierarchy requires the use of observable market data, when available. The Credit Union considers relevant and observable market prices in its valuations where possible.

The following table presents the credit union's financial assets and value.

	Level 1	Level 2	Total
	\$	\$	\$
At December 31, 2017			
Available-for-sale investment securities			
- equity securities	403,665	90,405	494,070
Total financial assets	403,665	90,405	494,070
At December 31, 2016			
Available-for-sale investment securities			
- equity securities	388,185	366,599	754,784
Total financial assets	388,185	366,599	754,784

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

i) Financial instruments not measured at fair value (cont'd)

Fair value hierarchy (cont'd)

The Credit Union's management performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, using discounted cash flows. Valuation processes and fair value changes are undertaken at least every year, in line with the Credit Union's reporting dates.

Fair value measurement of non-financial assets

	2017	2016
	\$	\$
At December 31, 2017		
Investment properties	6,885,734	8,769,000
Property and equipment	11,445,786	9,294,204
Total financial assets	18,331,520	18,063,204

Fair value of the Credit Union's real properties were revalued by an independent, professionally qualified property valuator. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee and adopted at reporting date. The valuation approach used prices and other relevant information generated by market transactions involving identical or comparable assets. Under the market approach, the value is determined based on comparable transactions. Management is of the opinion that these properties fair value will estimate the current market value.

6. Cash Resources

	2017	2016
	\$	\$
Cash on hand	1,473,877	789,328
Current account	8,324,539	5,158,529
Special savings	21,984,468	24,896,856
	31,782,884	30,844,713

The effective interest rate on special savings is 2% (2016: 1.89%)

7. Inventories

	2017	2016
	\$	\$
Balance – beginning of year	6,657,966	6,573,290
Development costs	2,317	84,676
Balance – end of year	6,660,283	6,657,966

8. Investment Securities

The Credit Union holds the following financial instruments:

	Held -to- maturity \$	Available -for- sale \$	Total \$
At December 31, 2017			
Treasury bills, at amortised cost	7,430,373	-	7,430,373
Bonds, at amortised cost	9,027,744	-	9,027,744
Term deposits, at amortised cost	18,258,597	-	18,258,597
Unquoted equity securities, at cost	-	736,409	736,409
	34,716,714	736,409	35,453,123
Securities at fair value:			
- Quoted equity securities	-	494,070	494,070
	34,716,714	1,230,479	35,947,193
Interest receivable	499,762	-	499,762
Total financial investments	35,216,476	1,230,479	36,446,955

	Held -to- maturity \$	Available -for- sale \$	Total \$
At December 31, 2016			
Treasury bills, at amortised cost	4,111,790	-	4,111,790
Bonds, at amortised cost	6,111,508	-	6,111,508
Term deposits, at amortised cost	18,847,682	-	18,847,682
Unquoted equity securities, at cost	-	186,001	186,001
	29,070,980	186,001	29,256,981
Securities at fair value:			
- Quoted equity securities	-	754,784	754,784
	29,070,980	940,785	30,011,765
Interest receivable	341,508	-	341,508
Total financial investments	29,412,488	940,785	30,353,273

8. Investment Securities (cont'd)

The maturity distribution of held-to-maturity investment securities is as follows:

	2017	2016
	\$	\$
Due within One Year	31,387,000	23,130,245
Due after One Year	3,329,714	5,940,735
	34,716,714	29,070,980

Investment securities are denominated in the following currencies:

	2017	2016
	\$	\$
Eastern Caribbean Dollar	36,347,990	30,089,082
Barbados Dollar	71,222	182,684
United States Dollar	27,743	81,507
	36,446,955	30,353,273

The weighted average effective interest rate on financial investments at reporting date was 3.65% (2016: 5.17%).

During the year, fair value loss on investment securities available-for-sale of \$155,844 (2016: \$31,586) was recognised in other comprehensive income.

British American Insurance Company Limited (BAICO) and Colonial Life Insurance Company International Limited (CLICO) have defaulted on their Flexible Annuity Policies and are under Judicial Management. The Credit Union's investments in BAICO and CLICO having nominal values of \$15,722,232 and \$7,014,910 are carried at \$NIL and \$4 respectively.

9. Investment in associate

The Credit Union holds a 33% ownership interest in St. Vincent and the Grenadines Small Business and Micro-Finance Co-operative Ltd. (COMFI), a society registered in St. Vincent and the Grenadines and its principal activity involves making loans to society members. On October 5, 2016, COMFI entered into liquidation. The Credit Union's interest in COMFI is not material to either its financial position or performance.

	2017	2016
	\$	\$
Balance – beginning of year	255,232	422,670
Share of current year losses	(255,232)	(167,438)
Balance – end of year	-	255,232

9. Investment in associate (cont'd)

The following summarises the financial information of the Credit Union's principal associate, which is unlisted, as of reporting date.

	2017	2016
	\$	\$
Current assets	-	1,948,214
Non-current assets	-	140,841
Current liabilities	-	1,325,382
Revenue	-	186,002
Loss for the year	-	267,787

The above summarisation has been determined on the basis of the unaudited management accounts of the associate as the timing for receipt of the audited numbers is after the scheduled date for finalisation of the Credit Union's accounts.

10. Loans to members

	2017	2016
	\$	\$
Consumer loans	74,336,674	68,800,818
Computer loans	85,799	96,892
Mortgage loans	61,395,494	52,966,557
Student loans	4,265,847	3,892,474
Interest receivable thereon, net	643,393	702,193
	140,727,208	126,458,934
Allowance for loan losses	(2,910,301)	(3,042,296)
	137,816,907	123,416,638

The effective interest yield during the year on loans to members was 8.2% (2016: 9.00%).

Loans and advances are summarised as follows:

	2017	2016
	\$	\$
Neither past due nor impaired	129,766,832	119,673,667
Past due but not impaired	5,915,005	2,767,175
Impaired	5,045,371	4,018,092
Gross	140,727,208	126,458,934
Less: allowance for impairment	(2,910,301)	(3,042,296)
Net	137,816,907	123,416,638

The movement in allowance for the loan losses during the year was as follows:

	2017	2016
	\$	\$
Balance – beginning of year	3,042,296	2,853,717
Change in allowance for loan impairment	690,000	188,579
Loans written off	(821,995)	-
Balance – end of year	2,910,301	3,042,296

10. Loans to members (cont'd)

The allowance for loan impairment comprises:

	2017	2016
	\$	\$
Increase in allowance for losses	690,000	188,579
Loans written off	-	136,420
Recoveries	(11,070)	(19,725)
	<u>678,930</u>	<u>305,274</u>

11. Other assets

	2017	2016
	\$	\$
ATM receivable	64,233	98,289
Recent receivable	6,253	6,253
Prepaid Expenses	53,487	49,826
Staff receivables– net	1,024	2,179
Western Union receivable	60,841	34,168
Other	34,986	92,009
	<u>220,824</u>	<u>282,724</u>

12. Investment Properties

	2017	2016
	\$	\$
Carrying value at beginning of year	8,769,000	9,991,000
Addition	211,822	-
Disposal	(80,000)	-
Gain/(loss) on revaluation	72,912	(1,222,000)
Reclassification to property and equipment	(2,088,000)	-
Carrying value at end of year	<u>6,885,734</u>	<u>8,769,000</u>

Investment properties comprise property held for rental. Rental income from investment properties amounted to \$159,182 (2016: \$198,840) and direct operating expenses amounted to \$8,532 (2016: \$2,458). Fair value loss of \$72,912 (2016: \$1,222,000) has been recognised in other operating (expense) income.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Credit Union's investment property portfolio every three years.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

General Employees' Co-operative Credit Union Limited

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13. Property and Equipment

Cost or valuation

Balance as at January 1, 2015

Additions

Revaluation Surplus/(Loss)

Disposals

Balance as at December 31, 2015

Balance as at January 1, 2016

Additions

Reclassification from investment property

Disposals

Balance as at December 31, 2017

Accumulated depreciation

Balance as at January 1, 2015

Depreciation for the year

Disposals

Balance as at December 31, 2015

Balance as at January 1, 2016

Depreciation for the year

Disposals

Balance as at December 31, 2017

Net book value

As at December 31, 2016

As at December 31, 2017

	Land \$	Building \$	Furniture & Equipment \$	Motor Vehicle \$	Total \$
Balance as at January 1, 2015	3,374,185	5,035,624	1,895,068	130,110	10,434,987
Additions	-	1,168,223	172,038	167,171	1,507,432
Revaluation Surplus/(Loss)	1,355,896	(1,615,808)	-	-	(259,912)
Disposals	-	-	(16,644)	(90,110)	(106,754)
Balance as at December 31, 2015	4,730,081	4,588,039	2,050,462	207,171	11,575,753
Balance as at January 1, 2016	4,730,081	4,588,039	2,050,462	207,171	11,575,753
Additions	-	185,445	439,874	-	625,319
Reclassification from investment property	1,641,600	446,400	-	-	2,088,000
Disposals	-	-	(33,134)	-	(33,134)
Balance as at December 31, 2017	6,371,681	5,219,884	2,457,202	207,171	14,255,938
Balance as at January 1, 2015	-	305,175	1,507,926	130,108	1,943,209
Depreciation for the year	-	23,916	187,012	33,434	244,362
Disposals	-	(305,175)	(16,144)	(90,109)	(411,428)
Balance as at December 31, 2015	-	23,916	1,678,794	73,433	1,776,143
Balance as at January 1, 2016	-	23,916	1,678,794	73,433	1,776,143
Depreciation for the year	-	121,862	253,604	33,434	408,900
Disposals	-	-	(30,465)	-	(30,465)
Balance as at December 31, 2017	-	145,778	1,901,933	106,867	2,154,578
As at December 31, 2016	4,730,081	4,564,123	371,668	133,738	9,799,610
As at December 31, 2017	6,371,681	5,074,106	555,269	100,304	12,101,360

14. Staff retirement benefit plan

The Credit Union has a defined contribution retirement plan, which is administered by Colonial Life Insurance Company (Trinidad) Limited (CLICO) for eligible full-time employees. Pursuant to the provisions of the plan, the Credit Union is required to contribute four per cent (4%) of each qualifying employee's salary to the plan. As of reporting date, Colonial Life Insurance Company (Trinidad) Limited is under juridical management and is insolvent. The Credit Union retains the pension contributions in a deposit account, which at reporting date amounted to \$763,076 (2016: \$643,447). The deposit earns interest at the rate of 2% per annum.

15. Members' deposits

	2017	2016
	\$	\$
Term deposits	56,019,152	54,780,014
Saving deposits	48,030,197	39,922,791
	104,049,349	94,702,805
Interest payable on term deposits	857,566	842,981
	104,906,915	95,545,786

The effective interest rates on members' deposits are as follows:-

	2017	2016
	%	%
Term deposits	2.83	3.12
Saving deposits	2.08	1.85

16. Members' ordinary savings

	2017	2016
	\$	\$
Members' ordinary shares	87,184,001	80,273,441
Interest payable on members' share savings	1,641,863	946,345
	88,825,864	81,219,786

Members' ordinary savings bear interest at rates not exceeding the rate of interest stipulated by the East Caribbean Central Bank.

17. Share capital

	2017		2016	
	No. of	\$	No. of	\$
	Shares		Shares	
Qualifying shares				
Authorised number of shares of \$1 par value	Unlimited		Unlimited	
Issued and fully paid				
Balance – beginning of year	3,299,100	3,299,100	3,107,900	3,107,900
Issued during the year	259,100	259,100	234,360	234,360
Repurchased during the year	(31,080)	(31,080)	(43,160)	(43,160)
Balance – end of year	3,527,120	3,527,120	3,299,100	3,299,100

	2017		2016	
	No. of	\$	No. of	\$
	Shares		Shares	
Equity shares				
Authorised number of shares of \$1 par value	Unlimited		Unlimited	
Issued and fully paid				
Balance – beginning of year	20,335,141	20,335,141	18,702,112	18,702,112
Issued during the year	2,174,022	2,174,022	1,985,557	1,985,557
Repurchased during the year	(372,352)	(372,352)	(352,528)	(352,528)
Balance – end of year	22,136,811	22,136,811	20,335,141	20,335,141
Total share capital	25,663,931	25,663,931	23,634,241	23,634,241

Each member shall purchase, annually, at least 50 equity shares which shall be credited to their equity shares account. Holders of qualifying and equity shares are entitled to vote at the Credit Union's general meetings and any dividend duly declared. Each shareholder is entitled to one vote

18. Statutory reserve

Pursuant to the provisions of Article XIX (1) of the By-Laws and Part VII section 124 of the Co-operative Societies Act 2012, the Credit Union shall credit all entrance fees and fines collected from members to the statutory reserve. If at the end of each financial year the amount standing to statutory reserves and other institutional capital, before any declaration of dividend, is less than ten percent of total assets, the Credit Union shall transfer to statutory reserve for that year not less than twenty percent (20%) of its surplus or such lesser sum as may be required to increase the statutory reserves to ten percent of total assets.

	2017 \$	2016 \$
Balance – beginning of year	3,380,574	3,155,689
Entrance fees received in current year	2,389	2,221
Appropriation of statutory reserve	863,355	222,664
Balance – end of year	4,246,318	3,380,574

19. Social development fund

The Social Development Fund is to assist needy members to recover from severe illness/emergencies/ natural disasters. Each member is required to make an annual contribution thereto of \$20.

	2017 \$	2016 \$
Balance – beginning of year	1,017,459	707,045
Contribution received	492,881	475,420
Benefits paid	(243,248)	(165,006)
Balance – end of year	1,267,092	1,017,459

20. Statutory development fund

In accordance with Article 125 of the Co-operative Societies Act 2012, the Credit Union shall maintain, from annual appropriations not exceeding ten percent of net profits, a Development Fund, which shall be administered by the National League, for the development of registered societies.

	2017 \$	2016 \$
Balance – beginning of year	60,000	30,000
Payment to national league	(60,000)	-
Annual transfer of profits	30,000	30,000
Balance – end of year	30,000	60,000

21 Accumulated other comprehensive income

	Property revaluation	Revaluation reserve: Available- for-Sale \$	Total \$
Balance at January 1, 2016	511,915	298,568	810,483
Reversal of surplus on revaluation of properties	(511,915) -		(511,915)
Appreciation in fair value of properties	1,460,291 -		1,460,291
Net change in fair value of available-for-sale financial assets	-	31,586	31,586
Balance at December 31, 2016	1,460,291	330,154	1,790,445
Net change in fair value of available-for-sale financial assets	-	(155,844)	(155,844)
Balance at December 31, 2017	1,460,291	174,310	1,634,601

22. Investment income

	2017 \$	2016 \$
Interest on savings account	448,893	427,071
Interest on investments	1,172,034	1,063,175
Dividend income	18,595	71,391
	1,639,522	1,561,637

General Employees' Co-operative Credit Union Limited

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Notes to the Financial Statements

December 31, 2017

(Expressed in Eastern Caribbean Dollars)

23 Operating expenses

	2017 \$	2016 \$
Advertising	150,476	180,812
ATM card embossing cost	5,765	4,133
Audit fee	73,080	80,285
Bad debts – rent and other	-	1,088
Bank charges	10,022	12,395
Board and committee expenses	130,115	110,020
Credit Union week	12,525	13,910
Cleaning expenses	18,095	15,590
Depreciation	408,900	244,362
Donations	59,350	110,685
Education and promotion	23,186	9,195
Electricity	121,001	122,350
General insurance	89,573	78,537
Georgetown branch expenses	92,785	89,059
Grenadines branches expenses	183,925	167,588
Heritage month expenses	150	550
Honorarium	9,600	10,200
Insurance on members' shares and loans	916,047	821,399
League dues	139,301	128,966
Licensing fees	70,068	54,569
Meeting expenses	77,182	60,606
Miscellaneous expenses	21,103	28,800
Motor vehicle expense	15,595	30,813
Office expenses	93,692	61,913
Professional fees	42,501	53,873
Property tax	14,318	9,827
Rent	162,057	166,973
Repairs and maintenance	90,665	117,947
Security	158,835	107,423
Social events	66,672	57,583
Social assistance expense	6,955	1,950
School co-operative expense	2,845	3,067
Scholarships	155,964	137,502
South Rivers branch expense	86,392	-
Stationery, postage and office supplies	130,684	96,950
Subscriptions and membership dues	9,450	6,416
Telephone and Internet	178,353	147,772
Water and sewerage	23,481	23,187
Convention and summit	118,878	112,943
	3,969,586	3,481,238

24. Staff costs

	2017	2016
	\$	\$
Education assistance	1,511	3,402
Group medical insurance	79,987	73,836
Holiday grant	3,000	-
Housing allowance	4,800	4,800
Pension	207,738	83,686
National Insurance contributions	101,502	91,137
Salaries, wages and bonus	2,244,314	2,166,489
Staff training	50,800	74,842
Travel and entertainment allowances	77,482	80,704
Uniforms	47,561	15,239
	2,818,695	2,594,135
Number of employees as of reporting date	58	50

25. Other operating income/(expense)

	2017	2016
	\$	\$
Commission income	52,070	47,349
(Loss)/gain on disposal of property	(2,669)	9,499
Income on death benefit plan – net (Note 26)	420,180	91,040
Rental income	159,182	198,840
Gain/(loss) on revaluation of investment properties	72,912	(1,222,000)
Loss on disposal of investment properties	(80,000)	-
Loss on revaluation of land and buildings –net	-	(903,113)
Loan processing fee	539,274	442,925
Recoveries of investments	159,630	-
Investment write-off	(15,000)	-
Other income	66,476	46,546
	1,372,055	(1,288,914)

26. Income on death benefit plan—net

	2017	2016
	\$	\$
Members' death benefit contributions during the year	958,980	612,040
Death benefits claims paid during the year	(538,800)	(521,000)
Balance – end of year	420,0180	91,040

27. Income tax

In accordance with Section 25 of the Income Tax Act 1979, the Credit Union, is exempt from income tax.

28. Related party balances and transactions

a. Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Credit Union considers the Board of Directors, Committee members and key management personnel as related parties.

If a party has control over or the party has significant influence over the Credit Union or is a member of the key management personnel, it is considered a related party.

The Board of Directors, committees and staff of the General Employees Co-operative Credit Union Limited are therefore considered as related parties.

b. Related party balances

These represent loans outstanding and deposits held by related parties as identified in (a).

	2017 \$	2016 \$
Loans		
Directors and volunteers	3,951,838	3,657,610
Staff	6,389,656	4,656,780
	<u>10,341,494</u>	<u>8,314,390</u>
	2017 \$	2016 \$
Deposits		
Directors and volunteers	1,006,304	813,133
Staff	825,268	826,359
	<u>1,831,572</u>	<u>1,639,492</u>

c. Key management compensation

	2017 \$	2016 \$
Salaries	717,146	685,027
National Insurance Services	17,159	17,159
Board honorarium	9,600	12,000
Board and committee allowance	130,115	110,020
	<u>874,020</u>	<u>824,206</u>

29. Commitments

a. Loan commitments

Loan commitments in respect of undisclosed loans as at December 31, 2017 amounted to \$3,144,475 (2016: \$4,160,096)

b. The Credit Union leases a number of office premises under operating leases. The minimum lease payments under terms of the leases are as follows:

	2017 \$	2016 \$
Less than one year	150,057	138,657
Between one and five years	50,088	188,745
	<u>200,145</u>	<u>327,402</u>

THE CREDIT COMMITTEE'S REPORT TO THE 52ND ANNUAL GENERAL MEETING

1.0 Introduction

- 1.1 Bros. Michael Sayers, Linus Goodluck and Renato Gumbs; Sis. Janice King and Marla Mulraine continued to serve on the Credit Committee for the year 2017. At the 51st Annual General Meeting, Sis. Janice King was re-elected to serve for a second three-year term. The composition of the 2017/2018 Credit Committee is as follows:

- | | | | |
|---|---------------------|---|---------------|
| • | Bro. Michael Sayers | - | Chairman |
| • | Sis. Janice King | - | Vice Chairman |
| • | Sis. Marla Mulraine | - | Secretary |
| • | Bro. Linus Goodluck | - | Member |
| • | Bro. Renato Gumbs | - | Member |

2.0 Meetings and Attendance

- 2.1 For the calendar year 2017, a total of forty nine (49) regular meetings were convened.

- 2.2 The Committee's attendance record was as follows:

	2017
Bro. Michael Sayers	43
Sis. Janice King	39
Sis. Marla Mulraine	47
Bro. Renato Gumbs	46
Bro. Linus Goodluck	43

- 2.3 A total of seventy-three (73) interviews were conducted with loan applicants, thirty three (33) of which included the members' contractors.
- 2.4 Members of the Credit Committee as well as in-house staff, conducted thirty four (34) site visits to a total of two hundred and fifty one (251) properties comprising properties for which loan applications were submitted for purchase and properties offered as security, to assess suitability; and ongoing projects.

3.0 Work Plan

- Processed loans in accordance with GECCU's loan policy;
 - Submitted monthly reports to the Board of Directors;
 - Provided financial counselling to members when necessary;
 - Participated in relevant training sessions and meetings;
 - Conducted site visits;
 - Conducted interviews where necessary;
 - Worked closely with the Loans Department and Recoveries Section;
 - Completed revision of the loan policy;
 - Collaborated with technical personnel
- 3.1 Recognizing the continued financial challenges of members, GECCU initiated a new innovative loan product to members in the form of a Credit Repair loan. This initiative was launched in October 2017 and while well received, its full impact is anticipated in the 2018 financial year. Financial advice and restructuring of loans continued to play an integral part of the Committee's role.

4.0 Loan Review and Disbursement

4.1 The demand for residential loans continues to increase.

4.2 The following table provides a summary of the loan activities for the period under review, in comparison to the previous year, 2016.

	2017		2016		% change	
Particulars	No.	Value (\$)	No.	Value (\$)	No.	Value
Total loan applications processed	8449	59,609,442	8180	66,284,127	3.3%	-10.1%
Total loan applications approved	8420	55,636,670	8141	58,336,281	3.4%	-4.6%
Total loan applications deferred	13	1,491,394	17	3,591,890	-23.5%	-58.5%
Total loan applications not approved	16	2,481,378	22	4,355,956	-27.3%	-43.0%
Total loans disbursed	8256	52,492,195	8118	54,176,185	1.7%	-3.1%
Total loans approved but not yet disbursed	164	3,144,475	23	4,160,096	613.0%	-24.4%

4.2.1 Table 1 above reveals a 10.1% decrease in the value of loans processed, while the numbers increased by 3.3%. Following this trend there were also decreases in all of the sub-headings in value and number, with the exception of the number of the total loans approved.

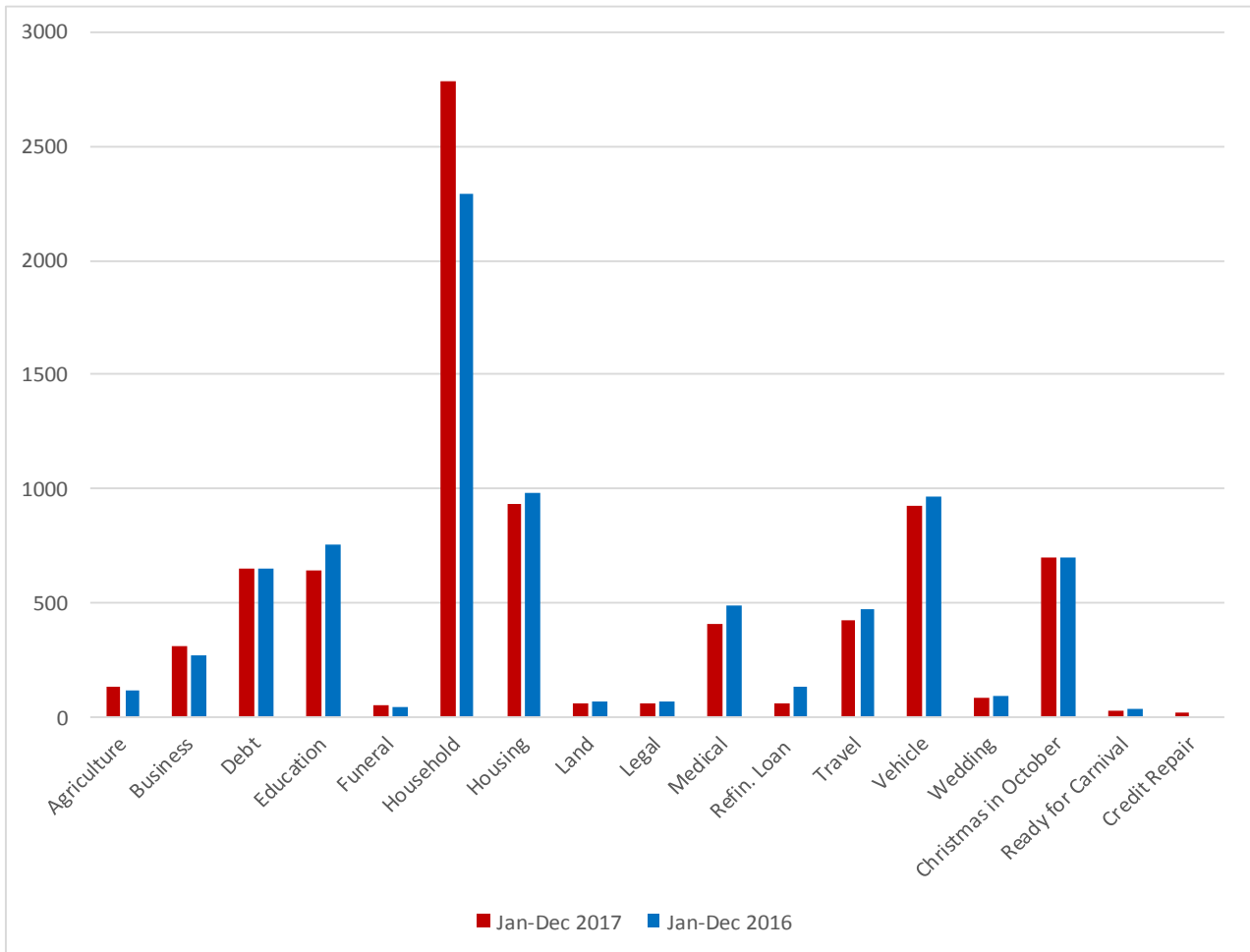
4.3 The table below shows loans disbursed by category in 2017 and 2016

	Jan-Dec 2017			Jan-Dec 2016			%
Type	No. of Loans	Amount (\$)	% of Total Loan Value	No. of Loans	Amount (\$)	% of Total Loan Value	change (Value)
Agriculture	132	340,620	0.65	116	320,305	0.6	6.3%
Business	310	2,802,359	5.34	270	1,560,206	2.9	79.6%
Debt	652	2,622,379	5.00	646	2,018,996	3.7	29.9%
Education	639	2,404,201	4.58	758	2,807,153	5.2	-14.4%
Funeral	52	160,950	0.31	45	132,325	0.2	21.6%
Household	2784	5,258,797	10.02	2292	5,017,593	2.9	4.8%
Housing	935	20,045,953	38.19	978	21,966,731	40.5	-8.7%
Land	62	2,917,248	5.56	69	2,764,647	5.1	5.5%
Legal	59	143,926	0.27	66	262,914	0.5	-45.3%
Medical	410	1,142,098	2.18	488	1,099,548	2	3.9%
Refin. Loan	55	440,552	0.84	133	2,355,282	4.3	-81.3%
Travel	419	1,793,155	3.42	474	1,917,143	3.5	-6.5%
Vehicle	924	9,343,291	17.80	966	9,143,585	16.9	2.2%
Wedding	82	394,682	0.75	91	447,128	0.8	-11.7%
Christmas in October	697	2,095,511	3.99	695	2,277,993	4.2	-8.0%
Ready for Carnival	26	44,300	0.08	31	84,636	0.2	-47.7%
Credit Repair	18	542,173	1.03				
Total	8256	52,492,195	100	8118	54,176,185	100	

4.3.1 During the period under review, the value of loans disbursed decreased from \$54.2 million to \$52.5 million, representing a decrease of 3.1%. This figure however, still exceeded the budgeted amount of \$45 million for the year by \$7.5 million and is a reflection of a typical year. The category that reflected the highest percentage change in value was Refinance Loan, which showed an 81.3% decrease from the previous year, likely as a result of members' improved financial status.

4.3.2 Chart 1 below shows a graphical representation of loans disbursed by type.

Chart 1: Loans disbursed by Type for the period 2016-2017



5.0. Mortgage Financing Program (MFP)

5.1 The total value of the mortgage (housing) portfolio stood at \$52,966,557 as at December 2016, representing 42% of the total loan portfolio, which amounted to \$125,756,741.00.

5.2 For the period under review, a total of 116 mortgages were approved, which amounted to \$17.5 million, representing approximately 30.78% of the total loans approved. This is an increase from that of the corresponding period in 2016, which showed the number of mortgages approved totaled 72, amounting to \$15.7 million, representing approximately 26.9% of the total loans approved.

5.3 The committee continues to place emphasis on the monitoring of all loans with the aim of ensuring compliance and providing counselling to applicants.

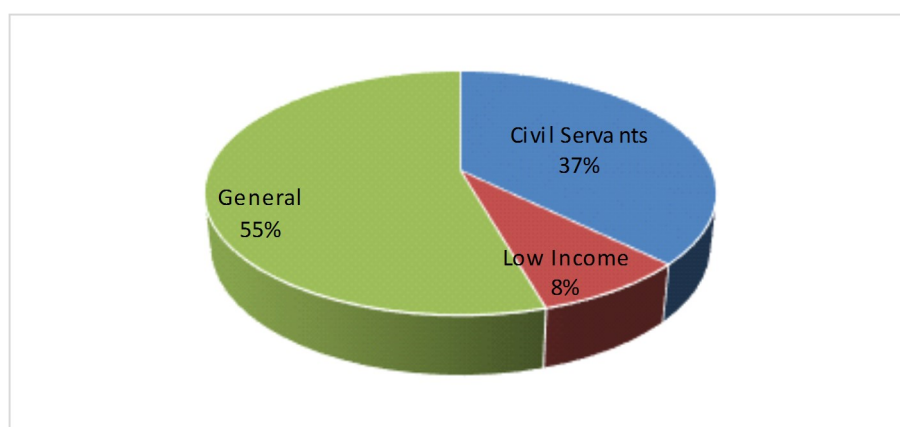
- 5.4 The table below shows the number and the value of the mortgage portfolio for the year 2017 in comparison to the year 2016.

Table 3: Mortgage portfolio by Category

	2017			2016		
Category	No. of Loans	Value (\$)	% of Total Loan Value	No. of Loans	Value (\$)	% of Total Loan Value
Civil Servants	153	22,784,228	37%	139	20,547,603	35%
Low Income	34	2,885,054	5%	36	3,167,810	4%
General	224	35,726,212	58%	202	29,251,144	55%
TOTAL	411	61,395,494	100	377	52,966,557	100

- 5.4.1 The distribution of the mortgage portfolio for the fiscal year 2016 is presented in the pie chart below.

Chart 2: Mortgage portfolio by Category



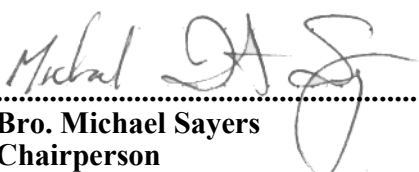
6.0 Delinquency Status

The Credit Committee is cognizant of its mandate to monitor the delinquency status of the loan portfolio as set out in Section 62 of the Co-operative Societies Act No. 12 of 2012, and further articulated by the Financial Services Authority (FSA). The Committee continues to work vigorously with the Recoveries Committee to reduce the level of delinquency (which currently stands at 7.8%) to the required 5% or less.

7.0 Conclusion

The Committee continues to exceed its budgeted targets, despite the numerous economic challenges being faced worldwide. The use of better screening processes, counselling and direct interaction with members has aided in the achievement of our targets.

The Credit Committee takes this opportunity to express its sincere thanks and gratitude to the Board of Directors, other committees, management and staff of GECCU and the general membership for the continuous support extended. The Committee looks forward to serving its members and reiterates its commitment to this noble credit union.


 Bro. Michael Sayers
 Chairperson


 Sis. Marla Mulraine
 Secretary

THE SUPERVISORY AND COMPLIANCE COMMITTEE'S REPORT TO THE 52ND ANNUAL GENERAL MEETING

1.0 INTRODUCTION

- 1.1** The Supervisory and Compliance Committee's duties and responsibilities are detailed in the Co-operative Societies Act No.12 of 2012 and GECCU's Bye-laws—inter alia: an examination of the books and documents pertaining to its functions and operations.
- 1.2** During the year, the Committee reviewed and tested the Credit Union's general operations, accounting system and internal controls and is satisfied that the General Employees Co-operative Credit Union Ltd. is in compliance with the Co-operative Societies Act No.12 of 2012, the organization's Bye-laws, internal policies and procedures and other statutory and regulatory requirements. In addition, the physical and technical safeguards in place have been effective in protecting assets and securing the information system

2.0 MEMBERSHIP AND ATTENDANCE

- 2.1** At the 51st Annual General Meeting, Bro. Ricky Haynes and Sis. Ena Walters were elected to serve for a period of three (3) years and Bro Joel Poyer was elected to serve for a period of one (1) year.
- 2.2** The other members of the Committee are:
- | | |
|---------------------|--------|
| Sis Timora Peters | Member |
| Sis Anika Stapleton | Member |
- 2.3** Bro. Joel Poyer and Sis Timora Peters were elected unopposed as Chairperson and Secretary respectively. Regular meetings were scheduled for the second and fourth Tuesday of each month.
- 2.4** Twenty three (23) meetings were held with attendance as follows:
- | | |
|----------------------|-------------|
| Bro Joel Poyer | 23 meetings |
| Sis. Timora Peters | 21 meetings |
| Sis Ena Walters | 13 meetings |
| Sis. Anika Stapleton | 22 meetings |
| Bro. Ricky Haynes | 10 meetings |

- 2.5** The Internal Audit staff aided the Committee in the implementation of its work programme.

3.0 SCOPE OF WORK

3.1 WORK-PLAN

The Committee developed a work plan for the year and liaised with the Board of Directors, management and staff in its execution. The main areas of concentration during the year were as follows:

3.1.1 LOANS AND DELINQUENCY

From our observation, the loans reviewed were properly administered and were in adherence with the loans policy except for a few instances of incomplete documentation which were reported to the Loans Department for follow up action.

Delinquency was also reviewed and the Committee noted that despite the fluctuations during the year, the Recoveries Section and Recoveries Committee have been effective in managing the delinquency ratio.

3.1.2 DISASTER MANAGEMENT

It is mandatory for the Credit Union to conduct disaster preparedness training/drills for both staff and volunteers during the year. However, the Committee noted the absence of these activities at the head office or any sub-offices during 2017.

The Committee therefore strongly recommends that disaster management training/drills be resumed in 2018 to safeguard the members, staff, volunteers, and assets from the hazardous effects of a disaster.

3.1.3 PROCUREMENT MANAGEMENT

Resulting from discussion with the Board of Directors it is expected that a number of development projects will be undertaken by the Credit Union. This is likely to result in an increase in the goods and services being procured. Therefore, the Committee recommends that a procurement policy be implemented by end of 2018, to ensure transparency and accountability in its activities and to encourage proper management of resources.

3.1.4 SUB-OFFICE OPERATIONS

Several visits were made to the sub-offices during the year in which the cash handling procedures and the general operations were reviewed. Hence, the Supervisory and Compliance Committee is satisfied that the operations at the Bequia, Union Island and Georgetown sub-offices have been consistent in complying with the Credit Union's overall policies and procedures. Additionally, the newer offices in Canouan and South Rivers, have performed creditably in implementing the necessary measures to ensure compliance with these policies and procedures.

3.1.5 REPORTING REQUIREMENTS

The Committee perused all financial reports, minutes and reports of the Board of Directors, Committees and Departments to ensure that all parties would have met their reporting obligation. Any issues identified during examinations were adequately addressed.

The Supervisory and Compliance Committee is therefore pleased to report that the Credit Union has successfully met its statutory and regulatory reporting requirement as mandated by the Co-operative Societies Act No. 12 of 2012 and Bye-laws.

4.0 COMMENDATIONS

The Committee wishes to commend the Credit Union on the opening of the South Rivers sub-office in May 2017 as part of GECCU's motto of "Putting Members First". The hosting of the Mid-Year Retreat was a good initiative taken by the Credit Union, which helped in the drafting of the strategic plan for 2018.

5.0 ACKNOWLEDGEMENT

The Supervisory and Compliance Committee is profoundly grateful to the general membership for electing us and giving us the opportunity to serve the Credit Union. Sincerest appreciation is also extended to GECCU's management and staff for their continued assistance, co-operation and support during the year.



Bro. Joel Poyer
Chairperson



Sis. Timora Peters
Secretary

THE EDUCATION COMMITTEE's REPORT TO THE 52nd ANNUAL GENERAL MEETING

1.0 Introduction

1.1 The Education Committee is an extension of the Marketing Department and continues to work closely with that department. The Committee, for the period under review, comprised the following volunteers and staff:

- | | |
|---------------------------------|-----------------------|
| • Bro. Clarence Harry | - Chairperson |
| • Sis. Gemma Mc Cree | - Deputy Chairperson |
| • Sis. Velda Gumbs | - Secretary |
| • Sis. Colleen Thomas | - Assistant Secretary |
| • Sis. Mineva Glasgow | |
| • Bro. Ronnie Daniel | |
| • Bro. Claude Cambridge | |
| • Sis. Diana Browne | |
| • Sis. Thelsea John | |
| • Sis. Kimberley Cambridge | |
| • Sis. Jo-ann Providence-Harris | |
| • Bro. Keith O'Neil | |
| • Sis. Danny Lee Francis | - Staff |
| • Bro. Anton Jardine | - Staff |
| • Bro. Tehani Cato | - Staff |

1.2 The Committee convened its first meeting on 28th July, 2017 and elected the named persons to the following positions: Bro. Clarence Harry - Chairperson, Sis. Gemma Mc Cree - Deputy Chairperson, Sis. Velda Gumbs - Secretary and Sis. Colleen Thomas - Assistant Secretary .

2.0 Meetings

2.1 The committee meets every second Monday in each month or whenever the need arises.

3.0 Strategic Objectives

3.1 The committee's work and work plan for the period under review were guided by the following four (4) broad strategic objectives, as set by the Board of Directors:

- To increase membership and enhance GECCU's image and brand.
- To improve the quality and accessibility of products and services to members.
- To strengthen adherence to the Credit Union principles and philosophy and the movement generally.
- To strengthen GECCU's commitment to the development of the Co-operative sector.

4.0 ACCOMPLISHMENTS

4.1 To increase membership and enhance GECCU's brand and image

The membership, inclusive of depositors, increased from 2994 in 2016 to 3,225 in 2017 as a result of the following:

- Conducting a presentation at the annual student nurses' orientation session of the Division of Nursing Education of the St. Vincent and the Grenadines Community College on the 11th January, 2017. Students were informed about the benefits of being a member of GECCU and the diverse range of products and services offered by the institution.
- Hosting a town hall meeting in Union Island on 28th March 2017 to update members on the various projects, products and services offered by GECCU.
- Collaborating with the Forestry Department in the hosting of the department's 2017 Annual Summer Program. The program, which ran from August 14th to 18th 2017 afforded the participants the opportunity to learn about climate change and its implications for Caribbean countries.

- Sponsoring the ‘All-female Cricket Tournament’ hosted by the Owia Sports and Cultural Organization (OSCO) which was staged in October 2017.
- Erecting a billboard and also installing four (4) benches on the premises of the comfort station in Port Elizabeth, Bequia. An official handing over ceremony was held on 24th November, 2017.
- Undertaking specific outreach programmes targeting the 40 years and under age group of the population. These programmes included the following: sending mass messages to targeted groups; greater utilization of the Liaison Officers and Teacher Guides; launch of new and smart products and promotions; greater utilization of the social media and visits to the thirty-one (31) GECCU-sponsored Schools’ Co-operatives.
- Installing six (6) benches along the walkway of the international arrivals section of the Argyle International Airport (AIA). The benches bear the message “**GECCU LTD- Your First Choice Financial Institution welcomes you to your First Choice Destination**”.
- Placing a poster bearing the message “**SVG is GECCU Country**” inside the baggage claim area at the AIA.

Conducting six (6) presentations at workshops/training sessions hosted by the following:

- 1) (Centre for Enterprise Development (CED) - a workshop for females members of VincyKlus on the topic ‘The benefits of becoming a member of a credit union and how to access a loan’;
 - 2) Ministry of National Mobilisation – workshop on the topic ‘The benefits of joining a credit union’;
 - 3) A group of young entrepreneurs/members of the Sunshine Goers Program in Lowmans Hill - a training session on small business options;
 - 4) (Her Majesty’s Prison – First workshop held for the female inmates who were serving short sentences on ‘The benefits of joining a credit union’;
 - 5) LIAT staff at the AIA – workshop on ‘The benefits of joining a credit union’;
 - 6) Presentation at the French Verandah for participants of the 2017 Science, Technology, English and Mathematics (STEM) Programme – informative session on ‘**How to dress appropriately in the workplace**’.
- Sponsoring the ‘2017 Science Technology English and Mathematics’ (STEM) Programme. Students and other persons who register for this programme are encouraged to become junior savers or join GECCU.
 - Utilising Liaison Officers to sell GECCU’s products and services at their respective workplaces.
 - Collaborating with **BOOM FM** and **NBC Radio** to promote a new loan product – “**Ready for Carnival loan**” - during the carnival season.

4.2 To improve the quality and accessibility of services and products to members

- The advent of the online platform has made doing business with GECCU easier and more convenient. The platform has significantly improved members’ accessibility to the range of products and services offered.
- The website continues to be the primary vehicle for the dissemination of information to online members. ‘**Loans**’ and ‘**Link-24**’ are the most popular and most accessed pages.
- www.geccu.com receives an average of **3903** monthly visits.
- The average monthly recorded page views are **16,056**.
- Google searches amounting to **224** were executed for the keywords “geccu” and “geccu.com” in 2017.
- The website received **27,413** unique visitors (visitors from one single IP address), visits and **597,145** hits for the period under review.
- The GECCU South Rivers branch was opened on the 9th May, 2017 to facilitate the business needs of members and people of South Rivers and surrounding communities.

a. Social Media

- GECCU's presence on Facebook, Twitter and Instagram continues to solidify the efforts made by the Marketing Department to enhance interaction with members and the general public. The online audience is kept up-to-date with information on the range of products and services through these channels. As a result, increases in the number of members accessing products and services have been recorded. Additionally, there has been an increase in customer loyalty as confirmed by members' tweets and comments. For the period under review, GECCU's Facebook page had **2409** followers, Instagram had **1038** and Twitter had **204**.

b. Mobile App

- There were **378** installations of GECCU's mobile app, **268** of which were new users. There was also a total of **3144** page views.
- The monthly online traffic for the period under review, as well as for the corresponding period in 2016, is shown in the table below.

Online Marketing Platform	2017	2016
Website (geccu.com)		
Total visits/Monthly Average	46,847/3903	41,558/3,463
Unique Visitors	27,413	22,941
Page Views	192,680	211,327
Google Search Engine Referrals	23,046	14,789
Social Media		
Facebook followers	2,429	1,607
Instagram Followers	1040	0
Mobile App		
New Users	268	110
Page Views	4,957	2,270

4.3 To strengthen adherence to the Credit Union principles and philosophy and the movement generally

- Training sessions were held for staff, volunteers and liaison officers. The objectives of these sessions were to:
 1. Build new capacities and strengthen existing capacities relative to credit union principles and philosophy and
 2. Prepare and empower a new cadre of co-operators.
- A workshop was held for current and potential volunteers as part of ongoing efforts to ensure that members are educated about their role in offering voluntary services to the credit union. Young professionals were exposed to the values and principles of the credit union as well as the benefits of volunteerism.
- Partnered with the Forestry Department in the hosting of that department's 2017 summer programme which was held from the 14th to 18th August.
- Co-sponsored the 2017 Science Technology English and Mathematics (STEM) Summer Programme .
- Sponsored the All-female Cricket Tournament Collaboration hosted by the Owia Sports and Cultural Organization (OSCO).

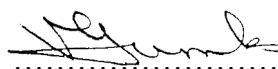
4.4 To strengthen GECCU's commitment to the development of the co-operative sector

- Participated in the Biabou Methodist School's 2017 Career Day on 30th January.
- Visited the thirty-one (31) GECCU sponsored School Cooperatives on the mainland and in the Grenadines during January 2017.
- Sponsored the joint Girls' High School/St. Vincent Grammar Schools' annual Sports Meet which was held at the Arnos Vale Sporting Complex on 15th February, 2017.
- Participated in the Eastern Caribbean Central Bank's (ECCB) annual Financial Information Month of activities which was held during the month of October 2017 under the theme **"Retirement Planning – Making Your Golden Years Golden"**. These activities included the following: a radio program on NBC Radio, an exhibition at Heritage Square and a Retirement Symposium at the National Insurance Services (NIS) Headquarters. Financial tips were also recorded for the ECCB's YouTube channel.
- Sponsored the National Secondary School's Volleyball Finals on March 2nd 2017. The competition was won by the Georgetown Secondary School, a GECCU-sponsored school.
- Sponsored the South Rivers Cultural Organization's tape ball cricket tournament which was held from April 2nd to 18th, 2017.
- Sponsored the Grassroots Basketball Tournament in South Rivers from May 27th to June 10th, 2017.
-
- Hosted a senior loans officer of the Cathedral Credit Union of Trinidad and Tobago for one week from August 20th – 26th 2017. The aim of the attachment was to expose the officer to the operations of GECCU.
- Coordinated the annual Youth Symposium which was held from August 22nd to 23rd, 2017 under the theme **"Gen Z: Credit Union Agents for Change"**.
- Co-sponsored the National Schools' Co-operative Awards which was hosted by the Co-operative Department on October 10th, 2017.
- Worked along with Teacher Guides in the development of an Action Plan for Teacher Guide Education.
- Collaborated with the Co-operative Department in the development of new and more efficient ways to strengthen the Schools' Co-operative Programme along with providing support to the Teacher Guides Programme.

5.0 CONCLUSION

The Education Committee would like to express its gratitude to the Board of Directors for allowing us the opportunity to serve this esteemed organisation. We would like to commend the staff of the Marketing Department for their selfless support in the execution of the committee's mandate. We truly look forward to your continued support.


.....
Bro. Clarence Harry
Chairperson


.....
Sis. Velda Gumbs
Secretary

Serving Officers 2017/2018

Board of Directors

Bro. Gary Matthias	- President
Bro. Harold Lewis	- Vice President
*Bro. Jerold Jackson	- Treasurer
*Bro. Brian Alexander	- Secretary
Bro. Kelvin Pompey	- Director
Bro. Clarence Harry	- Director
Bro. Philmore Isaacs	- Director
Bro. Ronnie Daniel	- Director
*Bro. Michael Da Silva	- Director

Credit Committee

Bro. Michael Sayers	- Chairperson
Sis. Janice King	- Deputy Chairperson
*Sis. Marla Mulraine	- Secretary
Bro. Linus Goodluck	- Member
*Bro. Renato Gumbs	- Member

Supervisory and Compliance Committee

*Bro. Joel Poyer	- Chairperson
*Sis. Timora Peters	- Secretary
Sis. Anika Stapleton	- Member
Sis. Ena Walters	- Member
Bro. Ricky Haynes	- Member

*Indicates members due to retire at this meeting.

Notes

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"Putting Members First"

Kingstown



Union Island



Georgetown



Bequia



Canouan



South Rivers



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