



GECCU LTD

GENERAL EMPLOYEES' COOPERATIVE CREDIT UNION LIMITED

Celebrating
55
Years of
Service, Strength
&
Stability



Reports and Accounts 2018 **53rd Annual General Meeting**

WEDNESDAY JULY 17TH, 2019 | 3:30 P.M.
RUSSELL'S AUDITORIUM | STONEY GROUNDS

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.

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NOTICE/AGENDA OF THE 53rd ANNUAL GENERAL MEETING

Dear Members,

Notice is hereby given that the 53rd Annual General Meeting of the General Employees' Co-operative Credit Union Limited is scheduled to take place on **Wednesday 17th July, 2019** at the Russell's Auditorium, Stoney Grounds at 3:30 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 52nd 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 53rd Annual General Meeting



Brothers and Sisters of GECCU, it is an honor and a privilege for me, standing before you today as your President, to greet and welcome you to our 53rd AGM. For me, it has indeed been a great honor and a privilege to have served you in this capacity for the past two years and I sincerely thank you, the members, for the opportunity to serve. Oh how quickly time went by, for it feels like it was just yesterday when I was standing before you, in my first AGM as Chairman, at the Methodist Church Hall. After one year, we are together again as one big family, with a spirit of gratitude and thanksgiving. It is a wonderful feeling to see so many of my Brothers and Sisters in one place. AGM, to me, is like a family reunion.

First I would like to apologize, on behalf of the Board and management, for the lateness of this AGM. This lateness is as a result of the protracted process involving the implementation of the Accounting standard, IFRS 9, which became effective for financial year beginning on January 1, 2018 or later.

Nevertheless, this year GECCU is proudly celebrating its 55th year of existence as a Credit Union. Fifty-five years is a milestone that requires some reflection and thanksgiving. Therefore, I want to first give thanks to Almighty God for his mercies towards the entire membership of GECCU, both in our personal lives and collectively as a Credit Union. Additionally, many thanks to you, the owners and members of this noble Credit Union for your loyalty and dedication over those years.

“Let the peace of Christ rule in your hearts, since as members of one body you were called to peace. And be thankful”. Colossians 3:15.

“All you need are these: certainty of judgment in the present moment; action for the common good in the present moment; and an attitude of gratitude in the present moment for anything that comes your way.” — Marcus Aurelius, Meditations, 9.6.

On August 6th, 1964, when Brother Bertrand Neehall, Brother Ceford Providence and the other Founding Fathers sat around the table to have their first board meeting just after the registration of GECCU on July 14th, I am sure they could not have perceived that this seed they had just planted would have grown and developed to what it is today. GECCU has made significant growth over those fifty-five years, to the extent that it is now considered by ECCB to be one of the Credit Unions that has a systemic impact on the economy of the OECS. Additionally, they would have never imagined that the GECCU they planted, our credit union, would have achieved the following:

- ⇒ Forty-four thousand, five hundred members
- ⇒ Six offices including the main headquarters.
- ⇒ A staff of sixty one employees and a loyal and dedicated group of volunteers
- ⇒ An asset size of ECD\$ 258 million
- ⇒ Cash and cash equivalent of ECD\$ 35.6 million
- ⇒ Net Loans to members of ECD\$ 150 million
- ⇒ Institutional capital of ECD\$ 36 Million (14%)
- ⇒ Members' Savings of ECD\$ 216 million
- ⇒ Major impact on the communities we serve with an excellent focussed Corporate Social Responsibility policy, “SVG is GECCU Country” (Taken from GECCU billboard in Arnos Vale).

Over the years our members have become more participative and educated in the benefits and principles of Co-operatives. This has resulted in bigger attendance at our AGM and more relevant and meaningful discussions. In fact we have now outgrown the Methodist Church Hall and so here we are now in a bigger hall, the Russell's Auditorium. Gone are the days when we had to struggle to reach a quorum to begin the AGM. Thank you members, we appreciate your attendance and interest in your financial affairs, your Credit Union, your GECCU.

At this AGM, Directors Kelvin Pompey and Ronnie Daniel will be leaving the Board of Directors after serving six consecutive years. Director Clarence Harry, will be seeking re-election after serving three years. I sincerely thank these three Volunteers for their significant contribution to the growth and development of GECCU. It was a privilege working with these Brothers and I thank them individually and on behalf of the entire GECCU family. I often say that this present Board is one of the strongest in terms of experience and professionalism; five Presidents, a CEO in office for twenty five years and six Credit Union Development Educators. We did not always agree, but we all have one thing in common; the interest of the members in our hearts and love for GECCU. Thank you colleague Board members for allowing me to lead this prestigious Board.

Once again, Brothers and Sisters, welcome to this AGM. Let us focus primarily on preparing GECCU for the next fifty-five years. This is an excellent opportunity for you to contribute to the decision making of your GECCU and I urge you to make the best use of this opportunity. Your contributions make the Credit Union a better alternative than the commercial banks. This is the Credit Union members' advantage. Rev. Dr. Moses Coady, one of the founding fathers of the Co-operative movement in Canada said, "We are the masters of our own destiny." Brothers and Sisters, let us live these words in this meeting today and in the future.

I wish you a successful 53rd AGM.



Gary Matthias
President

MINUTES OF THE 52nd ANNUAL GENERAL MEETING OF THE GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED (GECCU) HELD AT THE KINGSTOWN METHODIST CHURCH HALL ON THURSDAY 31ST MAY 2018 AT 4:30 PM

OPENING SESSION

PRESENT:

Bro Gary Matthias	-	President
Bro. Harold Lewis	-	Vice President
Bro. Jerold Jackson	-	Treasurer
Bro. Brian Alexander	-	Secretary
Bro. Kelvin Pompey	-	Director
Bro. Ronnie Daniel	-	Director
Bro. Clarence Harry	-	Director
Bro. Philmore Isaacs	-	Director
Bro. Lennox Bowman	-	Chief Executive Officer

APOLOGY: Bro Michael D Silva - Director

1. CALL TO ORDER

The President, Bro. Gary Matthias, called the meeting to order at 4:47 pm.

2. PRAYERS

The meeting was led in prayer by Bro. Ronnie Daniel. The Credit Union prayer was recited by all present.

3. NATIONAL ANTHEM

The National Anthem was sung by all present followed by the Credit Union's 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 Hon. Frederick Stephenson, Minister with responsibility for Co-operatives.

6. WELCOME

The President and Chairman, Bro. Gary Matthias, welcomed all to the 52nd Annual General Meeting. In his message, captioned "Enhancing our Culture of Innovation" Bro Matthias expressed pleasure with the large turnout, which indicated that members took the credit union's business seriously. In his remarks he highlighted the following:

- I. 3,225 new members joined the credit union in 2017 compared to 2,994 in 2016. Growth in membership is a key area of focus for the credit union.
- II. Total assets at the end of 2017 were \$232 million, with net surplus of over \$2.8 million, cash and cash equivalent of \$32 million and net loan to members of \$137 million;
- III. While the economic outlook may have appeared uncertain, members' loans and deposits continued to grow despite competition from banks and other financial institutions.

He concluded by expressing his appreciation to members and other directors for their continued support and encouragement. He then singled out Bro. Jerold Jackson, who retired from the Board, for his dedication and voluntary service over the six years.

7. REMARKS – MINISTER OF CO-OPERATIVES

Mr. Patterson Holmer, Chief Inspector of Co-operatives apologised for the absence of Hon. Frederick Stephenson. On behalf of the Minister, Mr. Holmer congratulated GECCU on its 52nd AGM and applauded the credit union on its achievements and the increase in its membership, growth and profit. He also thanked GECCU for its continued support to the Schools Co-operatives' programmes; particularly, the sponsorship of four (4) schools on the piloting project of the "Schools Cooperative Local Fruit Juices Processing and Marketing Project".

8. GREETINGS- GUEST SOCIETIES

Fraternal greetings were received from the following societies:

- St Vincent and the Grenadines Teachers' Credit Union Limited
- SVG Co-operative League Limited
- St Vincent and the Grenadines Police Co-operative Credit Union Limited
- Kingstown Co-operative Credit Union Limited
- St Vincent Automotive Co-operative Limited
- Financial Services Authority
- Commercial Technical and Allied Workers' Union
- Baptiste and Company Chambers
- Lyndon George Chambers
- Caribbean Credit Bureau

CLOSED SESSION

1. ASCERTAINMENT OF QUORUM

The quorum was ascertained with approximately 276 members 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 Patricia Williams-John, seconded by Sis Cecelia Williams, the agenda was accepted as presented.

2. MINUTES OF THE 51ST ANNUAL GENERAL MEETING, 7TH JUNE 2017

The minutes having been circulated before were accepted as read.

(a) Amendments

Page 7 6 (I): first sentence, "Annual" was added to General Meeting;

Page 10: 1.3.1 last line: "stimulation" was changed to "simulation exercises"

On a motion moved by Bro. Valburg Hamilton, seconded by Sis. Roxanne Smith, the minutes were confirmed and carried with amendments.

3. MATTERS ARISING

- 3.1 In response to Bro. Aubrey Burgin's question on the status of the funeral home, the Chairman stated that the project was still supported. However, it was not on the priority list as other projects took precedence.
- 3.2 Bro. Cecil 'Pa' Jack requested an update on the liquidation of COMFI. The Chairman responded that COMFI's liquidation process was still ongoing and was nearing completion. Meetings were held with the liquidator and there were outstanding matters to be decided upon with all the credit unions involved with COMFI. The liquidation was expected to be completed before the end of 2018.

- 3.3 Bro. Timothy Providence referred to the 40% cap on mortgage loans for 2017, and queried the 46% reported in 2018. The Chairman explained that the 40% cap on mortgage loans was a guide to ensure that there was a balance between the long term and short term loans. This showed that the demand for mortgages was growing but GECCU will continue to monitor, thereby ensuring that there will be no mismatch between the short term and long term loans.
- 3.4 Bro Grady Clarke, referring to the Education Committee's report on page 101 requested an update on the marketing strategies. He also suggested that:
- (i) the social media platform should be very widely used as well to distribute annual reports in advance, which would save on printing cost;
 - (ii) financial literacy education should also be enhanced by using social media platforms; and
 - (iii) the membership should be educated on how the credit reporting legislation will affect them.
- The Chairman drew attention to "social media", the heading of the report of the Education Committee, which indicated that information posted on social media such as: Facebook page, twitter, and mobile app continued to improve the credit union's social media presence. The monthly online traffic for 2017 with comparisons was shown in the table. It was confirmed that the booklet was posted on the website.
- 3.5 Bro. James Gibson sought an update on the status of GECCUMED. The Chairman said that GECCUMED continued to be a work in progress and that discussions are being held with Insurance Brokers regarding alternative insurance companies. Some information was received and was being reviewed to select an alternative insurance company best suited to members.
- 3.6 In response to an update on the status of the office that was to be opened in Troumaca, the Chairman responded that the sale of the land is still being negotiated. However, a larger adjoining plot was being explored for purchase. It was established that the owner for the lands was out of state and efforts will be made to conclude negotiations regarding this acquisition.
- 3.7 Referring to the number of projects named to come on stream, Bro. James Gibson suggested that a Project Manager be considered to assist with the management of these projects. The Chairman responded that a consultant was currently working with the team and a Property Management Committee was in place to assist with the projects. Currently, there are on-going discussions to employ someone with an engineering background to fill this need.

4. REPORTS AND ELECTIONS

(a) Board of Directors

i. Board of Directors' Report

The report having been circulated before was taken as read.

Corrections:

Page 26: 4.1.42 last line: "...Portfolio now constitutes 46% of our total Loan Portfolio" was corrected to 42%.

4.1 The Chairman guided the meeting through the report and drew attention to the following:

4.1.1. Priority 1: Corporate Governance

- The Bye-laws were being reviewed;
- Establishment and operationalisation of the following committees: (a) Audit Committee; (b) Succession Planning Committee
- Establishment of a Retirement and a Voluntary Separation Policies for employees
- Establishment and Operationalization of an Ethics Policy
- Salary scales review was in progress

4.1.2. **Priority 4: To assist members in fulfilling their housing needs**

- Regarding the joint project with NIS to develop 57 acres (GECCU 30 acres and NIS 27 acres) at Peter's Hope, the joint committee finalized the recruitment of a consultant re design and supervision of the network of roads and other infrastructure, as well as the recruitment of a Project Manager.

4.1.3. **Priority 5: Access to GECCU Services**

- The design for the renovations of the recently acquired CENTREX/CIBC building was completed. Renovations to this building were expected to commence soon. The building will temporarily house GECCU's operations during the period of construction of the new headquarters.

4.1.4. **Priority 7: Financial Sustainability and Profitability**

- 2017: A net profit of \$2,877,849 was realized as compared to \$1,113,318 in 2016;
- Total expenses decreased by \$742,486 or 6%;

4.1.5. **Social Development Fund:** Following the aftermath of hurricanes Irma and Maria, a contribution of \$25,000 and other reliefs was made through the SVG Co-operative League to assist members of GECCU who reside in St Martin and BVI, two (2) of the affected countries.

4.1.8.1 As of 31st December 2017, the closing balance of the Social Development Fund was \$1,267,092.11.

4.1.9 In closing the Chairman emphasised that one of GECCU's main priorities going forward will be quality lending, which was expected to reduce delinquency.

4.2 **Discussion**

4.2.2 A member expressed disappointment with the lack of female representation on the current Board of Directors (BOD). Further clarity was needed on the significance of the Succession Planning Committee.

4.2.3 The Chairman explained that the Succession Planning Committee was established to ensure that there was a resource of persons available to fill key vacancies on staff, committees and Board.

4.2.3.1 Sis. Marcelle Burgin requested the names of the persons who constituted the committee and inquired about the criteria used for selection on the committee as well as the persons eligible for the resource pool. She further asked whether succession included members of the BOD and staff, and if positions would be advertised.

4.2.3.2 The Chairman confirmed that the Succession Planning Committee, as well as the Nominations Committee, addresses succession for staff and volunteers.

4.2.3.3 Chairman of the Succession Planning Committee, Bro. Philmore Isaacs stated that the members of the committee were Bros. Brian Alexander, Ronnie Daniel, Philmore Isaacs, Sisters Maxine Johnney, Cornelia Moses and Dr. Mineva Glasgow. He continued that the succession plan policy and guidelines will outline the procedures for filling vacancies for key staff.

4.2.3.4 The Chairman also added that the Nominations Committee was responsible for sourcing persons through interviews, counselling etc. with appropriate skills to fill vacancies on the Board, Supervisory and Compliance and Credit Committees. However, elections for members to serve on the Board and standing committees will remain as a democratic process.

4.2.3.5 Sis Patricia Williams-John commended the BOD, management and staff of GECCU for their outstanding performance in the 2017 financial year, She stated that she got the impression that members did not know the criteria (if any) for persons to be selected to serve on BOD. Mrs. Nyasha Browne of the FSA read the list of criteria for members on the BOD from Section 53 of the Bye-laws, specifically items 4 (a) and (b).

- 4.2.3.6 Sis Camille Crichton stated that the name of the committee may be misleading and suggested that a revision of the committee's name be considered.
- 4.2.4 In response to a question regarding the operations of the Social Development Fund (SDF), the Chairman explained that applicants must be members of GECCU for at least six (6) months, their accounts must be in good standing and their needs must be clearly outlined and verified with supporting documents. The Social Development Committee makes a determination based on the verification of information submitted. The Chairman also explained that the SDF is a compulsory contribution to a fund which was established by resolution at an Annual General Meeting.
- 4.2.4.1 Bro James Gibson questioned whether the SDF ever went into a deficit and if so, whether that was one of the reasons for denial of applications. The Chairman responded in the negative to both questions.
- 4.2.4.2 Sis Gemma McCree-Clarke, a member of the Committee, added that there are criteria in place for approval of applications. She further added that when an application is denied, the member is asked to provide additional information. The committee would seek assistance through the Ministry of National Mobilization on behalf of the member. She further added that the fund was set up for a specific purpose; however the committee was flexible and if assistance could be given outside of its limits, the application will be forwarded to the Board.
- 4.2.4.3 Bro. Cecil Jackson suggested at least 1% of the surplus should be allocated to the SDF for the next financial year, given the great demand for resources from the SDF.
- 4.2.5 Bro. Cecil 'Pa' Jack referring to 4.1.3 under PRIORITY 1 requested additional information on the Retirement Policy, revised Investment Policy, and Ethics Policy. He asked whether the salary scales review was done in conjunction with the collective bargaining process. He further questioned the need for IFRS 9. In his response, the Chairman stated that the salary scales review was intended to regularize the salary scales in keeping with the collective bargaining process and to allow for better administration. He further stated that Ethics Policy was introduced to strengthen governance. It covered issues of confidentiality, accountability etc. to ensure that the behaviours of stakeholders do not adversely affect the credit union's business. The review of the Investment Policy and the implementation of the IFRS 9 was undertaken in keeping with FSA regulations. Owing to time constraint, the Chairman invited Bro Jack to visit the office for further information on the Retirement Policy.
- 4.2.5.1 Bro. James Gibson questioned the rationale for the establishment of the Audit Committee given that a Supervisory and Compliance Committee was already in place. In response, the Chairman stated that while the Supervisory and Compliance Committee deals with overall issues in the organisation, the Audit Committee will focus mainly on auditing functions and issues relating to internal and external auditing by working with the Internal Audit Department and the external auditors.
- 4.2.5.2 Bro Shima Charles suggested that GECCU's website be better utilised to offer explanations on the policies.
- 4.2.5.3 Bro. James Gibson stated that there needed to be more youth representation in governance such as on the BOD and not just in the co-operative movement through management of social media. He added that with the majority of the new members being young people, the youth in the organisation needed better representation in the governance structure and should be involved in making decisions on financial management. He requested further conversation on the issue. The Chairman noted the concern. He assured Bro. Gibson that youth forums at GECCU allowed young persons to inform management on trending issues.
- 4.2.5.4 Bro. Shima Charles opined that each age group in the audience did not need to be recognised. However, given that the majority in the audience were female, it might have been useful to reserve at least three (3) positions for female representation and one (1) for youth representation on the BOD in the following year's election. He also commended the Board for its work during the 2017 financial year.

- 4.2.5.5 Bro. Cecil Jackson suggested that provisions be made to revise the bye-laws to address adequate women and youth representation on the BOD. He also commended the Board on its performance specifically in the area of training, which helped in improving service delivery to the general membership.
- 4.2.5.6 Sis Camille Crichton commented that females were being nominated each year but males were elected by the membership. She highlighted that two (2) females were nominated at the last AGM; however, they were not elected; hence the reason for the lack of female directors.
- 4.2.6 Sis. Gwenette Cambridge recommended that, at the next AGM, there should be a suggestion box where members can submit their questions and concerns so discussions do not go off on a tangent and prolong the meeting unnecessarily.
- 4.2.7 On a motion moved by Sis Cecelia Williams, seconded by Sis Ena Walters, the Board of Directors' report was accepted.

ii. Treasurer's Report

- 4.3. The Treasurer's and Auditors' reports were taken as read on a motion moved by Sis Cecelia Williams, seconded by Sis. Fay-Ann Durham.
- 4.3.1. Bro. Jerold Jackson guided the meeting through the Treasurer's report and highlighted the following:
- Total assets showed a 10% increase from 2016.
 - Property plant and equipment increased by \$2.3 M.
 - The balance of shares of \$255,232 in COMFI was written off.
 - Share capital, members' ordinary savings, term deposits and members' deposits increased by 9%, 9%, 2% and 20% respectively.
- 4.3.2. Bro. Jerold Jackson concluded that further growth in profits, net cash flow and loans was expected for 2018. He thanked the BOD, committee members and staff for the opportunity given to serve as Treasurer during his tenure.

iii. Auditors' Report

- 4.4. The Auditors' report was presented by Mrs. Lisa Braithwaite and Ms. Crystal Wyllie of KPMG. Ms. Braithwaite provided a synopsis of the institution, stating that it provided professional audit, tax and financial advisory services in 154 countries globally, with over 200,000 professionals in all locations. The four (4) Caribbean countries guided by over 150 professionals included SVG, St Lucia, Antigua and Barbados.
- 4.4.2 In response to an earlier inquiry about IFRS 9 and concerns about the credit union being treated as a bank, Ms. Braithwaite clarified that credit unions and banks were fundamentally different. However, as they were both deposit-taking institutions, similar standards would apply to both. She continued that IFRS 9 will ensure that the risk of engaging in financial services was reflected in the financial statements to protect the interest of all stakeholders including the members. The Credit Union will therefore have to apply the standards, and as a consequence, loan loss provisions will increase in 2018.
- 4.4.3 Ms. Wyllie presented a summary of the information that was presented in the Auditor's report. This included the financial statements of GECCU, which comprised a statement of financial position as at December 31st 2017, statement of profit (or loss) and other comprehensive income, changes in members' equity and cash flows for the year ended and notes comprising significant accounting policies and other explanatory information. She commented that the accompanying financial statements presented fairly in all material respects: the financial position of GECCU as at December 31st 2017, financial performance and cash-flows for the year then ending in accordance with International Financial Reporting Standards (IFRS).

4.4.4 In closing, she noted that the financial statements of GECCU for the year ended December 31st 2016 were audited by another auditor who expressed an unmodified opinion on the aforementioned statements on April 6th 2017.

44.5. Discussion

4.5.1. Sis Cecelia Williams commended the BOD, management and staff of GECCU for a successful year. She added that she was pleased that the Auditors' report gave a clean "bill of health". She also expressed gratitude to the members for their contribution.

4.5.2. Referring to the tabled 'Operational expenses' on page 91 of the Auditors' report, Bro Timothy Providence inquired why the expenses for Georgetown, South Rivers and the Grenadines' offices were itemised but income was not done in a similar manner. Sis Cecelia J. Williams pointed to page 26 of the BOD's report, which showed collections and disbursement from the various offices, namely Union Island, Canouan, Bequia, Georgetown, and South Rivers.

4.5.3. Bro. Shima Charles suggested that the reports be distributed to members 3-4 weeks in advance so that members can review and have a better conversation on what the financial statements actually mean.

4.6. Elections - Board of Directors

4.6.1. Bros. Michael DaSilva, Jerold Jackson and Brian Alexander were due to retire from the Board of Directors. Bro. Jerold Jackson served two (2) consecutive terms and was mandated to take a two-year break before he becomes eligible to serve the Board again. Bros. Brian Alexander and Michael Da Silva served one (1) term and were eligible for re-election.

4.6.2. The Nominations Committee nominated Bros. Brian Alexander and Michael Da Silva and Sis Gemma Mc Cree-Clarke.

4.6.3. Sis. Cecelia J. Williams was nominated by Bro Cecil 'Pa' Jack, seconded by Bro. Linus Goodluck.

4.6.4. Bro. Sylvester King was nominated by Sis Ena Walters, seconded by Sis. Jacintha Payne.

4.6.5. Bro Colin Sam was nominated by Sis Jelesia John, seconded by Bro. Richard Mc Leish.

4.6.6. Sis. Yolande Barbour was nominated by Sis. Roxanne Smith, seconded by Bro. Timothy Providence.

4.6.7. Bro. Joshua Gibson was nominated by Bro. Cecil 'Pa' Jack, seconded by Sis Jennifer Daniel.

4.6.8. Nominations were closed on a motion moved by Bro. Linus Goodluck, seconded by Bro. Michael Sayers.

The results of the elections were as follows:

Bro. Brian Alexander	76
Bro. Michael Da Silva	27
Sis. Gemma Mc Cree-Clarke	75
Sis. Cecelia J. Williams	93
Bro. Colin Sam	91
Sis. Yolande Barbour	50
Bro. Joshua Gibson	40
Bro. Sylvester King	22

4.6.9. Bros. Brian Alexander and Colin Sam and Sis Cecelia Williams were elected to serve on the Board of Directors for the next three (3) years.

4.6.10. Ms Neva Cordice on behalf of Financial Services Authority (FSA), thanked Bro. Jerold Jackson for his commendable work and service to the Board and the credit union movement.

4.7. Raffle

4.7.1 It was announced that a raffle will be done from among the attendance of members for an all-expense paid trip to attend the 67th annual Caribbean Confederation of Credit Unions' conference which was scheduled to be held in Trinidad & Tobago from June 15 – 20, 2018. The expense included a return airfare, registration, ground transportation, hotel accommodation, meals and allowance for the duration of the conference.

4.7.2 The winner was Sis. Jonquil Codougan of Sion Hill.

(b) Credit Committee

i. Credit Committee's Report

4.8.1. The Credit Committee's report having been circulated before was taken as read on a motion moved by Bro Joel Poyer, seconded by Bro. Timothy Providence.

4.8.2. Bro. Renato Gumbs guided the meeting through the Credit Committee's report and highlighted the following:

- A total of seventy-three (73) interviews were conducted with loan applicants.
- Members of the committee and in-house staff conducted thirty-four site (34) visits to 251 properties – (which included properties submitted for purchase and those offered as security) – in order to assess sustainability and on-going projects.
- Credit Repair Loan was initiated to cater to members with financial challenges.
- Civil servants, low income and general loans accounted for 37%, 5% and 58% respectively of the overall mortgage loan portfolio.
- The Committee was still working to reduce the loans delinquency portfolio from 7.8% to 5% or less.

4.8.3. In concluding, Bro. Renato Gumbs stated that better screening and interpersonal interactions with members have aided the committee to achieve and/or exceed targets, despite the economic challenges being faced worldwide.

4.9. Discussion

4.9.1. In response to a request for clarification on the Credit Repair Loan, Bro Gumbs explained that members who may have more than one (1) loan and encounter difficulty meeting both payments can have their loans consolidated so that one payment can be made.

ii. Elections - Credit Committee

4.10.1. Bro. Renato Gumbs and Sis. Marla Mulraine were due to retire at the meeting. However, Sis Marla Mulraine was not eligible for re-election.

4.10.2. The Nominations Committee nominated Bros. Renato Gumbs and Lukeano King. Bro Lukeano King was absent without reason and was not eligible for nominations.

Nominations from the floor:

4.10.3. Sis. Gemma Mc Cree-Clarke was nominated by Sis. Camille Crichton, seconded by Bro Linus Goodluck.

4.10.4. Bro. Danroy Ballantyne was nominated by Sis Marcella Peters, seconded by Bro. Micah Cumberbatch.

4.10.5. Bro. Elson Samuel was nominated by Sis Juanika Joseph, seconded by Sis. Abigail Richards.

4.10.6. Sis. Bethlene Ferdinand was nominated by Sis. Gail Toney, seconded by Sis. Alicia Stephens.

- 4.10.7. Nominations were closed on a motion moved by Bro Linus Goodluck, seconded by Sis Jacintha Payne.

The results of the elections were as follows:

Bro. Renato Gumbs	78
Bro. Danroy Ballantyne	32
Sis. Gemma Mc Cree-Clarke	44
Bro. Elson Samuel	15
Sis. Bethlene Ferdinand	31

- 4.10.8. Bro. Renato Gumbs and Sis. Gemma Mc Cree-Clarke were elected to serve on the Credit Committee for the next three (3) years.

(c) Supervisory & Compliance Committee

i. Supervisory & Compliance Committee's Report

- 4.11.1. Bro. Joel Poyer, Chairman of the Committee, presented the report. Having been circulated previously, the report was taken as read on a motion moved by Sis. Cecelia J. Williams, seconded by Bro. Michael Sayers.
- 4.11.2. Bro. Joel Poyer elaborated on the Procurement Policy stating that it will be established to ensure transparency and accountability on GECCU's ongoing projects. The general membership will be able to confirm that proper procedures within stipulated guidelines were followed.

4.12. Discussion

- 4.12.1. In response to a question, Bro. Joel Poyer affirmed that members of the Supervisory and Compliance committee attended training sessions as well as specific training organized for members of staff.

ii. Election of Supervisory & Compliance Committee

- 4.13.1. Bro. Joel Poyer and Sis. Timora Peters were due to retire from the Supervisory & Compliance Committee.
- 4.13.2. The Nominations Committee nominated Bro. Joel Poyer and Sis. Timora Peters.
- 4.13.3. Sis. Gatlin Roberts was nominated by Sis Jacintha Payne, seconded by Sis Gemma Mc Cree-Clarke.
- 4.13.4. Bro. Aubrey Burgin was nominated by Bro Cecil 'Pa' Jack, seconded by Sis Cecelia J. Williams.
- 4.13.5. Bro. Micah Cumberbatch was nominated by Bro Nathaniel Sandy, seconded by Bro. Bernard John.
- 4.13.6. Bro. Joshua Gibson was nominated by Sis Juanika Joseph, seconded by Bro Cecil 'Pa' Jack.
- 4.13.7. Nominations were closed on a motion moved by Bro. Cecil Jackson, seconded by Sis. Sandra Augustus.

The results of the elections were as follows:

Bro. Joel Poyer:	40
Sis. Timora Peters	53
Sis. Gatlin Roberts	42
Bro. Aubrey Burgin	26

Bro. Micah Cumberbatch	43
Bro. Joshua Gibson	23

- 4.13.8. Sis. Timora Peters and Bro Micah Cumberbatch were elected to serve on the Supervisory and Compliance Committee for the next three (3) years.

(d) Education Committee

i. Education Committee's Report

- 4.14.1. Having been previously circulated, the report of the Education Committee was taken as read on a motion moved by Bro Brian Alexander, seconded by Bro Micah Cumberbatch. Bro Clarence Harry guided the meeting through the report.

- 4.14.2. There were no questions or comments on the report.

- 4.14.3. The report of the Education Committee was accepted on a motion moved by Bro. Micah Cumberbatch, seconded by Bro. Linus Goodluck.

5. ELECTION OF AUDITORS

- 5.1. KPMG was nominated by Sis Cecelia J. Williams, seconded by Sis. Camille Crichton.
- 5.2. Nominations were closed on a motion moved by Bro Cecil Jackson, seconded by Bro Michael Sayers.
- 5.3. There being no other nominees, KPMG was retained as Auditors for the 2018 financial year.

6. NEW BUSINESS

- 6.1. It was suggested that the Board should explore the possibility of having the AGM streamed so that members who are unable to attend can access the proceedings on line.
- 6.2. The Chairman responded that the AGM was intended to be a closed meeting for the membership. He confirmed that the reports were available online to all members. The Chairman added that members who are unable to attend the meeting can submit their queries or suggestions to the office for the Board to review.
- 6.3. Sis. Camille Crichton commented that the attendance was getting too large for the hall, thus making meetings more uncomfortable. She noted that the air conditioning units were not working properly. She suggested that the Board consider another venue.
- 6.4. In response to a question on the timeline for the construction of the North Leeward branch, the Chairman stated that plans were being put in place to establish an office in Troumaca. However, if that location was unavailable, another option will be explored.
- 6.5. Bro Joel Poyer suggested that an in-house or otherwise project committee be formed to report to the Board bi-monthly so other members can be aware of the progress of the projects, which will also cater to accountability regarding members' financial investments.
- 6.6. Bro Renato Gumbs suggested using an electronic voting system so that elections can be handled more efficiently.
- 6.7. It was suggested that elections be scheduled earlier in the programme so that members who wish to leave early can still get the opportunity to vote.

6.8. Also, it was suggested that all questions be taken after the reports and elections results are presented.

The Chairman promised that the Board will consider all suggestions.

6.9. Bro Linus Goodluck highlighted that members complained about the lack of female representation on the Board but of the three (3) women who were nominated, only one (1) was elected. He also highlighted that there were more women than men in attendance and hoped members do not complain again about the lack of female representation on the Board at the next AGM.

6.10. Bro Cecil 'Pa' Jack commented that members should discipline themselves to stay and participate in voting and discussions in order to maintain democracy and participation. He also expressed concern as to why the CEO did not participate in the meeting and hoped that he was not side-lined by the Board. He further questioned why members were not allowed to park in GECCU's car park when they visited the office to conduct business.

6.11. In response, the Chairman stated that the car park was not big enough to accommodate vehicles for staff and members. He also stated that the CEO was not side-lined and much of the reports presented were based on information submitted by the CEO.

6.12. Bro Cecil 'Pa' Jack further requested some clarity on "quality lending" as mentioned in item 8.5 (d) under 'Future Directions and Strategies' on page 37 of the BOD's report.

6.13. Chief Executive Officer, Bro. Lennox Bowman explained that because of financial challenges being faced globally and competition from other lending institutions, it may be tempting to get caught up in growing profit and lend indiscriminately. He further explained that quality lending was intended to improve members' lives without putting the savings of other members at risk. For example, the organisation will seek to ensure that the loans approved are the ones that remain on the books and generate income throughout the life of the loan and not the ones to be written off in 90 days.

6.14. Bro. Joel Poyer urged members to be prepared for the hurricane season, which commenced on 1st June 2018.

6.15. In closing, the Chairman congratulated the newly elected members of the Board and other committees and wished for a successful financial year in 2018.

There being no other business, the meeting ended at 9:09 pm on a motion moved by Sis Marcelle Burgin, seconded by Sis Jacintha Payne.

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

.....
Secretary

.....
Chairman

BOARD OF DIRECTORS' REPORT

to the
53rd ANNUAL GENERAL MEETING



Celebrating
55
Years of
Service, Strength & Stability.

Board of Directors



Bro. Gary Matthias
President



Bro. Harold Lewis
Vice President



Sis. Cececia J. Williams
Treasurer



Bro. Brian Alexander
Secretary



Bro. Ronnie Daniel
Director



Bro. H. Colin Sam
Director



Bro. Kelvin Pompey
Director



Bro. Clarence Harry
Director



Bro. Philmore Isaacs
Director



Bro. Lennox Bowman
CEO

1.0 Introduction

Fellow Co-operators,

- 1.1** Shareholders, Members of the All Committees, Staff, Brothers and Sisters, Stakeholders, it is with a great sense of gratitude and appreciation that we the members of the Board of Directors present its annual report which encapsulates the activities, accomplishments, challenges and growth in our Credit Union for the year ended December 31st, 2018 under the theme for our 55th Anniversary, “Celebrating 55 years of Service, Strength and Stability”.
- 1.2** During the period under review, GECCU continued to touch in positive and profound ways the social and economic lives of our members and indeed the wider community.
- 1.3** The Credit Union’s focus on improving the lives of our members was supported by special strategies which targeted enhancing financial prosperity; member satisfaction; digital customer experience through use of appropriate and affordable technology; process excellence; youth development; governance and ethics; infrastructural development and human resource development

2.0 Board of Directors

- 2.1** At the 52nd Annual General Meeting, two new members, Brother Hugh Colin Sam and Sister Cecelia J. Williams 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, Sis. Cecelia Williams – 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
Sis. Cecelia Williams	-	Treasurer
Bro. Kelvin Pompey	-	Director
Bro. Philmore Isaacs	-	Director
Bro. Ronnie Daniel	-	Director
Bro. Clarence Harry	-	Director
Bro. Hugh Colin Sam	-	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	5	15
Bro. Brian Alexander	10	5	15
Sis. Cecelia J. Williams	6	3	9
Bro. Kelvin Pompey	10	5	15
Bro. Philmore Isaacs	10	4	14
Bro. Ronnie Daniel	10	5	15
Bro. Clarence Harry	10	5	15
Bro. Hugh Colin Sam	10	5	15

4.0 Overall Performance Review

4.1 Despite the economic and social challenges on the local, regional and international markets, GECCU continues to perform well with significant growth in most areas of its operations. The use of historical data and environmental scanning to establish clear objectives, work plans, goals and the identification of development opportunities, allowed for and resulted in creditable performances over the years. This year was no exception.

4.2 PERFORMANCE RELATED TO PRIORITY AREAS

4.21 The Board of Directors established eight (8) 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.

4.22 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 period under review corporate governance continued as a key area of focus for the Board of Directors and Management. In this regard transparency, compliance and public accountability, the enhancement of our internal processes to reflect best practices and the insistence on integrity, competence and commitment all received the highest attention of the Board and Management.

4.1.3 As a consequence, the following were or are being currently undertaken:

- Bye-laws reviewed
- Succession plan operationalized
- Salary Scale reviewed
- Disaster Management Policy reviewed
- Training in global trends in corporate governance conducted
- Extensive work done on IFRS9 towards GECCU's compliance with this standard

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

4.1.5 The close working relationships with the Financial Services Authority, the Financial Intelligence Unit, the Ministry of Finance 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, **2,402** new members/depositors were registered, 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 The tightened conditions for registering new members did negatively impact our members but we are working closely with the Financial Intelligent Unit in this regard.

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

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

4.2.6 Our Education Committee and Marketing Department Reports highlight many of the activities under taken during the period under review.

4.2.7 Total membership/depositors of the credit union now stands at 44,551.

Table 2: Breakdown of new membership/depositors by age

AGE	Number of Persons	Percentage
Junior Savers	649	27
16-30	787	33
31-40	383	16
41-50	292	12
51-60	194	9
60+	70	3
TOTAL	2,402	100

4.3.1 PRIORITY 3: HUMAN RESOURCE CAPACITY BUILDING

4.3.2 GECCU remains committed to education and training at all levels of the organization.

4.3.3 With this in mind, GECCU continues to develop annual training programmes and assists with Education programmes targeting Staff, Volunteers and the General Membership.

4.3.4 The following charts detail the extensive training undertaken during the year.

Table 3: Staff Training –Consultations, Workshop and Seminars

Title	Participants	Date	Venue	Hosted by
National Qualifications Framework for St. Vincent & the Grenadines	Sharlene Charles	January 11, 2018	Curriculum Development Unit	Ministry of Education
Development of National Land Banks for improved Food and Nutrition Security and Land Administration in Grenada, St. Lucia and St. Vincent and the Grenadines	Keon Findlay	January 18, 2018	Ministry of Agriculture Conference Room	Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour
National Qualifications Framework for St. Vincent and the Grenadines	Sharlene Charles	February 22, 2018	Curriculum Development Unit	Ministry of Education
OEC Agriculture Competitiveness Project	Ivo Julian Joslyn	June 13, 2018	Methodist Church Hall	Ministry of Agriculture, et al
Building community resilience to mitigate the impacts of climate change in the Caribbean	Anton Jardine Cornelia Moses	July 13	National Insurance Services Conference Room	SVG Red Cross
Consultation on the review of planning legislation – Draft EIA subdivision and advertisement regulations	Baldwin Johnney Julian Joslyn	October 11	Frenches House	Ministry of Housing Informal Human Settlements, Land & Surveys, Physical Planning
EC Currency Pilot Project	Rhonda Thompson	November 28	ECCB Agency Office	Eastern Caribbean Central Bank

Workshops/Seminars 2018: Ex-house

Seminar Title	Participants	Location	Date	Resourced by
Social Dialogue & Continuity Workshop	Sharlene Charles	NIS Conference Room	February 1 – 2, 2018	St. Vincent Employers' Federation, ILO and Caribbean Employers Confederation
IFRS Updates for Financial Institutions (on-line Webinar)	Rhonda Thompson Gertrude Jacobs	League's Conference Room	February 15, 2018	SVG Co-operative League Ltd
Cluster Capacity Building in Small and Vulnerable Countries	Junelto James	Methodist Church Hall	February 15	Centre for Enterprise Development Inc.
Operations Training	Baldwin Johnney Charisa Pitt Norecia Seymour Keldon Walters Annisha Rodgers Tonyah Williams	Blue Lagoon	March 24	Western Union
Legal and Business Aspects of Insurance	Ketora Browne	Sentry Insurance Conference Room	April 23 - May 4	Association of Insurance Institutes of the Caribbean
Global Trends in Corporate Governance	Management Staff & Volunteers	NIS Conference Room	April 30	KPMG
Complying with Credit Reporting Legislation	Julian Joslyn Sherissa Cupid-Bennett Damoris Alexander	NIS Conference Room	May 29	Caribbean Credit Bureau Ltd, SVG Co-operative League Ltd and Chamber of Industry and Commerce
Customer Service	Kimesha Browne Romani Hull Andreka Samuel	Frenches House	June 14	UWI Open Campus
Conflict Resolution in the Workplace	Rhonda Thompson	Frenches House	June 19	UWI Open Campus
Regional and Global Opportunities: Preparing for Success	Maxine Johnney	Bahamas	June 21 – 23	Institute of Chartered Accountants of the Caribbean
Marketing	Tehani Cato	Frenches House	June 21 -22	UWI Open Campus
Customer Service Workshop – Techniques in Service Excellence	Sherissa Cupid-Bennett Ashley Ashton Enrico Morris	National Development Foundation	August 15	National Development Foundation
Ten Soft Skills to Enhance Productivity	Theresa Douglas Annisha Rodgers	PROSEC Conference Room	September 19	Professional Secretarial & Consultancy Services Inc

Workshops/Seminars 2018: Ex-House

Seminar Title	Participants	Location	Date	Resourced by
Supervisory Management	Ketora Browne Ricardo Springer Keldon Walters	UWI Open Campus	September 24 (13 weeks)	UWI Open Campus
IFRS9 Management	Kenneth Thomas	MSD Training Center	September 27	Micro Software Designs (MSD)
Occupational Safety and Health Seminar	Cornelia Moses Sharlene Charles	Methodist Church Hall	November 16	Insurance Institute of St. Vincent and the Grenadines

In-House

Seminar Title	Participants	Date	Facilitator
GECCU's Policy and Procedure Manual on Money Laundering Activities and Terrorist Financing	Members of Staff	March 21 & April 19, 2018	Mrs. Maxine Johnney - Accountant – GECCU; Ms. Cornelia Moses – Operations Officer, GECCU
Professional Member Service	Members of Staff	April 12, 2018	Ms. Cornelia Moses – Operations Officer, GECCU Mrs. Adinga Findlay – Disbursement Officer, GECCU Mr. Julian Joslyn – Senior Loans Officer, GECCU
IFRS-9 (International Financial Reporting Standards)	Members of staff and volunteers	May 11, 2018	KPMG
Professional Member Service	Members of Staff	May 16, 2018	Ms. Rhonda Thompson – Assistant Accountant, GECCU
Legal and Securities Management	Select Staff	May 24, 2018	Ms. Sherissa Cupid – Senior Securities Officer, GECCU
Microsoft Word (Formatting Documents)	Select Staff	July 17, 2018	Mr. Anton Jardine – Assistant IT administrator
Evacuation Drill	Members of Staff	August 16, 2018	Disaster Management Committee
Microsoft Excel	Select Staff	October 15, 2018	Mr. Anton Jardine – Assistant IT administrator
Co-operative Philosophy	Members of Staff and volunteers	October 17, 2018	Ms. Sandra Davis – former Registrar of Co-operatives

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

- 4.1.4.1 GECCU recognizes members' housing needs as a priority and sees itself as a possible solution in this regard.
- 4.1.4.2 The Credit Committee and Management continue to work tirelessly to meet these needs in a number of ways, including loans for land purchase, house building, renovations, legal fees for obtaining properties etc.

- 4.1.4.3 Much attention is paid to home ownership advice, and frequent field visits to projects and proposed purchases are undertaken by our staff and Credit Committee.
- 4.1.4.4 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 Board regrets that this project has been further delayed. The committee is currently reviewing the high costs of the development with a view to making adjustments for lowering of the same. This decision was taken in an effort to ensure that the cost of the land to members is not prohibitive. Work on the project continues with actual construction scheduled to recommence in August, 2019.

4.1.5 PRIORITY 5: ACCESS TO GECCU SERVICES

- 4.1.5.1 In St. Vincent and the Grenadines, 80% of our population lives in rural areas and the Grenadines.

The main income activities still center on agriculture, fishing, tourism and construction. Making financial services available to these communities promotes savings and loans which assist with the general standards of housing, employment, education and life in general.

- 4.1.5.2 Much attention is paid to enhancing the technology which connects all our offices to each other in real time, thereby enhancing the efficient and effective communication between these members and our six offices.
- 4.1.5.3 Regular visits are made to our offices by our Marketing Department, Education and Supervisory and Compliance Committees and our Internal Audit Department, in an effort to continue the enhancement of our administration of these offices.

Sub– Offices	New Members		Collection		Disbursement	
	2017	2018	2017	2018	2017	2018
Union Is.	83	52	\$3,377,619.18	\$4,040,557.17	\$2,231,319.64	\$2,181,075.03
Canouan	141	98	\$2,435,939.24	\$2,953,443.98	\$272,659.18	\$228,776.00
Bequia	103	117	\$1,599,528.70	\$2,981,964.44	\$947,908.77	\$1,173,743.63
Georgetown	652	442	\$8,384,598.02	\$9,441,633.18	\$13,550,605.20	\$15,377,324.63
South Rivers	136	143	\$998,716.82	\$2,202,208.62	\$928,553.10	\$1,726,484.47
TOTAL	1,115	852	\$16,796,401.96	\$21,619,807.39	\$17,931,045.89	\$20,687,403.76

- 4.1.5.4 With respect to the construction of our new headquarters at our current location on Halifax Street, the firm of Moulton Mayers Architects is working closely with the Board, Property Management Committee and the staff to complete the design. Construction of this new headquarters is scheduled to begin in early 2020.
- 4.1.5.6 During the construction of GECCU's new headquarters, the recently acquired CENTREX Building which is currently being renovated will adequately and comfortably house our operations. It is expected that we will move to this interim home by the end of 2019.
- 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 is 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 Two GECCU Directors, Bros. Jerold Jackson and Harold Lewis currently sit on the Board of Directors of the SVG Credit Union League and Bro. Brian Alexander is a member of the Supervisory and Compliance Committee of the said League.
- 4.1.6.4 GECCU also attended and provided active representation at the CCCU Convention and WOCCU.
- 4.1.6.5 GECCU also continued to participate in the Development Educators' Programme for Credit Unions.

4.1.7 PRIORITY 7: TO STRENGTHEN OUR PROCESS EFFICIENCY AND EFFECTIVENESS

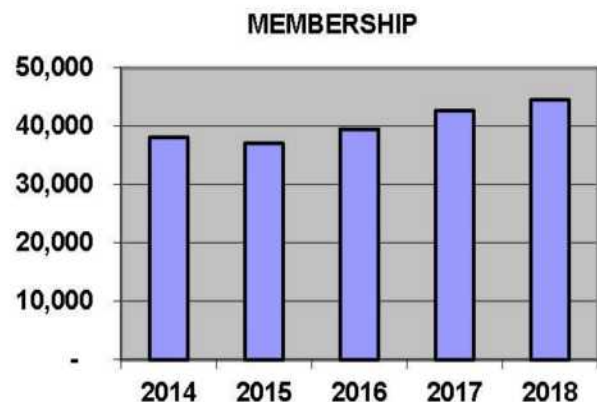
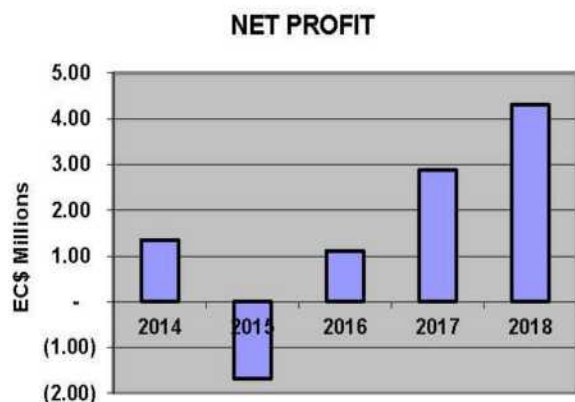
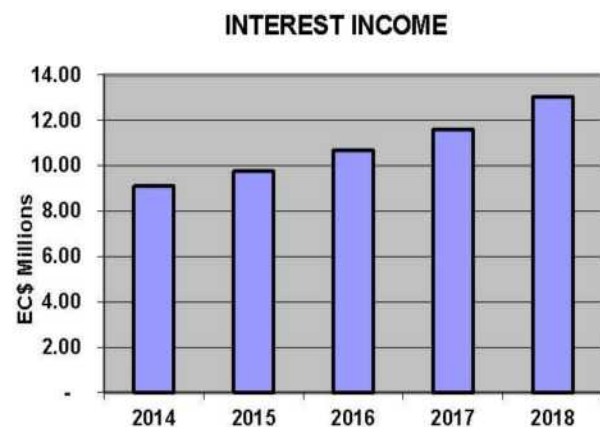
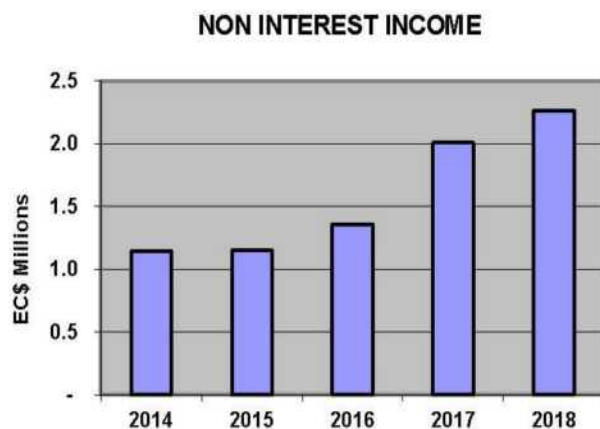
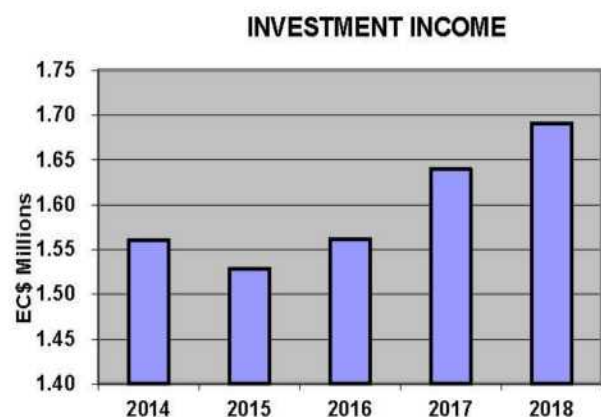
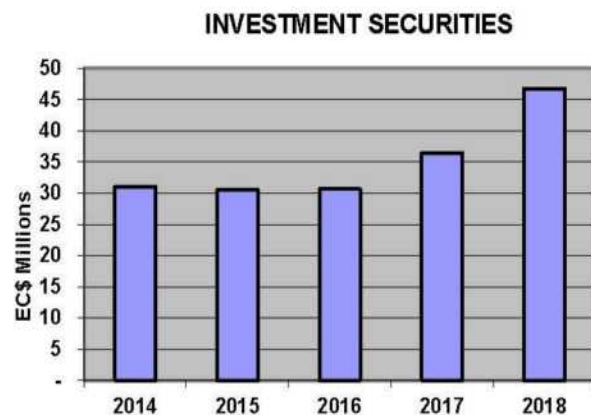
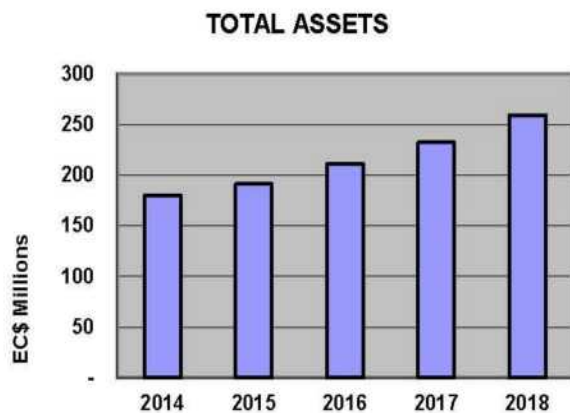
- 4.1.7.1 During the year under review, GECCU focused on improving the quality and efficiency of its output. It is recognized that changing processes ultimately leads to the way our people in the Credit Union work and behave. Further, GECCU recognizes that its human resource capital is its most valuable asset and that its effective management is key to achieving enhanced performance. In fact, human resource management is a strategic function within GECCU Ltd.
- 4.1.7.2 In this regard, various activities were undertaken towards achieving process excellence. These include, but are not limited to, the following:
1. A complete review and further documentation of our internal processes and policies is close to completion.
 2. The process has also begun to transition to a new operations software programme which aims to add increased flexibility and new features as we aim to enhance our data analytics, communication, data collection and reporting as well as FINTECH capabilities.
 3. GECCU has also procured the services of a consulting firm – HRC Associates, to conduct a job evaluation and performance management exercise. This consultancy commenced in June 2019.

4.1.8 PRIORITY 8: FINANCIAL SUSTAINABILITY AND PROFITABILITY

- 4.1.8.1 Despite the many challenges of the local, regional and international markets, GECCU has achieved positive growth in most key areas of activities.
- 4.1.8.2 During the period under review:
- A net profit of \$4,277,732 was realized for 2018 compared to \$2,877,849 in 2017.
 - Assets grew by 12% compared with 10% in 2017.
 - Loans portfolio grew by 9% relative to 12% in 2017.
 - Total expenses decreased by \$193,473 or 2%.
 - GECCU's Liquidity position remains very strong.

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

GECCU PERFORMANCE HIGHLIGHTS					
	2018 EC\$	2017 EC\$	2016 EC\$	2015 EC\$	2014 EC\$
ASSET GROWTH					
Loans-Net	150,013,425	137,816,907	123,416,638	108,827,524	101,662,432
Cash Resource	35,626,122	31,782,884	30,844,713	26,112,130	25,494,776
Inventory	6,793,043	6,660,283	6,657,966	6,573,290	5,904,370
Fixed Assets	12,017,716	12,101,360	9,799,610	8,491,778	4,652,031
Investment Securities	46,738,996	36,446,955	30,608,505	30,501,789	31,053,476
Other Assets	637,229	220,824	282,724	357,526	628,612
Investment properties	6,999,992	6,885,734	8,769,000	9,991,000	9,925,000
Total Assets	258,826,523	231,914,947	210,379,156	190,855,037	179,320,697
SAVINGS COMPONENTS					
Members' Shares Savings	97,434,046	88,825,864	81,219,786	75,414,806	69,103,981
Members Deposits	117,394,557	104,906,915	95,545,786	86,227,317	78,807,788
Total Savings	214,828,603	193,732,779	176,765,572	161,642,123	147,911,769
INCOME					
Loan Interest	13,036,752	11,588,526	10,659,222	9,752,199	9,095,687
Investment Income	1,675,381	1,639,522	1,561,637	1,528,716	1,560,615
Non Interest Income	1,730,850	2,008,524	1,357,199	1,147,546	1,141,342
Total Income	16,442,983	15,236,572	13,578,058	12,428,461	11,797,644
EXPENSES					
Marketing, General Admin & other Exp.	8,085,758	7,679,982	8,888,924	10,380,865	6,399,307
Interest Expense	4,150,669	3,999,811	3,270,542	3,555,564	3,816,232
Allowance for Loan loss	(136,875)	678,930	305,274	179,409	216,000
Allowance for Investment	65,698				
Total Expense	12,165,250	12,358,723	12,464,740	14,115,838	10,431,539
PROFITABILITY					
Surplus	4,277,732	2,877,849	1,113,318	(1,687,377)	1,366,105
Other Reserve	9,151,620	7,034,555	4,729,154	4,047,842	6,016,190
Equity Shares	28,319,542	25,663,931	23,634,241	21,810,012	20,057,119
MEMBERSHIP	44,551	42,643	39,486	37,083	38,953



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 2017	31 st Dec 2018
P – Protection			
Loan Loss Allowances / Delinquency >12mths <i>This measures the adequacy of the provision for loans delinquent over 12 months.</i>	100%	190.13%	250.15%
Solvency <i>The degree of protection for members' shares & deposits in the event of liquidation.</i>	Min 110%	103.67%	104.84%
E – Effective Financial Structure			
Net Loans / Total Assets <i>Measures the percentage of total assets invested in Loans.</i>	Between 70 to 80%	59.43%	57.96%
Financial Investments / Total Assets <i>Measures the percentage of long-term Investment in Total Assets</i>	Max 10%	4.42%	4.09%
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%	7.74%	5.78%
Non-Earning Assets / Total Assets <i>This measures the percentage of total assets not producing income.</i>	Less than 5%	9.52%	11.63%
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%	9.02%	9.12%
Operating Expenses / Average Assets <i>Measures the cost associated with the management of the C.U assets.</i>	Less than 5%	3.44%	3.32%
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%	28.77%	32.52%
Non-Earning Liquid Assets / Total Assets <i>Measures the percentage of cash invested in Non earning Assets</i>	Less than 1%	4.23%	6.74%
S – Signs of Growth			
Net Loans <i>Measures the percentage growth in Loan Portfolio</i>	More than 10%	11.67%	8.85%
Total Assets <i>To measure the percentage growth in Total Assets.</i>	More than 10%	10.24%	11.60%
Membership <i>Measures the percentage growth in Membership</i>	Min 5%	8.00%	4.47%

4.1.8.3 Interest & Dividend

The interest paid on members' Shares Savings is **1.75 %**. The Board of Directors proposes to pay a dividend of **4%** on Equity Shares.

5.0 Corporate Social Responsibility

5.1 At GECCU, we pride ourselves in positively impacting the communities we serve.

5.2 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 wellbeing of our communities.

5.3 GECCU continues to offer socially responsible products such as 'Learn While You Earn', 'Weathering The Storm', 'Back to School', 'small businesses, 'credit repair loans' , just to name a few. Additionally, our various savings products as well as Death Benefit service and our Social Development Fund further emphasize our commitment to our social responsibility.

5.4 GECCU 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.

5.5 A few years ago, GECCU purchased 1.5 acres of land in South Rivers- the River 14 Picnic Site. This site is currently being developed as a recreational park for public use at an overall cost of EC\$865,000. This project is titled "The Riverine Mitigation and Enhancement Project" at River 14, South Rivers, St. Vincent and the Grenadines. GECCU applied and received a strategic grant from the Global Environment Facility/Small Grants Programme (GEF/SGP) of US\$150,000- towards the execution of this project. Other "in-kind" contributions are being made by CWSA, VINLEC, Ministry of Agriculture, Ministry of Health, Forestry Department, National Parks, Rivers and Beaches Authority and the SVG Tourism Authority.

6.0 Social Development Fund

6.1 The Social Development Fund was established by resolution passed at the 38th Annual General Meeting of the General Employees' Co-operative Credit Union Ltd. held on 13th May 2004. Its purpose is to provide assistance to members who lack the financial resources to recover from an emergency such as storm damage, fire, earthquake, serious illness etc. The fund is managed by a Social Development Committee which was appointed by the Board of Directors in accordance with the resolution. The undermentioned members were appointed to serve by the BOD.

- Bro. Brian Alexander
- Sis. Jacintha Payne
- Bro. Douglas Rose
- Sis. Gemma Mc Cree
- Sis. Laurette Kelly
- Sis. Jonquil Cadougan
- Bro. Michael Da Silva
- Sis. Shineco Sutherland
- Sis. Sandra Augustus
- Bro. Colin Sam
- Sis. Cecelia Williams
- Sis. Cecile Gibson (Staff)

At the first meeting of the committee, Bro. Michael Da Silva and Sis. Gemma Mc Cree were elected unopposed as Chairman and Secretary respectively.

The committee held meetings on a monthly basis and made site visits to assess the validity of the requests and estimates that were submitted.

6.1.1 The year 2018 was not an eventful one for the Social Development Committee as far as housing and property damage were concerned, but a number of our members were faced with medical challenges which the Social Development Fund aided in addressing. There were fifty-nine (59) requests for assistance during 2018. Of these fifty-two (52) were approved, four (4) were denied and three (3) are pending. A high percentage (86.44%) of the cases that came to the committee was for medical expenses. The table below gives a breakdown of the applications that were received and processed by the SDF Committee in 2018.

6.1.2 The table below gives a breakdown of the applications that were received and processed in 2018.

Category	Applications Received	Applications Approved
Medical	50	47
Housing, Flood & Fire	6	3
Welfare	3	2
TOTAL	59	52

6.1.3 **FINANCIAL STATUS OF THE SOCIAL DEVELOPMENT FUND**

Table 1.2 Financial Statement of the Social Development Fund at 31st December, 2018.

1 st January 2018	Balance Brought Forward	\$1,267,092.11
Add	Members Contribution	\$510,820.00
Less	Assistance to Members	\$204,595.00
31st December 2018	Closing Balance	\$1,572,953.03

6.1.4 **GECCUMED**

The Social Development Committee welcomes GECCU's decision to obtain the services of a new Health Insurance provider for GECCUMED and commends management in this regard.

6.1.5 **OTHER OUTREACH**

The Social Development Committee embarked on a drive to show GECCU's appreciation to its members by presenting them with gift baskets. The drive targeted our senior members, past volunteers and those who are shut in.

The Social Development Committee wishes to thank the Board of Directors for providing its members with this opportunity to serve.

7.0 **ANNUAL SCHOLARSHIPS TO SECONDARY SCHOOL**

7.1 During the period under review, thirteen (13) major scholarships were awarded to students who were successful in the 2018 Caribbean Primary Exit Assessment (CPEA).

7.1.1 The 2018 scholarship recipients were:-

Girls: Krista Williams	- Troumaca Government
Janos Lucas	- Calliaqua Anglican
Adia Daniel	- St. Mary's Roman Catholic
Nailah Jack	- Kingstown Preparatory
Reisha John	- Kingstown Preparatory

Boys: Christian Gieowarsingh	- Kingstown Preparatory
Oneil Sprott	- Kingstown Preparatory
Taéno Sutherland	- Kingstown Preparatory
Damario Da Briel	- Sugar Mill Academy
Francis Da Silva	- Kingstown Preparatory
Chad King Crick	- Kingstown Preparatory

Grenadines Scholarship:

Northern Grenadines: Requelme Bess – Paget Farm Government

Southern Grenadines: Arianna Chambers – Mary Hutchinson Primary

One (1) scholarship was awarded to the student of an employee who was also successful. This scholarship is in keeping the Collective Agreement between GECCU and the Commercial and Technical Allied Workers Union. The name of the student is Rachel Joseph - St. Mary's Roman Catholic.

- 7.1.2 The recipients of scholarships were presented with certificates of academic excellence at a ceremony held on Wednesday 18th July 2018 at the Methodist Church Hall, Kingstown. One hundred and twenty (120) other successful students received monetary awards of \$150.00 each.

7.1.3 University Bursaries

GECCU continued to assist members with bursaries valued at \$3,000.00 for studies at University level. In 2018, the Board of Directors increased the number of university bursaries from three (3) to five (5).

The successful recipients were Sisters Shamika Cambridge; Ashanna Samuel-Jack; Gabriela Kydd; Suzette Lewis and Bro. Alroy Harry.

Scholarships and bursaries amounted to \$156,462.00 as at December 31, 2018.

7.1.3 Congratulations

- 7.1.4 The Board of Directors and the Scholarship Committee extend congratulations to all recipients of scholarships and bursaries and wish them continued success in their academic endeavours.
- 7.1.5 Congratulations are also extended to our scholars who performed exceptionally well in the 2018 Caribbean Secondary Education Certificate (CSEC) and the Caribbean Advanced Proficiency Examinations (CAPE).
- 7.1.6 Special congratulations to the following Scholars of 2011 on their exceptional performance at the 2018 Caribbean Advanced Proficiency Examinations (CAPE):
- Bros. Gerard Porter, Geran Maule, Alron Harry, and Sisters Keithryl Miller, Jodiche Powers and Caran Gordon.
 - These scholars were recipients of the Government of St. Vincent and the Grenadines National Island and Exhibition Scholarships of 2018.
- 7.1.7 During the period, the Committee reviewed reports and interacted with scholarship holders and their parents. These interactive sessions are aimed at ensuring that the students maintain an acceptable level of performance. On August 27, 2018, the Scholarship Committee met with eight (8) scholarship holders and their parents ranging from Form 1 to Form 4 at the secondary level.
- 7.1.8 The Scholarship Committee collaborated with the Education Committee and Marketing Department to host the sixth (6th) annual Youth Leadership Symposium on August 20th & 21st, 2018. The symposium was held at the Anglican Pastoral Centre under the theme “**Achieving a Balance through Academics and Extra-Curricular Activities**”.

- 7.1.9 Topics discussed during the two-day session included “Abuse in the Family” and “Social Media – Not so Social after all”. Participants were engaged in team-building exercises and were taken on a field trip to Georgetown where they visited the Vincentian Cocoa Company’s Nursery facility.
- 7.1.10 The objectives of the symposium were to allow GECCU to strike a balance in the youth that will enable further growth and continuity in the movement; expose scholarship holders to the core principles of co-operatives in an effort to educate young people; as well as to introduce them to topics that will have a positive impact on their lives.

GECCU Scholarship Recipients 2018



GECCU Scholarship Ceremony 2018



GECCU Highlights 2018



**National School Co-op
Awards 2018**



**University Bursaries
Awards**



**Fisheries
Presentation**



**Marriaqua Gov't
Career Day**



**All Committees & Staff
Retreat**



Sis. Jonquil Cadougan

Sis. Jonquil Cadougan was the lucky recipient of a complimentary trip to attend the 61st annual Caribbean Confederation of Credit Unions (CCCU) Convention in Trinidad and Tobago. Her name was randomly chosen from entries placed by members who attended GECCU's 52nd Annual General Meeting held on May 31st 2018 at the Methodist Church Hall.

Sis. Cadougan received an all-expense paid trip to attend the CCCU convention which was held at the Hyatt Regency Hotel in Trinidad and Tobago from 15th – 20th June 2018 under the theme "Credit Unions: The Power to Change the Future".

The CCCU convention features credit union professionals from across the Caribbean who meet to discuss issues and emerging trends within the cooperative sector. Sis. Cadougan has been a member of GECCU for the past 34 years and expressed her profound gratitude for the opportunity to attend the convention, an initiative which was spearheaded by Bro. Harold Lewis and approved by the Board of Directors. Sis.

Cadougan now serves as a volunteer on the Social Development Committee of GECCU.

STAFF PROFILE

BRO. LENNOX BOWMAN— CHIEF EXECUTIVE OFFICER

SIS. ALICIA ASHTON-DOYLE— CEO’S SECRETARY

ACCOUNTS DEPARTMENT

Sis. Maxine Johnney	Accountant
Sis. Rhonda Thompson	Assist. Accountant
Bro. Leslie Joseph	Senior Accounts Officer
Bro. Kenneth Thomas	Senior Accounts Officer
Sis. Adinga Findlay	Disbursement Officer
Sis. Kathlyn Parsons	Accounts Clerk
Bro. Ricardo Springer	Junior Clerk/Cashier
Sis. Canique Dennie	Junior Clerk/Cashier
Bro. Olijah Parris	Junior Clerk/Cashier
Bro. Ashley Ashton	Junior Clerk/Cashier
Bro. Romani Hull	Junior Clerk/Cashier
Bro. Enrico Morris	Junior Clerk/Cashier
Sis. Winstonique Knights	Junior Clerk/Cashier
Bro. Newbornne Joseph	Office Assistant/Driver
Insurance Section:	
Sis. Cecile Fraser-Gibson	Insurance Clerk

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	Snr. Marketing Officer
Bro. Tehani Cato	Jr. Marketing Officer

LOANS DEPARTMENT

Sis. Gertrude Jacobs	Loans Supervisor
Bro. Julian Ivo Joslyn	Snr Loans Officer
Sis. Cheryl Bacchus	Senior Loans Officer
Sis. Sarah Commissiong— Benjamin-	Loans Officer
Bro. Junelto James	Loans Officer
Sis. Sherissa Cupid	Snr 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

Bro. Keon Findlay-	Recoveries Officer
Bro. Osbert Cunningham Jr-	Assist Recoveries Officer

LEGAL DEPARTMENT

Bro. J-Lany Williams -	Legal and Compliance Officer
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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-Quashie	Junior Clerk
Sis. Mehaila Williams	Junior Clerk
Sis. Annisha Rodgers	Junior Clerk
Sis. Jewel Butler	Junior Clerk
Bro. Imron Greaves	Junior Clerk
Sis. Fay-Ann Baptiste	Office Attendant

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. Norecia Seymour	Junior Clerk

8.0 Future Directions and Strategies

- 8.1** GECCU continues to contribute significantly to the Socio-economic and cultural development of St. Vincent and the Grenadines and to the reduction of poverty in particular.
- 8.2** GECCU also recognizes that the most important leadership trait for surviving a tough economy is courage.
- 8.3** 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.
- 8.4** 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.
- 8.5** 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 on our elusive millennials, must continue to be central to our efforts.
- 8.6** 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.
- 8.7** 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 2019, our plan continues to focus 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. Making 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.
 - f. Striving for excellence in our processes while strengthening customer value.

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. Mc Con Child | 47. Galene Delpesche | 93. Loncey Smart |
| 2. Noel Marksman | 48. Hynford Arrington | 94. Mona Pompey |
| 3. Marcia Pollard | 49. Janet Baptiste | 95. Duncan Solomon |
| 4. Irvin James | 50. Shurma Jackson-carrington | 96. Wendy Defreitas |
| 5. Gloria Myers | 51. George Kirby | 97. Claudine Joseph |
| 6. Susanne Duncan | 52. Joyce Mc caul | 98. James Harry |
| 7. Andria Cupid | 53. Juliet Samuel | 99. Cecelia Charles |
| 8. Evelyn Walsh | 54. Louisa Richards | 100. Petrina Providence |
| 9. Judith Skerritt | 55. Tonga Lampkin | 101. Ann marie Browne |
| 10. Frederick Robinson | 56. Sonia Lewis | 102. Ian Enoch |
| 11. Lolita Mitchell | 57. Geraldine Richardson | 103. Shirley Mills |
| 12. Alban Greene | 58. Annis Harry | 104. Carmen Parris |
| 13. Elrick Thomas | 59. Olga Francois | 105. Dion James |
| 14. Franklin Labbon | 60. Ingrid George | 106. Jennifer Joseph-Johnson |
| 15. Earl Arrington | 61. Cynthia Toby | 107. Verrol Cuffy |
| 16. Latoya Prince | 62. Robert Sandy | 108. Joseph Hamilton |
| 17. Enos Caine | 63. Elroy John | 109. Annette Bobb |
| 18. Margaret Lynch-Douglas | 64. Noel Foye | 110. Maderna Cupid |
| 19. John Thompson | 65. Ornestine Samuel | 111. Kelroy Dick |
| 20. Amos Gaymes | 66. Luencia Quow | 112. Rixford Mayers |
| 21. Joseph Neverson | 67. George Fraser | 113. Jahkeisha Phillips |
| 22. Robert Etienne | 68. Douglas Pompey | 114. Iceline Scott |
| 23. Jeffrey Ollivierre | 69. Robert Williams | 115. Emilin Taylor |
| 24. Louise Tash | 70. Advira Delpeche | 116. Anthony Jacobs |
| 25. Cluston Rogers | 71. Frederick Forbes | 117. Ainsley Rose |
| 26. Pazena Bibby | 72. Benzur Isaacs | 118. Michael James |
| 27. Matilda Burnett | 73. Almira Tannis | 119. Marcus Johnson |
| 28. Eliot Hannaway | 74. Denise Ralph-jackson | 120. Vaniah Mc dowell |
| 29. Gloria France | 75. Elvin Thomas | 121. Joycelyn Roberts |
| 30. Petronella Marks | 76. Ozmar Francis | 122. Byran Byam |
| 31. Michael Lewis | 77. Kitcie Glasgow | 123. Voletha Mitchell |
| 32. Eard Young | 78. Zelma Glasgow | 124. Calvert Cyrus |
| 33. Maureen Simon | 79. Vandah Barriteau | 125. Sheila Mulrairie |
| 34. Godwin Ollivierre | 80. Yvette Smith | 126. Kingsley Barbour |
| 35. Enoch Dells | 81. Gale James | 127. Alston Romeo |
| 36. Agatha Jordon | 82. Jahbarry Charles | 128. Susan Thomas |
| 37. Marvaline Chambers | 83. Hector Porter Enly Mc dowell | 129. Robertha Jackson |
| 38. Joan Davy | 84. Osborne Quashie | 130. Allison Cumberbatch |
| 39. Alpheaus Nanton | 85. Pamela Ferdinand | 131. Olive Pollard |
| 40. Germaine Rose | 86. Errol Slater | 132. Curtis Findlay |
| 41. Christopher Pope | 87. Albert Mars | 133. Makeba Jackson |
| 42. Emmanuel Massiah | 88. Theresa Laidlow | 134. Roland Ollivierre |
| 43. Idlia Warner | 89. Billy Adams | 135. Gracie Clarke |
| 44. Ann-marie Williams | 90. Felaster Jack | 136. Peter Peters |
| 45. Walter Pompey | 91. Flavian Patrice-king | 137. Linton Robertson |
| 46. Dorothea Dickson | 92. Adrian Hannibal | 138. Venita Lewis |
| | | 139. Winifred Lewis |

THE TREASURER'S REPORT

TO THE 53RD ANNUAL GENERAL MEETING

1.0 INTRODUCTION

Brothers and sisters, I am pleased to present to you an overview of GECCU's financial performance for the year ended December 31, 2018.

- 1.1 The 2018 financial year was a challenging but productive one for GECCU. We were able to achieve growth in key areas of our operations in spite of the competitive nature of our local financial sector. We operated in a financial environment that was highly liquid, but with a low rate of interest on financial instruments and limited investment opportunities within our risk appetite. The transitioning to IFRS 9 was a rigorous exercise for the credit union, but through our collaborative effort, it was completed to satisfaction. Irrespective of our challenges, our strategies and efforts were successful as is reflected in an increase in our surplus by 49% relative to 2017.

2.0 FINANCIAL PERFORMANCE

- 2.1 The following is a synopsis of performance for the financial year ended December 31, 2018, with comparison to the 2017 financial year.

2.2 ASSETS

	2018 \$	2017 \$	Increase/ (Decrease) \$	Increase (Decrease) %- age 2018 over 2017	Increase (Decrease) %- age 2017 over 2016
Total Assets	258,826,523	231,914,947	26,911,576	12%	10%
Loans	150,013,425	137,816,907	12,196,518	9%	12%
Investment Securities	46,738,996	36,446,955	10,292,041	28%	19%
Cash Resources	35,626,122	31,782,884	3,843,238	12%	3%
Investment property	6,999,992	6,885,734	114,258	2%	(21%)
Property plant and Equipment	12,017,716	12,101,360	(83,644)	(1%)	23%

- 2.2.1 During the year, total assets increased by 12% relative to 2017.

The movement in total assets was influenced by the following:

1. **Loans portfolio**

The portfolio grew by 9% or \$12,196,518.

- ⇒ The mortgage portfolio grew by 12% or \$7,460,788.
- ⇒ Consumer loans increased by 6.8% or \$5,065,442.

2. **Investment securities.** (Note 8 in F/S gives details of investments)

The portfolio reflected an increase of 28% or \$10,292,041. The following investment activities were undertaken during the year:

- ⇒ We purchased Government bonds and continued to actively trade in treasury bills.
- ⇒ The placement of large fixed deposits at two financial institutions and the reinvestment of interest and principal of fixed deposits on maturity.

3. **Cash resources**

The cash resources increased by 12% or \$3,843,238.

- ⇒ Net cash of \$23,709,469 was received from members' contribution to regular shares, deposits, and equity shares.

4. **Investment properties**

Investment properties increased by 2% or \$114,258.

⇒ The increase was primarily due to the reclassification of Land at South Rivers (River – 14) from Property Plant and Equipment to Investment Property.

5. **Property Plant and Equipment**

Fixed Assets decreased by \$83,644 or 1%.

⇒ The decrease was mainly due to the reclassification of the lands at South Rivers (River -14) to Investment properties.

2.3 SHARE CAPITAL & MEMBERS' DEPOSITS

	2018 \$	2017 \$	Increase/ (Decrease) \$	Increase/ (Decrease) 2018 over 2017 (% age)	Increase/ (Decrease) 2017 over 2016 (% age)
Share capital	28,319,542	25,663,931	2,655,611	10%	9%
Members' shares savings	97,434,046	88,825,864	8,608,182	10%	9%
Term deposits	58,334,472	56,019,152	2,315,320	4%	2%
Ordinary deposits	58,160,553	48,030,197	10,130,356	21%	20%

⇒ The table shows the movement in the different categories of deposits and share capital. The term deposit increased by 4% or \$2,315,320, whilst the ordinary deposit increased by 21% or \$10,130,356. The consistent growth in these accounts is indicative of the growing confidence that the members/public have/has maintained in the credit union.

2.4 INCOME

	2018 \$	2017 \$	Increase/ (Decrease) \$	Increase/ (Decrease) 2018 over 2017 (% age)	Increase/ (Decrease) 2017 over 2016 (% age)
Total income	16,442,983	15,236,572	1,206,411	8%	12%
Loan interest income	13,036,752	11,588,526	1,448,226	12%	9%
Investment income	1,675,381	1,639,522	35,859	3%	5%
Rental income	145,962	159,182	(13,220)	(8%)	(20%)
Death benefit contributions	981,010	958,980	22,030	2%	57%
Other income	603,878	890,362	(286,484)	(-32%)	63%

Total income increased by \$1206,411 or 8%.

⇒ Loan interest income represented 79% of total revenue and increased by \$1,448,226 or 12% relative to 2017.

⇒ The growth in investment income of \$35,859 was mainly due to the increase in dividend income, fixed deposit, and bond interest. The credit union is still being challenged with a consistent reduction in the rate of interest on its financial instruments.

⇒ The decrease of 8% in rental income was due to the reduction of tenants in 2017.

2.5 EXPENSES

	2018 \$	2017 \$	Increase/ (Decrease)	Increase/ (Decrease) 2018 over (% age)	Increase/ (Decrease) 2017 over (% age)
Total expenses	12,165,250	12,358,723	(193,473)	(2%)	(1%)
Interest expenses	4,150,669	3,999,811	150,858	4%	22%
Staff costs	3,209,173	2,818,695	390,478	14%	9%
CUNA insurance	992,988	916,047	76,941	8%	12%
Loan loss allowance	0	678,930	(678,930)	(100%)	122%
Other operating expenses	3,297,362	3,151,208	146,154	5%	18%
Death benefit payments	586,235	538,800	47,435	9%	3%
Impairment charges	0	255,232	(255,232)	(100%)	66%
Impairment of loss on Investment & Loans	(71,177)	0	(71,177)	0%	0%

Total expense was reduced by 2% or \$193,473.

- ⇒ The increase in interest expense by 4% or \$150,858 resulted primarily from the general increase in business activities where more members are utilizing the ordinary deposit account.
- ⇒ The increase in staff cost of 14% or \$390,478 was due to cost relating to the growth in the staffing composition.
- ⇒ Other operating expenses increased by 5% or \$146,454. The increase was due to an increase in bank charges and insurance (general and members' shares and loans).
- ⇒ In keeping with the requirements of the accounting standards, IFRS 9, a provision of \$65,698 was made for the impairment of investment.

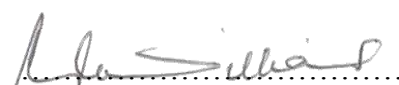
2.6 NET PROFIT

2.7.1 A net profit of \$4,277,732 was realized for 2018; this represents an increase of 49% relative to the profit of \$2,877,849.00 in 2017.

2.7 Conclusion:

2018 was a successful year for GECCU. Even so, it is not our intention to be complacent with our successes and achievements but to strive to continue to build a sustainable and sound financial institution. We would focus on developing and implementing strategies that would promote growth, improve the quality of our products and services, and maximize return.

Together with prudent management and the support of our staff, volunteers, and membership, we are confident that our targets would be achieved in 2019.


Sis. Cecelia J Williams
Treasurer

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

(With comparative figures for the year ended December 31, 2017)

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

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**KPMG**

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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' Co-operative Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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.



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)

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.

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.



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)

- 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
June 3, 2019

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

Statement of Financial Position

As at December 31, 2018

With comparative figures as at December 31, 2017

(Expressed in Eastern Caribbean Dollars)

	Notes	2018 \$	2017 \$
Assets			
Cash resources	6	35,626,122	31,782,884
Inventories	7	6,793,043	6,660,283
Investment securities:			
Amortised cost (2018-Held to maturity)	8	46,147,929	35,216,476
FVTPL	8	591,067	1,230,479
Loans to members	9	150,013,425	137,816,907
Other assets	10	637,229	220,824
Investment properties	11	6,999,992	6,885,734
Property, plant and equipment	12	12,017,716	12,101,360
Total assets		258,826,523	231,914,947
Liabilities			
Other payables		2,209,123	1,788,913
Deferred income		202,490	-
Staff pension fund deposit	13	869,246	763,076
Members' deposits	14	117,394,557	104,906,915
Members' ordinary savings	15	97,434,046	88,825,864
Total liabilities		218,109,462	196,284,768
Members' equity			
Share capital	16	28,319,542	25,663,931
Statutory reserve	17	5,538,695	4,246,318
Social development fund	18	1,581,298	1,267,092
Statutory development fund	19	30,000	30,000
Accumulated other comprehensive income	20	1,634,601	1,634,601
Retained earnings		3,612,925	2,788,237
Total members' equity		40,717,061	35,630,179
Total liabilities and members' equity		258,826,523	231,914,947

The notes on pages 8 to 58 are an integral part of these financial statements.

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON JUNE 28, 2019 AND SIGNED ON ITS
BEHALF BY:



Gary Matthias President



Cecelia J. Williams Treasurer

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED**Statement of Profit or Loss and Other Comprehensive Income****For the year ended December 31, 2018****With comparative figures for the year ended December 31, 2017****(Expressed in Eastern Caribbean Dollars)**

	Notes	2018 \$	2017 \$
Income			
Loan interest		13,036,752	11,588,526
Investment - net	21	1,675,381	1,639,522
		14,712,133	13,228,048
Interest expense		(4,150,669)	(3,999,811)
Net interest income		10,561,464	9,228,237
Expected credit losses (2018 - Impairment loss on loans)	22	71,177	(678,930)
General and administrative expenses	23	(4,281,476)	(3,969,586)
Staff costs	24	(3,209,173)	(2,818,695)
Other operating (expenses)/income	25	1,144,614	1,372,055
Operating profit		4,286,606	3,133,081
Net unrealized loss on FVTPL investments		(8,874)	-
Share of loss in associated company		-	(255,232)
Profit for the year		4,277,732	2,877,849
Other comprehensive income:			
Write-down of available-for-sale financial assets		-	(155,844)
Other comprehensive loss		-	(155,844)
Total comprehensive income		4,277,732	2,722,005

The notes on pages 8 to 58 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, 2018

With comparative figures for the year ended December 31, 2017

(Expressed in Eastern Caribbean Dollars)

	Notes	Share capital	Statutory reserve	Social development fund	Statutory development fund	Accumulated other comprehensive income	Retained earnings	Total
		\$	\$	\$	\$	\$	\$	\$
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	16	228,020	-	-	-	-	-	228,020
Net increase in equity shares	16	1,801,670	-	-	-	-	-	1,801,670
Other comprehensive gain	20	-	-	-	-	(155,844)	-	(155,844)
Social development fund, net	18	-	-	249,633	-	-	-	249,633
Statutory development fund	19	-	-	-	(30,000)	-	(30,000)	(60,000)
Appropriation to statutory reserve	17	-	863,355	-	-	-	(863,355)	-
Entrance fees	17	-	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
Balance as at January 1, 2018 (as previously reported)		25,663,931	4,246,318	1,267,092	30,000	1,634,601	2,788,237	35,630,179
Adjustment on initial application of IFRS 9		-	-	-	-	-	(942,281)	(942,281)
Restated opening balance under IFRS 9		25,663,931	4,246,318	1,267,092	30,000	1,634,601	1,845,956	34,687,898
Net profit for the year		-	-	-	-	-	4,277,732	4,277,732
Net increase in qualifying shares	16	190,295	-	-	-	-	-	190,295
Net increase in equity shares	16	2,465,316	-	-	-	-	-	2,465,316
Social development fund, net	18	-	-	314,206	-	-	-	314,206
Statutory development fund	19	-	-	-	-	-	(30,000)	(30,000)
Appropriation to statutory reserve	17	-	1,290,620	-	-	-	(1,290,620)	-
Entrance fees	17	-	1,757	-	-	-	-	1,757
Dividends paid		-	-	-	-	-	(1,190,143)	(1,190,143)
Balance as at December 31, 2018		28,319,542	5,538,695	1,581,298	30,000	1,634,601	3,612,925	40,717,061

The notes on pages 8 to 58 are an integral part of these financial statements.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED**Statement of Cash Flows****For the year ended December 31, 2018****With comparative figures for the year ended December 31, 2017****(Expressed in Eastern Caribbean Dollars)**

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Profit for the year		4,277,732	2,877,849
Adjustments for:			
Depreciation	12	426,951	408,900
(Gain)/loss on disposal of property and equipment		(8,867)	2,669
Gain on revaluation of investment properties		-	(72,912)
Loss on disposal of investment property		-	80,000
Net unrealized loss on FVTPL investments		8,874	
Share of loss in associated company		-	255,232
Impairment of investment		65,698	-
Impairment of loans, less recoveries		(136,875)	678,930
Interest income		(14,712,133)	(13,228,048)
Interest expense		4,150,669	3,999,811
		(5,927,951)	(4,997,569)
Changes in:			
Loans to members		(12,309,802)	(15,137,999)
Other assets		(416,405)	61,900
Members' deposits		12,445,676	9,346,545
Deferred income		202,490	
Staff pension fund deposit		106,170	119,629
Inventories		(132,760)	(2,317)
Other payables		420,210	50,075
Members' ordinary savings		8,608,182	7,606,078
		2,995,810	(2,953,658)
Interest received		14,470,139	13,198,496
Interest paid		(4,108,704)	(3,985,227)
Net cash generated from operating activities		13,357,245	6,259,611
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(450,047)	(625,319)
Proceeds from sale of property, plant and equipment		9,850	-
Addition to investment properties		(8,500)	(211,822)
Change in investment securities		(10,816,741)	(6,161,174)
Net cash used in investing activities		(11,265,438)	(6,998,315)
Cash flows from financing activities			
Net increase in development fund		284,206	189,633
Increase in share capital		2,655,611	2,029,690
Entrance fees		1,757	2,389
Dividends paid		(1,190,143)	(544,837)
Net cash generated from financing activities		1,751,431	1,676,875
Increase in cash and cash equivalents		3,843,238	938,171
Cash and cash equivalents – Beginning of year		31,782,884	30,844,713
Cash and cash equivalents – End of year	6	35,626,122	31,782,884

The notes on pages 8 to 58 are an integral part of these financial statements.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
(Expressed in Eastern Caribbean Dollars)

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, except for fair value through the profit or loss (FVTPL) investments, land and buildings and investment property which have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors on June 28, 2019.

(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 judgments. Management also makes judgments, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgments affect (1) the reported amounts 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 underlying assumptions, as well as the judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Credit Union's accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the Service exercises judgment in carrying out such designation; this judgment relates to whether the instruments meet the criteria for the particular classification. Judgments 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 assets and liabilities in the next financial year include the following:

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
(Expressed in Eastern Caribbean Dollars)

2. Basis of preparation

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

Applicable to 2018 only:

Note 3: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Note 5(b): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses and selection and approval of models used to measure expected credit losses.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2018 is included in the following notes:

Applicable to 2018 only:

Note 4(f): impairment of financial instruments: determining inputs into the expected credit loss measurement model, including forward-looking information.

Applicable to 2018 and 2017 only:

A number of the Credit Union's' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management performs the significant fair value measurements including Level 3 fair values and reports to the audit committee through the internal auditor.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 - Investment properties
- Note 5(a) - Financial risk review
- Note 5(b) - Fair value of financial instruments

Residual values and useful lives of property and equipment

As noted in note 4(d), the residual values and useful life of each asset are reviewed at least at each reporting date and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The assumptions regarding residual values give rise to estimation uncertainty.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
(Expressed in Eastern Caribbean Dollars)

3. New standards, amendments and interpretations mandatory for the first time for the financial year

The Credit Union has initially adopted IFRS 9 and IFRS 15 from 1st January 2018.

A number of other new standards are also effective from January 2018 but they did not have a material effect on the Credit Union's financial statements.

Except for the changes below, the Credit Union has consistently applied the accounting policies as set out in Note 4 to all periods presented in the financial statements.

(a) IFRS 9 Financial Instruments

IFRS 9 – Financial Instrument as issued in July 2014 by the IASB replaces IAS 39 – Financial Instrument. In accordance with the transitional provisions in IFRS 9 (7.2.26) comparative figures have not been restated.

The effect of initially applying these standards is mainly attributed to an increase in impairment losses recognised on financial assets.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Credit Union's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available-for-sale (AFS), held-to-maturity (HTM) and amortised cost) have been replaced by:

- a. Debt instruments at amortised cost;
- b. Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on de-recognition;
- c. Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- d. Financial assets at FVTPL.

The accounting for financial liabilities remains largely the same as under IAS 39 (Note 4).

The Credit Union's classification of its financial assets and liabilities is described in Note 3(b). The quantitative impact of applying IFRS 9 as at 1 January 2018, is disclosed in the transition disclosures in Note 30.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED**Notes to the Financial Statements****December 31, 2018****(Expressed in Eastern Caribbean Dollars)**

3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)**(b) IFRS 9 Financial Instruments****Changes to impairment calculation**

The adoption of IFRS 9 has resulted in fundamental changes to the Credit Union's accounting for impairment of financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Credit Union to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Credit Union's impairment methodology are disclosed in Note 4. The quantitative impact of applying IFRS 9, as at 1 January 2018, is disclosed in the transition disclosures in Note 30.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods generally have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed 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.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Credit Union has assumed that credit risk on the asset had not increased significantly since its initial recognition.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
(Expressed in Eastern Caribbean Dollars)

3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)

- (b) The table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements.

	Classification under IAS 39	Classification under IFRS 9	Carrying Amount under IAS 39	Carrying Amount under IFRS 9
Financial Assets				
Cash resources	Loans and receivable	Amortized cost	31,782,884	31,782,884
Treasury Bills	Held to maturity	Amortized cost	7,518,725	7,512,888
Term deposits	Held to maturity	Amortized cost	18,452,169	18,039,743
Sovereign debt securities	Amortized cost	Amortized cost		
Bonds	Held to maturity	Amortized cost	9,245,583	9,229,178
Equities securities- Unquoted	Amortized cost	FVTPL	736,408	736,409
Equities securities- Quoted	Available for sale	FVTPL	494,070	494,070
Other assets	Loans and receivables	Amortized cost	220,824	220,824
Loans to members	Loans and receivables	Amortized cost	137,816,907	137,309,293
Total financial assets			206,267,570	205,325,289
Financial Liabilities				
Members' deposits	Amortized cost	Amortized cost	104,906,915	104,906,915
Members' ordinary savings	Amortized cost	Amortized cost	88,825,864	88,825,864
Staff Pension Fund Deposit	Amortized cost	Amortized cost	763,076	763,076
Other liabilities	Amortized cost	Amortized cost	1,788,913	1,788,913
Total financial liabilities			196,284,768	196,284,768

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
(Expressed in Eastern Caribbean Dollars)

3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)

(b) (cont'd)

The following table reconciles the carrying amounts under IAS 39 to the carrying amount under IFRS 9 on transition to IFRS 9 on January 1, 2018.

	IAS 39 carrying amount December 31, 2017	Re-classification	Re-measurement	IFRS 9 carrying amount January 1, 2018
Financial assets				
<i>Held to maturity:</i>				
<i>Treasury Bills</i>				
Opening balance	7,518,725	-	-	-
To amortized cost	-	(7,518,725)	5,837	7,512,888
Closing balance	-	-	5,837	7,512,888
<i>Term deposits</i>				
Opening balance	18,452,169	-	-	-
To amortized cost	-	(18,452,169)	412,426	18,039,743
Closing balance	-	-	412,426	18,039,743
<i>Other assets</i>				
Opening balance	53,487	-	-	-
To amortized cost	-	(53,487)	-	53,487
Closing balance	-	-	-	53,487
<i>Bonds</i>				
Opening balance	9,245,583	-	-	-
To amortized cost	-	(9,245,583)	16,405	9,229,178
Closing balance	-	-	16,405	9,229,178
Total held to maturity	35,269,964	(35,269,964)	434,668	34,835,296
Loans and receivables:				
<i>Cash resources</i>				
Opening balance				
To amortized cost	31,782,884	-	-	-
From loans and receivables	-	(31,782,884)	-	31,782,884
Closing balance	-	-	-	31,782,884
<i>Loans to members</i>				
Opening balance	137,816,907	-	-	-
To amortized cost	-	(137,816,907)	507,614	137,309,293
Closing balance	-	-	507,614	137,309,293
Sub-total loans and receivables c/f	169,599,791	(169,599,791)	507,614	169,092,177

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2018
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3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)

(b) (cont'd)

	IAS 39 carrying amount December 31, 2017	Re-classification	Re-measurement	IFRS 9 carrying amount January 1, 2018
Financial assets				
Sub-total loans and receivables b/f	169,599,791	(169,599,791)	507,614	169,092,177
<i>Other assets</i>				
Opening balance	167,337	-	-	-
To amortized cost	-	(167,337)	-	167,337
Closing balance	-	-	-	167,337
Total loans and receivables	<u>169,767,128</u>	<u>(169,767,128)</u>	<u>507,614</u>	<u>169,259,514</u>
 <i>Available for sale:</i>				
<i>Equity securities - Un-quoted</i>	736,409	-	-	-
Opening balance	-	(736,409)	-	736,409
To FVTPL - equity	-	-	-	736,409
<i>Equity securities - quoted</i>	494,070	-	-	-
Opening balance	-	(494,070)	-	494,070
To FVTPL - equity	-	-	-	494,070
Total available for sale	<u>1,230,479</u>	<u>(1,230,479)</u>	<u>-</u>	<u>1,230,479</u>

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3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)

(b) (cont'd)

	IAS 39 carrying amount December 31, 2017	Re-classification	Re-measurement	IFRS 9 carrying amount January 1, 2018
<i>FVOCI – equity:</i>				
From available for sale	-	-	-	-
Total FVOCI - equity	-	-	-	-
FVTPL - equity	-	-	-	-
Financial liabilities				
<i>Amortized cost:</i>				
Members' deposits	104,906,915	-	-	104,906,915
Members' ordinary savings	88,825,864	-	-	88,825,864
Staff pension fund deposit	763,076	-	-	763,076
Other liabilities	1,788,913	-	-	1,788,913
Total amortized cost	196,284,768	-	-	196,284,768

The following table summarizes the impact of transition to IFRS 9 on the opening balance of retained earnings. There is no impact on other components of equity

Opening balance under IAS 39 at December 31, 2017	2,788,237
Recognition of expected credit losses under IFRS 9	(942,281)
Closing balance under IFRS 9 at January 1, 2018	<u>1,845,956</u>

The following table reconciles the closing impairment allowance for financial assets under IAS 39 and provisions for loan commitments and financial guarantee contracts under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* as at December 31, 2017 to the opening expected credit loss allowance as at January 1, 2018:

	IAS 39 carrying amount December 31, 2017	Re-classification	Re-measurement	IFRS 9 carrying amount January 1, 2018
Loans and advances	2,910,302	-	507,614	3,417,916
Treasury Bills	-	-	5,837	5,837
Term deposits	-	-	412,426	412,426
Bonds	-	-	16,405	16,405
	<u>2,910,302</u>	<u>-</u>	<u>942,281</u>	<u>3,852,583</u>

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3. New standards, amendments and interpretations mandatory for the first time for the financial year (cont'd)

(c) 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. The adoption of IFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Credit Union.

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.

(d) IFRS 16 Leases - Effective January 1, 2019

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.

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4. 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 fair value through other comprehensive income, 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.

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4. Significant accounting policies (cont'd)

d. 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 are 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.

e. 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 is 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.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments

Measurement categories of financial assets

From 1 January 2018, the Credit Union classifies all of its financial assets into one of the following categories:

- Amortised cost as explained in Note 2
- FVTPL as explained in Note 2 or
- FVOCI as explained in Note 2.

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Financial assets

Under IFRS 9 (Policy applicable from 1 January 2018)

Deposits with other institutions, treasury bills, loans and advances to customers and investment securities

The Credit Union measures deposits with other institutions, treasury bills, loans and advances to customers and investment securities at amortised cost if the following criteria are met:

- the financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Equity Instruments

Equity instruments under IFRS 9 are always reported at fair value since they fail the SPPI test. Under IAS 39 the Credit Union's equity instrument fell under the AFS classification. Where the Credit Union's management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit and loss as investment income when the Credit Union's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(loss) in the statement of profit or loss as applicable. Impairment losses (and reversal of investment losses) on equity investment measured at FVOCI are not reported separately from other changes in fair value.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Debt instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

Investments in debt instruments are measured at amortised cost if they meets both of the following conditions and are not designated as FVTPL:

- 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 (SPPI) on the outstanding principal balance.

Business model assessment

With the adoption of IFRS 9, the business model test was used by the Credit Union to migrate the instruments along with the SPPI test to the new reporting classification. The assessment was done by reviewing the investments under the existing IAS 39 classification and selecting the business model that best suits the individual instruments in the respective classification.

The objective of this test was to determine whether an arrangement pays only interest and principal and would then qualify as a basic lending arrangement. An instrument would therefore pass the SSPI test if it does not introduce risks or volatility that is inconsistent with a basic lending arrangement. Conversely, financial assets which have SPPI characteristics but are held within the business model whose objective is both to collect the contractual cash flows and to sell the financial assets ("hold to collect" and sell) are subsequently measured at fair value through other comprehensive income (FVOCI).

The Credit Union currently holds loans and advances solely for the collection of principal and interest. Based on the business model, it is the Credit Union's intention to hold these instruments until they are fully amortised. However, there may be instances where the Credit Union may need to dispose of a portion of its portfolio to meet liquidity requirements this is however only done in exceptional circumstances and is not considered to be the sole purpose of negotiating these instruments.

For the held-to-maturity (HTM) instruments the "hold to collect" business model was adopted since the objective is to hold the financial asset and to collect contractual cash flows. The existing fixed income HTM portfolio consists of only bond instruments with fixed contractual cash flows. The money market instrument portfolio includes fixed deposit and treasury bills with fixed contractual cash flows. Since investment disposals, for these portfolios are infrequent and incidental to the model's objective, the measurement category used will be amortised cost.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

The SPPI Test

As a second step of the classification process, the Credit Union assesses the contractual terms of financial assets to identify whether they meet the SPPI criteria.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Credit Union applies judgement and considers relevant factors such as the currency in which the financial assets is denominated and the period for which the interest rate is set.

In contrast, the contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases the financial asset is required to be measured at FVTPL or FVOCI without recycling.

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost. Interest income on these instruments is recognised in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of the allowance for credit losses (ECL) in the statement of financial position.

Debt instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the statement of income on an average cost basis. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognised in the statement of profit and loss and other comprehensive income.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Debt instruments measured at fair value through other comprehensive income (FVOCI) (cont'd)

Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to interest income in the statement of profit and loss and other comprehensive income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the statement of profit and loss and other comprehensive income. The accumulated allowance recognised in OCI is recycled to the statement of profit and loss and other comprehensive income upon derecognition of the debt instrument.

Debt instruments measured at fair value through profit or loss (FVTPL)

Debt instruments are measured at FVTPL for assets:

- held for trading purposes;
- held as part of a portfolio managed on a fair value basis; or
- whose cash flows do not represent payments that are SPPL.

These instruments are measured at fair value in the statement of financial position, with transaction cost recognised immediately in the statement of profit and loss and other comprehensive income as part of non-interest income. Realised and unrealised gains and losses are recognised as part of non-interest income in the statement of profit and loss and other comprehensive income.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Credit Union upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in non-interest income in the statement of profit and loss and other comprehensive income.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Impairment of financial assets

Policy applicable from 1 January 2018

The Credit Union recognizes expected credit losses (ECLs) on the following financial assets that are not measured at FVTPL:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- lease receivables;
- loan commitments.

The measurement of expected credit loss involves increased complex judgement that includes:

Determining a significant increase in credit risk since initial recognition.

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12 months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Credit Union applies a three-stage approach based on the change in credit quality since initial recognition.

Expected credit loss impairment model

The Credit Union's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either:

- (i) over the following twelve months; or
- (ii) over the expected life of a financial instrument depending on credit deterioration since origination.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

To assess whether there is significant increase in credit risk, the Credit Union compares the risk of default occurring on the asset at the reporting date with the risk of default at initial recognition. It considers available reasonable and supportive forward looking information. A summary of the assumptions underpinning the assessment of significant increase in credit risk is as follows:

Category	Credit Union Definition of Category	Basis of Recognition of Expected Credit Loss
Stage 1: Performing	Customers who have low risk of Default and strong capacity to meet contractual cash flows	12 month expected credit loss. Where the expected lifetime of an asset is less than 12 months, expected losses are measured as its expected lifetime.
Stage 2: Non-performing	Loans for which there is significant increase in credit risk as evidenced by: - absence of up to date financial information on file - Inadequate credit documentation to support borrowing which may result in losses if not corrected - Breach of loan covenant - Other potential weakness that deserve management's attention but do not expose the Credit Union to significant risk.	Lifetime expected losses
Stage 3: Credit Impaired	All or most of the weaknesses of 'non performing in stage 2. - Full liquidation of collection of debt improbable - significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; - the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; - it is probable that the borrower will enter bankruptcy or other financial reorganisation; or - the disappearance of an active market for a security because of financial difficulties.	Lifetime expected losses
Write off	Cases in which the Credit Union determine that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount subject to write off	Asset is Written off

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Measurement of expected credit loss

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward looking.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Credit Union 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: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- For undrawn loan commitments the Credit Union estimates the expected portion of the loan commitment that will be drawn down over its expected life and calculates the ECL as 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.
- Financial guarantee contracts as the expected payments to reimburse the holder less any amounts the Credit Union expects to recover.

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

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

Incorporation of forward –looking information

The standard requires the incorporation of forwarding looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward -looking information requires significant judgement.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Assessment of significant increase in credit risk (SICR)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that was available.

The assessment of an increase in credit risk included macroeconomic outlook, management judgement, and delinquency and monitoring. With regards to delinquency and monitoring, there was a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Some of the indicators which were incorporated included:

- i) Internal credit rating
- ii) External credit rating (as far as available)
- iii) Actual or expected significant adverse changes in businesses, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. This includes but is not limited to evidence of one or more of the following:
 - Delinquency in contractual payments of principal or interest;
 - Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
 - Breach of loan covenants or conditions;
 - Initiation of bankruptcy proceedings;
 - Deterioration of the borrower's competitive position; and
- iv) Actual or expected changes in the operating results of the borrower
- v) Significant increase in credit risk or other financial instrument of the same borrower
- vi) Significant change in the value of the collateral supporting the obligation
- vii) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating result of the borrower
- viii) Deterioration in the value of collateral.

Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime determined PD by comparing the remaining lifetime PD at reporting date with the remaining lifetime PD at the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Assessment of significant increase in credit risk (SICR) (cont'd)

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Credit Union still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances there is particular focus on assets that are included on a 'watch list' once there is a concern that the creditworthiness of the specific counterparty has deteriorated. Events such as unemployment, bankruptcy or death are also considered.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. Financial asset that are 30 or more days past due and are not credit impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or churn rate approach is applied to compute expected credit losses, significant increase in credit risk is primarily based on 30 days past due on the contractual payment.

Improvement in credit risk/curing

A period may elapse from the point at which financial instruments enter lifetime expected credit losses (stage 2 and stage 3) and are reclassified back to 12 month expected credit losses (stage 1). For financial assets that are credit impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit impaired. An instrument will no longer be considered credit impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original transfer criteria are no longer valid. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1.

A forbore loan can only be removed from the category (cured) if the loan is performing (stage 1 or 2) and a further one-year probation is met.

In order for a forbearance loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default upon the forbore contract terms
- The customer is likely to repay its obligations in full without realising security
- The customer has no accumulated impairment against amount outstanding

Subsequent to the criteria above being met, probation continues to assess if regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Expected life

When measuring expected credit loss, the Credit Union considers the maximum contractual period over which the Credit Union is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, extension and rollover options.

Presentation of allowance for credit losses in the statement of financial position

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognised in the statement of financial position because the carrying values of these assets is their fair values. However, the allowance determined is presented in accumulated other comprehensive income;
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

Loans and advances

All non-performing and performing loans and advances are individually reviewed and specific provisions made for impaired portion based on the realisable value of the loan collateral and discounted by the original effective rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral. Previously accrued income is reversed and further interest income not accrued. Loans and advances with similar characteristics are assessed for impairment on a group basis. Where possible the Credit Union seeks to restructure loans instead of taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms are renegotiated, any impairment is measured using the original effective interest rate and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and the future payments likely to occur. The loans continue to be subject to an individual or collective impairment assessment.

When all efforts have been exhausted to recover a non performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

Investment securities

The Credit Union assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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4. Significant accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Investment securities (cont'd)

In assessing collective impairment, the Credit Union uses historical information and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. If the fair value of an impaired debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

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.

g. Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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.

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4. Significant accounting policies (cont'd)

g. Impairment of other non-financial assets (cont'd)

Non-derivative financial liabilities – Classification, Recognition/Derecognition and Measurement (cont'd)

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.

h. 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.

i. 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.

j. 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.

k. 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.

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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.

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:

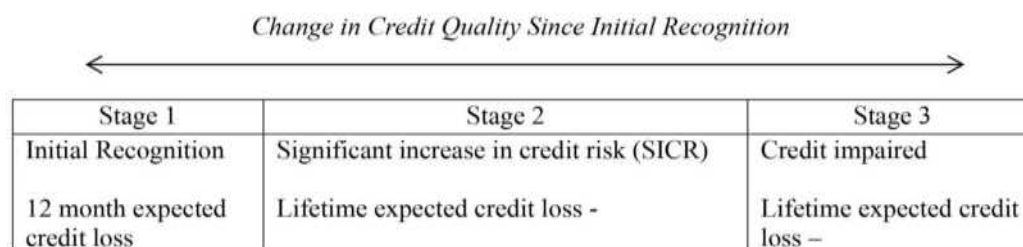
- (i) Mortgages over real properties; and
- (ii) Charges over members' deposits and ordinary savings.

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.

i) **Credit risk**

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes an expected loss model using a three stage approach. This impairment model measures credit loss allowance using a three-stage approach based on the extent of credit deterioration since initial recognition as summarized in the diagram below:



Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant increase in credit risk compared with what was expected at origination.

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

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Impairment losses and investment valuation (IAS 39)

Collective impairment on advances

Inherent provisions on advances are calculated on an estimate of impairment incurred but not existing in assets as at the statement of financial position date. Estimated impairment incurred is determined by applying against performing loan balances, the average loan default rates and adjusting this balance for current economic factors that affect loan performance. An anticipated recovery rate (determined from historical average) is then applied to determine the value that is recoverable. This calculation is computed by product type.

Valuation of investment

The Credit Union has applied IAS 39 in its classification of investment securities which requires measurement of securities as fair value. For unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

The following summarises the maximum credit risk:

	2018	2017
	\$	\$
Deposit with commercial banks	33,969,460	30,309,007
Investment securities	46,738,996	36,446,955
Loans to members	150,013,425	137,816,907
Other assets	637,229	220,824
	<u>231,359,110</u>	<u>204,793,693</u>

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, 2018 and 2017 without taking account of any collateral held or other credit enhancements attached.

Loans and advances to members are summarised as follows:

	2018				
	Consumer	Computer	Mortgage	Student	Total
	\$	\$	\$	\$	\$
Gross loans	79,402,117	78,923	68,856,282	4,191,835	152,529,157
Less: ECL allowance	(1,881,927)	(763)	(1,353,203)	(180,687)	(3,416,580)
	<u>77,520,190</u>	<u>78,160</u>	<u>67,503,079</u>	<u>4,011,148</u>	<u>149,112,577</u>
Add: interest receivable	474,667	130	354,646	71,405	900,848
	<u>77,994,857</u>	<u>78,290</u>	<u>67,857,725</u>	<u>4,082,553</u>	<u>150,013,425</u>

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

	2017				
	Consumer	Computer	Mortgage	Student	Total
	\$	\$	\$	\$	\$
Performing loans	71,539,582	84,573	60,506,604	4,164,502	136,295,261
Non-performing loans	2,797,093	1,226	888,890	101,345	3,788,554
Gross loans	74,336,675	85,799	61,395,494	4,265,847	140,083,815
Less: provision for impairment	(2,776,814)	(120)	(92,675)	(40,693)	(2,910,302)
Add: interest receivable	151,716	288	412,694	78,696	643,393
	<u>71,711,577</u>	<u>85,967</u>	<u>61,715,513</u>	<u>4,303,850</u>	<u>137,816,907</u>

Loans and advances to customers neither past due nor impaired (Stage 1)

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Credit Union.

Stage 1	2018	2017
	\$	\$
Consumer loans	73,921,647	70,437,991
Computer loans	75,912	84,857
Mortgage loans	68,165,307	59,964,357
Student loans	4,382,494	4,408,488
Total	<u>146,545,360</u>	<u>134,895,693</u>

Loans and advances to customers past due but not impaired (Stage 2)

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

	Stage 2 - 2018				
	Consumer loans	Computer loans	Mortgage loans	Student loans	Total
	\$	\$	\$	\$	\$
Secured - Past due under 90 days	1,126,230	-	187,797	6,443	1,320,470
Unsecured - Past due 30 to 59 days	502,065	-	-	2,730	504,795
Unsecured - Past due 60 to 89 days	462,471	-	342,130	141,445	946,046
Total	<u>2,090,766</u>	<u>-</u>	<u>529,927</u>	<u>150,618</u>	<u>2,771,311</u>

	Stage 2 - 2017				
	Consumer loans	Computer loans	Mortgage loans	Student loans	Total
	\$	\$	\$	\$	\$
Secured - Past due under 90 days	955,170	-	404,984	2,173	1,362,327
Unsecured - Past due 30 to 59 days	203,626	-	113,071	63,635	380,332
Unsecured - Past due 60 to 89 days	183,834	-	539,434	143,736	867,004
Total	<u>1,342,630</u>	<u>-</u>	<u>1,057,489</u>	<u>209,544</u>	<u>2,609,663</u>

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Loans and advances to customers individually impaired (Stage 3)

Stage 3	2018	2017
	\$	\$
Consumer loans	3,402,790	2,939,808
Computer loans	3,144	1,232
Mortgage loans	516,072	786,344
Student loans	191,328	92,145
Total	4,113,334	3,819,529

The following summarises the Credit Union's maximum credit risk exposures to off-balance sheet financial instruments:

	2018	2017
	\$	\$
Loan commitments and other related obligations	3,427,094	3,144,475

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, 2018 and 2017, based on Moody's ratings or equivalent:

	Cash resources	Investment securities	Loans to members	Other assets	Total
	\$	\$	\$	\$	\$
At December 31, 2018					
Lower than A-	-	10,000,000	-	-	10,000,000
Unrated	33,969,460	36,738,996	150,013,425	637,229	221,359,110
	<u>33,969,460</u>	<u>46,738,996</u>	<u>150,013,425</u>	<u>637,229</u>	<u>231,359,110</u>
	Cash resources	Investment securities	Loans to members	Other assets	Total
	\$	\$	\$	\$	\$
At December 31, 2017					
Lower than A-	-	9,027,743	-	-	9,027,743
Unrated	30,309,007	27,419,212	137,816,907	220,824	195,765,950
	<u>30,309,007</u>	<u>36,446,955</u>	<u>137,816,907</u>	<u>220,824</u>	<u>204,793,693</u>

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) 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.

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

	At December 31, 2018				
	0 – 3 Months \$	3 – 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
Financial Assets					
Cash in hand	35,626,122	-	-	-	35,626,122
Investment securities	14,818,699	23,227,901	7,640,791	1,051,605	46,738,996
Loans to members	5,545,128	19,803,151	59,894,142	64,771,004	150,013,425
Other assets	637,229	-	-	-	637,229
	<u>56,627,178</u>	<u>43,031,052</u>	<u>67,534,933</u>	<u>65,822,609</u>	<u>233,015,772</u>
Financial Liabilities					
Other payables	2,209,123	-	-	-	2,209,123
Staff pension fund deposit	869,246	-	-	-	869,246
Members' deposits	117,394,557	-	-	-	117,394,557
Members' ordinary savings	97,434,046	-	-	-	97,434,046
	<u>217,906,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,906,972</u>

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

ii) Liquidity risk (cont'd)

At December 31, 2017

	0 – 3 Months \$	3 – 12 Months \$	1 – 5 Years \$	Over 5 Years \$	Total \$
Financial Assets					
Cash in hand	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
	<u>50,711,629</u>	<u>32,326,079</u>	<u>63,776,970</u>	<u>59,452,892</u>	<u>206,267,570</u>
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
	<u>157,95,985</u>	<u>38,988,783</u>	<u>-</u>	<u>-</u>	<u>196,284,768</u>

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:

	2018 \$	2017 \$
Loan commitments and other related obligations	<u>3,427,094</u>	<u>3,144,475</u>

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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.

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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 summarise the Credit Union's exposure to interest rate risks.

	Up to One year \$	Between 1 – 5 years \$	Over 5 years \$	Non-Interest bearing \$	Total \$
At December 31, 2018					
Financial Assets					
Cash resources	33,969,460	-	-	1,636,662	35,626,122
Investment securities	38,046,600	7,640,791	1,051,605	-	46,738,996
Loans to members	25,348,279	59,894,142	64,771,004	-	150,013,425
Other assets	-	-	-	637,229	637,229
Total Financial Assets	97,364,339	67,534,933	65,822,609	2,293,891	233,015,772
Financial Liabilities					
Other payables	-	-	-	2,209,123	2,209,123
Staff pension fund deposit	869,246	-	-	-	869,246
Members' deposits	117,394,557	-	-	-	117,394,557
Members' ordinary savings	97,434,046	-	-	-	97,434,046
Total Financial Liabilities	215,697,849	-	-	2,209,123	217,906,972
Total Interest Re-pricing Gap	(118,333,510)	67,534,933	65,822,609	84,768	15,108,800

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
 Notes to the Financial Statements
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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

iv) Market risk (cont'd)

Interest rate risk (cont'd)

	Up to One year \$	Between 1 – 5 years \$	Over 5 years \$	Non-Interest bearing \$	Total \$
At December 31, 2017					
Financial Assets					
Cash resources	30,309,007	-	-	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	81,343,007	63,776,970	58,222,413	2,925,179	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	9,982,803

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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)

Cash flow interest rate risk arises from loans and advances to members at variable rates. At December 31, 2018, if variable interest rates had been 0.5% higher/lower with all other variables held constant, profit for the year would have been \$749,103 (2017: \$691,585) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

iv) 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.

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Notes to the Financial Statements
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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 measured at fair value

The table below summarises the carrying amount and fair values of those financial assets and liabilities presented in the Credit Unions statements of financial position at their fair value:

	Carrying value		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
Cash resources	35,626,122	31,782,884	35,626,122	31,782,884
Investment securities	46,738,966	36,446,955	46,738,966	36,446,955
Loans to members	150,013,425	137,816,907	637,229	220,824
Other assets	637,229	220,824	232,694,931	205,937,855
	233,015,742	206,267,570	233,015,742	206,267,570

	Carrying value		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Liabilities				
Other payables	2,209,123	1,788,913	2,209,123	1,788,913
Staff pension fund deposit	869,246	763,076	869,246	763,076
Members' deposits	117,394,557	104,906,915	117,394,557	104,906,915
Members' ordinary shares	97,434,046	88,825,864	97,434,046	88,825,864
	217,906,972	196,284,768	217,906,972	196,284,768

Off-balance sheet instruments

	Carrying value		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Loan commitments and other related obligations	-	-	3,427,094	3,144,475

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5. Financial risk management (cont'd)

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

i) Financial instruments 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 is 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.

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5. Financial risk management (cont'd)

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

i) Financial instruments 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	Level 3	Total
	\$	\$	\$	\$
At December 31, 2018				
Available-for-sale investment securities				
- equity securities	320,841	-	270,226	591,067
Total financial assets	320,841	-	270,226	591,067
At December 31, 2017				
Available-for-sale investment securities				
- equity securities	329,715	-	900,764	1,230,479
Total financial assets	329,715	-	900,764	1,230,479

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

	2018	2017
	\$	\$
At December 31, 2018		
Investment properties	6,999,992	6,885,734
Property and equipment	11,288,614	11,445,786
Total financial assets	18,288,606	18,331,520

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5. Financial risk management (cont'd)

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

i) Financial instruments measured at fair value (cont'd)

Fair value hierarchy (cont'd)

Fair value of the Credit Union's real properties was 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

	2018	2017
	\$	\$
Cash on hand	1,656,662	1,473,877
Current account	15,794,869	8,324,539
Special savings	18,174,591	21,984,468
	35,626,122	31,782,884

The effective interest rate on special savings is 2% (2017: 2%)

7. Inventories

	2018	2017
	\$	\$
Balance – beginning of year	6,660,282	6,657,966
Development costs	132,761	2,317
Balance – end of year	6,793,043	6,660,283

Inventories comprise land at Peter's Hope held for real estate development.

The General Employees Cooperative Credit Union Limited (GECCU) owns property adjoining the lands owned by the NIS. Both parties, the NIS and GECCU, entered into a Memorandum of Understanding (MOU) that establishes a working relationship for the joint planning and physical infrastructural development of the properties owned by the parties ("the Project"). The MOU establishes and defines the Project activities and provides for, among other things, a framework for project administration and cost allocation. The total size of the proposed development is 57 acres. GECCU is the owner of 30 acres and the NIS owns 27 acres. The parties plan to develop the lands for residential and commercial purposes with the intention of sale in the ordinary course of business.

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8. Investment securities

Investment securities comprise:

	2018	2017
	\$	\$
Debt securities		
Amortized cost (2017 – Held to maturity)	46,040,599	34,716,714
Interest receivable	607,695	499,762
Gross debt securities	46,648,294	35,216,476
Less: expected credit loss allowance	(500,365)	-
Total debt securities	46,147,929	35,216,476
Equities securities		
FVTPL - Corporate equity	591,067	1,230,479
	46,738,996	36,446,955

During the year ended December 31, 2018, interest rates varied from 1% to 7.25% per annum (2017 – 1% to 8.5% per annum)

Investments include treasury bills and notes of \$8,411,389 (2017 - \$7,430,373).

The movement in expected credit loss allowance is as follows:

	2018	2017
	\$	\$
Balance at beginning of year		
Impact of IFRS 9	434,667	-
Balance at beginning of year (adjusted)	434,667	-
Expected credit loss on investments	65,698	-
Balance at end of year	500,365	-

\$260,075 and \$240,290 of the expected credit loss allowance at December 31, 2018 relate to debt securities classified as stage 1 and stage 3 respectively.

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9. Loans to members

Loans to members are comprised of the following:

	Consumer \$	Computer \$	2018 Mortgage \$	Student \$	Total \$
Gross loans	79,402,117	78,923	68,856,282	4,191,835	152,529,157
Less: ECL allowance ***	(1,881,927)	(763)	(1,353,203)	(180,687)	(3,416,580)
	77,520,190	78,160	67,503,079	4,011,148	149,112,577
Add: interest receivable	474,667	130	354,646	71,405	900,848
	77,994,857	78,290	67,857,725	4,082,553	150,013,425

	Consumer \$	Computer \$	2017 Mortgage \$	Student \$	Total \$
Performing loans	71,539,582	84,573	60,506,604	4,164,502	136,295,261
Non-performing loans	2,797,093	1,226	888,890	101,345	3,788,554
Gross loans	74,336,675	85,799	61,395,494	4,265,847	140,083,815
Less: provision for impairment	(2,776,814)	(120)	(92,675)	(40,693)	(2,910,302)
Add: interest receivable	151,716	288	412,694	78,696	643,393
	71,711,577	85,967	61,715,513	4,303,850	137,816,907

Non-performing loans comprise of:

- (i) Loans that are in arrears over 90 days, which are either past due but not impaired or individually impaired
- (ii) Non-accrual loans.

The average yield on loans for the year was 8.7% (2017 – 8.3%).

The Credit Union's loans portfolio as at December 31, 2018 are in the following staging categories.

	Stage 1 \$	2018 Stage 2 \$	Stage 3 \$	Total \$
Consumer	75,373,900	1,330,980	2,697,236	79,402,116
Computer	76,298	-	2,626	78,924
Mortgages	68,555,514	96,157	204,611	68,856,282
Student	3,885,643	137,615	168,577	4,191,835
Gross loans	147,891,355	1,564,752	3,073,050	152,529,157
Less: ECL allowance ***	(1,703,111)	(457,473)	(1,255,996)	(3,416,580)
Add: interest receivable	680,023	32,495	188,330	900,848
	146,868,267	1,139,774	2,005,384	150,013,425

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9. Loan to members (cont'd)

The movement in the expected credit loss allowance (2017 – provision for impaired loans) is as follows:

	Consumer	Computer	2018 Mortgage	Student	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	2,776,814	120	92,675	40,693	2,910,302
Impact of IFRS 9	(893,553)	644	1,260,529	139,994	507,614
Balance, beginning of year	1,883,261	764	1,353,204	180,687	3,417,916
Amounts charged/write off	(1,336)	-	-	-	(1,336)
Expected credit losses	-	-	-	-	-
Balance, end of year	1,881,925	764	1,353,204	180,687	3,416,580

The movement in the provision for impaired loans is as follows:

	Consumer	Computer	2017 Mortgage	Student	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	1,951,920	693	1,089,684	-	3,042,297
Amounts charged off	(262,908)	-	(559,087)	-	(821,995)
Loan impairment expense	1,087,802	(573)	(437,922)	40,693	690,000
Balance, end of year	2,776,814	120	92,675	40,693	2,910,302
Individual impairment	2,504,043	-	5,990	30,809	2,540,843
Collective impairment	272,771	120	86,685	9,884	369,458

10. Other assets

	2018	2017
	\$	\$
ATM receivable	8,904	64,233
Rent receivable	6,253	6,253
Prepaid expenses	63,072	53,487
Staff receivables – net	1,540	1,024
Western Union receivable	34,825	60,841
Other	522,635	34,986
	637,229	220,824

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11. Investment properties

	2018	2017
	\$	\$
Carrying value at beginning of year	6,885,734	8,769,000
Addition	114,258	211,822
Disposal	-	(80,000)
Gain/(loss) on revaluation	-	72,912
Reclassification to property, plant and equipment	-	(2,088,000)
Carrying value at end of year	6,999,992	6,885,734

Investment properties comprise property held for rental. Rental income from investment properties amounted to \$145,962 (2017: \$159,182) and direct operating expenses amounted to \$848 (2017: \$ 8,532). Fair value loss of \$0 (2017: \$72,912) 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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12. Property, Plant and Equipment

	Land \$	Building \$	Furniture & Equipment \$	Motor Vehicle \$	WIP \$	Total \$
Cost or valuation						
Balance as at January 1, 2017	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, 2018						
Cost of valuation	6,371,681	5,219,884	2,457,202	207,171	-	14,255,938
Additions	-	80,994	134,498	159,507	75,048	450,047
Reclassification	(105,758)	-	-	-	-	(105,758)
Disposals	-	-	(10,441)	(40,000)	-	(50,441)
Balance as at December 31, 2018	6,265,923	5,300,878	2,581,259	326,678	75,048	14,549,786
Accumulated depreciation						
Balance as at January 1, 2017	-	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
Balance as at January 1, 2018	-	145,778	1,901,933	106,867	-	2,154,578
Depreciation for the year	-	132,409	229,206	65,336	-	426,951
Disposals	-	-	(9,460)	(39,999)	-	(49,459)
Balance as at December 31, 2018	-	278,187	2,121,679	132,204	-	2,532,070
Net book value						
As at December 31, 2017	6,371,681	5,074,106	555,269	100,304	-	12,101,360
As at December 31, 2018	6,265,923	5,022,690	459,581	194,474	75,048	12,017,716

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13. 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 \$ 869,246 (2017: \$763,076). The deposit earns interest at the rate of 2% per annum.

14. Members' deposits

	2018	2017
	\$	\$
Term deposits	58,334,472	56,019,152
Saving deposits	58,160,553	48,030,197
	116,495,025	104,049,349
Interest payable on term deposits	899,532	857,566
	117,394,557	104,906,915

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

15. Members' ordinary savings

	2018	2017
	\$	\$
Members' ordinary shares	95,882,236	87,184,001
Interest payable on members' share savings	1,551,810	1,641,863
	97,434,046	88,825,864

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

16. Share capital

	2018	2017
	\$	\$
Qualifying shares		
Authorised number of shares of \$1 par value	Unlimited	Unlimited
Issued and fully paid		
Balance – beginning of year	3,527,120	3,299,100
Issued during the year	259,100	259,100
Repurchased during the year	(68,805)	(31,080)
Balance – end of year	3,717,415	3,527,120

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16. Share capital (cont'd)

	2018	2017
	\$	\$
Equity shares		
Authorised number of shares of \$1 par value	Unlimited	Unlimited
Issued and fully paid		
Balance – beginning of year	22,136,811	20,335,141
Issued during the year	2,174,022	2,174,022
Repurchased during the year	291,294	(372,352)
Balance – end of year	<u>24,602,127</u>	<u>22,136,811</u>
Total share capital	<u>28,319,542</u>	<u>25,663,931</u>

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.

17. 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.

	2018	2017
	\$	\$
Balance – beginning of year	4,246,318	3,380,574
Entrance fees received in current year	1,757	2,389
Appropriation of statutory reserve	1,290,620	863,355
Balance – end of year	<u>5,538,695</u>	<u>4,246,318</u>

18. 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.

	2018	2017
	\$	\$
Balance – beginning of year	1,267,092	1,017,459
Contribution received	510,820	492,881
Benefits paid	(196,614)	(243,248)
Balance – end of year	<u>1,581,298</u>	<u>1,267,092</u>

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19. 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.

	2018	2017
	\$	\$
Balance – beginning of year	30,000	60,000
Payment to National League	30,000	(60,000)
Annual transfer of profits	(30,000)	30,000
Balance – end of year	30,000	30,000

20. Accumulated other comprehensive income

	Property revaluation reserve \$	Revaluation reserve: Available- for-Sale \$	Total \$
Balance at January 1, 2017	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
Balance at December 31, 2018	1,460,291	174,310	1,634,601

21. Investment income

	2018	2017
	\$	\$
Interest on savings account	370,837	448,893
Interest on investments	1,262,237	1,172,034
Dividend income	42,307	18,595
	1,675,381	1,639,522

22. Expected credit losses

	2018	2017
	\$	\$
Loans and advances and undrawn loan commitments	-	690,000
Financial investments	65,698	-
Recoveries	(136,875)	(11,070)
	(71,177)	678,930

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23. Operating expenses

	2018	2017
	\$	\$
Advertising	178,843	150,476
ATM card embossing cost	3,755	5,765
Audit fee	73,080	73,080
Bank charges	67,130	10,022
Board and committee expenses	161,826	130,115
Credit Union week	12,950	12,525
Cleaning expenses	11,755	18,095
Depreciation	426,951	408,900
Donations	69,637	59,350
Education and promotion	34,423	23,186
Electricity	136,062	121,001
General insurance	120,275	89,573
Georgetown branch expenses	93,822	92,785
Grenadines branches expenses	204,224	183,925
Heritage month expenses	850	150
Honorarium	9,600	9,600
Insurance on members' shares and loans	992,988	916,047
League dues	146,024	139,301
Licensing fees	85,186	70,068
Meeting expenses	86,979	77,182
Miscellaneous expenses	9,551	21,103
Motor vehicle expense	27,972	15,595
Office expenses	95,447	93,692
Professional fees	35,695	42,501
Property tax	14,292	14,318
Rent	162,057	162,057
Repairs and maintenance	134,664	90,665
Security	146,902	158,835
Social events	75,227	66,672
Social assistance expense	3,500	6,955
School co-operative expense	7,004	2,845
Scholarships	156,462	155,964
South Rivers branch expense	61,796	86,392
Stationery, postage and office supplies	99,907	130,684
Subscriptions and membership dues	7,204	9,450
Telephone and Internet	168,001	178,353
Water and sewerage	28,348	23,481
Convention and summit	131,087	118,878
	4,281,476	3,969,586

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
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24. Staff costs

	2018	2017
	\$	\$
Education assistance	972	1,511
Group medical insurance	97,522	79,987
Holiday grant	-	3,000
Housing allowance	4,800	4,800
Pension	308,303	207,738
National Insurance contributions	101,065	101,502
Salaries, wages and bonus	2,517,647	2,244,314
Staff training	52,594	50,800
Travel and entertainment allowances	81,978	77,482
Uniforms	44,292	47,561
	3,209,173	2,818,695
Number of employees as of reporting date	59	58

25. Other operating income/(expenses)

	2018	2017
	\$	\$
Commission income	56,393	52,070
Gain/(Loss) on disposal of property	8,867	(2,669)
Income on death benefit plan – net (Note 26)	394,775	420,180
Rental income	145,962	159,182
Gain/(loss) on revaluation of investment properties (Note 11)	-	72,912
Loss on disposal of investment properties	-	(80,000)
Loan processing fee	478,451	539,274
Recoveries of investments	-	159,630
Investment write-off	-	(15,000)
Other income	60,166	66,476
	1,144,614	1,372,055

26. Income on death benefit plan – net

	2018	2017
	\$	\$
Members' death benefit contributions during the year	981,010	958,980
Death benefit claims paid during the year	(586,235)	(538,800)
	394,775	420,180

27. Income tax

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

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
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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.

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

	2018	2017
	\$	\$
Loans		
Directors and volunteers	3,541,702	3,657,610
Staff	7,259,829	4,656,780
	<u>10,801,531</u>	<u>8,314,390</u>

	2018	2017
	\$	\$
Deposits		
Directors and volunteers	1,025,923	813,133
Staff	1,134,749	826,359
	<u>2,160,672</u>	<u>1,639,492</u>

b. Key management compensation

	2018	2017
	\$	\$
Salaries	704,982	717,146
National Insurance Services	17,159	17,159
Board honorarium	9,600	9,600
Board and committee allowance	161,826	130,115
	<u>893,567</u>	<u>874,020</u>

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
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29. Commitments

a. Loan commitments

Loan commitments in respect of undisclosed loans as at December 31, 2018 amounted to \$3,427,094 (2017: \$3,144,475)

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:

	2018	2017
	\$	\$
Less than one year	747,539	150,057
Between one and five years	813,334	50,088
	<u>1,560,873</u>	<u>200,145</u>

30. Transition disclosures

As of 1 January 2018, the Credit Union classified its previously held-to-maturity debt instruments totaling 35,216,476 at amortized cost based on its business model and because their cash flows were solely related to the payment of principal and interest (SPPI). Therefore, it elected to classify all of these instruments as debt instruments measured at amortized cost.

IAS 39 categories include Loans and Receivables, Available-for-Sale (AFS), Held-to-Maturity (HTM) and Fair Value through Profit or Loss (FVTPL). IFRS 9 categories include Amortised cost (AC), Fair Value through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI).

The impact of transition to IFRS 9 on reserves and retained earnings is as follows:

	Statutory reserves	Social development fund	Statutory development fund	Retained earnings	Total
	\$	\$	\$	\$	\$
Closing balance IAS 39 (31 Dec 2017)	4,246,318	1,267,092	30,000	2,788,237	8,331,647
Initial recognition of IFRS 9 ECLs	-	-	-	(942,281)	(942,281)
Opening balance under IFRS 9 (1 Jan 2018)	<u>4,246,318</u>	<u>1,267,092</u>	<u>30,000</u>	<u>1,845,956</u>	<u>7,389,366</u>

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED**Notes to the Financial Statements****December 31, 2018****(Expressed in Eastern Caribbean Dollars)****31. Reconciliation of impairment allowance balance from IAS 39 to IFRS 9**

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Impairment allowance under IAS 39 as at 31 Dec 2017 \$	Remeasurement \$	Impairment allowance under IFRS 9 as at 1 Jan 2018 \$
Loans and advances to customers			
Consumer loans	1,338,188	582,600	1,920,788
Computer loans	1,992	(1,228)	764
Mortgage loans	1,465,416	(112,213)	1,353,203
Student loans	104,706	38,455	143,161
Investment securities	-	434,667	434,667
Total	2,910,302	942,281	3,852,583

THE CREDIT COMMITTEE'S REPORT TO THE 53rd ANNUAL GENERAL MEETING

1.0 Introduction

- 1.1 Bros. Michael Sayers, Linus Goodluck, Renato Gumbs and Sis. Janice King continued to serve on the Credit Committee for the year 2017. At the 52nd Annual General Meeting, Sis. Gemma Mc Cree was elected to serve for a three-year term. The composition of the 2017/2018 Credit Committee is as follows:

⇒ Bro. Michael Sayers	-	Chairman
⇒ Bro. Linus Goodluck	-	Vice Chairman
⇒ Sis. Gemma Mc Cree	-	Secretary
⇒ Sis. Janice King	-	Member
⇒ Bro. Renato Gumbs	-	Member

2.0 Meetings and Attendance

- 2.1 For the calendar year 2018, a total of fifty-one (51) regular meetings were convened.

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

	2018
Bro. Michael Sayers	49
Sis. Janice King	47
Sis. Gemma Mc Cree	22
Bro. Renato Gumbs	51
Bro. Linus Goodluck	38

- 2.3 A total of seventy- eight (78) interviews were conducted for loans applications, forty-three (43) of which included the members' contractors.
- 2.4 Members of the Credit Committee as well as in-house staff, conducted thirty one (31) site visits to two hundred and eleven (211) properties for which loan applications were submitted for purchase, or offered as security in order to assess suitability. Site visits were also made to 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;
- ⇒ Commenced revision of the loan policy;
- ⇒ Collaborated with technical personnel.

- 3.1 The demand for loans continues to be high despite the competitive nature of the market. GECCU continues to offer the Credit Repair Loan as a means of increasing the disposable income of its members. Members are being encouraged to take full advantage of this loan opportunity. Financial advice and restructuring of loans continue 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. However, the value decreased by 26% as depicted in the table below. The decrease was as a result of corporate loans to member organizations the previous year.
- 4.2 The following table provides a summary of the loan activities for the period under review, in comparison to the previous year, 2018.

Particulars	2018		2017		% change	
	No.	Value (\$)	No.	Value (\$)	No.	Value
Total loan applications processed	8344	64,771,683	8449	59,609,442	-1.2	8.7
Total loan applications approved	8307	56,887,543	8420	55,636,670	-1.3	2.2
Total loan applications deferred	23	5,209,679	13	1,491,394	76.9	249.3
Total loan applications not approved	14	2,674,461	16	2,481,378	-12.5	7.8
Total loans disbursed	8261	49,957,221	8256	52,492,195	0.1	-4.8
Total loans approved but not yet disbursed	46	6,930,322	164	3,144,475	-72.0	120.4

- 4.2.1 The table above reveals an 8.7% increase in the value of loans processed despite a 1.2% reduction in the number of applications processed. This trend continued in all of the sub-headings in value and number with the exception of total loans disbursed which decreased both in value and amount by 4.8%

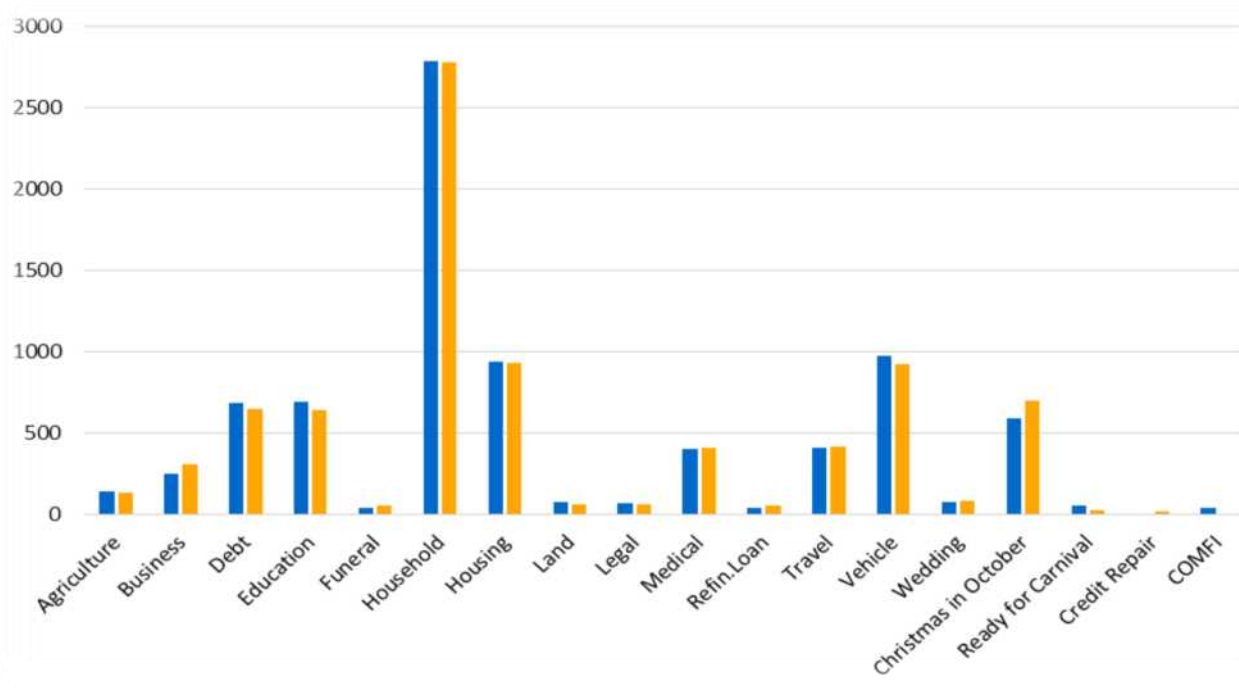
- 4.3 The table below shows loans disbursed by category in 2018 and 2017

Type	JAN-DEC 2018			JAN-DEC 2017			% change (Value)
	No. of Loans	Amount (\$)	% of Total Loan Value	No. of Loans	Amount (\$)	% of Total Loan Value	
Agriculture	139	463,030.00	0.93	132	340,620.00	0.65	36
Business	251	2,598,875.00	5.21	310	2,802,359.00	5.34	-7
Debt	682	3,050,221.00	6.11	652	2,622,379.00	5.00	16
Education	693	3,141,953.00	6.29	639	2,404,201.00	4.58	31
Funeral	41	85,275.00	0.17	52	160,950.00	0.31	-47
Household	2786	5,763,639.00	11.54	2784	5,258,797.00	10.02	10
Housing	938	14,862,360.00	29.77	935	20,045,953.00	38.19	-26
Land	73	4,130,714.00	8.27	62	2,917,248.00	5.56	42
Legal	67	194,140.00	0.39	59	143,926.00	0.27	35
Medical	399	984,356.00	1.97	410	1,142,098.00	2.18	-14
Refin. Loan	42	425,091.00	0.85	55	440,552.00	0.84	-4
Travel	410	1,775,228.00	3.56	419	1,793,155.00	3.42	-1
Vehicle	978	9,521,968.00	19.07	924	9,343,291.00	17.80	2
Wedding	74	368,887.00	0.74	82	394,682.00	0.75	-7
Christmas in October	593	2,117,545.00	4.24	697	2,095,511.00	3.99	1
Ready for Carnival	51	130,947.00	0.26	26	44,300.00	0.08	196
Credit Repair	5	34,532.00	0.07	18	542,173.00	1.03	-94
COMH	39	277,460.00	0.56				
Total	8261	49,926,221.00	100	8256	52,492,195.00	100	

- 4.3.1 During the period under review the value of loans disbursed decreased from \$52million to \$49 million representing a 5.8% decrease. This, however, exceeds the committee's targeted amount by approximately \$3 million. There were increases in loans disbursed for agriculture, education and land which are vital areas for development of our members and country.

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

Chart 1: Loans disbursed by type for the period 2017-2018



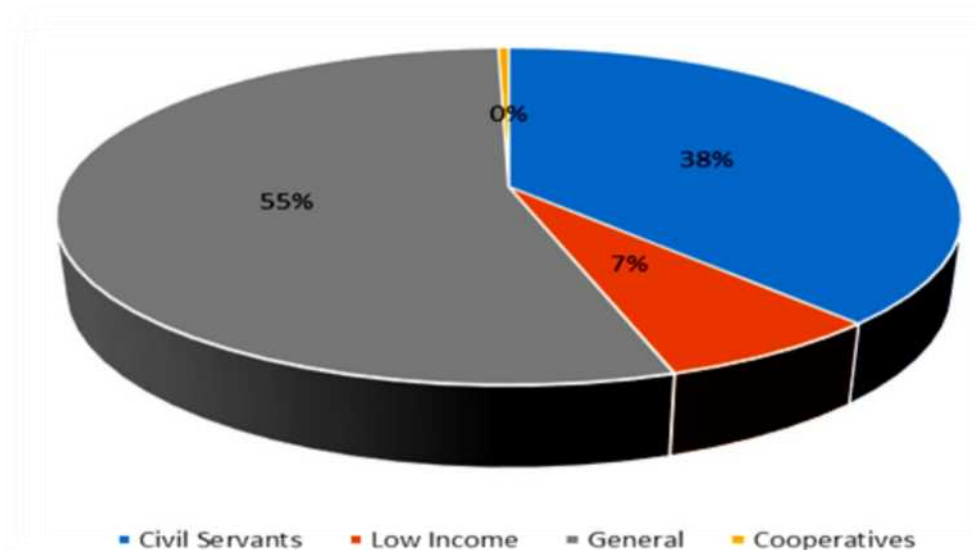
5.0. Mortgage Financing Program (MFP)

- 5.1 The total value of the mortgage (housing) portfolio stood at \$72,700,917 as at December 31st 2018, representing 47% of the total loan portfolio of the organization.
- 5.2 For the period under review, a total of 100 mortgages were approved, which amounted to \$17,527,603. This represents a 16% decrease although the monetary value remains the same. 30% of the approved loans were for mortgages as depicted in the table.
- 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 of loans and the value of the mortgage portfolio for the year 2018 in comparison to the year 2017.

Table 3: Mortgage portfolio by Category

	2018			2017		
Category	No. of Loans	Value (\$)	% of Total Loan Value	No. of Loans	Value (\$)	% of Total Loan Value
Civil Servants	175	26,861,065	38%	153	22,784,228	37%
Low Income	32	2,487,581	7%	34	2,885,054	5%
General	251	39,508,687	55%	224	35,756,212	58%
Cooperatives	2	72,700,917	0.4%			
Total	460	72,700,917	100	411	61,395,494	100

5.4.1 The distribution of the mortgage portfolio for the fiscal year 2018 is presented in the pie chart below. **Chart 2: Mortgage portfolio by Category**



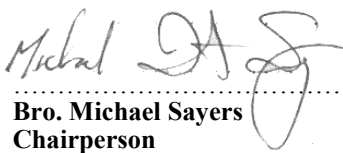
6.0 Delinquency Status- 5.78%

The committee is happy to report a further 1.2% decrease in delinquency from 7.8% in 2017 to 5.78% in 2018, despite the challenges of third party transactions and new guidelines covering overseas remittances. The committee continues to work ardently with the recoveries committee to bring the delinquency down to the acceptable PEARLS ratio.

7.0 Conclusion

Over the years, we have seen our Credit union blossom into a beacon of hope and opportunity to our members. This has been done through the wise and prudent decisions of the Board of directors, staff, volunteers and of course our members. We take this opportunity to encourage all persons to continue to work hard, invest prudently, and to ensure that we give our best to ensure not only the viability, but the success of our Credit Union. As a Committee, we have continued to exceed our budgeted targets, despite the numerous economic challenges being faced worldwide. The use of better screening processes, a focused and balanced skillset, counselling and direct interaction with members have aided in the achievement of our targets.

The Credit Committee takes this opportunity to express its sincere thanks 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. Gemma Mc Cree
Secretary

THE SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

TO THE 53rd ANNUAL GENERAL MEETING

1.0 INTRODUCTION

- 1.1** The Supervisory and Compliance Committee is pleased to present its annual report for the year ended December 31st, 2018.
- 1.2** The duties and responsibilities of the Supervisory and Compliance Committee are enshrined in the Co-operative Societies Act No.12 of 2012, section 66 and article 10 of GECCU's Bye-laws and entail:
- Examination of the books and documents of the Credit Union;
 - Oversight of the Board, committees, management and staff activities;
 - Monitoring compliance with the Act, Regulations, By-Laws and policies;
 - Receiving and investigating member complaints/suggestions;
 - Keeping Minutes of its meetings;
 - Submission of monthly reports to the Board of Directors;
 - Submission of annual report to the AGM.
- 1.3** 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 is largely 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

2.0 MEMBERSHIP AND ATTENDANCE

- 2.1** At the 51st Annual General Meeting, Sis Timora Peters was re-elected for a second term and Bro. Micah Cumberbatch was elected for a first term. They will serve the Committee for a period of three (3) years.
- 2.2** The other members of the Committee were:
- | | |
|---------------------|--------|
| Sis Anika Stapleton | Member |
| Sis Ena Walters | Member |
| Bro. Ricky Haynes | Member |
- 2.3** Sis. Anika Stapleton and Sis Ena Walters were elected unopposed as Chairperson and Secretary respectively. Regular meetings were scheduled for the second and fourth Tuesday of each month.
- 2.4** Twenty-four (24) meetings were held during 2018 with attendance as follows:
- | | |
|------------------------|-------------|
| Sis. Anika Stapleton | 23 meetings |
| Sis Ena Walters | 24 meetings |
| Sis. Timora Peters | 23 meetings |
| Bro. Micah Cumberbatch | 12 meetings |
| Sis. Gatlin Roberts | 4 meetings |
| Bro. Ricky Haynes | 13 meetings |
| Bro. Joel Poyer | 9 meetings |
- Bro Ricky Haynes resigned to pursue studies abroad and Sis. Gatlin Roberts was co-opted to serve. She secured 42 votes at the 51st AGM and was the next eligible candidate. Bro. Poyer retired during the year and was eligible for re-election.
- 2.5** The Internal Auditor, Sis Damoris Alexander and the assistant Sis Karen Mulraine, aided the committee in the implementation of its work programme.

3.0 SCOPE OF WORK

3.1. WORK-PLAN

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

3.1.1 DIVIDEND AND INTEREST

The Committee tested a random sample of accounts for members, staff and volunteers and concluded that the accounts sampled were credited with 5% dividend on Equity and Qualifying Shares and 2% interest on Ordinary Shares as approved by the Board of Directors at the 51st AGM. The findings also revealed a few instances where dividend and interest were inadvertently credited to inactive accounts. These findings were reported to management and corrective action taken. Notwithstanding this, we are satisfied that dividend and interest were disbursed as approved by the Board and that GECCU complied with the relevant sections of the Act and Bye-laws before they were declared and paid.

3.1.2 FIXED DEPOSIT ACCOUNTS

As a follow up to an issue highlighted in the Management Letter 2017, the committee reviewed accounts for new fixed depositors to ascertain whether relevant certificates were being issued. During the review, the committee noted inconsistencies in the issuing of fixed deposit certificates and recommends that Certificates of Deposit be issued to all new fixed depositors at the time when the account is first created.

3.1.3 LOANS & DELINQUENCY

A review of a random sample of new loan applications administered during the year was done. The findings show that loans were processed and disbursed in a timely manner and in keeping with the terms and conditions of the Loans Policy. Also, recommendations made by the external auditors in the Management Letter to strengthen the process were acted upon.

The Committee also reviewed delinquency and noted that the Recoveries Section and Recoveries Committee continued to actively pursue strategies to manage delinquency. The effectiveness of these strategies was not always evident since the delinquency ratio remained outside the industry benchmark of 5%, peaking at 9% during the year. However, continued efforts led to a notable reduction in the ratio to 5.78% at year end.

3.1.4 SOCIAL DEVELOPMENT FUND

The Committee tested a sample of member applications for assistance from the fund, including one denied application, and is satisfied that the necessary due diligence was done by the Social Development Fund Committee. From all observations, applications approved were to address legitimate needs and the fund was administered in compliance with the stipulated SDF guidelines.

We also perused the minutes of the Social Development Fund Committee and are satisfied that the details of their activities were sufficiently captured and that reporting obligations were met.

3.1.5 SCHOLARSHIPS AND BURSARIES

The Supervisory and Compliance Committee scrutinized the applications for scholarships and bursaries against the eligibility criteria for granting of these awards to CPEA and university students and was generally satisfied that the successful applicants met the established requirements. Additionally, we reviewed the process for administering the awards and discovered an area of weakness which was documented with recommendations for Management's attention.

3.1.6 DISASTER MANAGEMENT

The Supervisory and Compliance committee first reported on this priority area in the 2017 AGM report when it noted the absence of the mandatory disaster preparedness training and drills for staff and volunteers. Since then, GECCU has conducted two (2) sets of disaster training and one emergency drill. However, the Committee believes that a more strategic focus is needed if the Credit Union hopes to strengthen its resistance and resilience against natural and manmade disaster. Hence, we strongly

recommend that the Credit Union update the Disaster Management and Continuity Policy and re-establish the Disaster Management Committee to oversee this critical area.

3.1.7 SAFETY AND SECURITY

In 2008, GECCU became one of the first institutions in SVG to implement an Occupational Safety and Health Policy (OSH) in the workplace. Over the years, the Credit Union strove to uphold its commitment to ensuring a safe and secure working environment for members, staff and volunteers. However, we detected areas of weakness that were adequately addressed by Management.

3.1.8 SUB-OFFICE OPERATIONS

The Committee made its usual quarterly visits to the sub-offices in Georgetown, South Rivers, Bequia, Canouan and Union Island. The areas inspected included safety and security, cash handling procedures, compliance with internal policies and procedures, daily deposits and loan administration. Although some weaknesses in the operations were identified, the Supervisory and Compliance Committee is generally satisfied with the level of compliance and the consistency of the operations at the sub-offices.

Also the Committee noted the absence of suggestion boxes at some of the sub-offices. There is, however, a box at GECCU's headquarters and one at the Georgetown Office. The suggestion box is one way of keeping the lines of communication open between members and the Credit Union, hence we recommend that boxes be prominently placed at all the sub-offices and that members be encouraged to use them.

3.1.9 GOVERNANCE

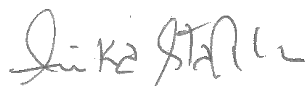
Throughout the year, the Committee monitored and reviewed the performance of the Board of Directors, standing committees and management by attending their meetings, tracking work plan activities and perusing their minutes, monthly and quarterly reports. From our observations, meetings were well attended and had active participation. Minutes and reports were duly prepared and sufficiently captured the actions and decisions taken. Additionally, financial reports were prepared and submitted to the various regulatory bodies. Moreover, a concerted effort was made by management to act on some of the recommendations for improvement made by both the internal and external auditors. Therefore, our findings give the assurance that, to a large extent, the Board and management have acted in compliance with statutory and regulatory requirements and have upheld the established principles and policies of the credit union.

4.0 COMMENDATIONS

The Committee wishes to commend the Credit Union for using the competitive bidding process in procuring the services of qualified professionals for the building projects and for introducing the new group health insurance plan NAGICO, to replace CLICO. We are of the view that educational sessions are needed to apprise members on the mainland and the Grenadines of the benefits and terms and conditions of this new plan.

5.0 ACKNOWLEDGEMENT

The Supervisory and Compliance Committee is indeed grateful to the general membership for electing us and giving us the opportunity to serve the Credit Union. Our heartfelt appreciation is also extended to the management and staff of GECCU, in particular the Internal Audit Department, for their assistance and support during the year. It was our pleasure and privilege to have served and worked with you.



Sis. Anika Stapleton
Chairperson



Sis. Ena Walters
Secretary

THE EDUCATION COMMITTEE REPORT

TO THE 53rd ANNUAL GENERAL MEETING

1.0 Introduction

1.1 The Education Committee is an integral part of the Marketing Department and continues to work closely with that department. The following volunteers and staff constituted the committee for the period under review:

- | | |
|---------------------------------|-----------------------|
| ⇒ Bro. Clarence Harry | - Chairperson |
| ⇒ Sis. Colleen Thomas | - Deputy Chairperson |
| ⇒ Sis. Velda Gumbs | - Secretary |
| ⇒ Sis. Samantha Robinson | - 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 first meeting of the committee was convened on 9th August 2018 and the following persons were elected to the named positions:

- | | |
|--------------------------|-----------------------|
| ⇒ Bro. Clarence Harry | - Chairperson |
| ⇒ Sis. Colleen Thomas | - Deputy Chairperson |
| ⇒ Sis. Velda Gumbs | - Secretary |
| ⇒ Sis. Samantha Robinson | - 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

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

1. To enhance the marketing function of GECCU
2. To strengthen the movement nationally, regionally and internationally.
3. To expand the range of services, provide new ones and improve access to GECCU services
4. To strengthen GECCU's commitment to the development of the Co-operative sector.

4.0 Accomplishments

4.1 To enhance the Marketing function of GECCU

- Miss Azanie Lavia, a resident of Owia, was sponsored as a contestant in the 2018 Miss SVG pageant. This was the first time that GECCU sponsored a contestant in the show.
- The second annual South Rivers Sports and Cultural Organization's (SORPO) night cricket competition was sponsored by GECCU. The highly anticipated four-week competition, which commenced in March 2018, featured teams from surrounding villages.
- T-Shirts were sponsored for members of the Vincentian Students Association (VINSAs) of the Mona and St. Augustine Campuses of the University of the West Indies. The polo shirts, which featured the GECCU and VINSAs logos, were purchased with the aim of marketing the credit union among the student population.

- Three (3) town hall meetings were held on Union Island, Canouan and Bequia on 20th March, 8th May and 19th May 2018, respectively, to update members on the various projects, products and services offered by GECCU.
- Liaison officers were utilised to sell GECCU's products and services at their respective workplaces.

4.2 To strengthen the movement nationally, regionally and internationally

- A presentation on '*Financial management and the benefits of saving in a credit union*' was delivered at the Biabou Learning Resource centre on 26th April 2018 for forty-five (45) self-employed women from the Biabou community, who are involved in a cottage industry.
- A presentation on the topic '*The benefits of Saving in a Co-operative*' was delivered on 30th April 2018 at the Fisheries Conference Room to members of small cooperatives across St. Vincent and the Grenadines. The training was organized as a collaborative effort between the Co-operative Department and the Government of the Republic of China on Taiwan.
- Three (3) town hall meetings were hosted on Union Island, Canouan and Bequia on 20th March, 8th May and 19th May 2018, respectively. The purpose of these meetings was to update members on the various projects, products and services offered by GECCU.
- The annual Youth Leadership Symposium for GECCU scholarship holders was hosted from 20th to 21st August 2018 at the Anglican Pastoral Centre. The theme of the symposium was "*Achieving a balance between academics and extra-curricular activities*". Participants were exposed to topics on mental health, social media use and extra-curricular activities. Other activities organised were team building exercises and a field trip to the St. Vincent and the Grenadines Cocoa Company's nursery in Georgetown.
- A training session was conducted for Liaison Officers on 25th September 2018 at the GECCU boardroom. The objectives of the training were to present new information about GECCU to these officers as well as to update them about the operational and procedural changes that have occurred within the organisation. It is anticipated that Liaison Officers will be in a better position to answer queries about GECCU from the general public.
- A presentation on the topic –'*The benefits of joining a credit union*' was delivered on 29th September 2018 to a youth group at the Calder New Testament Church.
- As part of ongoing efforts to ensure that members of GECCU are educated about their roles in providing voluntary services to the credit union, a training workshop was hosted for current and potential volunteers on 2nd October 2018. Participants were exposed to the values and principles of the credit union as well as the benefits to be derived from volunteerism.

4.3 To expand the range of services, provide new ones, and improve access to GECCU services

- The online platform continues to be a major vehicle that affords GECCU the ability to expand its range of services, provide new ones and improve access to its services.
- The website continues to be the primary vehicle for the dissemination of information to online members. '*Loans*' and '*Link-24*' remain the most popular and most accessed pages.
 - www.geccu.com receives an average of **4,652** monthly visits.
 - The average monthly recorded page views are **14,680**.
 - Google searches amounting to **381** were executed for the keywords "*geccu*" and "*geccu.com*" in 2018.
 - The website received **29,657** unique visitors (visitors from one single IP address), and **539,249** hits for the period under review.

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 **3,266** followers, Instagram had **1145** and Twitter had **232**.

Celebrating **55**

Years of
Service, Strength & Stability



Head Office
info@geccu.com



Georgetown
gtownoffice@geccu.com



Bequia
bequiaoffice@geccu.com



Union Island
unionoffice@geccu.com



Canouan
canouanoffice@geccu.com

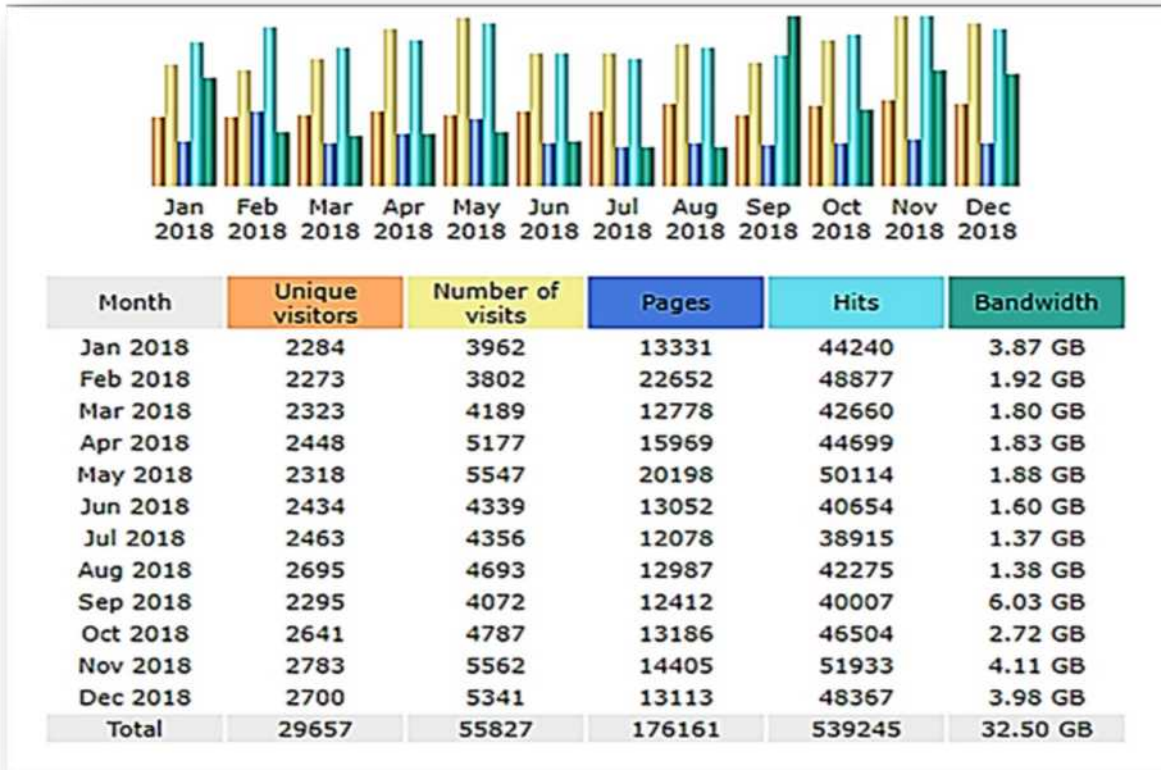


South Rivers
southriversoffice@geccu.com

b. Mobile App

- There were 378 installations of GECCU's mobile app, 110 of which were new users. There was also a total of 3,668 page views.
- The 2018 web report and traffic reports with corresponding periods to 2017 are shown below.

Website: www.geccu.com



Online Marketing Platform	2018	2017
Website (geccu.com)		
Total visits/ Monthly Average	55,827/ 4,652	46,847/ 3,903
Unique Visitors	29,657	27,413
Page Views	176,161	192,680
Google Search Engine Referrals	37,944	23,046
Social Media		
Facebook followers	3,266	2,429
Instagram Followers	1145	1040
Twitter Followers	232	204
Mobile App		
New Users	110	256
Page Views	3668	2270

Facebook Report 2018				
Reach	Views	Engagement	Clicks	Likes
593.8k 212% 	3,534 76% 	13,447 143% 	15,048 49% 	807 35% 

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

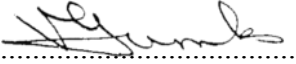
- Education Committee members participated in the Marriaqua Government School's and Richland Park Government School's 2018 Career Day on 15th March and 24th April, respectively.
- Visits were undertaken to thirty-one (31) GECCU-sponsored School Cooperatives on the mainland and the Grenadines during February 2018.
- The Principal and Teacher Guides of the Union Island Secondary school were assisted in developing a sustainable plan for the Teacher Guide programme at that institution.
- Assistance was provided to the Co-operative Department in the development of new and more efficient ways to strengthen the Schools' Co-operative Programme and provide support to the Teacher Guides Programme.
- The annual Youth Symposium was hosted from 20th to 21st August 2018 under the theme "*Achieving a balance between academics and extra-curricular activities*".
- The National Schools' Co-operative Awards was hosted by the Co-operative Department on 9th October 2018.
- Hosted a training session for Teacher Guides on the 6th November, 2018 in collaboration with the Co-operative Department. Thirty two (32) Teacher Guides from across St. Vincent and the Grenadines participated in the workshop. The training discussed among other things, the impact of the school's cooperative program and how it can be improved to benefit the future generation of students.

5.0 CONCLUSION

The Education Committee will like to express its profound gratitude to the Board of Directors for affording it the opportunity to be of service to this noble institution. The committee will also like to say heartfelt thanks to the staff of the Marketing Department for your unwavering support. We look forward to working with you again.



 Bro. Clarence Harry
 Chairperson



 Sis. Velda Gumbs
 Secretary

NOTES

SERVING OFFICERS 2018/2019

BOARD OF DIRECTORS

Bro. Gary Matthias	-	President
Bro. Harold Lewis	-	Vice President
Bro. Brian Alexander	-	Secretary
Sis. Cecelia Williams	-	Treasurer
Bro. Philmore Isaacs	-	Director
Bro. Hugh Colin Sam	-	Director
*Bro. Clarence Harry	-	Director
*Bro. Ronnie Daniel	-	Director
*Bro. Kelvin Pompey	-	Director

CREDIT COMMITTEE

*Bro. Michael Sayers	-	Chairman
*Bro. Linus Goodluck	-	Vice Chairman
Sis. Gemma Mc Cree	-	Secretary
Sis. Janice King	-	Member
Bro. Renato Gumbs	-	Member

SUPERVISORY & COMPLIANCE COMMITTEE

*Sis. Anika Stapleton	-	Chairperson
Sis Ena Walters	-	Secretary
Sis. Timora Peters	-	Member
Bro. Micah Cumberbatch	-	Member
*Sis. Gatlin Roberts	-	Member

*indicates members due to retire at this meeting