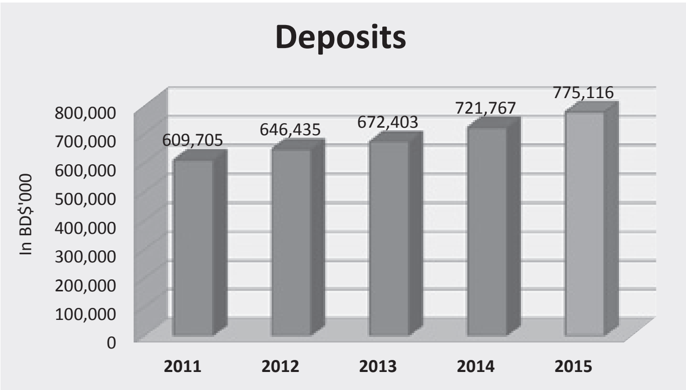
MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

LIABILITIES

Deposits totaled $775.1 million and were $53.3 million or 7.4 percent higher than at the previous year-end.

Loans payable were reduced during the year to $33.4 million from $43.7 million as a result of $10.2 million being repaid within the financial year. Other liabilities increased by $358 thousand or 4.5 percent compared to an increase of $3.8 million in prior year while reimbursable member shares increased by $1.3 million or 25.2 percent.



EQUITY

Total equity comprising of share capital, retained earnings, statutory and other reserves is the backbone of financial stability and allows for future growth and development.

As at March 31, 2015, equity totaled $106.6 million up from $97.8 million as at March 2014. The increase of $8.8 million primarily reflects net income of $9.6 million, growth in share capital of $524 thousand offset by distributions to members of $2.0 million.

THE WAY FORWARD

The financial year ending March 31, 2016 will prove to be a time of great consolidation and proactivity as the Credit Union continues to face the various challenges in the economy.

One such challenge is the possibility that the eighteen month duration of the 0.2 percent tax imposed on the assets of the Credit Union will be extended. If this continues beyond the original deadline, it has the potential to stem future growth as the expense increases as assets grow.

It is anticipated that during the next financial year ending March 2016, the Credit Union will incur an additional $1.5 million in this expense, even if the Credit Union does not realize a net surplus.

It is also expected that the Credit Union will be subject to increased regulatory oversight and increased competition from players in the financial services industry stemming from the Central Bank's decision to deregulate interest rate on savings. However, the Credit Union will be proactive and commit to taking actions necessary to safeguard its assets.

The Credit Union does not anticipate the same volume of issues regarding non-performing loans as experienced in the reporting period. However, the Credit Union will continue to work with our members to create payment solutions for them, thus enabling the proper management and control of delinquency so as to protect our assets.