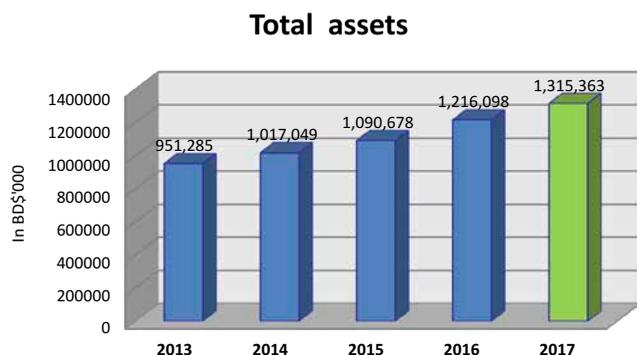


# MANAGEMENT DISCUSSION AND ANALYSIS

## Assets

Total assets of the Group stood at \$1.3 billion at March 31, 2017. This represented an increase of \$99.3 million or 8.2 percent over the previous year.



At March 31, 2017, the Group's consolidated net loans and advances stood at approximately \$1.1 billion, as compared to \$1.0 billion at the end of March 31, 2016.

This represented an overall increase of \$97.8 million or 9.8 percent growth in loans compared to an increase of \$95.4 million or 10.5 percent one year ago.

Loan growth was primarily lead by growth in consumer loans by \$58.6 million while mortgages and business loans grew by \$25.3 million and \$13.7 million respectively.

This increase resulted from a more targeted marketing approach, innovative loan promotions and from continuous streamlining of the loan approval and disbursement processes.

These initiatives enabled and sustained the trend of increase loan demand which was realized across the Group.

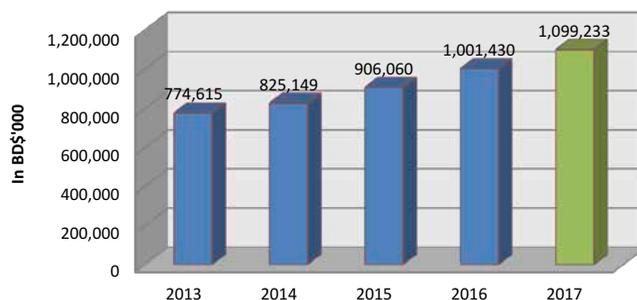
The Group remained highly liquid with cash resources totaling \$117.4 million. Financial investments marginally increased by \$217.6 thousand or 0.6 percent.

## Asset Quality

The delinquency ratio remained stable at 6.3 percent at the end of March 31, 2017 as was the case at March 31, 2016.

This is highly commendable given the current environment and is attributable to close monitoring of delinquent accounts, creating payment solutions for members who are experiencing financial challenges and strict adherence to credit control and underwriting requirements.

## Loans and advances



The Group continues to maintain a consistent approach to the provisioning process. This was based on thorough reviews of individual's credit risk and analysis of collective portfolio risk characteristics.

The key focus of management was to take a proactive approach to working with members and customers to offer them financial counseling and alternative loan arrangements and restructuring plans to assist them in maintaining a sound credit rating and risk profile.

## Liabilities

The Group's strong liquidity position continued to be driven by the growth in deposit liabilities. At the financial year end, the Group's deposits totaled \$1.1 billion, an increase of \$101.3 million or 9.8 percent higher than at the previous year-end.

During the year under review, the Group repaid five of its high interest rate loan facilities so as to reduce its debt service costs and improve the overall net interest spread.

The Group's total loan repayment amounted to \$18.7 million which was largely responsible for the reduction in loans payable from \$41.0 million at March 31, 2016 to \$22.3 million at March 31, 2017.

## Equity

As at March 31, 2017, the Group's total equity was \$132.6 million, an increase of \$15.3 million or 13.0 percent over the previous year.

The increase was primarily due to profits of \$16.0 million, growth in share capital of \$676.3 thousand and net of dividend distributions of \$2.6 million.

The Group's capital adequacy ratios are above minimum capital requirements and these are being monitored on an on-going basis when assessing capital needs and evaluating changes in strategic focus, risk tolerance levels, business plans and the operating environment that might materially affect capital adequacy.

## OUTLOOK – 2017 and Beyond

In the financial sector, it is envisaged that the interest rates on savings and deposits will remain at the current low rate.

However, the Group will continue to prudently manage its operating costs so that our members and customers can continue to enjoy competitive interest rates on their savings and deposits.

The Boards of Directors and employees will continue to work steadfastly to provide the financial services that are geared towards helping our members and customers achieve and realize their dreams of creating a brighter future for themselves and their families.