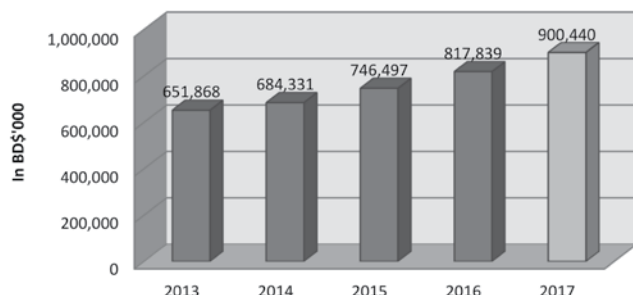


MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Loans and advances

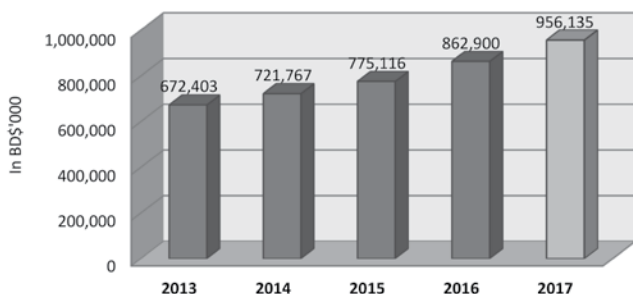


In addition, impaired loans increased by \$5.4 million during the 2017 financial year as compared to an increase of \$1.8 million in the prior year. The Credit Union will continue to work diligently with defaulters to offer them alternatives and restructuring options to enable them to restore their loans to a state of normalcy.

LIABILITIES

Deposits at March 2017 totaled \$956.1 million and were \$93.2 million or 10.8 percent higher than the previous year-end.

Deposits



Loans payable were reduced during the year to \$5.3 million from \$22.2 million as a result of higher rate bearing loans being repaid within the 2017 financial year. Other liabilities decreased by \$176.5 thousand or 2.1 percent compared to an increase of \$1.1 million in the prior year while reimbursable member shares increased by \$710.4 thousand or 9.9 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, 2017, equity totaled \$133.9 million up from \$118.8 million as at March 31, 2016. The increase of \$15.0 million primarily reflects net income of \$16.0 million, growth in share capital of \$676.3 thousand offset by distributions to members of \$2.6 million.

THE WAY FORWARD

The Credit Union remained steadfastly dedicated to its core reason for existence - to improve the lives of our members and the communities we serve. While the Credit Union continues to grow and expand its membership, we will strive to ensure that we are providing a supreme service experience to our members.

To broaden our reach to our existing and potential new membership, a mobile unit and a branch located in the north of the island at Mile and a Quarter, St. Peter will be ready by the end of the second quarter of the financial year 2018. The mobile unit will primarily service Warrens as well as varying locations across the island.

The Credit Union will also be carrying out extensive upgrades to property, plant and equipment and technological platforms to provide greater efficiency in performing day to day transactions. It is envisaged that there will be opportunities for members to have a larger share of the distribution of net surplus at year-end in the form of dividends.

We are committed to working closely with our members to create payment solutions to minimize and control delinquency whilst ensuring that our members become financially and economically sound. The Credit Union will continue to serve and help our members thrive well into the future.