

Board of Directors Report

At the 40th Annual General Meeting of the Elks City of Castries Cooperative Credit Union Limited, nine (9) Directors were elected to serve. At the first meeting of the Board on June 13, 2018 directors were appointed for periods varying from one to three years in the following positions:

NAME	POSITION	TENURE	DATE COMMENCED
Mario Boyce	President	1 year	April 2014
Errold P. Cyril	Vice President	2 years	May 2017
Cynthia Laurent	Treasurer	3 years	April 2015
Kady- Ann Verdant	Assistant Treasurer	2 years	May 2017
Sherane Long	Secretary	3 years	April 2017
Lennox Mondesir	Ordinary Director	3 year	May 2018
Eleanor Francis	Assistant Secretary	2 years	May 2017
Aidan Blondel	Ordinary Director	1 year	May 2016
Winsbert Regis	Ordinary Director	1 year	May 2016

Meeting Attendance Record

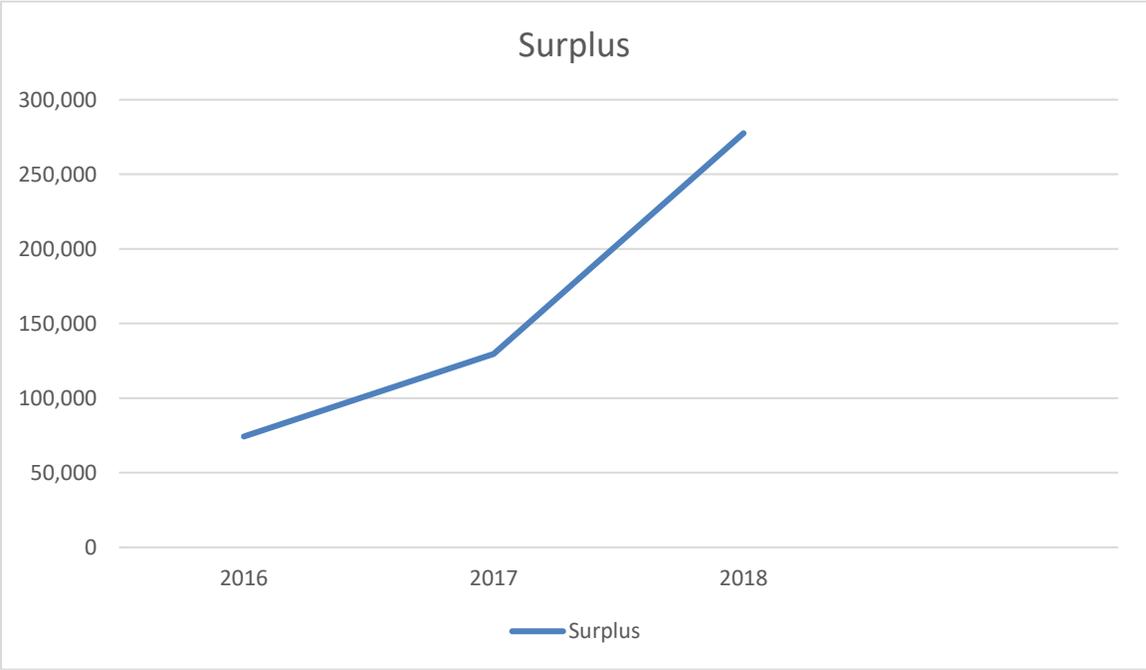
Name	Regular Monthly Board Meeting-8			Special Board Meetings-3		
	Present	Excuse	Absent	Present	Excuse	Absent
Mario Boyce	6	y	2	3	-	-
Errold P. Cyril	7	Y	1	2	y	1
Cynthia Laurent	6	y	2	2	y	1
Kady-Ann Verdant	1	N	7	-	-	-
Sherane Long	7	Y	1	2	y	1
Lennox Mondesir	6	-	-	2	-	-
Eleanor Francis	6	Y	2	2	y	-
Winsbert Regis	8	-	-	3	-	-
Aidan Blondell	3	N	5	-	-	-

During the financial year 2017 eleven (11) Board Meetings were held inclusive of Special meetings (3) and regular Board Meetings (8). Three (3) meetings were held prior to the Annual General meeting.

In accordance with Section 45 Sub-Section 6 and Section 44 (f) Directors Aiden Blondell and Kady-Ann Verdant are deemed to have vacated their post as Directors. This took effect in February 2019.

REVIEW OF 2018

Despite the continued bleak economic climate and competitive environment the Credit Union reported a surplus during the year 2018, a trend that has been consistent over the past three (3) years. This is an indication that we are able to withstand the current economic environment. We however cannot remain complacent and a robust strategy for the next three to five years is required that would allow for increased lending to members and further increase in the capital base. Notwithstanding, the financial services landscape continue to undergo significant changes particularly in the regulatory requirements with the Anti-Money Laundering and the Terrorism Financing Act significantly impacting the way we do business. As such, the year 2019 will see increased changes to ensure continued compliance with the required standards.



Growth in Surplus 2016-2018

Interest Income

The Credit Union reflected a positive improvement in interest income which is reflected in the growth in surplus. Interest income grew by \$162,242.00 or 12.94% as a result of increased lending and promotions, a main objective of the Board of Directors for the year 2018. Notwithstanding, this growth was down from last year by \$51,959.00. We continue to urge the membership to take advantage of upcoming loan promotions in 2019, which would no doubt reflect in increased returns to you the members. Additionally, increased surplus would allow for an increase in the reserves and the education fund.

With an expected ambitious budgeted interest income of \$2,034,836 or 44% over last year projected, the strategies employed must lend to an increase in the loans portfolio.

Balance Sheet

Notwithstanding the growth in total assets of 8.25% or \$1,438,812.00, significant opportunities lie in increasing the loan portfolio which grew by 17.61%. With members withdrawable shares at over \$15m, the incoming Board together with Management should ensure that every effort is made to encourage the members to save and borrow whilst increasing lending to new and existing members. This however must be done with prudent lending, a varied range of products and services and the awareness of the ever increasing associated risk factors.

We continue to see significant improvement in members' investment as you the members continue to show confidence in the Credit Union's ability to manage your funds and by extension provide you with much needed returns. As at December 2018, an increase of 25.30% or \$384,238.00 is reflected in member's equity which is 10% of total assets and 11.21% of total liabilities. It should be noted however that share capital (permanent shares) currently stands at \$707,687.00 or 3.75% of total assets. The standard requirement is 5% of total assets to ensure a sound capital base and members are being encouraged to investment in the Credit Union.

The Board encourages all members whose permanent shares (non-withdrawable) is less than \$300.00 to contact the credit union and ensure that you increase you permanent shares to the required value. Additionally, you can increase your investment in excess of the required \$300.00. Be reminded that the permanent shares do attract dividends based on the year-end surplus and recommendations form the Board of Directors.

Risk Management

Management has made strides in ensuring that the operations are guarded against risk. However, with the risk environment continuing to rapidly evolve placing ever increasing demands on the sector, the Elks Credit Union is not immune to this evolution. There is further need for stringent risk mitigating tools that would guard and mitigate against various areas of risk within the Credit Union with special emphasis on deposits and lending. With a new strategic plan to be implemented, we urge the new Board to work with management to direct resources towards compliance. This we envision will create the compliance culture amongst members and staff that would facilitate prompt attention and trigger warning signs.

Training & Development

On an annual basis the Credit Union continues to focus highly on staff and volunteer training ensuring that every effort is made to have personnel trained to provide efficient service to the membership. However, in 2018 much of the training budgeted was not executed as planned and focus was on the following:

- Corporate Governance – Board of Directors and Committee Members
- Caribbean Development Educators Programme – Natasha Vitte' (Staff) attended in Trinidad and Claudia Hippolyte (Credit Committee) attended in St. Lucia
- CCCU Conference (Trinidad)- Mario Boyce (President)

Mention must be made of the Credit Union's upgrade to Emortelle 9.1 in February 2018 which saw staff being trained in the upgrade for the period February 17, 2019 to February 21, 2019. This

upgrade has provided the opportunity for the implementation of printable receipts, cheque printing among many other efficient services that you the membership would already be benefiting from.

Relocation of the Credit Union Operations-UPDATE

Last year, we mentioned the exorbitant cost of property and the prudent manner in which the Board was approaching the acquiring of same. As a Board, we remain careful on investment thus ensuring that members funds if and when invested yield returns. As such, the decision was made to house the operations of the Credit Union in much needed space (2800sq ft) acquired for rental from The Methodist Church on Chisel Street , Castries. The existing Wesley Ann Hall (downstairs only) will be retrofitted to house a fully-fledged Credit Union financial Center which would see changes to member service. The Board has budgeted the estimated cost of the move including retrofitting and furniture and fixtures to be \$400,000.00.

Services to provide for the elderly, disabled, nursing mothers, parents with children among others are part of the new enhancement for you the membership. Further, additional tellers, loans officers and member service will be part of the new image of the Elks Credit Union all in an effort to guide your journey, improve and add value to our service to you.

Existing Location and Resolution to Sell

With the current location at the Corner of Brazil and Coral Streets to be vacated we bring to the membership discussions on the way forward for this building. Whilst rental may be an option, the cost of maintenance of the existing structure would not be sustainable. Members we urge you today to move for a resolution for the sale of the building which can no longer house the expanding operations of the Credit Union.

Delinquency Management

With the continued efforts of a dedicated Credit Team, we continue to keep the delinquency at the required standard of 5%. As such 2018 realized a decrease in the delinquent loan ratio from 6.86% in 2017 to 6.07%. All measures are being employed to ensure that the loans are serviced, the first which is direct discussions within the members to ascertain the member's financial position. With the implementation of IFRS9, there is an expectation that provisioning for bad debts will increase and further erode the surplus. Members once again we urge you to service your debts on a timely basis based on the terms and conditions of the loan agreement.

Scholarship Recipients- 2018

Justin Hippolyte- Assigned to St. Mary's College

Bre Lewis- Assigned to St. Joseph's Convent

Members we encourage you to apply for the 2019 Elks City of Castries Scholarship from June 2019. Applicants must be members of the Elks City of Castries Cooperative Credit Union and

must be the parent or legal guardian of a student who has been successful at the 2019 Common Entrance Examinations. Further information can be obtained from any staff member.

Simple Dollar Account for Minors

In keeping with the cooperative principle of Education, Training and Information we are pleased to inform that the ‘Simple Dollar Account’ was launched on International Cooperative Day October 2018 for minors up to the age of 15. We encourage you the members to open accounts for your children instilling in them the need to save with the Credit Union remembering that the account cannot be used as your personal account.

Educating the youth on the need to save is an area that we remain passionate about and we look forward to convening a forum with all the youth during Cooperative Month, October 2019.

Dividend Recommendation- the Board of Directors is pleased to announce a dividend of 7% on Permanent Shares and Patronage refund of 3% as at December 31, 2018.

The Elks Credit Union continue to remain resilient despite the challenges in the external environment. In the year ahead focus will remain on risk as we seek to ensure firstly that capital adequacy is maintained. Additionally, building a culture of compliance that would support and safeguard ourselves, the credit union sector and our bankers is paramount. This could only be done with proper governance, whilst ensuring that the cooperative principles are maintained, guided by the regulatory framework. The need to ensure that the PEARLS standards are maintained will no doubt be a major aspect of the strategic planning.

The staff has remained dedicated and committed over the past years and we look forward to another year filled with promise for both staff and membership, as we transition to our new location.

Thanks to you our loyal member-shareholders for continuing to make us your premier financial institution. Your confidence in us has helped us make significant strides and will allow us to ***“Guide your Journey- through Improved Member service”***

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Sherane Long
Secretary

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Mario Boyce
President