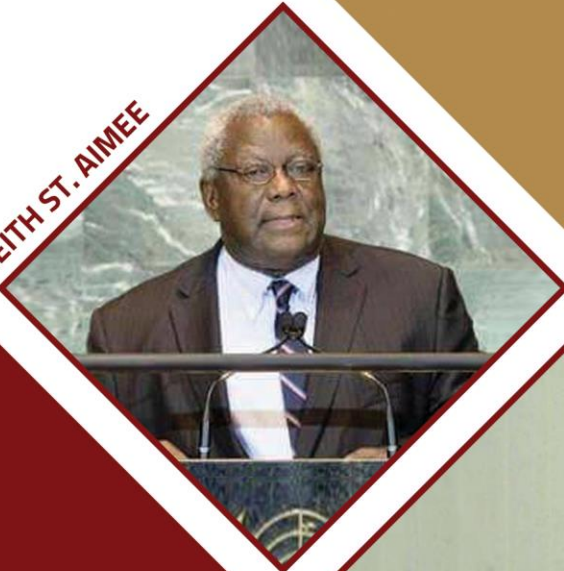




LABORIE CO-OPERATIVE CREDIT UNION LTD.

32nd Annual General Meeting
Sunday 26th March 2017

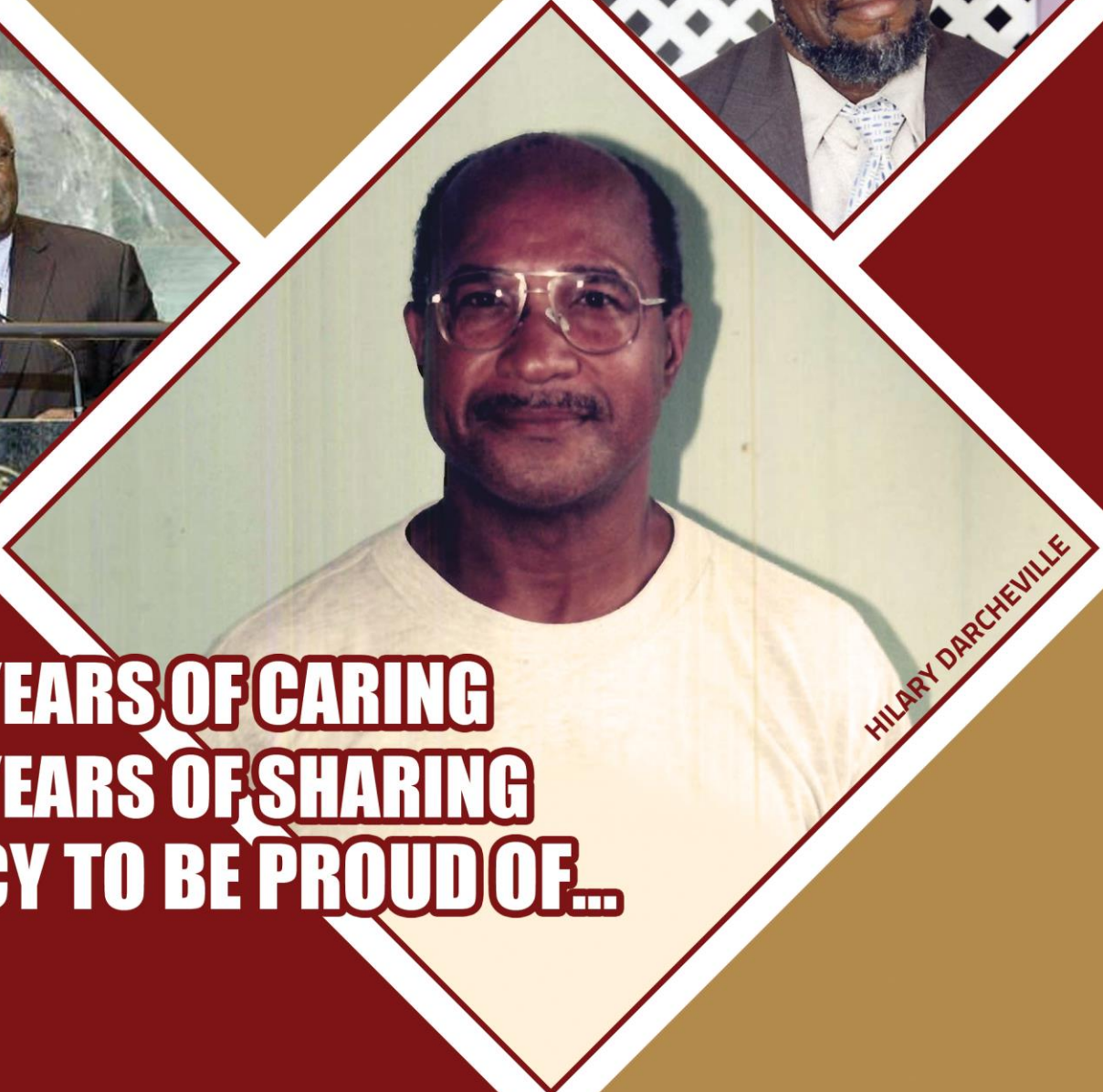
KEITH ST. AIMEE



RUDY JOHN



HILARY DANCHEVILLE



**40 YEARS OF CARING
40 YEARS OF SHARING
A LEGACY TO BE PROUD OF...**

Credit Union Prayer

Lord, make me an instrument of Your 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;
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 giving that we receive;
it is in pardoning that we are pardoned;
and it is in dying that we are born to eternal life.

CORE VALUES

We believe our members come first
We believe in being human centered
We believe in unequivocal excellence in all aspects of our operations
We believe in being community focused
We believe in the co-operative philosophy

CORE PURPOSE

To enhance the standard of living and quality of life of our members.

VISION

To become the financial institution most known for enhancing the lives of our members and their communities.

TABLE OF CONTENTS

Notice of Annual General Meeting	2
Standing Orders	3
Minutes of the 30th Annual General Meeting	4
Board of Directors' Report	10
Treasurer's Report	14
Credit Committee's Report	22
Supervisory Committee's Report	26
Independent Auditor's Report	28
FINANCIAL STATEMENTS	
Balance Sheet	31
Statement of Income	32
Statement of Changes in Equity	33
Statement of Cash Flows	35
Notes of Financial Statements	36

Notice is hereby given of the 32nd Annual General Meeting of the Laborie
Co-operative Credit Union Ltd.
at the Laborie Boys' Primary School on Sunday 26th March 2017 from
1:30 p.m.

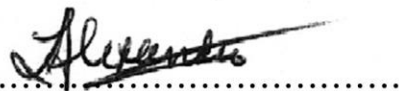
AGENDA

Part One

- ✓ Call to Order
- ✓ Prayers & National Anthem
- ✓ Welcome Remarks
- ✓ Apologies
- ✓ Introduction of Guests and Greetings from Fraternal Organizations

Part Two

- ✓ Ascertainment of quorum
- ✓ Reading and Confirmation of Minutes of the 30th Annual General Meeting
- ✓ Reports
 - * Board of Directors
 - * Treasurer
 - * Auditor
 - * Credit Committee
 - * Supervisory Committee
- ✓ Election of Officers
- ✓ Appointment of Auditor
- ✓ Any Other Business
- ✓ Adjournment



Lana Alexander
Secretary

STANDING ORDERS

1. A member shall:
 - a. *Stand when addressing the Chairperson.*
 - b. *Identify himself / herself by name before proceeding to make speeches.*
2. Speeches should be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when recognized or called to do so by the Chairperson after which he/she shall immediately take his / her seat.
4. No member shall address the meeting except through the Chairperson.
5. A member shall not speak twice on the same subject except:
 - a. *He/she is the mover of the motion and has the right to reply.*
 - b. *He/she rises to object or explain (with the permission of the Chairperson).*
6. No speeches shall be allowed after the question has been put, carried or negated.
7. A member rising on a 'Point of Order' must state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders).
8. The mover of a 'procedural motion' (adjournment, postponement) shall have no right of reply.
9. A member shall:
 - a. *Not 'Call' another member 'To Order' but may draw the attention of the Chairperson to a 'Breach of Order'.*
 - b. *At no time 'Call' the Chairperson 'To Order'.*
10. A question should not be put to the vote if a member desires to speak on it or move an amendment to it.
11. Only one motion/amendment should be before the meeting at one and the same time.
12. When a motion is withdrawn any amendment to it fails.
13. The Chairperson shall have the right to a "Casting Vote" in addition to his/her ordinary vote in the event of an equality of votes.
14. If there is an equality of votes on a motion / amendment, and if the Chairperson does not exercise his/her casting vote the motion / amendment is lost.
15. The Chairperson shall make provisions for the protection of members from vilification or personal abuse at all times.
16. No member shall impute improper motives against the Chairperson, Board of Directors, Officers or any other member.

Minutes of the 31st Annual General Meeting held at the Laborie boys' Primary School on Sunday 20th March, 2015

Part One

Call to Order

The Meeting was called to order at 2:00 p.m. by the Chairman, Director Steven Auguste.

Attendance

Board of Directors

Steven Auguste
Marylene John- Marquis
Francillia Browne
Donna Kaidou Jeffrey
Eric Joseph
Johnson Auguste
Phils Louis
Paul Sammy
Denise Herman

Credit Committee

Emmanuel Clery
Dale Louis
Tresa Jn. Jules
Ashley Duncan

Supervisory Committee

Shermie James-Darcheville
Keth Thompson
Michelle Edwide-Duplessis
Ulric Alphonse

Absent with excuses were Officers Virginia Blasse of the Credit Committee and Janie Mondesir of the Supervisory Committee.

The following represented their respective entities:

- Mr. Michael St. Catherine St. Lucia Civil Service Credit Union Ltd.
- Mr. Nigel Mitchel Choiseul Co-operative Credit Union Ltd.
- Mrs. Cecilia René Laborie Fishers & Consumers Co-operative Ltd.
- Mr. Matthew Sargusingh TRI-FINITY ASSOCIATES

Apologies were made on behalf of St. Lucia Co-operative Credit Union League's representative, Mr. Konnan Stanislaus.

Prayers and National Anthem

All joined in the recitation of the Prayer of St. Francis of Assisi and Laborie Credit Union's Core Values. An instrumental version of the National Anthem was played.

Welcome Remarks

Director Steven Auguste extended a warm welcome to co-operators and invited guests. He noted that it was always a pleasure seeing members who are consistently present and as well as those attending their first meeting. Citing this event as an opportunity to seek answers to their queries from Officers and Staff, he urged members to participate fully in the discussions on the operations of the Credit Union. He acknowledged the efforts of Directors, past and present, in ensuring the growth of this organization.

Greetings from Fraternal Organizations

Mr. Michael St. Catherine expressed the St. Lucia Civil Service Credit Union's pleasure at being associated with this Society. He credited LCCU for being a leader on many fronts, having spear-headed many initiatives. He acknowledged that his Society had tried hard to emulate LCCU by hosting its AGM in March, but to no avail. He wished LCCU a successful AGM.

Mr. Nigel Mitchel extended the best wishes of the Choiseul Co-operative Credit Union for a productive AGM. In addition to being sister Credit Unions, he noted that the two organizations are a force to be reckoned with. He urged members to recognize their status as owners and seize this opportunity to discuss the business of their Credit Union.

Mrs. Cecilia René congratulated the Society on the attainment of this milestone, noting that this was truly a legendary feat. She expressed the gratitude of the Laborie Fishers & Consumers Co-operative for the show of support and encouragement received on many occasions from LCCU.

Mr. Steven Auguste extended the St. Lucia Credit Union League's commendations for LCCU's accomplishment of forty years of transforming the lives of its members. He also acknowledged the Society's efforts at providing support and guidance to affiliates in particular, and the movement in general.

Part Two

Ascertainment of Quorum

The Secretary announced that three hundred and nine members (309) had registered so far, and a quorum had been ascertained.

Minutes

The Minutes of the 30th Annual General Meeting held on Sunday 22nd March, 2015 were read by the Secretary.

Errors & Omissions

Page 5, 4th paragraph, **Stanislaus** to replace Stanislas.
Page 6, 1st paragraph, **Nilla** to replace Neilla.
Page 8, Treasurer's Report, **Cyris** replace Sheris.
Page 10, Nomination & Election of Officers, **Eyan** to replace Ian.

Page 11, Gift Certificate & Hamper Raffle, to **Julica** replace Julitta.
Page 11, In Column under Place, insert **Gentil**.

Confirmation of Minutes

The Minutes of the 30th Annual General Meeting of Sunday March 22, 2015 were confirmed on a motion moved by Nannia Cyris and seconded by Sienna London.

Matters Arising

- Regarding the query on the smallest amount required in obtaining a loan, members were advised to speak with a Loans Officer for details.
- The ATM/Debit Card Project is being spearheaded by the St. Lucia Co-operative Credit Union League Ltd. One of the two ATM machines to be installed will be placed at LCCU's Vieux Fort Branch to ensure greater access to members. A Memorandum of Understanding (MOU) has been signed by LCCU.

Board of Directors' Report

In his Report, the President, Director Steven Auguste noted another year of commendable performance notwithstanding the competitive and volatile economic environment.

The following were highlighted:

- The Key Performance Indicators recorded marked increases. Vieux Fort Branch's performance was highly commendable.
- Greater attention is to be paid to the management of Delinquency.
- A Strategic Plan (2016-2018) was developed under the theme 'Creating Value through Institutional Strengthening of LCCU'. Key deliverables were developed in the Stakeholder Objectives, Internal Processes, Learning and Growth.
- LCCU continues to demonstrate corporate social responsibility.
- LCCU's 40th Anniversary activities will be celebrated under the theme 'Celebrating the Past, Visioning the Future'.

In the ensuing discussions, it was noted that the Shares in Laborie Fishers & Consumers Co-operative were purchased in the previous financial year and not 2015.

The Board of Directors' Report was adopted on a motion moved by Judith Pauline Charlery and seconded by Ivy Remy-St. Helen.

Auditor's Report

The Auditor, Mr. Matthew Sargusingh thanked members for the adjustment of the Agenda to facilitate his delivery of the report. In his presentation, he stated that the financial statement which outlined the financial position of the Laborie Co-operative Credit Union as at December 31, 2015, was in accordance with International Financial Reporting Standards.

In the ensuing discussions, the following explanations were provided:

- The Land itemised in the Inventory was property acquired from a foreclosure, and not purchased.
- As a result of the 0% interest that it earned, the Super Saver account was moved to a Fixed Deposit to attract a higher interest.
- More effort must be made to recover impaired loans.
- Need for more information on Staff to determine Management & Employee Cost.
- Details were provided for Other Expenses.
- Improvement in the quality of loans was evident.

The Auditor's Report was adopted on a motion moved by Ruben Sones and seconded by Mary Jameson

Treasurer's Report

The Treasurer, Director Francillia Browne presented her Report entitled "Visioning the Future".

In the ensuing discussions, members were informed that that the cost of Scholarships was included in Education and Training under the caption Administrative Expenses. It was suggested that there was need to distinguish amounts disbursed on training for Staff and for members.

The Treasurer's Report was adopted on a motion moved by Adeline Jean and seconded by Nannia Cyris.

Credit Committee's Report

In his report, Officer Emmanuel Clery disclosed that the four thousand, four hundred and eighty eight (4,488) loans approved amounted to thirty five million, five hundred and forty six thousand, one hundred and seventy nine dollars and seventy seven cents (\$35,546,179.77). Members were reminded that failure to meet the terms outlined in the Application Forms would result in the denial of their requests.

The Credit Committee's Report was adopted on a motion moved by Martina Alexander and seconded by Sienna London.

Supervisory Committee's Report

The Report was presented by the Chairperson, Officer Keth Thompson who highlighted their audits of LCCU's internal controls. These included:

- Conduct of a Member Outreach exercise at the Vieux Fort Branch.
- Review of (a) various categories of loans; (b) investment portfolio.
- Observation of meetings of Board of Directors and Credit Committee.
- Commendations for the Member Relations Committee for following up on recipients of scholarships and bursaries.
- Conduct of audits of (a) cash and (b) security procedures.

In the ensuing discussions, the following were proposed:

1. Outreach programmes designed to assist school co-operators and youth in assessing and using LCCU's products to their advantage.
2. Risk Management Committee (RMCO) to submit reports on their operations.

The Supervisory Committee’s Report was adopted on a motion moved by Ruben Sones and seconded by Saturina Louisy.

Resolution

A resolution to amend Section V11(13)(b) of LCCU's Bye-Laws to read “***Every member of the Society shall be born, resident, employed or in ownership of property within the area of operations.***” was moved by the Secretary, Director Marylene John-Marquis and seconded by Cecilia Hercules-René. The motion was unanimously carried with 134 in favour and none against.

Nomination and Election of Officers

Details of the election process are outlined in the Table below:

COMMITTEES	RECOMMENDATIONS		ELECTED OFFICERS
	Nominations Committee	The Floor	
BOARD OF DIRECTORS	Lana Alexander Michelle Charlery Eyan St. Helen	Sienna London	Lana Alexander Michelle Charlery Eyan St. Helen
CREDIT	Ashley Duncan		Ashley Duncan
SUPERVISORY	Peter Ulric Alphonse		Peter Ulric Alphonse

Appointment of Auditor

A motion authorizing the Board of Directors to appoint an auditor for the next financial year was moved by Ivy Remy St. Helen and seconded by Felicia Weekes. The motion was carried.

Any Other Business

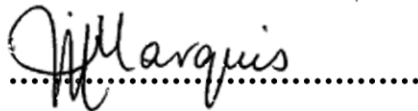
- LCCU's Tellers received high commendations for excellent customer service.
- Accessibility to washroom facilities, particularly for the elderly, should be considered in the selection of venues for hosting this event.
- An appeal was made for extensive publicity prior to the Annual General Meeting.

Hamper Raffle Winners

NAME	TICKET #
Felix Mathurin	414-159
Julita Canchon	414-134
Chantal Aldonza	414-090
Zelia Alexander	414-209
Ivy Remy-St. Helen	414-089
Leonie Aimable	414-189

Adjournment

The meeting was adjourned at 7:03 p.m. on a motion moved by Nannia Cyris and seconded by Verna Maximin.



Marylene John Marquis
Secretary

Board of Directors Report For the Year Ending December 31, 2016

Forty Years of Caring, Forty Years of Sharing... A legacy to be proud of

On behalf of the Board of Directors, I present our Annual Report for the year ended December 31, 2016. The report also highlights some of the major milestones achieved over the past forty years (1976 – 2016).

Preserving our Co-operative Heritage

There can be no growth without change. However, at Laborie Cooperative Credit Union (LCCU) we understand the difference between what should never change and what should be open to change. After forty years of existence, LCCU continues to be encumbered by two great challenges:

1. Preserving its values as a co-operative and at the same time stimulating progress.
2. Remaining relevant to the needs of its members.

Over the years, we have never lost sight of the fact that LCCU was primarily created to improve the quality of life and well-being of our members. To this end members' overwhelming response to the provision of products and services propelled the growth of LCCU and at the same time caused it to remain true to the co-operative values. We were determined to be your preferred financial institution in your quest to fulfill your dreams of financing your homes, businesses and educational development among others. We moved from sharing a room on High Street to our monumental headquarters in Laborie. In extending our boundaries we opened branches in Augier and Vieux Fort.

You believed in us as through your collective efforts and support we have successfully achieved our mission of developing people and communities. Our success is your success.

Building for the future

LCCU has achieved steady growth over the past forty years and has become the nucleus of economic activity in the community as indicated by the growth in its total assets:

- 1986 \$0.39 million
- 1996 \$8.8 million
- 2006 \$29.6 million
- 2013 \$100 million
- 2016 \$143.43 million

In keeping with our core value, namely that of being Human Centered we have provided products and services to meet the life changing needs of our members. On several occasions

when other financial service providers said ‘no’ to you, LCCU found ways to say ‘yes’. This is why we insist that, ‘we are not a bank, we are better’.

The Credit Union achieved strong performances in its finances notwithstanding the depressed state of the economy.

- Institutional capital is the basis of the strength of a co-operative. The Co-operative Act mandates that the institutional capital of a credit union must be not less than 10% of its liabilities. As at December 2016, the institutional capital of LCCU was 11%. This indicates that our organization is safe, strong and reliable.
- Loans, our bread basket, reached \$116 million and testify to the level of confidence that members have in the LCCU. The yield of the portfolio increased, when compared to that of 2015, causing us to realize a surplus in excess of \$4 million.
- As at December 2016, members’ savings stood at \$120.56 million. Account holders totaled 16,442 of which 11,842 are members.

Celebrating the Past

Over the years the Credit Union has acknowledged the efforts of those among us who have made a difference in the lives of others. In the 2009 Awards of Excellence we recognized 28 of our members and in 2011, over 30 Iconic Laborians. In commemoration of its fortieth anniversary, forty two members from our area of operations were honored for their outstanding contributions to developing our people and community during the Awards of Excellence.

Visioning the Future

In 2013 the Laborie Union of Co-operatives (LUC) was formed as a strategic alliance to achieve economies of scale, scope and variety. Under the auspices of LUC, LCCU is negotiating an agreement with the Inter-American Development Bank (IDB) to implement a Climate Smart Agriculture (CSA) project in our region. The credit union is the designated executing agency for the project which will be known as SABLE (Sustainable Agribusiness for Laborie and Environs). The project beneficiaries are Black Bay Farmers Co-operative (BBFCC), Laborie Co-operative Credit Union and Laborie Fishers and Consumers Co-operative (LFCC).

The main aim of SABLE is to strengthen the viability of agri-business and fishing operators in the Southern part of St. Lucia within the context of climate change. The main objective is broken down to include:

1. Setting up of an insurance facility to provide farmers with insurance products to protect their investments and loan liabilities.
2. Enable BBFC and LFCC become viable co-operatives and organizational resources to fishers and agri-business entrepreneurs.
3. Increase the productivity and reliability of agro-production.

The project promises to transform agriculture and agribusiness in the South, thereby improving the economic prospects of our farmers and fishers.

LCCU asks that you become members of both BBFCC and LFCC, now that they are consumer co-operatives. The future of our local economy can be influenced by the difference we cause to happen through those consumers co-operatives. We did it through LCCU and no doubt can carry that mandate to BBFCC and LFCC. When the environment is moving quickly, there is the pressure to think only in the short term at the expense of long term. This alliance is a long term strategy aimed at developing our people and their communities.

Acknowledgement

The successes of the 2016 fiscal year could not have been realized without the effort of our members, elected officers, dedicated and hardworking management and staff. To each of you, both individually and collectively, we extend profound gratitude. For the year under review, the Directors were

Mr. Steven Auguste- President

Mr. Paul Sammy- Vice President

Ms. Lana Alexander – Secretary

Mrs. Francillia Browne - Treasurer

Ms. Michelle Charlery- Assistant Secretary

Mr. Eyan St.Helem- Public Relations Officer

Mr. Johnson Auguste

Mr. Phils Louis

Mrs. Sienna London

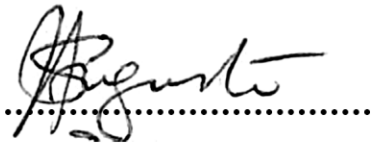
The Board takes this opportunity to express its whole hearted gratitude for the invaluable support of retiring Officer Mr. Emmanuel Clery of the Credit Committee. Special thanks to Mrs. Donna Kaidou-Jeffery who resigned from the Board during the year under review to take up a new post overseas. We also say thanks to Officers Shermie James-Darcheville and Janie Mondesir who resigned from the Supervisory Committee. We wish them success in their future endeavors.

Directors Johnson Auguste and Francillia Browne have reached the end of their first term and are eligible for re-election. Director London, who replaced Director Kaidou-Jeffery, is eligible for election.

Conclusion

It is widely believed that Life begins at forty. In the challenging environment of providing financial services to our members, the period 1976 – 2016 can be deemed the end of the beginning of LCCU. We must now focus on taking a new guard that will serve us for another forty years. This new point of continuity must start with the assurance that our organization is ideologically sound. Over the years, LCCU has proven that is not simply about growth but development; development involves people and community; development involves trying to achieve greater social justice. The Board remains committed to the co-operative purpose and promoting the socio-economic well-being of the members of LCCU.

On the basis of the financial performance of the Credit Union, the Board recommends the payment of 6% dividend on Equity Shares and 5% Patronage Refund.

A handwritten signature in black ink, appearing to read "Auguste", is written over a horizontal dotted line.

Steven Auguste

President

Treasurers' Report For the year ending December 31, 2016

"Anchoring the Future"

Fellow Co-operators, Members, Officers, Management and Staff

The year 2016 was symbolic of the strength and dedication of the Laborie Cooperative Credit Union Ltd. (LCCU). This organization marked 40 years of providing quality financial services to our members and their communities. It was a year dedicated to consolidating the gains we have made and the values that we have created for our members. In the spirit of continued prosperity and financial well-being we commit to continuing to be the preferred financial service provider for the people of the South.

As we continue to anchor the future of LCCU by building on the success of our founders and the commitment of the Board, Officers, Management and Staff, I am honored to present to you a summary of the financial performance for the year 2016.

Overview

2016 marks an unprecedented year of change globally and domestically. Economies around the world faced a difficult year, with global growth remaining subdued. The Caribbean region experienced mixed performances with some improvement in the service related economies and declines in the commodity based economies. The most pressing issue in the Caribbean however, was the issue of Correspondent Banking Relations (CBRs) which continue to affect financial institutions around the region. Most financial institutions were able to replace the CBRs lost. However, in most cases, a corresponding increase in the cost of services was instituted to cover the cost of increased screening and compliance.

The domestic economy registered marginal growth in 2016 notwithstanding declines in tourism and manufacturing. Recovery in construction and agriculture contributed in part to an increase in economic activity. In spite of the challenges in the financial

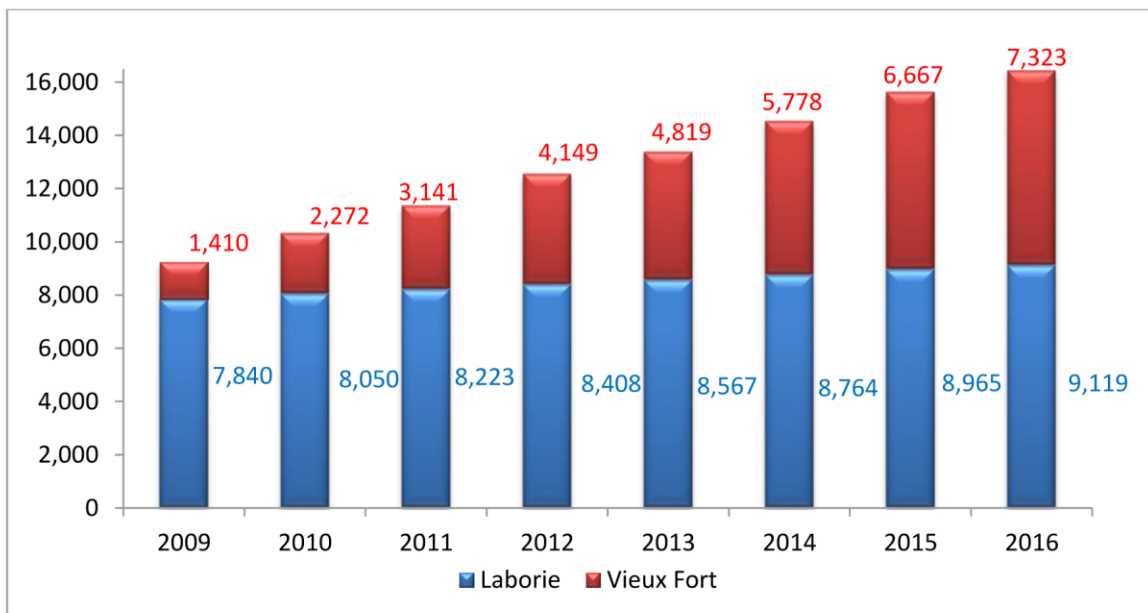
sector as it related to correspondent banking relationships (CBRs), LCCU exceeded all its financial objectives in 2016. This is due partly to strategic interventions in the area of delinquency management and a policy to continue offering above market interest rates on savings. Specific focus was also placed on enhancing customer service through various measures such as the introduction of an Express Deposit Box at the Vieux-Fort Branch and other efforts aimed at reducing customer waiting time to receive service.

LCCU surpassed the capital base threshold of 10% of total liabilities, as required under the current Act to attain 13.63%. This is significant in terms of the capital impairment which was suffered in 2011.

Performance Review

Account Holders

Account holders grew by 5.18% to 16,442 as at December 31, 2016 from 15,632 as at December 31, 2015. This represents 810 new accounts, 154 from the Laborie Branch and 656 from the Vieux-Fort Branch. Over the past five years, growth has averaged 9.67%, a true testimony of the confidence of members in the vision and services provided by LCCU.



Assets

Total Assets increased by 12.47% to \$143.4 million in 2016 from \$127.5 million in 2015. This represents an increase of \$15.9 million. This increase can be attributed to the following:

1. Investments available for sale

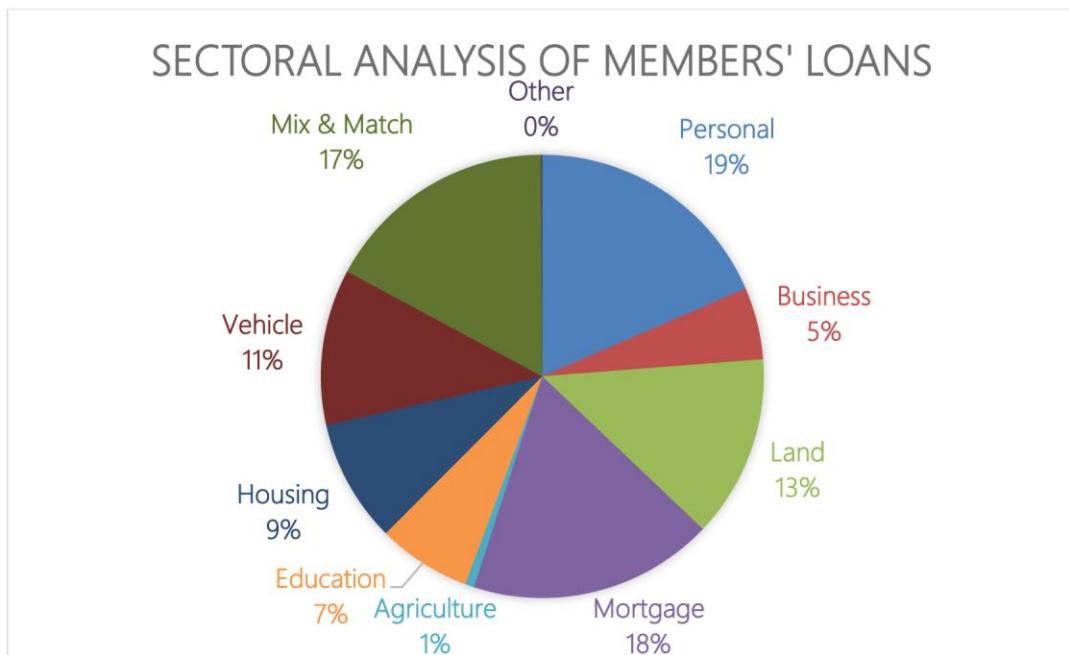
Investments available for sale grew by \$2.37 million in 2016, representing an increase of 40.27%.

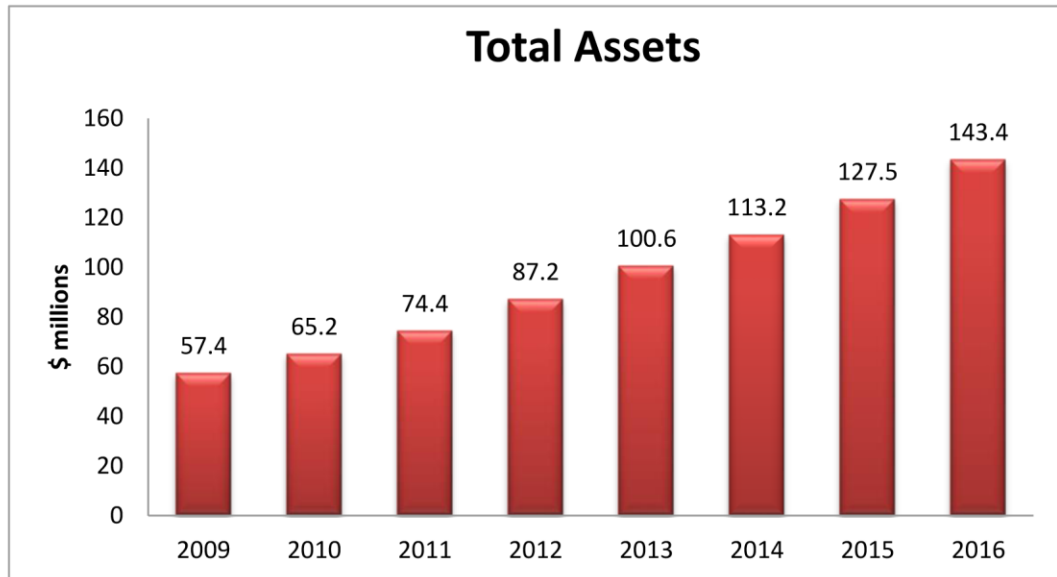
2. Members Loans

Members' loans net of allowance for impairment increased by 11.11% to \$116 million in 2016 from \$104.4 million in 2015. This represents increased disbursements for personal, land, motor vehicle and mix & match loans.

3. Investments held to maturity

Investments held to maturity increased by 76.79% in 2016 to \$3.2 million from \$1.81 million in 2015. This is represented by the interest gained on our investment in the St. Lucia Co-operative League Central Finance Facility in the sum of \$19,548.00 and the purchase of \$2.0 million in Government of St. Lucia – 10 year 7.5% Private Treasury Bill.





Members' Equity

Members Equity increased from \$17.95 million in 2015 to \$22.67 million in 2016 an increase of 26.29%. The \$4.7 million increase was due primarily to increases in the following accounts:

1. Share Capital

Share capital increased by \$1.4 million in 2016 from \$4.8 million in 2015 to \$6.2 million in 2016.

2. Reserves and Funds

Reserves and funds increased by 18.96% from \$5.8 million in 2015 to \$6.9 million in 2016.

3. Retained Earnings

Retained earnings increased by 31.5% (\$2.26 million) to \$9.6 million in 2016 from \$7.3 million in 2015.

Savings

Members' savings increased by 10.33% to \$120.6 million in 2016 from \$109.3 million in 2015. This \$11.3 million increase is attributable to increases in all categories of savings that is, fixed deposits, ordinary shares and withdrawable shares. This is due to (1) members' confidence in LCCU and (2) the migration of depositors from financial institutions to LCCU, in order to take advantage of our favorable interest rates on savings and fixed deposits. This move helped us achieve and surpass our capital base requirement.

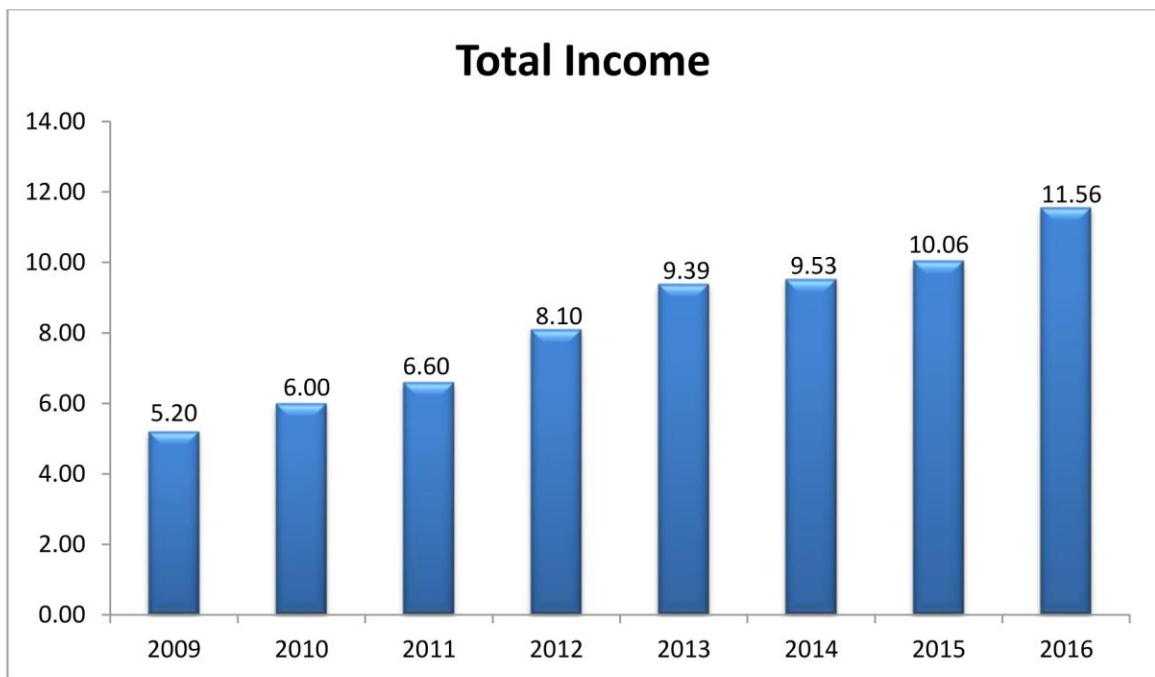


Income

The total income generated in 2016, as reflected in the Statement of Comprehensive Income, shows a Net Surplus of \$4.1 million compared to \$3.0 million for 2015. The 37.9 % increase or \$1.1 million is due to the following:

1. Income

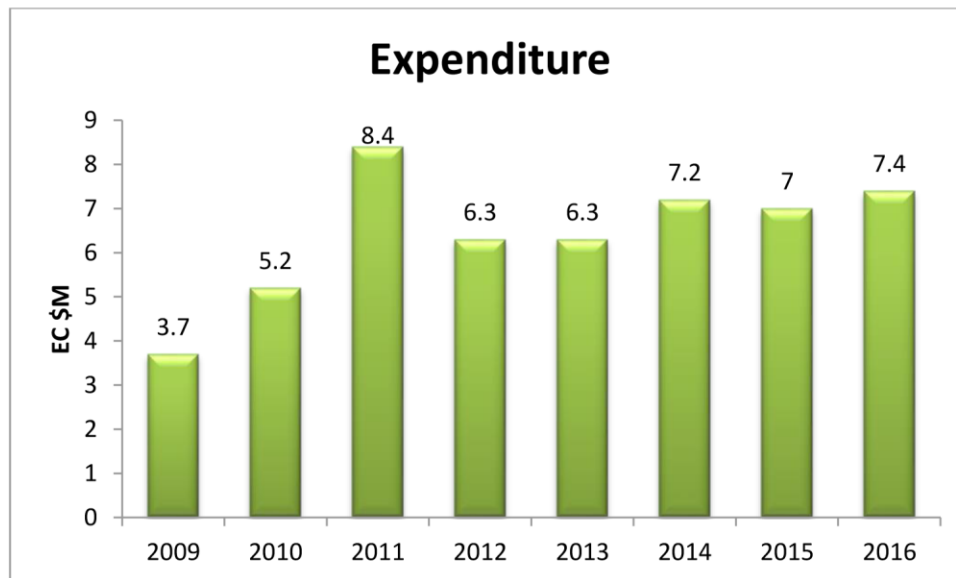
Total income grew by 15.6% to \$11.3 million in 2016 compared to \$9.7 million in 2015, whilst other income fell by \$25,958 in 2016, due primarily to a decrease in short term contract loans.



2. Total Expenses

Total expenses increased in 2016 by 5.71%. In 2016, total expenses were \$7.4 million compared to \$7.0 million in 2015. This was due mainly to increases in administrative expenses and the celebration of LCCU's 40th Anniversary as presented in the following table:

	2016	2015	VARIANCE
AGM	50,589	35,335	43%
Members' Relations	109,669	25,771	326%
Legal & Professional Fees	35,671	19,763	80%
Office Supplies & Stationary	138,572	107,909	28%
Repairs & Maintenance	164,097	91,487	79%
Salaries & Wages	1,460,695	1,297,323	13%
Education & Training	158,156	126,417	25%
CUNA Insurance	296,974	267,139	11%
Advertisement & Promotion	101,199	64,561	57%



LCCU continues to pursue the vision and purpose of its founders in championing the cause of our members and their communities. We pledge to work tirelessly towards improving the quality of life of our members and the communities that we serve. I take this opportunity to thank you, our members, for the confidence that you continue to place in the LCCU and pledge to honor this trust.

We look to the future with confidence based on your continued support, and hope for an improvement in the economic conditions in St. Lucia. We remain committed to strengthening our overall performance and cementing our place among other financial institutions. We will continue to (1) closely monitor our loans portfolio (2) to provide quality services and (3) to provide diversity in the range of services offered to our members. This year 2017 will see the implementation of an ATM station at our Vieux Fort Branch.

At Laborie Co-operative Credit Union our best interest is serving you our members.



.....
Francillia Browne
Treasurer

Credit Committee Report For the year ending December 31, 2016

OVERVIEW

The Credit Committee presents this report as an important exercise on the calendar of activities of our organization. It is my pleasure to present the findings for the period under review.

The Credit Committee is mandated to assure the membership that there is fair access to member's deposits by way of loans granted in accordance with the lending policies approved by the Board of Directors.

During the year 2016, the following officers served on the Credit Committee:

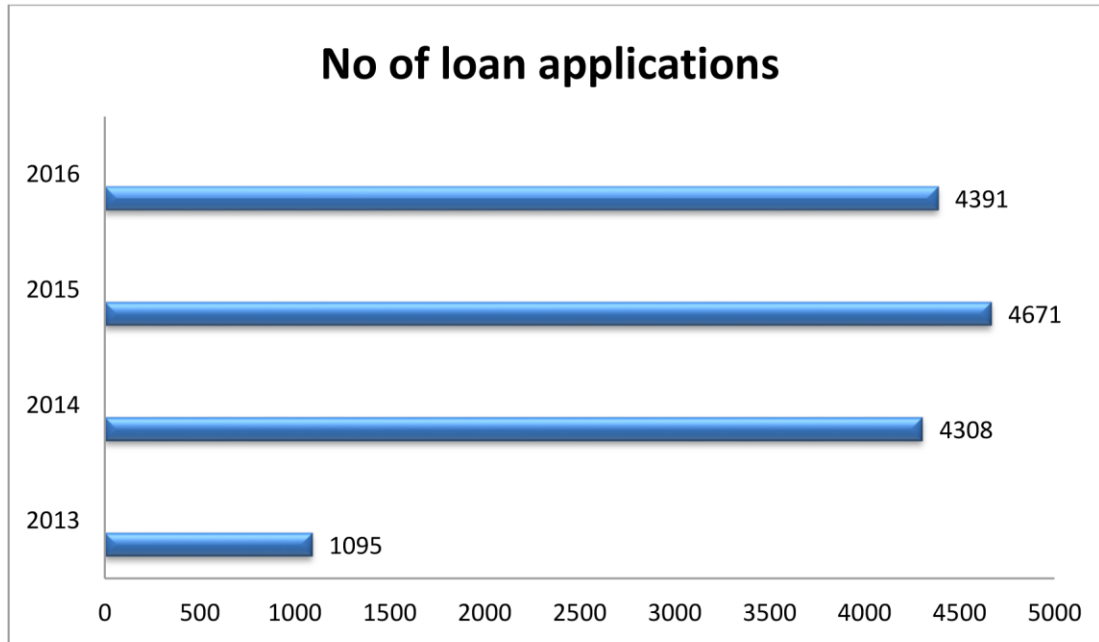
OFFICER	STATUS	TENURE ENDING
• Mr. Emmanuel Clery	Chairperson	2017
• Ms. Virginia Blasse	Deputy-Chairperson	2017
• Ms. Tresa Jn. Jules	Secretary	2018
• Mr. Dale Louis		2018
• Mr. Ashley Duncan		2019

The Committee meets weekly to review, evaluate and approve loan applications. When necessary, The Committee consults with Loan Officers between meetings in order to facilitate members with urgent needs.

LOAN PERFORMANCE

Applications

During the review period the Committee reviewed a total of four thousand three hundred and ninety one (4391) loan applications. This represented a decrease of two hundred and eighty loans (280) over the previous year. A comparative analysis of loan applications over a four year period is presented below:



Classification

Four thousand two hundred and forty six (4246) loans met the Committee’s approval having been in compliance with the specified loan policies. In cases where additional information or clarification was required, these applications were either deferred or denied.

The classification of loan applications is illustrated in the following table.

Category	No. of Loans					
	Approved	%	Not Approved	%	Deferred	%
Agriculture	43	1.00	0	0.00	1	1.43
Business	109	2.56	8	10.67	1	1.43
Education	222	5.22	3	4.00	5	7.14
Medical	209	4.92	0	0.00	0	0.00
Mortgage	62	1.50	5	6.67	9	12.85
Personal	3601	84.8	59	78.66	54	77.15
TOTAL	4246		75		70	

Table 1: Classification of 2016 Loans applications

VALUE OF APPROVED LOANS

Approved loans amounted to thirty seven million seven hundred and sixty eight thousand and seven dollars and sixty six cents (\$37,768, 007.66). Personal loans accounted for 63.06% of the value of the total loan portfolio and 84.8% of all approved loans for the period under review.

Particulars regarding the approved loans are highlighted in the following table:

Category	Value	% of Total Value
Agriculture	\$298,940.00	0.79
Business	\$2,295,787.03	6.08
Education	\$1,416,095.09	3.75
Medical	\$538,651.09	1.43
Mortgage	\$9,401,982.31	24.89
Personal	\$23,816,552.14	63.06
TOTAL	\$37,768,007.66	100

Table2: Value of Approved Loans

A comparative analysis of the value of the loans approved over a four year period is presented in Figure 2:

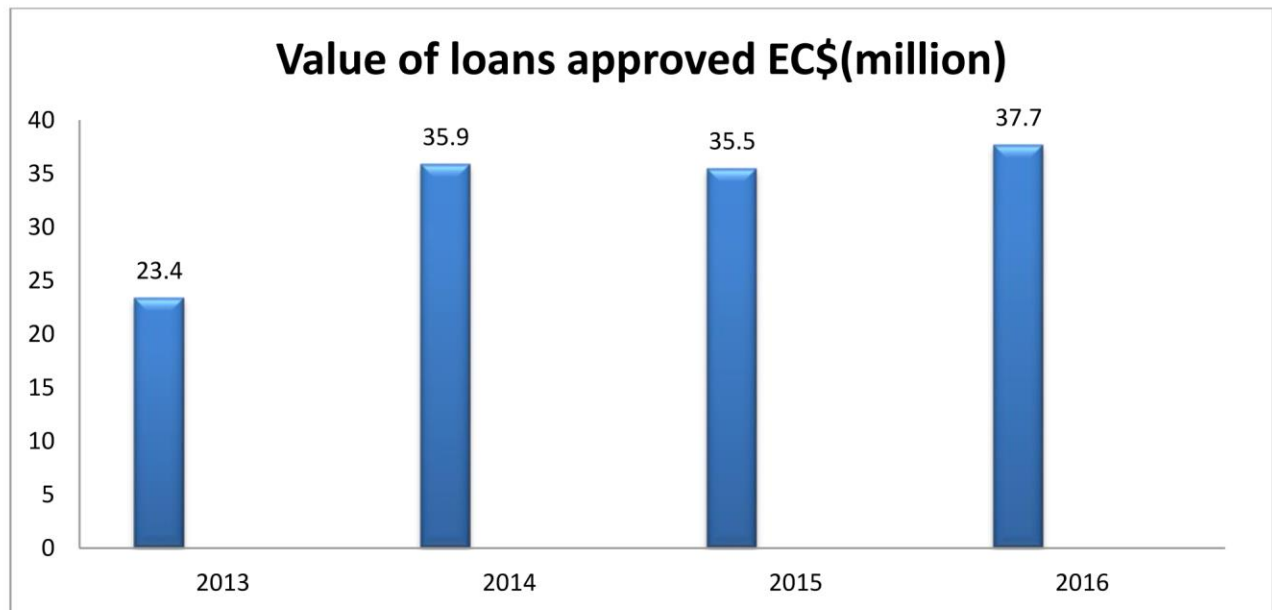


Figure 2: Value of approved loans from 2013 to 2016

OBSERVATIONS AND RECOMMENDATIONS

The Credit Committee in reviewing loans must ensure that members adhere to the lending policies of the Credit Union. In cases of non-compliance the request of some members were denied for various reasons such as prior delinquency status, insufficient security, ability to repay and insecurity of investment.

The Committee wishes to remind members of the requirements for loans which include cash security, mortgages, bills of sale, co-makers, life and other insurances. Loan requests up to \$20,000 and those that are within savings can be approved by the Manager.

During this review period the Committee members participated in Joint Committee meetings, training workshops and other social events organized by the Credit Union.

CONCLUSION

The officers of the Credit Committee are grateful for the opportunity to serve and want to thank all for their support. The Committee encourages all members to remain steadfast in their commitment to the continued development of our esteemed organization.

I also have come to the end of my tenure having served two consecutive terms. I wish thank members for according me the opportunity to serve; it was a very rewarding experience.

We look forward to a very productive 2017.



.....
Emmanuel Clery

Chairperson

Supervisory and Compliance Committee's Report For the year ending December 31, 2016

The Supervisory and Compliance Committee is pleased to present this report for the financial year ending 31st December 2016.

This Committee ensures that the Credit Union conducts its operations and activities in an efficient manner, and in compliance with the relevant procedures and core values that the institution embraces. The Committee is mandated to review and evaluate the financial operations and overall performance of the Credit Union. This includes the administration and management of the institution, its practices and policies.

The Committee comprised the following members:

❖ Mr. Keth Thompson	Chairperson
❖ Mr. Ulric Alphonse	Assistant Chairperson
❖ Mrs. Shermie James-Darcheville	Secretary
❖ Mrs. Michelle Edwide-Duplessis	Assistant Secretary
❖ Mrs. Janie Mondesir	Member

Our Work Plan for 2016 included a membership satisfaction survey and the auditing of the following internal controls:

- ❖ Security Audit(Cash and Physical Building)
- ❖ Staff Loans, Officers Loans and Delinquent Loans
- ❖ Progress report on External Audit
- ❖ Scholarships and Bursaries
- ❖ Investments
- ❖ Board and Credit Committee Meetings

The Committee conducted the planned audits and whereas no significant concerns were observed, recommendations were made in an effort to safeguard the investments of the members and the institution

Security Audit

A detailed security audit was performed which included interviews with the relevant members of staff. We are pleased to report that much progress was made towards the implementation of previous recommendations.

Cash Audit

We conducted surprise cash counts at both branches, observed closing procedures and security arrangements for the transfer and handling of cash. The Committee is satisfied with its observations and findings, and concluded that the internal controls and security arrangements are being followed.

Loans and Delinquency

We conducted a detailed audit of Staff and Officer Loans as well as random delinquent loans of members. We were satisfied with findings however delinquency continues to be a major concern. We wish to commend the efforts of the Collection Officers. However, increased vigilance in the processing of loans by the Credit Committee, especially the review of members' background and history is recommended. We urge members who are experiencing difficulties to come in and discuss possible ways of alleviating their situation.

Scholarships and Bursaries

Scholarships and Bursaries were reviewed to ensure due process in the selection of awardees by the Member Relations and Education Committee. We are pleased to report that we are satisfied with the selection process. We have recommended that information concerning the scholarships and bursaries are made available to all prospective applicants through their school at the earliest possible time. The Committee deserves commendations for their efforts in monitoring the progress of awardees.

Board and Credit Committee Meetings

During the period under review the committee was not able to attend any Board or Credit Committee meetings for various unforeseen reasons.

Investments

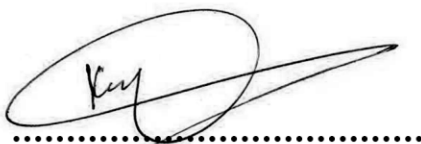
The Committee reviewed the investment portfolio of the Credit Union and is satisfied with its findings. The assets of the Credit Union are sufficiently secured and investments seemed adequate at this time. In light of recent concerns regarding the Bank of St Lucia, the Committee recommends due diligence in conducting business with that institution.

Membership Satisfaction Survey

The Committee planned to conduct a general membership satisfaction survey to obtain an overview of members' perspectives of the services provided. The survey was not conducted, but an appropriate tool has been developed which we hope can be utilized subsequently.

Conclusion

The members of the Supervisory and Compliance Committee are grateful for the opportunity to have served the members of the Laborie Co-operative Credit Union for the past year. Officer Shermie James-Darcheville and Janie Mondesir's resigned from the committee. We express our sincere gratitude to them for the dignified manner in which they served. We wish them well in their future endeavors.



.....
Keth Thompson
Chairman



**LABORIE CO-OPERATIVE
CREDIT UNION LTD.**

Independent Auditor's
Report

Laborie Co-operative Credit Union Limited Corporate Information

DIRECTORS

Steven Auguste
Paul Sammy
Francillia Browne
Michelle Charlery

Sienna London
Johnson Auguste
Phils Louis
Eyan St Helen

PRESIDENT

Steven Auguste

ASSISTANT SECRETARY

Michelle Charlery

TREASURER

Francillia Browne

GENERAL MANAGER

Lucius Ellevic

REGISTERED OFFICE

Allan Louisy Street, Laborie, Saint Lucia.

REGULATOR

Financial Services Regulatory Authority, Ministry of Finance, Economic Affairs and Social Security, Government of Saint Lucia

AFFILIATION

St Lucia Co-operative League Limited
The Caribbean Confederation of Credit Unions
Eastern Caribbean Co-operative Central Ltd

SOLICITORS

John & John Chambers Inc
Sylvester Anthony Chambers
Bapson U Ambrose Chambers

BANKERS

Bank of St Lucia Limited
CIBC First Caribbean International Bank Ltd

AUDITORS

Tri~Finity Associates
P O Box RB2761
Rodney Bay
Gros Islet, LC01 401
Saint Lucia



**CERTIFIED GENERAL ACCOUNTANTS & MANAGEMENT
CONSULTANTS**

Independent Auditors' Report

To the Members of:
Laborie Co-operative Credit Union Limited

Report on the Financial Statements

We have audited the accompanying financial statements of the Laborie Co-operative Credit Union Limited which comprise the statement of financial position as at December 31st, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year ended, and the summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laborie Co-operative Credit Union Limited as at December 31st, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Matthew T Sargusingh', is written over a circular stamp or seal.

Matthew T Sargusingh
TRI-FINITY ASSOCIATES
Certified General Accountants & Management Consultants
Rodney Bay, Gros Islet, St. Lucia

Wednesday February 15th, 2017

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Statement of Financial Position

Exhibit I

As At December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Assets			
Cash	Exhibit IV	\$8,256,874	\$5,886,570
Investments, available for sale	Note 06	10,306,375	10,093,881
Accounts receivable, net of allowance for impairment	Note 04	885,841	924,029
Inventory, land available for sale	Note 05	206,617	206,617
Investments, held to maturity	Note 06	3,203,276	1,181,728
Members' loans, net of allowance for impairment	Note 07	116,017,720	104,420,445
Deferred equipment cost		14,604	0
Property, plant & equipment, net of accumulated depreciation	Note 08	4,548,351	4,814,264
Total assets		\$143,439,658	\$127,527,534
Liabilities			
Bank overdraft	Exhibit IV	\$0	\$0
Accounts payable & accruals	Note 09	208,701	236,564
Members' fixed deposits	Note 10	46,142,605	44,517,831
Members' deposits	Note 11	23,716,596	19,090,144
Members' withdrawable shares	Note 12	50,696,504	45,731,366
Total liabilities		\$120,764,406	\$109,575,905
Net assets (deficiency)		\$22,675,252	\$17,951,629
Represented by:			
Members' equity			
Share capital	Exhibit III	\$6,213,760	\$4,766,110
Reserves & funds	Exhibit III	6,855,423	5,846,496
Retained earnings	Exhibit III	9,606,069	7,339,023
Members' equity		\$22,675,252	\$17,951,629

Approved by the Board of Directors For release on:

Wednesday February 15th, 2017


 _____ President


 _____ Treasurer


 _____ Secretary

The attached notes are an integral part of these financial statements

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Income

For the Year Ended December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit II

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Revenue			
Interest on members' loans	Note 02	\$10,911,967	\$9,333,673
Investment interest	Note 02	403,633	391,826
		<u>11,315,600</u>	<u>9,725,499</u>
Interest expense			
Interest & bank charges		14,342	16,622
Members' fixed deposit interest		2,140,498	2,313,892
Members' deposits & withdrawable shares interest		1,637,585	1,547,512
Loan interest		0	0
		<u>3,792,425</u>	<u>3,878,026</u>
Net interest income		7,523,175	5,847,473
Administrative expenses			
Annual general meeting (AGM)		50,589	35,335
Special events		1,260	9,729
Audit		24,725	30,444
Allowance for loan impairment (recoveries)		(60,835)	(169,303)
Property tax		7,318	8,588
Cash (overs) shorts		0	0
CUNA insurance		296,974	267,139
Insurance		63,172	62,635
Depreciation	Note 08	331,738	335,142
Donation		38,385	39,289
Lease	Note 14	208,488	212,175
Advertisement & promotions		101,199	64,561
Allowance for investment impairment (recoveries)		29,888	34,157
Legal fees & professional		35,671	19,763
League dues		75,000	75,000
Office supplies & stationery		138,572	107,909
Honorarium		28,500	28,500
Repairs & maintenance		164,934	91,487
Salaries, wages & costs	Note 15	1,460,695	1,297,323
Appreciation		30,033	43,351
Board of directors		11,218	11,956
Security		124,615	127,743
Education & training		158,156	126,417
Member relations		109,669	25,771
Utilities		228,586	254,133
		<u>3,658,550</u>	<u>3,139,244</u>
Operating income before other income		3,864,625	2,708,229
Other income (expense)			
Loan processing, photocopies & service fees		12,293	44,121
Dividends		9,746	7,500
Commissions		159,025	162,483
Other		69,312	62,240
		<u>250,376</u>	<u>276,344</u>
Comprehensive income	Exhibit IV	\$4,115,001	\$2,984,573

The attached notes are an integral part of these financial statements

LABORIE CO-OPERATIVE CREDIT UNION LIMITED**Statement of Changes in Equity**For the Year Ended December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 1 of 2

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Share capital			
Balance, opening		\$4,766,110	\$3,556,435
Additions		1,646,204	1,290,730
Withdrawals		(198,554)	(81,055)
Balance, closing	Exhibit I	\$6,213,760	\$4,766,110
Outstanding shares at \$5.00 per share	Exhibit II	1,242,752	953,222
Reserves & funds			
Fair value reserve			
Balance, opening		\$0	\$0
Gains		0	0
Other		0	0
Reductions		0	0
Balance, closing		\$0	\$0
Revaluation reserve			
Balance, opening		\$592,985	\$592,985
Additions	Note 05	0	0
Other		0	0
		592,985	592,985
Reductions		0	0
Balance, closing		\$592,985	\$592,985
Statutory reserve			
Balance, opening		\$5,063,653	\$4,306,520
Comprehensive income appropriation – 25.0%		1,028,750	746,143
Other – entrance fees		10,105	10,990
		6,102,508	5,063,653
Reductions		0	0
Balance, closing		\$6,102,508	\$5,063,653
Employment benefit fund			
Balance, opening		\$189,857	\$100,320
Comprehensive income appropriation – 3.0%		123,450	89,537
Other		0	0
		313,307	189,857
Reductions		(153,378)	0
Balance, closing		\$159,929	\$189,857
Education fund			
Balance, opening		\$0	\$0
Comprehensive income appropriation – 0.0%		0	0
Other		0	0
		0	0
Transfer to retained earnings		0	0
Reductions		0	0
Balance, closing		\$0	\$0

The attached notes are an integral part of these financial statements

LABORIE CO-OPERATIVE CREDIT UNION LIMITED**Statement of Changes in Equity** (Continued)For the Year Ended December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 2 of 2

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Building fund			
Balance, opening		\$0	\$0
Comprehensive income appropriation – 0.0%		0	0
Other		0	0
		<hr/>	<hr/>
Reductions		0	0
Balance, closing		<hr/> \$0	<hr/> \$0
Disaster fund			
Balance, opening		(\$0)	(\$0)
Comprehensive income appropriation – 0.0%		0	0
		<hr/>	<hr/>
Transfer to retained earnings		(0)	(0)
		<hr/>	<hr/>
Balance, closing		<hr/> (\$0)	<hr/> (\$0)
Total reserves & funds			
Balance, opening		\$5,846,496	\$4,999,825
Gains		0	0
Comprehensive income appropriations		1,152,200	835,680
Other		10,105	10,990
		<hr/>	<hr/>
Reductions		(153,378)	0
Balance, closing	Exhibit I	<hr/> \$6,855,423	<hr/> \$5,846,496
Retained earnings			
Comprehensive income	Exhibit II	\$4,115,001	\$2,984,573
Appropriations & transfers to (from) reserves & funds			
Statutory reserve – 25.0% of comprehensive income		1,028,750	746,143
Employment benefit fund – 3.0% of comprehensive income		123,450	89,537
Education fund – 0.0% of comprehensive income		0	0
Building fund – 0.0% of comprehensive income		0	0
Disaster fund – 0.0% of comprehensive income		0	0
Transfers from Education & Disaster Funds	Exhibit III	0	0
Dividends & patronage refunds		695,755	500,624
		<hr/>	<hr/>
Total appropriations		<hr/> 1,847,955	<hr/> 1,336,304
Comprehensive income after appropriations		<hr/> 2,267,046	<hr/> 1,648,269
Retained earnings, beginning, as previously reported		<hr/> 7,339,023	<hr/> 5,690,755
Prior period adjustments		<hr/> 0	<hr/> 0
Retained earnings, beginning, as restated		<hr/> 7,339,023	<hr/> 5,690,755
Retained earnings, ending	Exhibit I	<hr/> \$9,606,069	<hr/> \$7,339,023

Dividends declaration is based on a rate that is not more than that recommended by the Board of Directors for distribution. Members, at their Annual General Meeting, may not approve a rate that is higher than that recommended by the Board of Directors.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows

For the Year Ended December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit IV

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash flows from operation activities			
Comprehensive income	Exhibit II	\$4,115,001	\$2,984,573
Adjustments for non-cash items			
Devaluation of property, plant & equipment		0	0
Loss on disposal of property, plant & equipment		0	0
Depreciation	Note 08	331,738	335,142
		<u>4,446,739</u>	<u>3,319,715</u>
Cash flows from working capital			
(Increase) decrease in investments, available for sale	Note 06	(212,494)	(5,744,445)
(Increase) decrease in accounts receivable, net of allowance for impairment	Note 04	38,188	312,765
(Increase) decrease in inventory, land for sale	Note 05	0	0
(Increase) decrease in investments, held to maturity	Note 06	(2,021,548)	(32,094)
(Increase) decrease in members' loans	Note 07	(11,597,275)	(11,887,661)
Increase (decrease) in accounts payable	Note 09	(27,863)	53,364
Increase (decrease) in members' fixed deposits	Note 10	1,624,774	1,562,414
Increase (decrease) in members' deposits	Note 11	4,626,452	3,336,532
Increase (decrease) in members' withdrawable shares	Note 12	4,965,138	5,422,450
Cash flows from operating activities		<u>1,842,111</u>	<u>(3,656,960)</u>
Cash flows from investing activities			
Purchase of property, plant & equipment	Note 08	(65,825)	(193,299)
Deferred equipment cost		(14,604)	0
Proceeds from disposal of property, plant & equipment		0	0
Repayment of long-term debt		0	0
Cash flows from investing activities		<u>(80,429)</u>	<u>(193,299)</u>
Cash flows from financing activities			
Proceeds from entrance fees, passbooks, etc.		10,105	10,990
Payments from reserves & funds	Exhibit III	(153,378)	0
Transfers from Education & Disaster Funds	Exhibit III	0	0
Revaluation reserve surplus	Exhibit III	0	0
Dividends	Exhibit III	(695,755)	(500,624)
Proceeds from share issue	Exhibit III	1,447,650	1,209,675
Cash flows from financing activities		<u>608,622</u>	<u>720,041</u>
Increase (Decrease) in cash & cash equivalents		2,370,304	(3,130,218)
Cash & cash equivalents, beginning		5,886,570	9,016,788
Cash & cash equivalents, ending		<u>\$8,256,874</u>	<u>\$5,886,570</u>
Represented by:			
Cash			
Cash on hand		\$974,531	\$908,983
Vieux Fort Current account - Bank of St Lucia Limited		1,703,239	1,211,003
Current account/2015 Super saver account - Bank of St Lucia Limited		150,093	150,120
Current account - CIBC First Caribbean International Bank		2,532,846	2,792,373
Laborie Current account - Bank of St Lucia Limited		2,896,165	824,091
	Exhibit I	<u>\$8,256,874</u>	<u>\$5,886,570</u>
Bank overdraft			
Laborie Current account - Bank of St Lucia Limited		\$0	\$0
	Exhibit I	<u>\$0</u>	<u>\$0</u>
Cash & cash equivalents, ending		<u>\$8,256,874</u>	<u>\$5,886,570</u>

The attached notes are an integral part of these financial statements

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

Page 1 of 7

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

01. Status of the Credit Union

The Laborie Co-operative Credit Union Limited was duly registered as a Credit Union on May 27th, 1981 pursuant to the Co-operative Credit Union Act, Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued under Section 241 of the Co-operative Societies Act, No. 28 of 1999. The Credit Union was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The Laborie Co-operative Credit Union Limited is not subject to income tax in accordance with Subsection 25(1)(p) of the Income Tax Act No. 1 of 1989.

02. Significant Accounting Policies**(a) Basis of Presentation**

These financial statements have been prepared under the historical cost convention in conformity with International Financial Reporting Standards. These standards require Management to make estimates and assumptions that could affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities, and the amounts of revenue and expenditures during the year. Actual amounts could differ from those reported. The financial statements have been expressed in Eastern Caribbean Dollars. Where applicable, prior year figures have been reclassified to conform with the current year presentation.

(b) Foreign Exchange

Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are reported in the statement of income.

(c) Impairment

The carrying amounts of the Credit Union's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Income (Loss).

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand and short-term deposits with original maturities of less than one year. For the purpose of Cash Flow Statement, cash and cash equivalents comprise balances of cash on hand and current bank accounts less any bank overdraft balances.

(e) Accounts Receivable

Accounts receivable represent the principal amounts due at the balance sheet date plus accrued interest and less, where applicable any provisions for impairment.

(f) Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at historical cost less accumulated depreciation. Additions to property, plant, and Equipment are recorded at cost. Depreciation is calculated on the straight-line basis, so as to write off the cost of each asset over its estimated useful life as follows:

Furniture & equipment		15.00%
Computer hardware & software	15.00%	33.33%
Leasehold improvements		20.00%
Buildings		2.50%
Land		0.00%

(g) Accounts Payable

Trade accounts, other payables and accrued liabilities represent the principal amounts outstanding at the balance sheet date plus, where applicable, any accrued interest.

(h) Shares

Shares are sold to its members by the Credit Union at \$5.00 per share in accordance with the Credit Union's By-laws. Members are encouraged to maintain a minimum of 20 shares valued at \$100.00. Withdrawable shares are reported in the balance sheet under liabilities.

(I) Revenue Recognition

Interest income is recognized as interest on members' loans and are accounted for on an accrual basis. Where a loan goes into delinquency interest income is not recognized after three months. Interest is recorded when the loan is reactivated. Income on fixed and other deposits are recognized on the accrual basis of accounting. Commissions and non-productive loan income are recognized when received.

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Page 2 of 7

03. Financial Instruments**(a) Credit Risk**

Credit risks arise from the possibility that counter parties may default on their obligations to the Credit Union. The total amount of the Credit Union's maximum exposure to credit risks is represented by the carrying amount of its financial assets. The Credit Union is engaged in the provision of financial services and financial assets which potentially expose the Credit Union to concentrations of credit risks consist primarily of loans and mortgages receivables. The Credit Union performs periodic credit evaluations of its members' financial conditions. Management has taken the necessary measures to contain its credit risks.

(b) Interest Rate Risk

Differences in contractual repricing or maturity dates and changes in interest rates may expose the Credit Union to interest rate risks. The Credit Union's exposure and interest rates are restricted to the interest paid on its fixed deposits and the rates on its loans which are fixed over the term of the Liability.

(c) Fair Value of Financial Instruments

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 are best evidences by the quoted market values, if they exist. None of the Credit Union's financial assets and liabilities are traded in a formal market. Estimated fair values are assumed to approximate their carrying values.

(d) Liquidity Risk

The Credit Union is exposed to the risk that it may encounter difficulties in raising funds to meet its commitments associated with financial instruments. Management seeks to maintain levels of cash sufficient to meet reasonable expectations of its short-term obligations.

04. Accounts Receivable, net of allowance for impairment

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Due from St Lucia Fish Marketing Corporation		\$208,294	\$308,294
Due from Black Bay Small Farmers' Association		203,191	177,632
Due from A & C Ltd (Western Union Agent)		167,509	211,913
Other		348,005	267,348
		<hr/> 926,999	<hr/> 965,187
Less allowance for impairment		41,158	41,158
Accounts receivable, net of allowance for impairment	Exhibit I	<hr/> \$885,841	<hr/> \$924,029

05. Inventory, Land Available for Sale

Balance, opening		\$206,617	\$206,617
Additions		0	0
		<hr/> 206,617	<hr/> 206,617
Sales		0	0
Balance, closing	Exhibit I	<hr/> \$206,617	<hr/> \$206,617

The land, which was acquired in 2006, was reported in the audited financial statements of 2006 to 2012 as a fixed asset. However, during 2013, when the properties of the Credit Union were reevaluated, it was not recognized and accounted for. The property is in Desruisseaux, Micoud, and is legally described as Block 1028B Parcel 2.

06. Investments**Available for Sale**

Bank of St Lucia Limited – Certificates of deposit		\$7,741,601	\$7,499,219
St Lucia Electricity Services Ltd (10,000 shares)		125,000	125,000
Eastern Caribbean Financial Holdings Ltd (ECFH) (85,393 shares)		439,774	469,662
Government of Saint Lucia – 1 year 5.0% Treasury Bill		2,000,000	2,000,000
Total investments available for sale		<hr/> 10,306,375	<hr/> 10,093,881
Less provision for impairment		0	0
Investments-available for sale, net of allowance for impairment	Exhibit I	<hr/> \$10,306,375	<hr/> \$10,093,881

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

December 31st, 2016

Page 3 of 7

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

06. Investments (continued)

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Held to Maturity			
St. Lucia Co-operative League – shares		\$500,106	\$500,106
St. Lucia Co-operative League – Central Finance Facility		671,170	651,622
Government of Saint Lucia – 10 year 7.5% Private Treasury Bond		2,002,000	
Laborie Fishers & Consumers Co-operative Ltd (6,000 shares)		30,000	30,000
Investments-held to maturity		<u>3,203,276</u>	<u>1,181,728</u>
Less allowance for impairment		0	0
Investments-held to maturity, net of allowance for impairment	Exhibit I	<u>\$3,203,276</u>	<u>\$1,181,728</u>
Total investments, net of allowance for impairment		<u>\$13,509,651</u>	<u>\$11,275,609</u>

The Bank of St Lucia Limited – a subsidiary of Eastern Caribbean Financial Holdings Ltd (ECFH), is a commercial bank operating in St Lucia.

St Lucia Electricity Services Ltd (LUCELEC) – a St Lucian incorporated company whose purpose is to provide electrical power for the Island. LUCELEC's shares are traded on the Eastern Caribbean Securities Market, and as at December 31st, 2016, the market value of these shares was \$24.00.

Eastern Caribbean Financial Holdings Ltd, is the parent company to the Bank of St Lucia Limited among others. Its shares are traded on the Eastern Caribbean Securities Market, and as at December 31st, 2016, the market value of its shares was \$5.15.

St Lucia Co-operative League Ltd, of which the Laborie Co-operative Credit Union Limited is an affiliate member, is the umbrella organization responsible for the development of the credit union movement in St Lucia.

Laborie Fishers & Consumers Co-operative Ltd is a duly registered society pursuant to section 241 of the Cooperative Society's Act of St Lucia. It was formed to promote thrift and co-operative principles among its members.

07. Members' Loans, net of allowance for impairment

Balance, opening		\$105,882,256	\$94,108,752
Additions		104,688,496	93,493,001
		<u>210,570,752</u>	<u>187,601,753</u>
Repayments		(93,524,732)	(81,719,497)
Balance, closing		117,046,020	105,882,256
Less allowance for impairment		(1,028,300)	(1,461,811)
Members' loans, net of allowance for impairment	Exhibit I	<u>\$116,017,720</u>	<u>\$104,420,445</u>

Sectorial Analysis of Members' Loans

Personal 1		\$21,124,887	\$19,251,972
Business		6,146,859	7,022,929
Land		15,595,491	11,743,678
REDIP		4,500	44,080
Mortgage		20,961,067	19,935,101
Agriculture		760,623	1,290,647
Education		8,001,074	8,242,669
BUST		3,787	8,590
Housing		10,496,896	11,079,256
Vehicle		13,325,638	12,000,646
Vision Plus		36,357	48,310
Travel		3,297	23,852
Personal 2		550,095	795,849
Mix & Match		19,961,730	14,258,484
Accrued interest		73,719	136,193
		<u>\$117,046,020</u>	<u>\$105,882,256</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

Page 4 of 7

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

07. Members' Loans, net of allowance for impairment (cont'd)

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Allowance for Impairment			
Balance, opening		\$1,461,811	\$1,575,968
Addition (reduction) of provision for impairment		(433,511)	(114,157)
		<u>1,028,300</u>	<u>1,461,811</u>
Recoveries/(writeoffs)		0	0
Balance, closing		<u>\$1,028,300</u>	<u>\$1,461,811</u>

The allowance for loan impairment is determined in accordance with the Co-operative Societies Amendment (Statutory Instrument 2001, No. 72) as a percentage of exposed overdue loans as follows:

1. 3 but less than 6 months	25.00%	25.00%
2. 6 but less than 9 months	50.00%	50.00%
3. 9 but less than 12 months	75.00%	75.00%
4. 12 or more months	100.00%	100.00%

08. Property, Plant and Equipment, net of accumulated depreciation**Opening Costs**

Furniture & equipment	\$967,564	\$902,486
Computer hardware & software	254,812	246,997
Leasehold improvements	457,880	373,424
Buildings	4,190,650	4,154,700
Land	187,225	187,225
	<u>\$6,058,131</u>	<u>\$5,864,832</u>

Additions

Furniture & equipment	\$27,875	\$65,078
Computer hardware & software	26,919	7,815
Leasehold improvements	11,031	84,456
Buildings	0	35,950
Land	0	0
	<u>\$65,825</u>	<u>\$193,299</u>

Disposals & Adjustments

Furniture & equipment	\$5,001	\$0
Computer hardware & software	(4,600)	0
Leasehold improvements	0	0
Buildings	0	0
Land	0	0
	<u>\$401</u>	<u>\$0</u>

Closing Costs

Furniture & equipment	\$1,000,440	\$967,564
Computer hardware & software	277,131	254,812
Leasehold improvements	468,911	457,880
Buildings	4,190,650	4,190,650
Land	187,225	187,225
	<u>\$6,124,357</u>	<u>\$6,058,131</u>

Accumulated Depreciation

Balance, opening	\$1,243,867	\$908,725
Depreciation deletion for disposals	401	0
Depreciation expense	331,738	335,142
Balance, closing	<u>\$1,576,006</u>	<u>\$1,243,867</u>

Property, plant and equipment, net of accumulated depreciation

Exhibit I	<u>\$4,548,351</u>	<u>\$4,814,264</u>
-----------	---------------------------	---------------------------

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Page 5 of 7

09. Accounts Payable & Accruals

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
National Enrichment Learning Program (NELP)		\$17,200	\$21,140
Unclaimed deposits		42,411	69,252
CUNA insurance		25,859	0
Accruals		98,506	121,447
Audit fees		24,725	24,725
Other		0	0
Accounts Payable & Accruals	Exhibit I	\$208,701	\$236,564

10. Members' Fixed Deposits

Balance, opening		\$44,517,831	\$42,955,417
Additions		55,294,999	52,778,184
		99,812,830	95,733,601
Withdrawals		(53,670,225)	(51,215,770)
Balance, closing	Exhibit I	\$46,142,605	\$44,517,831
Sectorial Analysis of Members' Fixed Deposit			
Balance		\$45,429,017	\$43,773,627
Accrued interest		713,588	744,204
		\$46,142,605	\$44,517,831

11. Members' Deposits

Balance, opening		\$19,090,144	\$15,753,612
Additions		78,454,959	119,879,676
		97,545,103	135,633,288
Withdrawals		(73,828,507)	(116,543,144)
Balance, closing	Exhibit I	\$23,716,596	\$19,090,144
Sectorial analysis of Members' Deposits			
Deposits - 0		\$22,360,604	\$17,848,557
Special		32,406	20,004
FIP		69,325	62,620
Vision		334,154	344,103
Vision Plus		76,740	79,040
Accrued interest		843,367	735,820
		\$23,716,596	\$19,090,144

12. Members' Withdrawable Shares

Balance, opening		\$45,731,366	\$40,308,916
Additions		22,633,301	21,236,105
		68,364,667	61,545,021
Withdrawals		(17,668,163)	(15,813,655)
Balance, closing	Exhibit I	\$50,696,504	\$45,731,366

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

Page 6 of 7

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

13. Related Party Transactions

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 by making financial and operational decisions. In this regard the balances of Management & Directors accounts as at December 31st, 2016 for loans, shares, and deposits were as follows:

Loans

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Directors		\$1,535,090	\$307,498
Credit Committee		490,579	404,214
Supervisory Committee		424,569	253,539
Staff		413,548	629,399
		<u>\$2,863,786</u>	<u>\$1,594,650</u>

Withdrawable Shares

Directors		\$195,293	\$106,425
Credit Committee		135,169	102,814
Supervisory Committee		83,445	76,930
Staff		32,910	43,470
		<u>\$446,817</u>	<u>\$329,639</u>

Deposits

Directors		\$185,060	\$350,865
Credit Committee		300,521	296,483
Supervisory Committee		51,715	38,261
Staff		139,952	208,704
		<u>\$677,248</u>	<u>\$894,313</u>

Share Capital

Directors		\$13,780	\$23,574
Credit Committee		16,286	15,088
Supervisory Committee		4,837	3,808
Staff		10,770	14,371
		<u>\$45,673</u>	<u>\$56,841</u>

14. Commitments**Lease**

On October 3rd, 2011, the Laborie Co-operative Credit Union Limited entered into an eight (8) year lease agreement for its Vieux Fort office accommodations. The lease agreement commits the Credit Union to a monthly payment of \$16,500 for January to September, and \$18,000 for October to December 2016 for a total of \$208,488, VAT inclusive for three months.

The initial monthly lease payment for the 1st term was \$11,500 with an increase of \$1,500 per month for each subsequent year of the lease.

The subsequent year lease commitment is:

<u>\$220,500</u>	<u>\$232,875</u>
------------------	------------------

Undisbursed loans

As at December 31st, 2016, the Credit Union had the following commitments to disburse approved loans to its members:

Personal 1	\$434,896	\$100,543
Business	683,500	153,576
Land	123,564	406,781
REDIP	0	0
Mortgage	1,099,852	0
Agriculture	0	36,500
Education	572,062	877,204
BUST	0	0
Housing	466,997	1,274,173
Vehicle	192,133	327,577
Vision Plus	0	0
Travel	0	0
Personal 2	17,000	0
Mix & Match	298,148	0
	<u>\$3,888,152</u>	<u>\$3,176,354</u>

LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

December 31st, 2016

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Page 7 of 7

15. Management & employee Costs

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Salaries & wages		\$1,275,037	\$1,140,951
Travelling		69,504	48,360
Medical insurance		25,488	25,890
NIC contributions & uniforms		90,666	82,122
		<u>\$1,460,695</u>	<u>\$1,297,323</u>
Key Management Compensation			
Salaries & wages		\$279,095	\$296,308
Travelling		43,767	38,760
Medical insurance		3,985	5,912
NIC contributions & uniforms		12,786	14,145
		<u>\$339,633</u>	<u>\$355,125</u>
The average number of employees		<u>38</u>	<u>37</u>



LABORIE CO-OPERATIVE CREDIT UNION LTD.

P.O. Box LB 02L

Laborie Branch

Allan Louisy Street

Laborie

Tel: 758-459-6900

Fax: 758-455-9289

Vieux Fort Branch

Clarke Street

Vieux Fort

Tel: 758-459-6900

Fax: 758-455-9289

Website: www.mylaboriecu.com

Email: info@mylaboriecu.com | talktokay@mylaboriecu.com

Facebook: www.facebook.com/laboriecooperativecreditunionltd

Twitter: www.twitter.com/laborieCU

Instagram: [@mylaboriecu](https://www.instagram.com/mylaboriecu)