

**MINUTES OF THE 47th ANNUAL GENERAL MEETING
of the St. Patrick's Co-Operative Credit Union Ltd
held at the Credit Union House, Brades, Montserrat
Wednesday November 21, 2018**

1. Call to Order

The Chairperson, Mr. Peter Queeley, called the meeting to order at 5.45PM.

2. Invocation including Prayer of St. Francis of Assisi

The meeting commenced with the Chairperson then leading the membership in the recital of the Credit Union Prayer. Following the Credit Union prayer, Mr. Hylroy Bramble offered prayers to the general membership.

Subsequent, to Mr. Bramble leading the membership in prayers, the Chairperson requested for one minute of silence to be observed as a mark of respect for the members who had passed during the year. Special mention was made of the passing of the first President of the SPCCU, Mr. Bertrand Osborne.

3. Apologies

No apologies were extended.

4. Reading of AGM Notice

Notice of the Annual General Meeting was read by President of the Board of Directors – Mr. Eugene Skerritt.

5. Ascertainment of Quorum

The Chairperson indicated that Article 18 of the revised Bylaws of the SPCCU highlighted that a quorum at the Annual General Meeting or Special General Meeting shall be at least 50 members or 15% of the general membership of the SPCCU whichever less is.

The Chairperson subsequently checked with Mrs. Rhannon Williams - Registration Officer - who indicated that over 50 members were present at the meeting.

Having ascertained that a quorum was attained as per the revised Bylaws of the SPCCU, the Chairperson indicated that the AGM was duly constituted.

Subsequently, the Chairperson invited two members to move and second a motion for the adoption of the AGM Agenda as outlined on page 6 of the AGM Handbook.

The motion was moved, seconded and approved by the general membership.

6. Welcome Remarks

The Chairperson extended welcome remarks to the general membership, corporate governance volunteers, staff members and special invited guests. The Chairperson also noted his pleasure at observing a turnout of over 100 members, which he indicated was testimony to the growth and importance of the Credit Union.

7. Remarks from Mrs. Dulcie James – Registrar of Cooperatives

Mrs. Dulcie James, Commissioner of the Financial Services Commission addressed the membership of the SPCCU.

With regard to regulatory developments, Mrs. James indicated that the regional registrars of cooperatives had recently met in St Kitts to discuss the introduction of new harmonized regulations to govern the cooperatives and credit union sector in the region.

Mrs. James noted that the changes proposed were aimed at providing for improved financial stability, corporate governance, supervisory tools to monitor the sector and improved prudential provisions aimed at strengthening the capital base of credit unions.

Mrs. James also noted that the meeting agreed to migrate from the Pearls standard for monitoring and measuring credit unions performance, to adopting international prudential standards, which placed greater focus on the adequacy of capital.

The Registrar, Mrs. James indicated her pleasure with observing that the SPCCU shareholders equity finally showed a modest positive figure of 176.

In this regard, the Registrar indicated that work needs to be done to improve profitability at the SPCCU.

It was noted that the SPCCU did not meet the requirements as per the Co-operative Societies Act and Regulations in relation to capital adequacy, liquid assets, delinquency and provision for loan losses. However, Mrs. James noted that the SPCCU has improved its financial position in those areas which was cited as a step in the right direction.

Finally, the Registrar noted that the SPCCU has put in place a plan of action approved by the Financial Services Commission for the reduction in non-performing loans.

8. Minutes of 46th Annual General Meeting & Matters Arising

The Minutes of the 46th Annual General Meeting of the SPCCU was presented by the President Eugene Skeritt to the general membership. The minutes were reviewed page by page and amended accordingly for grammatical and spelling errors.

Thereafter, a motion to accept the minutes was moved, seconded and approved by the general membership.

9. Matters Arising From the Minutes of the 46th Annual General Meeting

Mr. John Ryan raised an issue with respect to the progress with increasing the permanent shares. The General Manager indicated that all new members were required to have in place \$100 permanent shares and a process is now in place to have existing members purchase at a minimum the \$100 permanent shares.

Mr. John Ryan raised further concern with respect to the potential impact of IFRS 9 upon the operations of the SPCCU. The General Manager responded by indicating the IFRS 9 changes the ball game in terms of loan loss provisioning and that the SPCCU would in fact be impacted.

Then, Mr. John Ryan suggested that the SPCCU needs to consider increasing the minimum permanent shares requirement from \$100 to perhaps \$1000.

Mr. Denzil West indicated that any attempt to increase the minimum permanent shares requirement should be reflected in the bylaws and brought to the AGM for approval. This comment was accepted by the General Manager and President of the Board.

10. Report of the Board of Directors for Financial Year 2017

President of the Board of Directors, Mr. Eugene Skeritt delivered the Board of Director's Report for the financial year 2017. In his presentation, President Skeritt highlighted the following:

1. That the local financial sector remained very competitive despite the sluggish economy. Further in terms of market share, as at December 31, 2017 the SPCCU commanded 30.0% of the market in terms of loans and advances and 13.0% of the mark in terms of deposits.
2. As at December 31, 2017, the total assets of SPCCU stood at \$57.9M, compared to \$56.4M as at December 31, 2016. This represented growth in total assets of \$1.5M (2.6%) in financial year 2017,
3. In terms of profitability, SPCCU recorded net profit (surplus) of \$515,959 in financial year 2017, compared to net profits (surplus) of \$193,452 in financial year 2016. The improved financial performance in 2017 reflected collections of investments totaling \$424,633 related to the CL Financial Group which was previously written off.

4. That as at December 31, 2017, the SPCCU operations finally turned the corner with the demonstration of positive shareholder's equity of \$176, 972.
5. In terms of community outreach, during the 2017 financial year the SPCCU focussed on providing financial support to youth, engaging in sporting and cultural activities. Also, the SPCCU will continue to advocate for youth empowerment and development.
6. With the full implementation of the IFRS 9 in financial year 2018, the SPCCU will be required to remain compliant as far as provisioning for loan losses is concerned.
7. In terms of the future outlook, the SPCCU needs to position itself to provide the services that members require such as financial education forums, online banking, automated teller services and credit and debit cards.

Following the presentation of the Board of Directors Report, members were requested to pose questions and clarifications.

Subsequently, a motion to adopt the Board of Directors Report was moved, seconded and approved by the general membership.

11. External Auditors Report on Audited Financial Statements for 2017

Mr. Wilbur Harrigan – Partner of PKF Chartered Accountants and Business Advisors based in Antigua and Barbuda presented the Audited Financial Statements for the SPCCU for financial year 2017.

Mr. Harrigan outlined the external auditor's opinions, ethical responsibilities and indicated that management was responsible for the preparation of the financial statements.

In terms of major issues, the following were cited by PKF:

1. The new international reporting standards as prescribed under IFRS 9 will change the way in which loans in particular are measured and assessed. He further indicated that what is required at this time is strong and focussed management.
2. Members should not expect any dividends unless the accumulated deficit has been eroded.
3. Members to continue to support the credit union through the purchase of permanent shares.

12. Report of Credit Committee for Financial Year 2017

Chairperson of the SPCCU Credit Committee Mr. Bertram Lee delivered the Credit Committee Report for the financial year 2017. In his presentation, Mr. Lee highlighted the following:

1. In terms of loans and advances, as at December 31, 2017, a total of 1029 loans and advances were extended by the SPCCU which amounted to \$46.3M.
2. That the real estate category which represents a combination of loans taken for building expenses, home purchases, home renovations and land purchases continued to dominate the loan portfolio accounting to 65.1% of the loan portfolio.
3. In terms of consumer loans, Mr. Lee noted that on the consumer lending side of the business, loans extended for vehicle purchase dominated both in quantum and outstanding value.
4. In terms of the management of loan delinquency, Mr. Lee noted that the SPCCU, subsequent to discussions with the Financial Services Commission, introduced an aggressive plan of action to arrest the situation of rising delinquency in the loan portfolio. He also stated that the plan of action was already having a positive impact in terms of reducing loan delinquency.
5. Further, Mr. Lee highlighted that the SPCCU had implemented a time bound resilience building strategy aimed at significantly increasing its provisions for loan losses. He cited a monthly increase in general loan loss provisions from \$9000 to \$15,000 as one example of the strategy.
6. Finally, Mr. Lee stated that the Credit Committee noted that with the onset of IFRS 9, the international accounting standards will require the SPCCU to provide for expected credit losses from the time a loan is originated, rather than awaiting “trigger events” signaling imminent losses.

Following the presentation of the Credit Committee Report, members were requested to pose questions and clarifications.

Subsequently, a motion to adopt the Credit Committee Report was moved, seconded and approved by the general membership.

13. Report of Supervisory & Compliance Committee 2017

Chairperson of the SPCCU Supervisory & Compliance Committee Miss Lovetta Silcott delivered the Supervisory and Compliance Committee Report for the financial year 2017. In her presentation, Miss Silcott highlighted the following:

1. The SPCCU continued the process of updating all active members' accounts to meet the required Know Your Customer Guidelines. All new account openings during the period January 2017 to December 2017 were reviewed by the compliance officer and the relevant missing documentation obtained.
2. There had been a great increase in the required documentation received from applicants when opening new accounts.
3. Names of Abandoned Property Members were displayed in the lobby area via the television and published in the online media. As of December 31, 2017, the SPCCU had a total number of nine hundred and fifty-five (955) Abandoned Property account holders.
4. The compliance staff and other staff members operating in high risk areas received AML/CFT training. This includes attendance at a high value regional AML/CFT training workshop organized by KAW Management Services Ltd which was held in Antigua and Barbuda.
5. Finally that the Supervisory & Compliance Committee was pleased that the results of the reported cash-audits were commendable. The Committee noted that cash audits are done daily at the end of each work day which is a part of the Credit Union's Risk Management Strategy.

Following the presentation of the Supervisory & Compliance Committee Report, members were requested to pose questions and clarifications.

Subsequently, a motion to adopt the Supervisory & Compliance Committee Report was moved, seconded and approved by the general membership.

14. Resolutions

Two resolutions were presented to the membership.

1. Distribution of Dividends

The motion was put forward by the Board of Directors that due to the fact that the institution capital of the SPCCU had not reached the proportion of 10% of the total assets of the SPCCU and as such, the institution was unable to pay dividends or any payment on the account out of a surplus for the financial years 2015 and 2016.

The Chairperson asked for comments on the resolution by the membership.

There were no comments on the resolution from the membership. Therefore a motion was moved, seconded and approved by the membership to accept the resolution.

2. Approval of External Auditor

A motion on the appointment of an External Auditor pursuant to section 35 of the Co-operative Societies Act 2011 (No. 4) of 2011 was read by the Chairperson.

The motion put forward by the Board indicated that the Board had given due consideration to the appointment of an External Auditor and had recommended the appointment of the auditing and accounting firm of Pannell Kerr Foster Ltd of Redcliffe Street, St. Johns, Antigua as External Auditor for the financial years ending December 31, 2017, 2018 and 2019 in accordance with section 135 of the Co-operative Societies Act 2011 (No. 4) of 2011.

The Chairperson asked for comments on the resolution by the membership.

There were no comments on the resolution from the membership. Therefore a motion was moved, seconded and approved by the membership to accept the resolution.

15. Election of Officers

1. Board of Directors

The following persons were elected to serve for a three year period on the Board of Directors.

- a. Miss Debra Lewis
- b. Mr. George Skerritt
- c. Miss Nicole Duberry

2. Credit Committee

The following persons were elected to serve for a three year period on the Credit Committee.

- a. Mr. Bertram Lee
- b. Miss Yvonelle Jeffers
- c. Miss Lauren Piper
- d. Mr. Reuel White

3. The Supervisory & Compliance Committee

The following persons were elected to serve for a three year period on the Supervisory & Compliance Committee.

- a. Mr. Hylroy Bramble
- b. Miss Lovetta Silcott
- c. Miss Sasha Farrell

16. Any Other Business

There was no other business. However Mr. Peter White congratulated the Credit Union on the shopping bags and turnout at the AGM.

17. Closing and Vote of Thanks

The vote of thanks was presented by the chairperson.

Following the vote of thanks presentation, a motion to close the meeting was moved, seconded and approved by the general membership.