Power of the Past

Eastern Credit Union
Co-operative Society Limited
LEADING THE WAY®

FORCE OF THE FUTURE

ANNUAL REPORT 2019


Seasons Change
We are making it easier for you!
GET A LOAN
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Low Interest Rate
Interest ONLY payment until 2021
One lucky member will win $20,000.00
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Eastern
Credit Union
Co-operative Society Limited
LEADING THE WAY.

Credit Union Prayer

Lord, Make me an instrument of thy 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
And 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 in giving, that we receive
It is in pardoning, that we are pardoned
And it is in dying, that we are born to eternal life.

Vision

We will be the premier financial co-operative regionally with an international presence exceeding members' economic and social expectations.

Mission

We are a dynamic financial co-operative delivering superior quality service to our membership in accordance with sound business practices.

Core Values

Member Focused | Honesty and Integrity | Innovativeness
Accountability | Professionalism | Confidentiality | Impartiality

Strategic Priorities

- Enhancement of Sales Revenue
- Enhancing the Member Experience
- Delinquency Reduction and Management
- Intensifying efforts towards Member Engagement
- Adopting Robust Compliance and Risk Management Arms

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President's Message

My Dear Fellow Co-operators

I take this opportunity to welcome each and every one of you, to Eastern Credit Union's (ECU) 46th Annual General Meeting for the 2019-2020 term.

I also recognize and welcome Members of the Office of the Commissioner for Cooperative Development (CCD), our Regulator; our Oversight Body, Representatives of the Cooperative Credit Union League of Trinidad and Tobago (CCULTT), Directors of other affiliate bodies, the Association of Cooperative Credit Union Presidents of Trinidad and Tobago (ACCUPTT); the Central Finance Facility (CFF) and CUNA Caribbean Limited; Fellow Credit Unionists, Specially invited guests, and a particularly warm and heartfelt welcome to you, our beloved members for your unwavering support and dedication to our esteemed organization.

As we report to you on our stewardship of our collective affairs, it is with pride that we report that Eastern Credit Union Cooperative Society Limited (ECU) has once again been bestowed with unqualified accounts by our auditors Price Waterhouse Coopers (PWC), having successfully overcome the challenges which led to us receiving qualified accounts for two (2) consecutive years in 2016 and 2017.

This performance, dear members, speaks to stability and that Eastern Credit Union continues on a steadfast trajectory of soundness and sustainability. However, this achievement could have only been borne out of the hard work and collaborative efforts of our dedicated Management and Staff, who have continually fought the good fight to ensure that our beloved ECU forges on stronger and more resilient even in the face of challenging times.

This period under review has not been without its challenges, as at the end of 1st Quarter 2020, the COVID-19 Coronavirus ravaged nations and communities alike and left fledgling economies in its wake, with Trinidad and Tobago being no exception. Notwithstanding, ECU has managed to find opportunities in these times of crisis and has become a beacon to its members.

ECU has managed to find opportunities in these times of crisis and has become a beacon to its members.

ECU for the period under review has embraced the cooperative principles of brotherly love and has extended itself to not just its members but to fellow cooperatives, moving away from the traditional competitive stance to one of cooperation amongst cooperatives by embracing the notion of shared services and the 'Together Everyone Achieves More' philosophy.

Members, we are proud to report that in 2019, we have continued on the trajectory of steady growth in almost all areas including asset quality, financial structure, liquidity and cost effectiveness. But most importantly, we have taken the time to build the foundations that would ensure that ECU remains a pillar of strength and stability, focused on preservation and maintaining a legacy for generations to come.

This term, I have witnessed tremendous growth and development in our Executive and Management team, who have collectively approached their stewardship from an 'all hands on deck' approach with the singular and eagle-like focus of taking ECU to a level of relevance and viability that surpasses any prior performance.

We continue to maintain our capital adequacy requirements and remain compliant with all statutory obligations. Additionally, we have embarked upon a series of organizational restructuring initiatives aimed at improving our resilience and enhancing our service delivery to our members. In pursuit of this objective we have recruited skilled personnel, expanded key departments such as Credit Administration, Operations and Finance and commissioned a Risk Department.

Members, we want to assure you that we hear you. We are not deaf to your cries and neither are we inattentive concerning our promises, and so this term, ECU took the time to listen to our members. Among our Board Committees, we implemented a Member Focus Committee, that was given a mandate to police our service delivery and champion the needs of our members. Additionally, we commissioned a Past President and Founders Advisory Committee, with the sole aim of harnessing valuable experience and expertise to the Board of Directors. This move has certainly enhanced our ability to understand where we came from, so we could better appreciate where we are going and indeed where we need to go. In the words of one of our presenters at our Annual Elected Officers & Management Orientation held in 2019, '***some people sit in the shade of the tree without thinking about who may have planted the seed'.*** As such, for this term we took a personal and paramount interest in ensuring that no member is left behind and that we value experience and commitment in striving for a successful ECU.

Additionally, in carrying out our mandate, we took the time to review and address the concerns that members raised during our 45th AGM held in 2019 and to implement monitoring and feedback systems in a bid to provide our members with a platform to share their views thereby giving us the opportunity to respond to their concerns.

Since our last gathering, ECU has recorded a steady decline in our delinquency, a slow but steady and improving growth in our loan portfolio and stable performance in our share and deposit portfolios. Investments continue to perform, although we were impacted negatively by delays in obtaining Statutory approvals of Investments from the Commissioner for Cooperatives which lengthened the turnaround time for taking advantage of Investment opportunities. This situation was further exacerbated by the onslaught of the pandemic, although showing signs of improvement as the economy stabilized.

Throughout the year under review, ECU has also recorded some valuable wins, such as the commissioning of a new Express branch, at the Government Campus Plaza which is carded to open at the beginning of December 2020 and the opening of a Business Unit, geared to service those higher value facilities with more focused monitoring and assessment to ensure quality and viability of this dynamic portfolio.

Additionally, in 2019, ECU embarked on a series of member engagement and outreach programmes which included Caravans throughout Trinidad and Tobago, whereby we were able to go into communities and interact and listen to the views of our members. Through our Christmas outreach, we were able to provide many of our members facing varying levels of needs with hampers and other assistance to help them through the Christmas season. Also, through our very active and hardworking Marketing Department, we held a number of Health Clinics in various communities, which saw us serving our members in a manner that was heralded as 'unprecedented'.

Members, we have served you and continue to serve you, as can be seen by ECU's quick and fluid response to our members needs at the onslaught of the pandemic; whereby we offered assistance in the form of a 3-month waiver on loans; situation-specific loans at reduced interest rates; and extended relief to affected families through the distribution of hampers and other supplies. We also partnered with other community-based groups and organizations to assist members needing a helping hand with the distribution of laptops to children to enable them to access online schooling.

ECU is truly leading the way, as evidenced by our almost seamless transition to a digital reality, that afforded us even greater opportunities to serve our beloved members. This term has seen a rapid and almost exponential growth in our member engagement as we have been able to host several educational and interactive webinars. We successfully launched an online language course for interested members, which was a continuation of a member learning and empowerment drive launched in 2019, coined "Today at Eastern". The level of participation by members in this programme was very impressive.

Again, ECU thanks you for your continued support and commitment as evidenced by your participation in our many call to action initiatives and most importantly by your continuing loyalty to our organisation.

Our financial performance remains steady as our 2019 results show that our assets increased by $75.8 million, our shares by $16.7 million and our deposits by $ 6.7 million However our surplus was reduced by $10.7 million. We know that we have a long way to go in trying to adapt to what is now known as the 'New Normal', where technology and innovation have become the new buzz words and being adaptable and fluid is now critical to our survival. But we continue to be guided by the vision and goals set out in our Strategic Plan for the 2020-2022 term, developed through the collective efforts of our Board and Executive Management Team, which have become even more relevant in the current environment.

It would be remiss of me to not mention the inordinate delay in the completion of our 2019 Audit, however this became necessary in order to ensure that we were able to once again present you with an unqualified report, one which boasts of soundness and stability. During this period, we were also faced with new accounting standards, including IFRS 16 along with having to address a legacy issue of our Staff Terminal Benefits which required adjustments to our provisioning and which had a noticeable impact on our surplus and by extension our Dividend proposition for the period under review.

Another factor to which we had to pay particular attention was that of subsequent events, as to turn a blind eye to the ongoing impact and devastation of the COVID-19 Pandemic would be to unwittingly set our organization on a dangerous path that would become unsustainable in the future. Therefore, tough but prudent decision making was required to maintain our Capital Adequacy requirements going forward and to ensure that ECU could face the 'wicked winters' ahead.

Our subsidiary, EPL Properties Limited, remains as a constant support to our operations, as was seen by their rapid and concerted response to the required implementation of a Sanitation regime that became mandatory with the advent of the Pandemic and which required a ramping up of health and safety protocols at all our locations, in an effort to protect our members and staff alike. The company continues to explore new avenues to increase and diversify its portfolio and generate new income streams. At this juncture, we wish to signal to our membership, the Board's intention to pursue various opportunities to enhance our value proposition to our members, by exploring avenues such as the acquisition and resale of real estate; with particular focus on our Las Viviendas project, which has been long outstanding. The time has come for us to accelerate the pace of progress of this project in order to meet our members' housing and other basic needs .

We are also pleased to announce the launch of ECU's Medical Health Insurance Plan for the benefit of our members, a plan we have been able to successfully secure through Maritime Insurance and which is geared to offer protection and relief , especially in these very critical and uncertain times.

As we conclude a very interesting and unexpected term, we look forward with anticipation to what lies before us. However, I remain confident that together we can move mountains and it is with much enthusiasm that we seek to embrace the opportunities that are ahead. Our vision for the next term is an exciting one; one which envisions shared cooperative resources and collaborations, exponential growth through diversification and acquisitions, enhanced member experience, high staff morale, and unrivalled and optimized financial performance.

At this juncture, I wish to signal my deepest gratitude to the Management and Staff of Eastern Credit Union and state without reservation 'You have done it again'. Despite the challenges faced, you remained resolute and steadfast and for this I remain eternally grateful. Members, we know there are tough times ahead, which calls for stability in your leadership. This is no time to become complacent and to play Russian roulette with your financial future. This is a call to action my dear members, we have run the race, we have stayed the course and we have stabilized the organization, with your support, with your savings with your borrowing and with your loyalty and commitment. Let us protect what we have built my dear members and continue to hold firm to the tenets of co-operativism and to the philosophy of "people helping people."

I remain your humble servant,

Janelle Benjamin
President


Congrats
to this 6 year old farmer
Jhaylen Edwards...
The newest addition to our credit union family!
"#EasternCreditUnion #YoungGeneration #CreditUnionFamily"
Dr. Geneve Phillip-Durham
...leading the way by setting a great example for food security in Tobago


Top 5 reasons why Health Insurance is important!
1 Affordable Medical Coverage
2 Protect Savings
3 Get Treatment Earlier
4 Peace of Mind
5 Manage Risk
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Co-operative Society Limited
Leading The Way

Standing Orders

1. (a) Where possible, a Member shall stand when addressing the Chair.
   (b) Contributions are to be clear and relevant to the subject before the meeting.
2. A Member shall only address the meeting when called upon by the Chairman to do so after which, he/she shall immediately take his/her seat.
3. No Member shall address the meeting except through the Chairman.
4. A member shall not speak for more than two (2) minutes on any one subject.
5. A Member may not speak twice on the same subject except:
   (a) The Mover of a Motion who has the right of reply.
   (b) He/She rises to object or to explain (with the permission of the Chair).
6. The Mover of a "Procedural Motion" (Adjournment, Lay on the table, Motion to Postpone) shall have no right of reply.
7. No contributions are to be made after the "Question "has been put and carried or negated.
8. A Member rising on a "Point of Order" is to state the point clearly and concisely, (A "Point of Order" must have relevance to the "Standing Orders".
9. (a) A Member shall not "Call another Member to order" but may draw the attention of the Chair to a "Breach of Order".
   (b) In no event can a Member call the Chair to order.
10. A "Question" shall not be put to the vote if a Member desires to speak on it or move an amendment to it, except a " Procedural Motion: The Previous Question" "Proceed to the Next Question" or the closure:" That the Question be Now Put" may be moved at any time.
11. Only one amendment should be put before the meeting at one and the same time.
12. When a motion is withdrawn, any amendment to it falls.
13. The Chairman shall have the right to a "casting vote"
14. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
15. Provision is to be made for the protection by the Chairman from vilification (personal abuse).
16. No member shall impute improper motives against another member
17. Any member who has been admonished on two (2) occasions and persists to ignore the admonishment will not be permitted to speak for the remainder of the meeting.
18. Cellular Phones should be switched off during the course of the meeting. The Chairman may ask a member, who disturbs the meeting by using his/her cellphone, to leave the meeting.
19. Electronic recording of the proceedings is prohibited unless prior permission is obtained from the Chairman
20. All protocols relating to the Public Health (2019) Novel Coronavirus (no 31) Regulations 2020 will be observed during the meeting. Members shall comply with any directives given in this regard.

Minutes of the 45th Annual General Meeting
of Eastern Credit Union Co-Operative Society Limited

Held on Saturday, June 15th, 2019
at the Regency Ballroom, Hyatt Regency Trinidad
No. 1 Wrightson Road, Port of Spain

1.0 CALL TO ORDER/INVOCATION

The President/Chairman, Mr. Wayne Estrada, called the meeting to order at 10.00 a.m. The National Anthem was played; Mr. Christopher Power led the Invocation and the gathering recited the Credit Union Prayer.

2.0 1ST CREDENTIALS REPORT

A Credentials report undertaken at 10.06 a.m. revealed that one thousand and thirty-six (1,036) members were present.

3.0 NOTICE OF MEETING

The Secretary, Mr. Ronald Bobb, read the Notice and Agenda of the 45th Annual General Meeting.

4.0 ADOPTION OF STANDING ORDERS

On a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Mrs. Gloria Rolingson (St. Joseph Branch), the meeting unanimously accepted the Standing Orders.

5.0 WELCOME REMARKS/PRESIDENT'S MESSAGE

The President, Mr. Wayne Estrada, extended a warm welcome to all and made special mention of three (3) Group Executive Managers of Eastern Credit Union who acquired their International Credit Union Development Education (ICUDE) designation and whose efforts have placed Eastern Credit Union in a position of pride among its peers. He highlighted the following:

i) Outstanding agreements in respect of Bargaining Units 1, 2 and 3 were signed and Group Executive Managers who are not members of the Union received similar adjustments to their terms and conditions.

ii) The current focus is on service delivery, but going forward, emphasis will be placed on:

- Quality of governance
- Recruitment and retention policies
- Promotion and training agenda and its relevance to ECU's new circumstances
- Network-wide training for staff and elected officials.
- Reviewing the onboarding process in respect of elected officials possibly by the introduction of background checks and value of shares held at Eastern Credit Union.
- Embracing technological changes

The President also acknowledged the under-mentioned former Presidents of Eastern Credit Union and other specially invited guests in attendance:

Louis Lee Sing	-	Former President of Eastern Credit Union
Thomas Henry	-	-do-
Reynold Cooper	-	-do
Gloria Rolingson	-	-do-
Nigel Matthew	-	-do-
Anthony Taitt	-	-do-
Lennox Marcelle	-	-do-
Francis Power	-	-do-
Dawn Richards	-	DRA Consulting
Charles Mitchell	-	Consultant and Acting COO of EPL Properties Ltd.
Glenn Wilson	-	Consultant
Christopher Lewis	-	Group CEO designate, Eastern Credit Union
Martin Minguel	-	President, Rhand Credit Union)
Dorwin Manzano	-	President, UWI Credit Union
Joseph Remy	-	President, Credit Union League of Trinidad and Tobago
Margaret Sampson-Browne	-	Director, Police Credit Union
Joshua Spencer	-	President, Agricola Credit Union
Annemarie Forbes-Richardson	-	President, TATECO Credit Union (Port of Spain)
Charmaine McMillian	-	Co-operative Division, Ministry of Labour and Small Enterprise Development
Paula Labarrie-Mitchell	-	-do-
Lisa Duberry	-	-do-
Andre Goindoo	-	Group CEO, CUNA
Jillian Bart	-	CUNA
Dwayne Rodriguez-Seijas	-	PricewaterhouseCoopers
Crystal George	-	-do-

6.0 ANNUAL REPORT – 2018

The Annual Report – 2018 was taken as read on a motion moved by Ms. Bernadette Stewart (St. Joseph Branch) and seconded by Mr. Akil Myers (St. Joseph Branch).

7.0 CONFIRMATION OF MINUTES OF THE 44TH ANNUAL GENERAL MEETING

The Minutes of the 44th Annual General Meeting held on May 20, 2018 were confirmed on a motion moved by Mr. James George Thomas (Port of Spain Branch) and seconded by Mr. Kirk Ferguson (Tunapuna Branch).

8.0 MATTERS ARISING FROM MINUTES

i) Training

ECU employees need to be adequately trained and informed because they sometimes impart incorrect information to members.

ii) ATMs

An ATM should be installed at the new Port Mall in Tobago.

The meeting was informed that more than one (1) ATM exists in Tobago and that ECU is exploring other sites to place additional ATMs.

iii) Quarterly Statements

In response to a comment that no quarterly statements were received in two (2) years, members were told that firstly, statements are available at the branches upon request and secondly, ECU is currently updating its database since more than 50% of statements sent to members were returned to the credit union.

iv) IT Infrastructure – Wi-Fi Access

Free Wi-Fi access for use by members was introduced as a pilot project at the St. Joseph and Tobago Branches and the plan is to equip all Branches with this facility.

v) Branch Upgrade/Branch Relocation

Improvements were made to the Arima, Sangre Grande, Barataria and Tobago Branches while the Chaguanas Branch was relocated to 74 Ramsaran Street, Chaguanas.

vi) Patronage Refund

Patronage Refund is a rebate calculated as a percentage of the interest a member has paid on a loan during the course of the financial year.

vii) Delinquency

Members requested that:

- ECU should undertake an analysis of the Loan Officers whose loans have gone delinquent and initiate some form of accountability and consequence management.

- Information should be provided on the percentage of members who repaid only one (1) to three (3) installments on their loans and the percentage that repaid no installments at all.

The membership was told that a Delinquency Committee was set up and together with the Recoveries Department, is actively engaged in treating with the delinquency issue.

9.0 BOARD OF DIRECTORS' REPORT

The Chairman, Mr. Wayne Estrada, provided a summary of the Board of Directors' Report which was amended as follows:

❖ Page 33: Under the heading "Waiver Committee", change "Lyndion" to "Lyndon". Also, under the heading "Finance, Investments and Tenders Committee", insert the name "Kendra Persad".

The Chairman highlighted the following priorities of the Board during the period under review:

- To generate sales/revenue
- Improve customer service
- Reduce delinquency
- Intensify member engagement
- Reinforce compliance and risk management

The following responses were provided to members' queries and comments:

- Delinquency averaged around 10% as at December 31st, 2018.

- An incentive programme is in place for the achievement of specific loan targets.

- The credit union and CUNA are legally obliged to treat only with a named beneficiary in respect of a member's shares or the Family Indemnity Plan (FIP). Once a beneficiary submits the death certificate of a deceased member, a response is provided within two (2) weeks, as long as there are no issues with the claim.

- A request from a member wishing to host an event on Eastern's compound must be sanctioned by the Board.

[A moment's silence was observed for the deceased members listed in the brochure and for Mr. Anthony Lambie, a former Director of Eastern Credit Union who died in 2019.]

9.1 Adoption

The Board of Directors Report, as amended, was unanimously adopted on a motion moved by Ms. Dion Compton (St. Joseph Branch) and seconded by Mr. Kirk Ferguson (Tunapuna Branch).

12.37 p.m.: Meeting suspended for lunch.
2.05 p.m.: Meeting resumed.

10.0 2ND CREDENTIALS REPORT

A Credentials Report at 12.06 p.m. revealed that one thousand three hundred and fifty-four (1,354) members had registered for the Annual General Meeting.

11.0 AUDITOR'S REPORT

Mr. Dwayne Seijas-Rodriguez, representative of PricewaterhouseCoopers (PwC) read the opinion section of the Auditor's Report and supplied the following responses to questions raised:

- ECU received qualified reports in 2016 and 2017 because PwC was not satisfied with the loan loss provision mainly due to the quality of data in respect of collateral in the database. The database has since been updated to reflect the records that are within the various loan files. As a consequence, the loan loss provisions for 2016 and 2017 were corrected.

- The IFRS 9 standard has been adopted and is reflected within the Financial Statements for the first time.

11.1 Acceptance

The Auditor's Report was unanimously accepted on a motion moved by Mr. James G. Thomas (Port of Spain Branch) and seconded by Mr. Akil Myers (St. Joseph Branch).

12.0 CONSOLIDATED AUDITED FINANCIAL STATEMENTS, 2018

The Group Financial Comptroller (Ag.), Mr. Marlon Boucaud, presented highlights of the Consolidated Audited Financial Statements for the year ended December 31, 2018.

12.1 Acceptance

The Consolidated Audited Financial Statements for the year ended December 31, 2018, were accepted by unanimous vote on a motion moved by Mr. Kirk Ferguson (St. Joseph Branch) and seconded by Mr. David Taitt (St. Joseph Branch).

13.0 NOMINATING COMMITTEE REPORT

The Chairman of the Nominating Committee, Mr. Marlon M. Phillips gave a summary of the Committee's Report and sought comments from the membership, who indicated that:

- The Nominating Committee should ensure that notices in respect of the nomination process are displayed at the ground floor of all branches.

- One month is insufficient time in which to conduct the Credit Union Organization and Management Programme.

- Nominees for election to positions on the Board and other statutory Committees should undergo character assessments.

- Information on candidates in the "Nomination Profile" should not be limited to Credit Union experience and training. Other qualifications should be included.

13.1 Adoption

The Report of the Nominating Committee was unanimously adopted on a motion moved by Mr. Marlon M. Phillips (Port of Spain Branch and seconded by Mr. Wayne Cordner (St. Joseph Branch).

14.0 3RD CREDENTIALS REPORT

A Credentials Report at 2.18 p.m. indicated that one thousand four hundred and fifty-seven (1,457) members were present.

15.0 ELECTION OF OFFICERS

Ms. Narissa Bhagoutie, Returning Officer, conducted the elections process.

15.1 Election Results

The total number of ballots counted was eight hundred and ninety-eight (898). The results of the elections were as follows:

Board of Directors

Names	Votes	Tenure
Maurice Hoyte	401	3 years
Richard Noray	400	3 years
Arvin J.O Isaac	376	3 years
Michaela Maria Garcia	315	3 years
Alana Blackman	271 (1st Substitute)	
Darius Figuera	242 (2nd Substitute)	
Francisca Lasalle	214	
Lyndon Williams	208	
Don Isaac	200	
Clyde Herbert	183	
Lindhurst Murray	166	
Pearl Yatali-Gonzales	160	
Akil Myers	104	

Supervisory Committee

Names	Votes	Tenure
Rhona Adams-Arrindell	445 votes	2 years
Renatta Laverne Jones	357	2 years
Dionne Compton	348	2 years
Camille Rolingson	347 (1st Substitute)	
Jacquelyn Humphrey	345 (2nd Substitute)	
Kelly-Ann Mitchell	225	

Credit Committee

Names	Votes	Tenure
Kirk Ferguson	515	2 years
Mary Thompson	511	2 years
Elisha Sankar	450	2 years
Mahmud Muhammad	300 (1st Substitute)	
Jemila Guerero	203 (2nd Substitute)	

15.2 Destruction of Ballots

A motion for destruction of the physical and electronic ballots moved by Mr. Wayne Estrada and seconded by Mrs. Pearl Yatali-Gonzales (Barataria Branch) was unanimously approved.

16.0 SUPERVISORY COMMITTEE REPORT

The Chairman of the Supervisory Committee, Ms. Deborah Picou, drew attention to major aspects of the Report which was amended as follows:

- Page 39: At the 4th paragraph, delete "twelve (12)" and insert "fourteen (14)".

The Committee made the following recommendations:

- Undertake greater and more urgent follow-up on loans and loan files, and continuous staff training and feedback sessions to allow for greater efficiency.
- In order to retain Executive Managers, maximize intellectual capital and allow for better succession planning, experienced professionals should be engaged on contracts for durations of more than two (2) years.
- Celebrate ECU's Anniversary annually and name awards after pioneers and past Presidents.

The Supervisory Committee was asked to include in its report in the future, the percentage or sample size of files that are reviewed.

16.1 Adoption

The Report of the Supervisory Committee, as amended, was unanimously adopted on a motion moved by Mr. Thomas Henry (Barataria Branch) and seconded by Mr. David Taitt (St. Joseph Branch).

17.0 CREDIT COMMITTEE REPORT

The brochure having been taken as read, the Chairman of the Credit Committee, Mr. Delroy Burris, sought members' feedback on the Report of the Credit Committee. A number of questions were raised and the following responses were provided:

1) No research has been done to obtain demographic data on delinquent members.

2) No initiative is in place to assist members who have lost their jobs to get back on their feet. However, members in such situation can visit their branches to seek some level of refinancing/ rescheduling of their loans. If members do not receive the redress needed, they should request a meeting with the Credit Committee to have their issues dealt with.

3) Requests for waiver of payments should be addressed to the Credit Committee and submitted to the Branch Manager.

4) The Board recently issued a directive that no refusal in respect of matters relating to loans should be made by frontline staff, but must be escalated to Management level.

5) Approximately $200,000 to $300,000 is collected on a monthly basis in respect of loans that were written off.

6) Consumer loans and unsecured loans under $50,000 have the highest delinquency rate.

7) A Delinquency Committee was set up and together with the Recoveries Department, is actively engaged in treating the delinquency issue.

Members suggested that:

- A delinquency cap of two percent (2%) should be placed on each branch.
- The following information should be provided to members in bold print once they have been granted a loan: "Should you have a problem with respect to any aspect of your commitment to pay your loan installments (the full amount or partial amount), please contact the Credit Committee and have the matter looked at carefully."
- In the "Loan Portfolio Segmentation", the delinquency ratio should be provided for each category of loan identified, along with any measures taken to reduce delinquency.
- More effective credit management strategies should be employed. For example, members who have been paying their loans satisfactorily for six (6) months, issue letters thanking them for keeping their commitments. Also, members who are having challenges should be asked to go to their respective branches to seek a new arrangement.

17.1 Adoption

The Report of the Credit Committee was adopted on a motion moved by Mr. Delroy Burris (St.. Joseph Branch) and seconded by Mr. James G. Thomas (Port of Spain Branch).

18.0 EDUCATION COMMITTEE REPORT

The Chairman of the Education Committee, Mr. Marlon M. Phillips, presented a summary of the Report which was amended as follows:

- Page 58: At the last paragraph under "Online Youth Conversation" delete "Mr. Lyndell Byer (Aero Services Credit Union)" and "Ms. Sheena Edwards (COPOS Credit Union)" and insert "Ms. Karene Salandy (Police Credit Union)".
- Page 60: In the heading, delete "Acvtivities" and insert "Activities".
- Page 63: In the heading at the top of the page, change "Childrens" to "Children's" and at the middle of the page, change "Children" to "Children's".

Some highlights of the Report were as follows:

- The hosting of outreach programmes in the form of Members' Business and Breakfast Series.
- Introduction of an initiative called the "Magnificent Mental Minds (Mathematics) Competition" for primary school students in Tobago.
- SEA Motivational Workshop.

The Committee recommended the following initiatives for the 2019-2020 term:

a) The Youth Agenda-Next Generation: Creation of a platform to fashion the new Credit Union profile, youth ideas on the future of the Credit Union and succession planning.

b) Small Business Development through workshops/seminars on the latest agro-processing systems.

c) Business Incubator: The creation of a named pool of members who will be partnered with practitioners in various fields.

d) Hosting of the Magnificent Mental Minds (Mathematics) Competition in Trinidad.

e) Development of an Eastern Credit Union Academy (online) where members could be provided with opportunities to learn about issues such as "Understanding Financial Statements".

Members proposed the following:

- Initiate steps to create more usage among members of ECU's Facebook page.
- When events such as the seedling distribution take place, ECU should take the opportunity to engage members in an effort to update their information, obtain feedback and suggestions.

- Inform members via text message or other medium, of changes in the hours of business at the Branches.

18.1 Adoption

The Report of the Education Committee, as amended, was unanimously adopted on a motion moved by Mr. David Taitt (St. Joseph Branch) and seconded by Mrs. Rhona Adams-Arrindell (St. Joseph Branch).

19.0 RESOLUTIONS

1. Patronage Refund

   The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Mr. David Taitt (St. Joseph Branch):

   > Be it resolved that a patronage refund of 7.5% be declared for the financial year ended 31st December, 2018 and credited to members' Deposit Accounts.

2. Dividend:

   The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Mr. David Taitt (St. Joseph Branch):

   > Be it resolved that in accordance with Bye-Law 15(b) (v) a dividend of 2.25% for the financial year ended 31st December 2018 be credited to members' Share Accounts consistent with Bye-Law 25(c) (i);
   > And be it further resolved that dividends due to members whose accounts have become delinquent, be credited to their outstanding loan and interest balances.

3. Special Shares

   The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Ms. Deborah Picou (Tunapuna Branch):

   > Be it resolved that in accordance with Bye-Law 6(a) (1), 6(b) (1) (ii) and (iii), a dividend of 5% be approved for the financial year ended 31st December 2018 and credited to members' Deposit accounts;
   >
   > And be it further resolved that dividends due to members whose Special Share Accounts are below the required amount be credited to their Special Share Accounts.

4. Auditors

The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Mr. Christopher Power (Chaguanas Branch):

Be it resolved that the firm PricewaterhouseCoopers (PwC) be retained as Auditors for the year 2019.

5. Education Fund

The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Mr. Akil Myers (St. Joseph Branch):

Be it resolved that in accordance with Bye-Law 25(b), 5% of the realized surplus for the financial year ended 31st December 2018 be appropriated to the Education Fund.

6. Loan Write Offs

The undermentioned Resolution was approved on a motion moved by Mr. Wayne Estrada on behalf of the Board and seconded by Mr. Akil Myers (St. Joseph Branch):

Be it resolved that 152 accounts valued $8,776,646.26 representing accounts that were statute barred and where efforts to collect have been pursued and repayments seemed uncertain, be written off against provisions set aside for such loans.

20.0 GENERAL BUSINESS

20.1 Giveaways/CUNA Prize

ECU presented five (5) prizes to a number of lucky members while one member won a prize from CUNA for visiting its booth.

20.2 Greenwill Estates, Brazil

One member requested feedback on behalf of tenants/investors at Greenwill Estates, San Raphael, Brazil. Eight (8) months ago ECU promised to have a meeting with them on specific issues but this never materialized.

20.3 Other General Issues

1. Initiatives for Members

ECU should consider the introduction of the following initiatives:

- A health plan for members.
- Internships for youth members to be trained in the running of a credit union.

2. Teleconferencing to Accommodate Tobago Members

   In response to a suggestion about the implementation of teleconferencing to allow more members from Tobago to participate in the Annual General Meetings, it was stated that this was tried previously but was too costly. A more cost-effective arrangement is currently being worked out with a Credit Union in Tobago. Additionally, Tobago Members are usually refunded their air/boat fare once they have registered and attended the AGM. Tobago members in attendance will also receive a token of $60 as every other member, and this will be deposited to their deposit accounts.

21.0 ADJOURNMENT

The Chairman thanked the service providers, employees and all those who played a role in making the 45th Annual General Meeting a success. He also thanked the membership for their attendance and participation and extended Fathers' Day greetings to fathers present.

The meeting was adjourned at 5.50 p.m.

…………………………

Ronald Bobb (Mr.)
Secretary

Executive Management Team

Christopher Lewis
CHIEF EXECUTIVE OFFICER

Sherry-Ann McDonald-Joseph
DEPUTY CHIEF EXECUTIVE OFFICER

Marlon Boucaud
GROUP FINANCIAL COMPTROLLER (Ag.)

Rowan Bartolo
GROUP EXECUTIVE MANAGER
HUMAN RESOURCES

Kester Regis
GROUP EXECUTIVE MANAGER
MARKETING, RESEARCH AND
BUSINESS DEVELOPMENT

Stacey Bravo-Chaitram
EXECUTIVE MANAGER
BRANCH OPERATIONS AND
FINANCIAL ADVISORY SERVICES

Damian Sutherland
EXECUTIVE MANAGER,
CREDIT ADMINISTRATION (AG.)

Cecil Gittens
SECURITY CO-ORDINATOR

Thayne Borel
INTERNAL AUDITOR

Board of Directors

Janelle Benjamin
PRESIDENT

Richard Noray
VICE PRESIDENT

Kendra Persad
SECRETARY

Wendy Williams
ASSISTANT SECRETARY

Gerard Mathews
EXECUTIVE DIRECTOR

Wayne Estrada
DIRECTOR

Ronald Bobb
DIRECTOR

Cyril Barran
DIRECTOR

Arvin Isaac
DIRECTOR

Michaela Garcia
DIRECTOR

Maurice Hoyte
DIRECTOR

Marlon Phillips
DIRECTOR

Board of Directors Report for the Fiscal Year 2019

1. Board Members

Following the 45th Annual General Meeting the Board of Directors comprised of the following persons:

President	Janelle Benjamin
Vice President	Richard Noray
Secretary	Kendra Persad
Asst. Secretary	Wendy Williams
Executive Director	Gerard Mathews
Director	Wayne Estrada
Director	Ronald Bobb
Director	Marlon Phillips
Director	Cyril Barran
Director	Arvin Isaac
Director	Michaela Garcia
Director	Maurice Hoyte
1st Substitute	Alana Blackman
2nd Substitute	Darius Figuera

In August 2020 1st Substitute Director Alana Blackman resigned. The 2nd substitute Mr. Darius Figuera, was therefore elevated to the position of 1st substitute in accordance with our Bye-Laws.

2. The Executive Management Team

Our Executive Management Team comprised the following persons:

Group Chief Executive Officer	Christopher Lewis
Deputy Chief Executive Officer	Sherry-Ann Mc Donald-Joseph
Group Financial Comptroller (Ag.)	Marlon Boucaud
Group Executive Manager, Human Resources	Rowan Bartolo
Group Executive Manager, Marketing, Research and Business Development	Kester Regis
Executive Manager, Branch Operations and Financial Advisory Services	Stacey Bravo-Chaitram
Executive Manager, Credit Administration (Ag.)	Damian Sutherland
Head, Information Technology (Ag.)	Stevin Abdool
Security Co-ordinator	Cecil Gittens
Internal Auditor	Thayne Borel

There were a number of changes within the Executive Management Team during the Fiscal period. Mr. Steve Albino retired from the organization on the 01st August 2019, after having served Eastern Credit Union in various capacities for 24 years. Similarly, the acting Executive Manager, Credit Administration, Mrs. Annmarie Alexander retired on 1st October, 2019 after 31 years of service. The organization extends gratitude to Mr. Albino and Mrs. Alexander for their dedicated service.

Mr. Christopher Lewis was appointed as Group Chief Executive Officer effective July 29th, 2019 while Mr. Damian Sutherland assumed duties as Executive Manager, Credit Administration on August 6, 2019. Additionally, Mr. Rowan Bartolo joined the Executive Management team as Group Executive Manager, Human Resources on 11th November, 2019.

During the term under review, the Board approved an updated Organizational Structure, which includes a new Risk Department under the supervision of a Group Executive Manager, Risk Management. The incumbent Mrs. Jeanne Borneo was onboarded and assumed duties on 4th May, 2020.

The revised structure also includes an Executive Manager, Information Technology while the Credit Administration Department was expanded to include a Delinquency Department.

Another notable change to the organization's structure is the inclusion of a new Business Centre, aimed at efficiently managing its non-traditional loan portfolio. This Centre boasts a number of credit analysts, trained to skillfully assess, approve and manage business and high value personal loans in a structured manner.

Following the Annual General Meeting which was held on Saturday 15th June, 2019, the Board of Directors hosted an Orientation Retreat for the Board and Management of Eastern Credit Union and its subsidiary EPL Properties Ltd. Attendees at this orientation retreat were presented with highlights of the organizational performance and developed a roadmap for navigating a successful term. Additionally, Management presented an overview of the strategic goals contained in the Strategic Plan 2020-2022, with emphasis on the following key performance areas:

- Enhancement of Sales Revenue
- Enhancing the Member Experience
- Delinquency Reduction and Management
- Intensifying efforts towards Member Engagement
- Adopting Robust Compliance and Risk Management Arms

The Board of Directors in collaboration with Management quickly realized that in order to achieve these stated goals and to remain relevant in an ever-changing landscape, it was necessary to think "outside the box" and to develop a mindset of creativity and innovativeness.

With this in mind, the focus on increasing the digitization of services to our members ensured that it could respond aptly to the rapid changes in our economic and social environment. Accordingly the Board, early in its term, approved strategies to improve its ICT infrastructure and to steadily migrate from the traditional large 'brick and mortar' type structure towards the 'Express- type' facilities that enable services to be transacted online with a higher level of efficiency.

Owing to its ongoing efforts in building a sustainable ICT infrastructure, Eastern Credit Union found itself poised to withstand the challenges that abruptly faced our country with the onslaught of the Covid-19 pandemic, that crippled economies globally and resulted in a 3-month 'partial shutdown' of Trinidad and Tobago.

Eastern Credit Union was able to navigate the exigencies of the current pandemic and transition smoothly in its operations and member service delivery, and as a consequence, we faced minimal impact on the overall functionality of our operations. In addition, we introduced several concessions designed to reduce the extent of hardship faced by members and continue to work with both members and staff to ensure that we hold true to the principle of "People Helping People" which is inscribed in the co-operative DNA.

3. Overview

Having been elected into office in 2019, neither the Board of Directors nor Management anticipated the change in the local and global landscape in such a short period of time. As such, whilst the Society was well underway to achieving the objectives as set out in its Strategic Plan for the stated period, the Society like the rest of the economy and the world at large, had to undertake urgent and significant revisions to its modus operandi by end of 1st quarter 2020, as the country was faced with the unanticipated effects of the Covid-19 Coronavirus, which has caused us to rethink life as we once knew it.

Globally, the IMF in its 'World Economic Outlook Report, June 2020, projected a decline in global growth, coining this pandemic 'a crisis like no other'. This pandemic according to the IMF has had an acute negative impact on low-income households worldwide, and 'imperiled the significant progress made in reducing extreme poverty in the world since the 1990s'. Further, economies with declining infection rates, have shown a slower recovery path due to persistent social distancing, with a larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. (IMF, June 2020)

Trinidad and Tobago was no different, as we too had to find creative and unprecedented ways of dealing with this 'new normal' as this new reality has been described. Whilst 2019, did not achieve the levels of growth that were anticipated, there were some improvements in infrastructural development, as we saw the completion of the Curepe interchange along with a number of other road improvements during the period. Further, the Government was able to maintain some economic stability even amidst declining revenues.

These wins however were significantly eroded in 2020 with the onslaught of the Covid-19 Coronavirus pandemic which had a debilitating impact on the economy, resulting in massive job losses and closure of several businesses. There were significant hits to the airline, tourism and other related industries and as the pandemic continues to rage, the number of positive cases and death toll continue to rise. Amidst the depression in the economy, as the virus continues to spread both infection and uncertainty, economists have forecasted a continued contraction in the economy before any growth can be seen in 2021.

The country held its elections on the 10th August 2020, which saw victory for the incumbent Prime Minister Dr. Keith Rowley and his party the People's National Movement. Following the elections, which was held amidst the ravages of the Pandemic, the Government was able to present a comprehensive budget, which saw many changes including the re-introduction of property tax, a number of opportunities for the financial sector, including plans to partner with the private sector in an effort to diversify the economy away from oil and gas, and to manage its debts, while keeping the economy relatively stable. This pandemic has not shown itself to be a 'respecter of persons' and we have seen a vast majority of our members impacted by the pandemic, in the form of job losses, salary cuts, and business closures to name a few, which we continue to monitor in the management of our society.

4. Financial Performance

Following a review of the financial performance of the Society for the year ended 2019, it was evident that the society recorded some successes as it relates to an overall growth in income from $185.0 million in 2018 to $194.0 million in 2019. This overall performance was achieved, notwithstanding a reduction in surplus from $51.6 million in 2018 to $40.8 million in 2019, and interest income from $154.5 million in 2018 to $147.9 million in 2019. The value of loans to members revealed an uptick as it trended upward to the end of 2019, despite a previous downward trend that began in 2016, declining by 3.4 percent from $1.364.5 billion at the end of 2017 to $1.317.5 billion in 2018, consistent with the trend observed in the wider financial sector. However, this gradual turnaround in performance suggests that the organization is finally on a more even and stable footing, as despite significant increases in provisioning to meet IFRS and other regulatory requirements, the Society continues to perform positively in these key performance areas.

There was a restatement of the 2017 and 2018 accounts as the valuation of the provision for the staff benefit plan was revised based on the requirements of IAS 19 Employee Benefits which defined the compensation arrangement as a defined benefit plan. This was done to achieve compliance with the standard.

Share and deposit portfolios continue to show growth with balances amounting to $1.459 billion and $516.9 million respectively at the end of 2019 compared to $1.442 billion and $456.3 million in the previous year. The Society's asset base strengthened in 2019, as it grew from $2,217 billion in 2018 to $2,293 billion in 2019. Members' equity also showed increases with a strengthened reserve fund which grew from $107.12 million in 2018 to $111.3 million in 2019.

In light of its 2019 performance and having regard to the need to possibly enhance our provisioning requirements due to the current economic circumstances brought on by the on-going pandemic and to maintain adequate institutional capital, your Board of Directors now recommends a dividend of 1.75 percent on Redeemable Shares, a dividend of 5 percent on Special Shares and a Patronage refund of 3.25 percent for the financial year ended 31st December 2019.

As a result, our members will immediately benefit from a total dividend payout of $ 26.5 million and a patronage refund of $ 4.8 million will be distributed to our borrowing members, that will effectively reduce their cost of borrowing. This is one of the benefits that members of cooperative financial institutions or credit unions enjoy that set us apart from other lending institutions.

Summary of Highlights 2017-2019

	2017	2018	2019
Dividend on Special Shares	7.0%	5.0%	5.0%
Patronage Refund	7.0%	7.5%	3.25%
Dividend on Redeemable Shares	2.5%	2.25%	1.75%
Surplus	$54.2m	$51.6m	$40.8m
Institutional Capital	9.0%	8.8%	8.5%

5. The Internal Operations

The Board of Directors continued, during this period of review, to maintain its oversight of the operations of the Society, to ensure the organization achieved its strategic objectives and maintained compliance and regulatory requirements as prescribed by the Central Bank of Trinidad and Tobago and the International Accounting Standards, IFRS9, and IFRS16.

During the period under review, the Society saw a number of operational and other improvements, particularly in the following areas:

- Improvement of its IT Infrastructure
- Introduction of a suite of online Member engagement platforms (i.e. New-experience member feedback platform, webinars, surveys, etc.)
- Onboarding of a Risk culture, which saw the commissioning of its Risk Department
- Introduction of Health Insurance for its membership
- Commissioning of its Express Service at the Government Campus Plaza
- Relocation and Upgrade of its Sangre Grande branch facilities

Additionally, in order to effectively carry out its mandate of oversight, in accordance with its fiduciary and regulatory responsibilities, the Board appointed the Directors of its subsidiary EPL Properties Ltd, and established several sub-committees, to which its Directors were assigned duties in several areas to include:

i. Risk Management
ii. Finance, Investment & Tenders
iii. Waiver
iv. Information, Communication and Technology
v. Corporate Governance & Bye-Laws
vi. Human Resources & Industrial Relations
vii. AGM Stakeholders and its Member Focus Sub-committee
viii. Delinquency
ix. Sales & Marketing
x. ECU/EPL Memorandum of Understanding (MOU)

6. Delinquency

During the period under review, the Society experienced some challenges in this area, as some members were constrained to meet their commitments to the Society. This resulted in a slight increase in the delinquency portfolio for the 2019 fiscal period. However, owing to ongoing efforts by management to effectively address and treat with these challenges, by ramping up its communication efforts and engaging in more prudent analysis of loans under consideration and later follow through with members who may show early warning signs we have seen a gradual improvement in this portfolio over time. In this regard, we continue to thank the staff for their continued commitment in this area.

7. Staff Accommodation

Eastern Credit Union, over the years, has been both a member-centric and staff-centric organization; as we endeavour to ensure both our members and staff are delighted to be aligned to our organization. In this regard, we maintain our efforts to ensure that our members and staff are afforded the opportunity to function in a comfortable and conducive environment. It has therefore become a mission of the Board of Directors to continue to improve the premises in a manner that exceeds expectations and we have therefore ensured the following developments over the period under review as follows:

- Re-location and Upgrade of the Sangre Grande Branch, with assigned carpark facilities
- Renovation of the Park Street Branch, to include installation of a protective awning around the building to safeguard our members from the elements, the installation of bathroom facilities for our members' comfort, and the provision of nearby parking facilities for our members.
- Commissioning of the Express service outlet at the Government Campus Plaza at Richmond Street, Port of Spain.
- Retrofitting of all our facilities to be OSHA/Covid compliant, whereby we have installed Sneeze-guards at our various locations, hand sanitizing and temperature machines at every location, with social distancing arrangements, signs and other safety measures being implemented.
- Provisioning of additional parking at the Chaguanas branch in November 2020.

In this vein, the Board continues in its efforts to ensure that a friendly and conducive environment for both staff and members are in place, as we strive to provide service in line with our motto 'Leading the Way'.

Noteworthy also, is that the Society continues to maintain an amicable industrial relations environment and discussions continue with the representative Trade Union in anticipation of the upcoming negotiating period.

8. Attendance at Conferences

The Board of Directors, in its continuing commitment to Human Resource growth and development, continued to encourage both Elected officers and staff to participate in conference and training programmes both locally and abroad. In keeping with its vision, delegated Elected Officers and Management/staff attended the undermentioned conferences and seminars as follows:

- Caribbean Development Education Programme (CaribDE)-September /October 2019
- CCULTT Credit Union month Educational programme, Tobago – October 2019
- Joint Caribbean Conference of Credit Unions & World Council of Credit Unions Conference- Bahamas-July 2019

9. Affiliate Organisations

a) Co-operative Credit Union League of Trinidad and Tobago (CCULTT)

Eastern Credit Union continues to enjoy a harmonious and supportive relationship with the umbrella body and as a member of the 'League' continues to participate in some of their activities, inclusive of Credit Union Month celebrations. Our Director, Mr. Wayne Estrada remains a member of League's Board of Directors.

b) North East Regional Chapter (NERC)

By virtue of our membership in the League, Eastern Credit Union continues to enjoy membership in the Chapter, and a number of Eastern Credit Union's elected officers continue to serve on the NERC Chapter's Board as follows:

- Ms. Janelle Benjamin - President
- Mrs. Gloria Rolingson - Secretary
- Mr. Wayne Estrada - Member
- Mr. Ronald Bobb - Member
- Mr. David Taitt - Member
- Mrs. Wendy Williams - Chairperson/ Supervisory Committee.

Prior to the pandemic, the NERC's Monthly Chapter meetings were held on our compound at La Joya, however subsequent to the pandemic, all meetings have continued online. Notably, we participate in all the Chapter activities.

c) Association of Co-operative Credit Union President of Trinidad and Tobago (ACCUPTT)

Eastern Credit Union continues to be a member of this body and continues to participate in some of their social and business activities which address current issues.

d) Central Finance Facility (CFF)

Our Society's affiliation with the Central Finance Facility continues to be supported by our shareholdings of $200,000. Noteworthy, is that Eastern Credit Union now holds a position on the Audit Committee of the CFF and therefore has the opportunity to add further value in this regard.

e) CUNA Caribbean Insurance (CUNA)

CUNA continues to forge strong bonds with Eastern Credit Union and has continually offered exemplary service to us and our members. As a trusted partner, CUNA continues to provide insurance protection through its products and services, thus enabling and ensuring financial security and stability in this regard for our members. The Family Indemnity Plan (FIP) continues to feature prominently in their suite of offerings.

10. Acknowledgement

It is incumbent upon the Board of Directors to acknowledge and thank each and every member of staff, with particular gratitude to the management team, headed by the Group CEO Mr. Christopher Lewis and Deputy CEO Mrs. Sherry-Ann Mc Donald-Joseph, for their unwavering commitment and drive in ensuring the continued success of our esteemed organization.

Special thanks are also being extended to each Board member and particularly to our outgoing Directors whose terms of office have come to an end. These include our President Ms. Janelle Benjamin, and Directors Wendy Williams, Cyril Barran and Marlon Phillips, all of whom made an indelible mark in their contributions to the leadership team and to the organization as a whole, during the period under review.
We also wish to thank the members of the Supervisory, Credit, Nominating and Education Committees for carrying out their assigned tasks and for upholding the principles that guide our beloved organization.

11. Obituaries

We express our sincere condolences to the relatives and friends of those members who passed during the calendar year 2019.

We wish to pay special tribute to our longstanding and very active member, Mr. James Thomas of the Port of Spain Branch and to Mr. Wayne Cordner of the St. Joseph Branch who passed earlier this year.

We also take this opportunity to recognize our member Ms. Chemene Sankar, whose name was inadvertently included in the list of Obituaries for fiscal term 2018. Once again we apologize for the error and express our thanks for your patience in resolving this issue and for your continued commitment to Eastern Credit Union.

Abdool, Alesha
10/12/2019

Abdool, Fazal
7/9/2019

Abdullah-Muhammad, Halima
5/23/2019

Adams, Lillian
7/24/2019

Alexander, Gailey
8/12/2019

Alexander, Sarah
9/3/2019

Ali, Shaheeb
5/24/2019

Alleyne, Veronica
9/18/2019

Amarsingh, Jason
10/16/2019

Ambrose, Crafton
12/4/2019

Antoine, John W
5/4/2019

Aparicio Neville
11/9/2019

Augustus, Marlene
4/8/2019

Bacchu, Glenroy
7/8/2019

Bachan, Deonarine
6/5/2019

Bain, Agnes
5/15/2019

Balfour Steven
11/22/2019

Baptiste-Daniel, Eulyn
9/3/2019

Baptiste-Joseph, Claudette
1/30/2019

Barran, David
8/13/2019

Barran, Tarroon
12/18/2019

Beggs, David
4/3/2019

Bernard, Rose
7/26/2019

Best, Donald
3/19/2019

Best, Elston
8/30/2019

Bethel, Margaret
11/19/2019

Bissoondial, Margaret
12/10/2019

Blackman, Lewin
7/2/2019

Boisselle, Alexander
8/1/2019

Boodhoo , Rampath
8/15/2019

Boodram , Sieudath
12/30/2019

Boyce, Clarence
3/15/2019

Boyd, Felix
10/12/2019

Brathwaite, Desmond
5/4/2019

Brooks, Sheila
4/30/2019

Browne, Dorothy Hulda
12/26/2019

Browne, Rudolph
2/13/2019

Bryan, Hilary Albert
12/10/2019

Bunting, Norma Maria
8/14/2019

Burris, John
10/26/2019

Butler, Bernard
12/26/2019

Bux, Solomon
8/19/2019

Carrington, Alisha
9/7/2019

Carrington, Curtis
5/3/2019

Castillo, Carmen
2/10/2019

Charles, Bobby
3/6/2019

Charles, Marcia
1/3/2019

Charles, Nydia
2/14/2019

Charles, Olga
11/16/2019

Chong, Michelle
1/4/2019

Clarke, Ambrose
3/15/2019

Clarke, Richard
5/5/2019

Claxton, Marlon
10/29/2019

Clunis, Neville
9/20/2019

Cox, Jeniffer
7/8/2019

Cozier, Bernice
4/5/2019

Cumberbatch, Marie
7/13/2019

Dalzell, Victor
1/10/2019

Daniel, Elizabeth
8/16/2019

Daniel, Kelvin
8/15/2019

Deonarine, Umesh
7/19/2019

Des Vignes, Charles
7/31/2019

Des Vignes, Kizzy Ann
4/3/2019

Devonshire, Noelyn
7/30/2019

Dickson, Pamela
12/20/2019

Doodal, Pooran
5/22/2019

Douglas, Roslyn
12/18/2019

Drakes-James, Veronica
7/26/2019

Du Bois-Quamina, Rachael
7/21/2019

Edghill, Keith
7/1/2019

Edmund, Cyril
5/18/2019

Edwards, Annie
9/21/2019

Edwards, Joseph
5/23/2019

Edwards, Lincoln
2/16/2019

Edwards, Marlon
7/6/2019

Elcock, Shermane
7/20/2019

Ellis, Carlton
7/13/2019

Emery, Garfield
7/10/2019

Emile-Pierre, Lilia
9/25/2019

Eve, Keron
5/3/2019

Felix-Blackman, Antonia
1/29/2019

Figaro, Martin
7/3/2019

Fleary, Ancilla
11/17/2019

Flemming, Emmanuel
11/30/2019

Flemming, Keith
10/21/2019

Forde, Eric
2/19/2019

Garcia, Daryl
1/25/2019

Garcia, John
11/12/2019

Gay, Worthy
6/15/2019

George, Agatha
7/21/2019

George, Eris
4/24/2019

Gibson, Sean
9/14/2019

Giraud-Joseph, Lloyd
6/8/2019

Gittens-Williams, Kathleen
5/13/2019

Gomez, Anthony
5/3/2019

Gopaul-Sturge, Mona
7/2/2019

Gordon, Hugh
8/23/2019

Grant, Yvonne
12/23/2019

Greaves, Gregory
4/14/2019

Greaves, Simon
7/2/2019

Greaves, Theresa
3/18/2019

Green, Carlysle
1/22/2019

Green, Cyril
1/9/2019

Greene, Adonis A
10/11/2019

Greenidge, Sylvia
11/7/2019

Griffith, Joanne
12/11/2019

Guillame Melissa
8/9/2019

Guytan, Karinne
3/4/2019

Harewood, Hakim
10/22/2019

Harrigian, Richard
4/19/2019

Harrigin, Shonna
3/3/2019

Henry, Phillip
9/24/2019

Hercules, Nicholas
1/24/2019

Herreira Gillian
11/13/2019

Heywood, Hamilton
11/17/2019

Highley, Stephen
3/19/2019

Holder, Earl
3/7/2019

Holder-Yearwood, Sandra
8/15/2019

Hope, Anthony
8/21/2019

Huitte, Leslie
10/1/2019

Jack, Christopher
7/15/2019

Jack, Emelia
9/7/2019

Jacob-Lewis, Anson
4/26/2019

Jadoonanan, Bissoondaye
1/11/2019

Jagassar-Kadoo, Vera
10/2/2019

Jahgoo, Goutanie
3/12/2019

James-Stoute, Jennifer
2/27/2019

Jeffery, Dominique
4/24/2019

Jeminez, Tony
6/25/2019

Jerome, Wilfred
1/16/2019

John, Ethlyn
9/27/2019

John, George
1/20/2019

Johnson, Jean
10/5/2019

Jones, Derek
12/21/2019

Joseph, Anthony
2/17/2019

Joseph-Bruton, Winnifred
6/3/2019

Joseph, Edwin
4/30/2019

Joseph, Gail
5/30/2019

Joseph, Jerome
10/17/2019

Joseph, Malcolm
8/7/2019

Joseph, Michelle
2/22/2019

Joseph, Monica
11/18/2019

Joseph, Trevor
9/18/2019

Julien, Gary
9/24/2019

Julius, Tracey
2/4/2019 5

Kerr, Ricardo
5/10/2019

King, Arnold
1/21/2019

King, Carol
6/11/2019

Koon, Saadia
12/4/2019

Laurie, Ann Marie
5/24/2019

Letren, David
5/14/2019

Lewis-Alfred, Deborah
4/1/2019

Lezama, Conrad
9/2/2019

Loney, Roy
12/24/2019

Lovelace, Edna
12/13/2019

Lovelace, Neil
5/18/2019

Lovell, Thomas
1/11/2019

Lubren, Stephen
4/1/2019

Maharaj, Rawle
5/19/2019

Mangatoo, Roodal
2/21/2019

Mannette, Joel
10/23/2019

Mark, Hazel
11/1/2019

Martin, Lennox
5/14/2019

McHoney, Carlo
2/4/2019

Mc Intosh, Ena
3/25/2019

McKenna, Diane
9/8/2019

Mc Leod, Winston
3/14/2019

Meloney, Junior
11/2/2019

Melville, Lincoln
11/3/2019

Mentz, April
3/30/2019

Millet, Evelyn
12/13/2019

Mills, Horace
4/24/2019

Mitchell, Marilyn
5/28/2019

Mohammed, Nizam
11/21/2019

Mohammed, Ronald
12/10/2019

Mohammed, Shaffick
2/11/2019

Mollineaux, Kathyann
4/25/2019

Moore, Annetta
1/22/2019

Moraldo, Petrina
10/19/2019

Morris, Agnes
3/15/2019

Morrison, Dulcina
12/12/2019

Morrison, Eugene Mc Kenzie
11/3/2019

Mumreo, Stacy
5/7/2019

Naimool, Abraham
8/23/2019

Naipaul-Belcon, Shaimoon
5/18/2019

Narine, Sumintra
4/10/2019

Neaves, Ann Marie
6/14/2019

Neemah, Rosalind
5/6/2019

Nelson, Linda
2/10/2019

Norville, Lester
8/12/2019

O Brien, Cheryl
10/3/2019

O Brien, Elvina
5/17/2019

Oliveire, Janet
2/3/2019

Ollivierre, Cynthia
8/27/2019

Orr, Michael
6/7/2019

Osbourne, Lynda Phillipa
8/1/2019 5

Owen, Lucille
3/23/2019

Panalal Keshwarr
12/25/2019

Parsan, Sanjay
5/15/2019

Patrick, Roger
3/27/2019

Patterson, Edna
10/19/2019

Paul, Irving
7/13/2019

Paul, Nathalia
5/13/2019

Paul, Wayne
2/15/2019

Pavy, Karrell
2/16/2019

Payne, Emris
2/26/2019

Perryman, Joanna
8/1/2019

Peruza, Evans
3/29/2019

Peters, Joseph
7/2/2019

Peters-Snaggs, Silita
2/11/2019

Phillip, Joanne
3/13/2019

Phillip, Mary
2/7/2019

Phillip, Peter
2/18/2019

Phillips, Jean
2/24/2019

Phillips, Peter
12/18/2019

Pollard, Alfred
2/10/2019

Pran, Carlton
2/1/2019

Prince, Wendy
6/23/2019

Ragbir, Indra
1/26/2019

Reece, Anthony
11/8/2019

Reece, Carlyle
4/13/2019

Richards, Edgar
8/7/2019 4

Richardson, Gerald
4/11/2019

Richardson-Hunte, Gemma
5/20/2019

Roberts, Mervyn
7/17/2019

Robley, Iris
5/4/2019

Rochford-Joseph, Audra
1/9/2019

Romilly, Jerome
8/23/2019

Russell, Kenneth
3/4/2019

Samaroo, Babsie
5/20/2019

Samaroo, Chandradaye
2/11/2019

Samaroo, Georgiana
11/23/2019

Samuel, Dipchand
10/29/2019

Samuel, Gerard
7/10/2019

Samuel, Ruel
2/6/2019

Sanchez-Moses, Debra
11/30/2019

Sandy, Marvis
1/2/2019

Sanicharria, Gobin
9/14/2019

Santana, Aphia
8/4/2019

Savary-Charles, Shirley
9/1/2019

Scotland, Dennis
10/21/2019

Scott, Faye Donnamae
10/29/2019

Seales, Elton
1/24/2019

Sealy, Lindsworth
5/8/2019

Seetal, Boysie
4/15/2019

Sills, June
3/24/2019

Simmons , Garnett
9/12/2019

Skeete-Baker, Sherrain
5/12/2019

Small, Eileen
8/28/2019

Small, Sylvia
1/13/2019

Smith, Elaine Winnifred
3/5/2019

Smith, Gabriel
7/17/2019

Smith, Johnald
12/7/2019

Solomon, Roy
9/24/2019

Songui, Michael
3/27/2019

Sookdeo, Ramroop
6/21/2019

Sooknanan, Deoraj
3/29/2019

Sookraj, Anthony
6/22/2019

Sookram, Michelle
12/31/2019

Spencer, Jovan
8/1/2019 5

Spring, Vera
12/18/2019

Subran, Kapil
2/24/2019

Suchit, Sharina
10/18/2019

Sultanti, Myshoon
7/1/2019

Taylor, Isabella
5/4/2019

Teelucksingh, Maria
8/28/2019

Thomas, Beresford
2/23/2019

Thomas, Daniel
5/12/2019

Thomas, Francis
5/8/2019

Thomas, Kenneth
9/7/2019

Thomas, Mary
12/7/2019

Thomas, Michael
12/27/2019

Thomas, Vesta
6/14/2019

Thompson, Harry
6/5/2019

Trancoso, Christopher
/26/2019

Turner, Anselm
2/17/2019

Valerie-Abraham, Sybil
6/27/2019

Victor, Nicolas
12/24/2019

Villafana, Daniel
3/18/2019

Villafan, Linda
12/8/2019

Walkes, Terry
7/25/2019

Walters, Christy
2/22/2019

Warren, Jennifer
12/24/2019

Wharwood, Hafsa
7/6/2019

White, Henry
10/6/2019

Williams, Eddison
3/5/2019

Williams, Leroy
1/30/2019

Winchester-Samuel, Barbara
7/27/2019

Winchester, Shahdon
12/19/2019

Winter, Earl
9/10/2019

Young, Frederick
12/9/2019

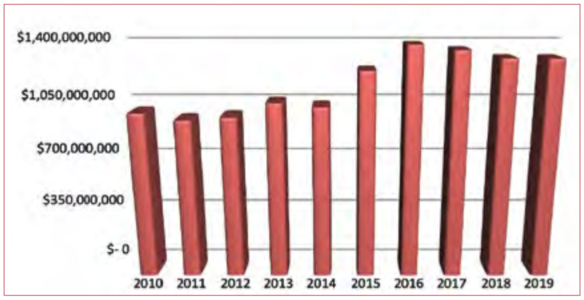
12. Conclusion

As Eastern Credit Union continues to blaze a trail in the local financial sector and more particularly as a leader in the movement, not just locally but regionally, in the English-speaking Caribbean, we assure you of our continued commitment to excellence and to ensuring that our members are afforded value for their dedication to the Society. It is in this regard that we continually review our policies and to ensure that relevant governance and operations safeguards are upgraded and implemented on a timely basis.

We are confident that with the support of our management team and other elected and appointed Committees and officials we will be able to attain the goals outlined in our Strategic Plan 2020-2022 thereby ensuring that our members enjoy the enhanced quality of life that flows from their ownership and involvement in our high-performing financial co-operative.

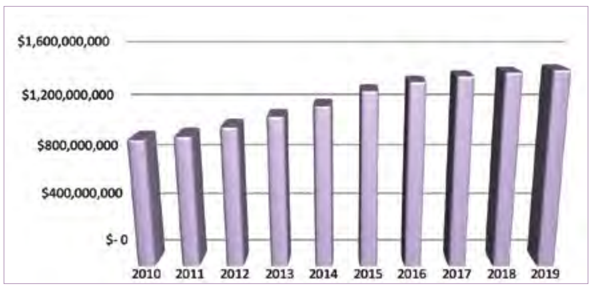
PERFORMANCE HIGHLIGHTS 2019

LOANS TO MEMBERS



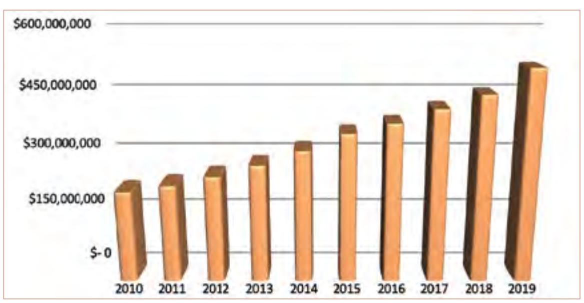
2010	$1,005,010,007	2015	$1,249,851,394
2011	$964,333,637	2016	$1,394,658,210
2012	$982,683,186	2017	$1,364,538,016
2013	$1,065,591,874	2018	$1,317,844,174
	$1,065,591,874	2019	$1,317,005,066

TOTAL SHARES



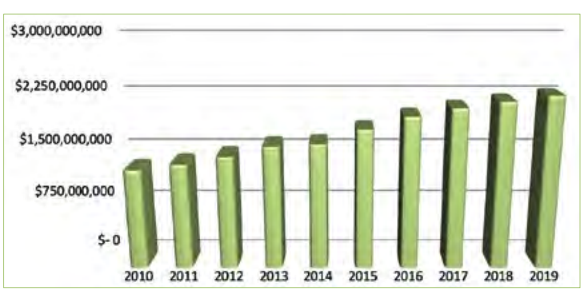
2010	$961,613,243	2015	$1,313,384,628
2011	$985,363,468	2016	$1,375,538,754
2012	$1,052,937,796	2017	$1,415,742,793
2013	$1,129,748,846	2018	$1,441,962,387
2014	$1,206,923,148	2019	$1,445,614,606

DEPOSITS



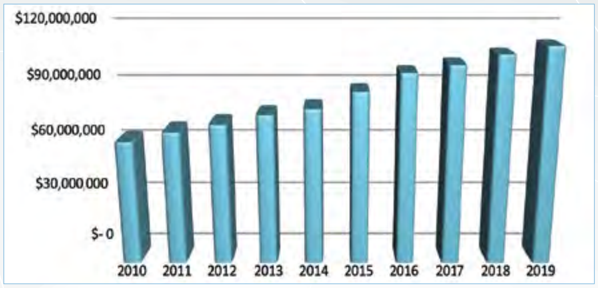
2010	$224,624,547	2015	$365,232,099
2011	$239,930,293	2016	$389,348,048
2012	$261,930,468	2017	$422,964,506
2013	$289,275,816	2018	$456,271,739
2014	$324,419,614	2019	$516,925,820

TOTAL ASSETS



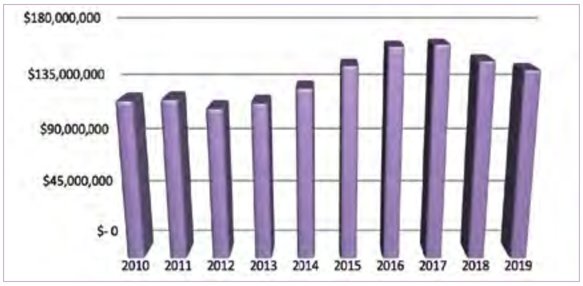
2010	$1,329,991,213	2015	$1,860,458,142
2011	$1,405,773,250	2016	$2,026,548,824
2012	$1,505,759,123	2017	$2,133,628,199
2013	$1,640,991,397	2018	$2,217,707,085
2014	$1,672,222,273	2019	$2,292,897,945

RESERVE FUND



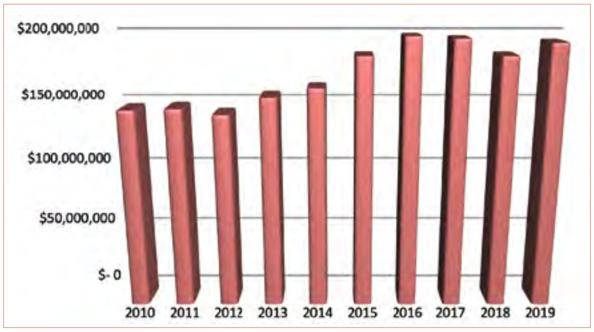
2010	$63,861,584	2015	$88,960,040
2011	$68,708,811	2016	$98,155,740
2012	$72,715,716	2017	$102,037,727
2013	$77,425,300	2018	$107,195,700
2014	$80,454,269	2019	$111,279,969

INTEREST ON LOANS



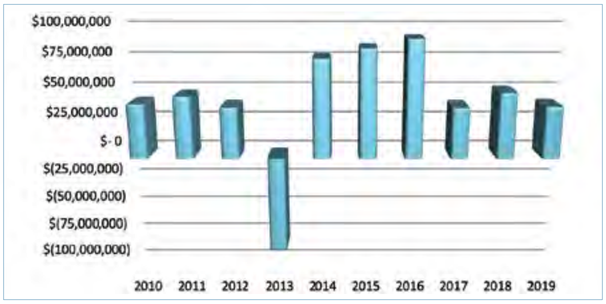
2010	$124,931,518	2015	$150,948,126
2011	$125,748,385	2016	$165,020,596
2012	$118,951,524	2017	$166,366,226
2013	$123,223,810	2018	$154,461,357
2014	$134,240,606	2019	$147,883,647

INCOME



2010	$147,205,815	2015	$185,086,662
2011	$148,279,466	2016	$198,272,571
2012	$143,917,410	2017	$196,595,489
2013	$156,362,608	2018	$185,044,957
2014	$162,771,032	2019	$193,990,032

NET SURPLUS



2010	$42,494,155	2015	$85,041,620
2011	$48,364,617	2016	$91,924,509
2012	$40,057,069	2017	$39,848,854
2013	$(76,143,849)	2018	$51,564,174
2014	$77,354,535	2019	$40,824,654

MEMBERSHIP OF BOARD-APPOINTED COMMITTEES

(1)
WAIVER COMMITTEE

Gerard Mathews-Chairman
Wayne Estrada
Richard Noray
Janelle Benjamin (Substitute)

(2)
INFORMATION COMMUNICATION AND TECHNOLOGY COMMITTEE

Wayne Estrada - Chairman
Wendy Williams
Arvin Isaac
Darius Figuera
Alexi Jordan (Co-opted)
Keith Risbrooke (Co-opted)

(3)
CORPORATE GOVERNANCE& BYE LAWSCOMMITTEE

Gerard Mathews - Chairman
Wayne Estrada
Wendy Williams
Cyril Barran
Janelle Benjamin
Arvin Isaac

(4)
HUMAN RESOURCES/INDUSTRIAL RELATIONS COMMITTEE

Wendy Williams -Chairman
Janelle Benjamin
Kendra Persad
Arvin Isaac

(5)
FINANCE, INVESTMENTS AND TENDERSCOMMITTEE

Cyril Barran-Chairman
Ronald Bobb
Richard Noray
Michaela Garcia
Lyndon Williams

(6)
DELINQUENCY COMMITTEE

Ronald Bobb-Chairman
Michaela Garcia
Cyril Barran
Maurice Hoyte
Kirk Ferguson (Credit)

(7)
RISK MANAGEMENT COMMITTEE

Marlon Phillips-Chairman
Gerard Mathews
Cyril Barran
Alana Blackman (resigned)
Michaela Garcia
Darius Figuera

(8)
SALES AND MARKETING COMMITTEE

Janelle Benjamin - Chairman
Wayne Estrada
Kendra Persad

(9)
ECU/EPL MEMORANDUM OF UNDERSTANDING (MOU)

Janelle Benjamin - Chairman
Kendra Persad
Gerard Matthews
Wendy Williams
Maurice Hoyte
Brent Hewitt-Borde

(10)
AGM STAKEHOLDERS COMMITTEE

Janelle Benjamin-Chairman
Arvin Isaac
Alana Blackman (resigned)
Francisca Lassalle (Co-opted)
Gloria Rolingson (Co-opted)

(11)
EDUCATION COMMITTEE

Richard Noray (Chairman)
Maurice Hoyte
Marlon Phillips
Gary Cross
K'Areece Rogers
Stacey Alleyne (Co-opted)
Krystal Attim-Philip (Co-opted)
Sandra Charles-Maxwell (Co-opted)
Deborah Picou (Co-opted)
Kurt Flemming (Co-opted)

(12)
NOMINATING COMMITTEE
Kendra Persad (Chairman)
Gerard Mathews
Gary Cross
Helen Bernard

(13)
PROPERTY EVALUATION COMMITTEE
Ronald Bobb (Chairman)
Maurice Hoyte
Marlon Phillips
Janelle Benjamin
Brent Hewitt Borde (Co-opted)
Jameel Mohammed (Co-opted)

(14)
EPL PROPERTIES LTD – BOARD OF DIRECTORS
Janelle Benjamin-Chairman
Wayne Estrada
Ronald Bobb
Richard Noray
Gloria Rolingson (Independent)
Jameel Mohammed (Independent)
Brent Hewitt-Borde (Independent)

BOARD OF DIRECTORS ATTENDANCE AT MEETINGS (JULY2019 – OCTOBER 2020)

	BOARD			SPECIAL BOARD			EXECUTIVE			SPECIAL EXECUTIVE		
NAMES	Pres.	Abs.	Exc.	Pres.	Abs.	Exc.	Pres.	Exc.	Abs.	Pres.	Abs.	Exc.
Janelle Benjamin	17			11			17			1		
Richard Noray	13		4	11			15	1	1	1		
Kendra Persad	15	1	1	11			17			1		
Wendy Williams	16		1	10	1		16	1		1		
Gerard Mathews	17			11			16			1		
Wayne Estrada	15		2	11								
Ronald Bobb	16		1	10		1						
Cyril Barran	17			10		1						
Arvin Isaac	16		1	9	1	1						
Marlon Phillips	16	1		10		1						
Michaela Garcia	15		2	8		3						
Maurice Hoyte	12		5	10		1						
Alana Blackman	14		3	9		2						
Darius Figuera	12	1	4	6	1	4						

Janelle Benjamin
President

Our Supervisory Committee

David Taitt

Anne-Marie Arnaud-Thomas

Dionne Compton

Rhona Adams-Arrindell

Renatta LaVerne Jones

Supervisory Committee Report

Composition of the Supervisory Committee

At the 45tt Annual General Meeting held on Saturday 15th June 2019, a Five-Member Supervisory Committee was elected by the Membership. Our responsibilities were to oversee the policies, procedures and practices that are in place to safeguard Members' assets and to ensure that the Credit Union meets its legal and financial obligations. At the Inaugural Meeting held on 17th June, 2019 Mr. David Taitt and Mrs. Anne-Marie Arnaud-Thomas were selected as Chairman and Secretary respectively.

Mr. David Taitt	Chairperson
Ms. Anne-Marie Arnaud-Thomas	Secretary
Ms. Dionne Compton	Member
Ms. Rhona Adams-Arrindell	Member
Ms. Renatta LaVerne Jones	Member
Ms. Camille Rolingson	1st Substitute
Ms. Jacquelyn Humphrey	2nd Substitute

Mandate

The Supervisory Committee draws its mandate from:

1. Co-operative Societies Act Ch.: 81.03
2. Co-operative Societies Regulations 1971, S 50 (3) (c)(ii) what states;

"In addition to the Board, two committees shall be elected annually by the members namely a Supervisory Committee for the purpose of supervision"

3. ECU Bye-Law 22 (e) (i) states the;

Supervisory Committee Duties are to "Make an examination of the affairs of the Society at least bi-annually, including an audit of its books and if necessary, convene a Special General Meeting and submit its report at such meeting"

4. ECU Bye-Law 22 (e) (ii) state that the Supervisory Committee Duties "Report to the Annual General Meeting"

These provisions require that the Supervisory Committee verifies the Society's transactions, monitors the implementation of policies and makes periodic reports on its findings to the Board. The goal is to ensure that the Board serves the interest of the Members as well as safeguards the resources entrusted to them.

Scope

This Supervisory Committee proudly served the Membership by providing an independent view of ECU's financial safety and soundness.

The Supervisory Committee exercised its mandate as stipulated in the Bye-Laws by carrying out continuous audits throughout the period under review, on the operations and affairs of the Society. It gave timely and value-added recommendations to the Board of Directors on the areas and processes that needed to be improved in order to manage the risks facing ECU.

Below are the highlights that the Supervisory Committee wishes to share with Members in our annual report for the period under review.

GENERAL ACTIVITIES

1. Statutory and Other Meeting Attendance

Up to the time of submitting this report the Supervisory Committee has held sixteen Statutory meetings. Meeting attendance was as follows

Committee Member	Present	Absent	Excused
Mr. David Taitt	12	0	2
Ms. Anne-Marie Arnaud-Thomas	13	0	1
Ms. Dionne Compton	13	0	1
Ms. Rhona Arrindell	12	0	2
Ms. Renatta LaVerne Jones	11	0	3

Also, in accordance with Bye-Law 22(e) (viii), the Supervisory Committee is privileged with 'observer status' at all Meetings of the Board of Directors, Statutory Committees and other Sub-Committee Meetings. Other sub-committee meetings included Finance, Investment and Tenders, Nomination, Human Resource, Governance and Bye-Laws, Delinquency and Risk. The Committee has executed this duty with the utmost respect and propriety.

It should be noted that with the onset of COVID-19 restrictions, meetings were attended virtually and it had been a challenge for some members to connect virtually at the onset due to connectivity and communication challenges.

2. Training

Over the last decade, Credit Unions have been motivated to provide training for their Members. ECU has always been efficient with our practical approaches to educating Members. The cadre of regulations and agencies to target consumer protection have made training even more demanding in this era. Members' expectations for the Committee to be more vigilant have been satisfied by the Credit Unions through sophisticated and regular training of the Supervisory Committee.

The Supervisory Committee participated in the following training programs:

- Caribbean Confederation of Credit Unions (CCCU) Conference
- ECU's Annual Elected Official's Retreat
- Caribbean Development Education Programme (Carib DE)

- The Internal Audit Function for Supervisory Committees & Roles & Responsibilities of Officers
- Taxation – Understanding The Rules and Calculations
- Technical Anti-Money Laundering Seminar

3. Audit / Cash Counts

Several Internal Audits were conducted by the Supervisory Committee. These included reviews of investment portfolios, bank reconciliation statements, loan documentation files and compliance with related loan policies, staff compliance with policies and regulatory requirements. Other activities included the execution of surprise cash audits. We found no material weaknesses and Management has been cooperative in correcting all minor issues identified.

DATE	ACTIVITY	DESCRIPTION	BRANCH	RESULT/ACTIONS TAKEN
05th July 2019	CASH COUNT	Mid-Year Surprise Cash Count	Tunapuna	There were no discrepancies discovered
12th July, 2019	CASH COUNT	Mid-Year Surprise Cash Count	POS & San Fernando	There were no discrepancies discovered
26th August 2019	Cash Count	Mid-Year Surprise Cash Count	La Joya	There were no discrepancies discovered
12 September 2019 – 13 September 2019	AUDIT	2- Day Surprise Audit of Branch – Cash Count and Loan File Checks	Tobago	Discrepancies were discovered in loan files and these were reported to the Board of Directors for immediate attention
10 December 2019	AUDIT	ECU Investment Portfolio		All approvals, Investment Certificates and/or Letters seen. No discrepancies noted
31 December 2019	CASH COUNT	End-of-Year Cash Count conducted together with the external and internal auditors	Chaguanas; La Joya, Tunapuna , Tobago	There were no discrepancies discovered

4. Reports to the Board of Directors

During the period under review, several investigations were conducted and reports submitted to the Board of Directors. These included:

- Investigation of Loan Applications procedures;
- Investigation into Conflict of Interest;
- Investigation of Compliance with Central Bank of Trinidad and Tobago

5. Credit Management

The Supervisory Committee audited delinquent loans, Mortgage and Advance Accelerated Disbursement Loans. The Committee also examined a number of loan applications to ensure compliance with established rules and regulations concerning conflicts of interest. The Board of Directors was reminded to implement continuous training for staff regarding the policies and procedures governing the above matters.

The Credit Committee was reminded of the need for awareness of the Co-operative Societies Act and Regulations, the Bye Laws and ECU Loan Policy and Procedure.

To this end, The Minutes of the Credit Committee were examined for this period. The Supervisory Committee shared its observations and recommendations in this regard. As one of the most significant aims of the Credit Union, the Committee appreciated our recommendations.

6. Delinquency

The Supervisory Committee has monitored the delinquency rate during the period under review. The Credit and Collection Report were examined and based on a review of the Delinquency Report the Board was informed of our observations. Management continues to focus on delinquency as a priority due to the economic decline in the country. The Committee is mindful of the challenges faced by the impact of COVID 19 nonetheless Members are reminded of their obligation to repay their loans.

7. Governance and Legal Compliance

The good governance of any organization is essential to the achievement of its goals and objectives. The Supervisory Committee wishes to recognize efforts by the Board of Directors and Management to conduct the business of the Society within the rules and regulations of the Co-operative Societies Act and the ECU Bye-Laws. The Supervisory Committee has observed that ECU maintains a good corporate governance structure. Apart from the Board and the Statutory Committees, ECU has established a number of other committees. These Committees are namely Finance, Investment and Tenders, Risk, Waiver, Sales and Marketing and Bye-Laws Review. The ECU in accordance with the Anti-Money Laundering (AML) / Counter Financing of Terrorism (CFT) legislation has also implemented new structures and reports.

8. Bye-Law 20 (e) (v)

The Supervisory Committee had observed the continued lack of compliance with:
Bye-Law 20, (e) (v) Duties of Officers –
Chief Executive Officer which states,
"Within fourteen (14) days after the close of each month's business, he shall prepare the financial statements as at such date which shall be attested by at least one (1) member of the Supervisory Committee and shall be posted in a conspicuous place in the Society where it shall remain until replaced by the succeeding month's statement"
The Membership is concerned about their investments and the Monthly Financial Statements posted in the Branches represent their tangible access to that information.

9. Regulatory Risk Management

In keeping with our mandate with an eye on Risk Management we reviewed the ECU policies. It is noted that with the changing society and the way of doing business, policies need to be updated along with operational guidelines, whether in the form of customs or practices. These updates need to clearly inform the operations of the Credit Union. The Supervisory Committee is satisfied that the Board is in the process of updating policies in keeping with the new normal. Based on our work performed, the Supervisory Committee believes that the Credit Union is performing appropriately to sustain a safe and secure future; and that it is well managed with a strong commitment to serving the Membership.

10. Member Participation in ECU Activities

Special General Meeting to Change Bye-Laws on December 16th, 2019

The Supervisory Committee attended the Special General Meeting which took place on Monday 16ttth December 2019. There were several observations made, namely:

- There is a need for the thorough review and update of the Bye Laws of ECU as it applies the Members and their investments presently and in the future.
- The need for the alliances with the Co-operative body as we structure the Bye Laws within the legal and financial framework.
- The creation of Bye Laws that are legal and proficient which are able to satisfy and protect the needs of all our Members and their investments.
- The meeting highlighted that Membership needs to be educated in the processes and benefits of the Bye Laws reviews and how they affect them personally.
- The need for Bye Laws to address the demands for policies which direct the Bye Laws to cater to the ambitions of the Millennial's group.
- Bye Laws need to be tailored to the online technology of international banking and how the links affect ECU business.
- The need for the process of Bye Laws to be done in a timely manner.

11. Members Concerns/Issues

The Supervisory Committee spoke to various Members on their opinion of customer's satisfaction, with concern for Member relations and teller service. These challenges are realistic and they continue to be addressed by ECU to ensure a timelier dispatching of loans and improved customer service. The Committee is aware of the efforts made by Management to improve the loan processing time and customers' satisfaction; especially during this era of technological advancement and COVID 19 pandemic.

The Supervisory Committee would like to apologize to the Members that are served by the Port-of-Spain branch for the appearance of tardiness in installing their toilet facilities. This was hindered by much engineering difficulties.

We urge Members to continue building their nest and refrain from drawing down on your shares for the benefit of the Credit Union.

We encourage more Members to attend the AGM meetings since it is during this crucial yearly meeting when resolutions are passed, and Members also get the updates on ECU's general performance.

12. Board and Supervisory Committee Working Relationship

There has been a high level of positive interaction between the Board/Management and Supervisory Committee. It is guided by the shared objective of upholding the mission of the ECU and ultimately the interests of Members. The Supervisory Committee continues to encourage the Board of Directors to perceive the Supervisory Committee as a supporter in delivering the vision and mission of ECU. However, this does not take away the distinct role of the Supervisory Committee as the oversight body for the Members.

We, collectively, express our encouragement to the Board of Directors to strive for openness, inclusiveness and responsiveness in their interactions with the Supervisory Committee.

13. Looking Forward - Strategic Priorities

The Supervisory Committee has assured our firm commitment to Serving & Safeguarding our Members' Interest. The Supervisory Committee affirms the resilient state of ECU. They confidently attest to the fact that ECU will continue to ensure that Members' contributions and shares will yield the appropriate interest. Also, their finances will be invested carefully in the right instruments at any point in time. The Committee will continue to work hard to monitor the affairs of ECU for and on behalf of the Membership.

We Thank You

The Committee wishes to thank the following outgoing members:

- Mr. David Taitt
- Ms. Anne-Marie Arnaud-Thomas
- Ms. Camille Rolingson – 1st Substitute
- Ms. Jacquelyn Humphrey – 2nd Substitute

We must all strive to build confidence amongst ourselves as Members of one ECU. The success of ECU is dependent on all Members, especially the Committee Members, for upholding the integrity and accountability of the Credit Union.

The entire Supervisory Committee appreciates the opportunity to serve the Member-Owners of ECU and look forward to a secure and successful 2020.

As your representatives, the Supervisory Committee will continue to perform oversight activities so that we are confident Members' financial interests are well protected, as we move confidently into the future together. We continue to encourage open communication with the Membership.

The Supervisory Committee is immensely grateful to the Honourable Member-Owners of ECU for the privilege that they have afforded us at the 45th Annual General Meeting held on Saturday 15th June 2019, to serve as your watchdog, for the period June 2019 to September, 2020. We also wish to commend Members for their continued commitment to the mission of ECU over the past forty- seven years. The Supervisory Committee also commends the Board of Directors for their commitment in directing the business of ECU during the last financial year. We also recognize the efforts of Management and Staff and commend them for their hard work.

Thank you, God bless you, God bless Eastern Credit Union.

David Taitt

David Taitt
Chairman

Our Credit Committee

Kirk Ferguson

Mary Thompson

Patricia Ward

Elisha Sankar

Mahmud Muhammad

Credit Committee Report

Introduction

Article 21 (c) of the Bye Laws of Eastern Credit Union (ECU) mandates the Credit Committee to *meet at least once per week or as often as the business may require*. Subsequent to the 45th Annual General Meeting (AGM) held in June of 2019, the newly constituted Credit Committee—five full members plus two substitutes—held its first statutory meeting on June 18th. The Chair and Secretary for the 2019/2020 term were elected at that first meeting:

Ms. Shezrae Nesbitt	Chairman
Ms. Mary Thompson	Secretary
Ms. Pat Ward	Member
Ms. Elisha Sankar	Member
Mr. Kirk Ferguson	Member

Mr. Mahmud Muhammad & Ms. Jemila Guerero were set to serve as first and second substitutes, respectively.

At the end of 2019 Chairperson Ms. Nesbitt resigned for personal reasons. Following this, as of January 01st, 2020:

- Mr. Ferguson accepted the responsibility of Chair for the remainder of the 2019/2020 term
- Mr. Muhammad became a full member of the Credit Committee

The Credit Committee

The Credit Committee is responsible for approving *all loans* in the ECU but delegates that authority to sundry arms of the organisation. However, loans which fall outside the set limits of Loan Officers, Branch Managers and other Senior Management are sent to the Credit Committee for our deliberation. Our duties also include meeting with members, who wish to bring to our attention any unusual circumstances which impact on their business with the ECU.

As a consequence of the pandemic, there was a change in the format of our weekly meetings. From April 8th, 2020, meetings were held online via the Google Hangouts platform. Mr. Muhammad, the Executive Manager Credit Administration, Mr. Damian Sutherland, and the Chair were on site at La Joya, while the other members joined remotely. This online facility was also utilised by members who met with the Credit Committee during our term.

On behalf of the Credit Committee I report to AGM 2020 on our stewardship which saw us meeting, in some instances twice weekly, and discharging the responsibilities given to us by the membership..

The economic data used in this report, except where historical figures are referenced, covers the 2019 financial year: Jan 1st to Dec 31st.

The Economic Environment

The economic slowdown that started in 2013 continued, hence, in 2019 the economy remained sluggish. In the major economic areas of manufacturing, energy and construction, activity remained flat.

Although the inflation rate remained low at 1.2%, unemployment a mere 2.69%, and the exchange rate was maintained, there was a worrying increase in the public sector debt. For 2019, the figure stood at 63.7 % of Gross Domestic Product (GDP). There is an argument that such a statistic is within an acceptable range, but a high debt to GDP ratio constrains the State's capacity to engage in further borrowing, borrowing which can be used to stimulate the wider economy.

There are two metrics which impact the business of lending money very directly: the Prime Lending Rate and the Repo Rate. The latter is the rate at which the Central Bank provides overnight financing to commercial banks. This rate is set by the Central Bank and influences the interest rate set by commercial banks, a major competitor of the credit union movement. The higher this rate, the higher the interest rate charged by commercial banks. This rate for 2019 remained steady at 5%.

The prime lending rate is the rate which commercial banks use to charge their customers who have good credit. It is not one that is set by the Central Bank. The average prime lending rate for 2019 was 9.26%, which was a fall of three basis points from the 2018 figure.

These two relatively low interest rates exist in an economic landscape where, for 2019, there was excess liquidity and private credit was easily available. Such a financial ecosystem has the potential to attract business away from the credit union movement.

Loan Portfolio

The loan portfolio comprises the sundry types of loan currently on the books of ECU. The 2019 portfolio is represented in the following two tables and corresponding pie charts.

Table 1 illustrates the portfolio ranked by monetary value. The value of the portfolio is $1.375 billion. An increase compared to the 2018 figure of $1.371 billion.

The Table lists Housing as our most valuable loan type. This was also the case in 2018, where Housing was worth $567.5 million.

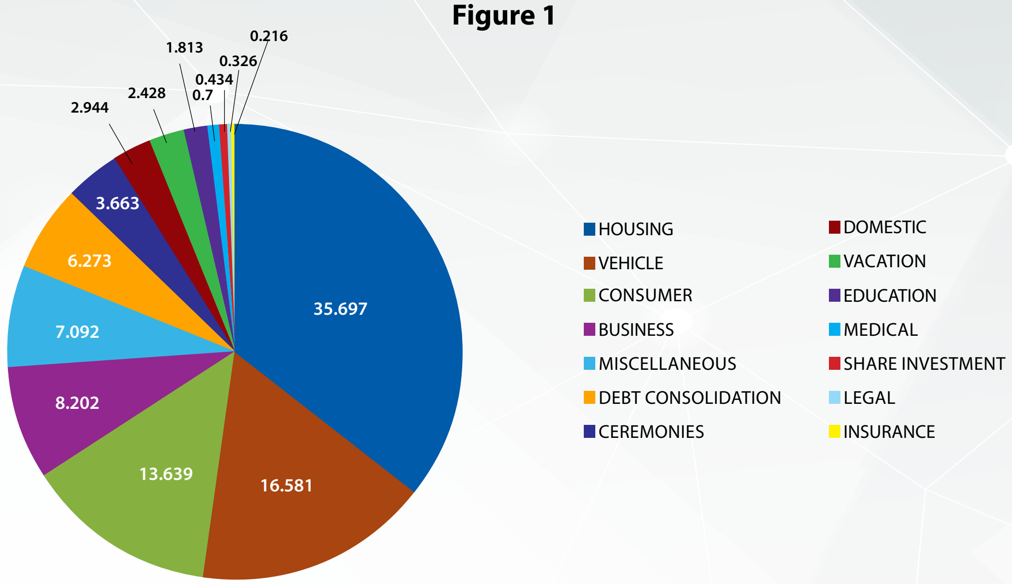
The second most valuable loan type was Vehicle loans. In 2018, however, Consumer loans took second place with a value of $288.5 million.

Table 1

LOAN TYPE	$M	%
HOUSING	492	35.697
VEHICLE	228	16.581
CONSUMER	188	13.639
BUSINESS	113	8.202
MISCELLANEOUS	97	7.092
DEBT CONSOLIDATION	86	6.273
CEREMONIES	50	3.663
DOMESTIC	41	2.944
VACATION	33	2.428
EDUCATION	25	1.813
MEDICAL	9	0.7
SHARE INVESTMENT	6	0.434
LEGAL	4	0.326
INSURANCE	3	0.216
	∑1 375	

Figure 1 is a pie chart showing the percentage contribution of the monetary value per loan type to the entire 2019 portfolio.

Figure 1



The marginal increase in the monetary value of the 2019 loan portfolio was due mainly to increases in the following loan types. Table 2 refers:

Table 2

	2018	2019
BUSINESS	26.7	113
DEBT CONSOLIDATION	53.7	86
DOMESTIC	1	41
MISCELLANEOUS	68.3	97

Table 3 illustrates the portfolio ranked by the number of loans. In 2019, there was a total of 29,914 loans on the books of ECU. This is a decrease from the 2018 figure of 30 288 loans.

The highest number of loans is located in the Consumer loan type. This is consistent with the 2018 record where Consumer loans were the highest at 14,899.

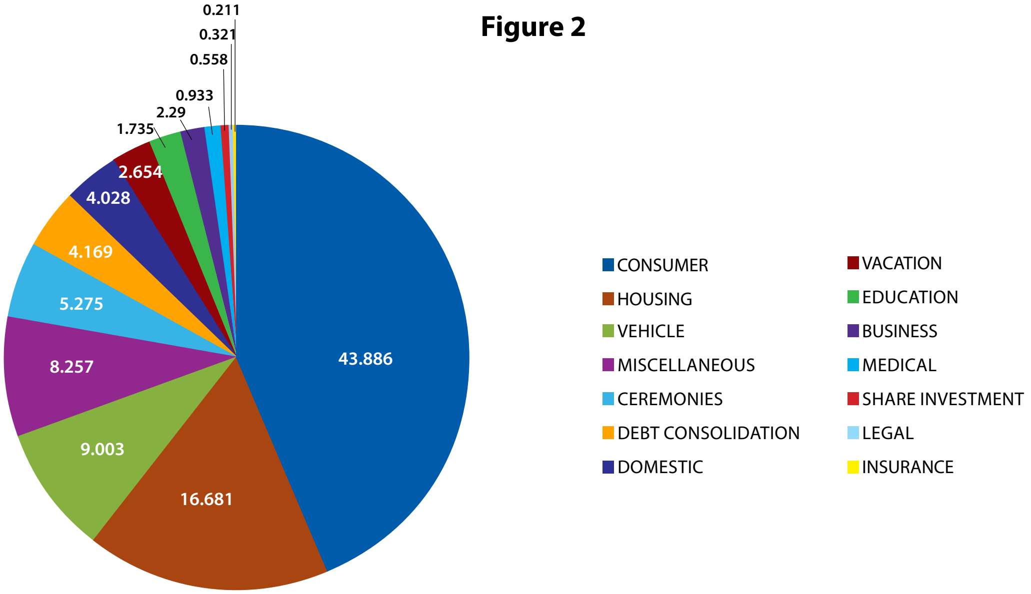
The second highest number of loans is located in the Housing loan type. This also happened in 2018 where there was a total of 6,405 Housing loans.

Table 3

LOAN TYPE	# of loans	%
CONSUMER	13128	43.886
HOUSING	4990	16.681
VEHICLE	2693	9.003
MISCELLANEOUS	2470	8.257
CEREMONIES	1578	5.275
DEBT CONSOLIDATION	1247	4.169
DOMESTIC	1205	4.028
VACATION	794	2.654
EDUCATION	685	2.29
BUSINESS	519	1.735
MEDICAL	279	0.933
SHARE INVESTMENT	167	0.558
LEGAL	96	0.321
INSURANCE	63	0.211
	∑ 29914	

Figure 2 is a pie chart illustrating the percentage contribution of each loan type to the overall number of loans for 2019.

Figure 2



Lending Activity

A 5-year record of the lending activity and corresponding values are shown in the Table 4.

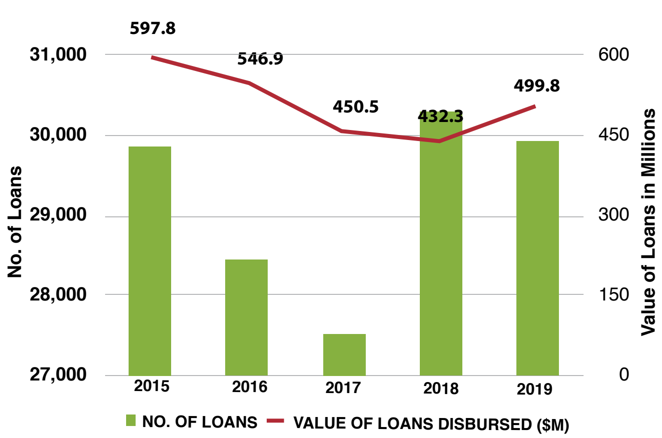
Table 4

YEAR	# OF LOANS	VALUE OF LOANS DISBURSED ($M)
2015	29865	597.8
2016	28424	546.9
2017	27526	450.5
2018	30288	432.3
2019	29914	499.8

The 2019 value of loans disbursed increased by $67.5 million when compared to the 2018 figure, in spite of a decrease of 374 in the 2019 number of loans.

Figure 3 juxtaposes the number of loans (bars) with the value of the loans (line). The data covers the period 2015 to 2019.

Figure 3



Surplus

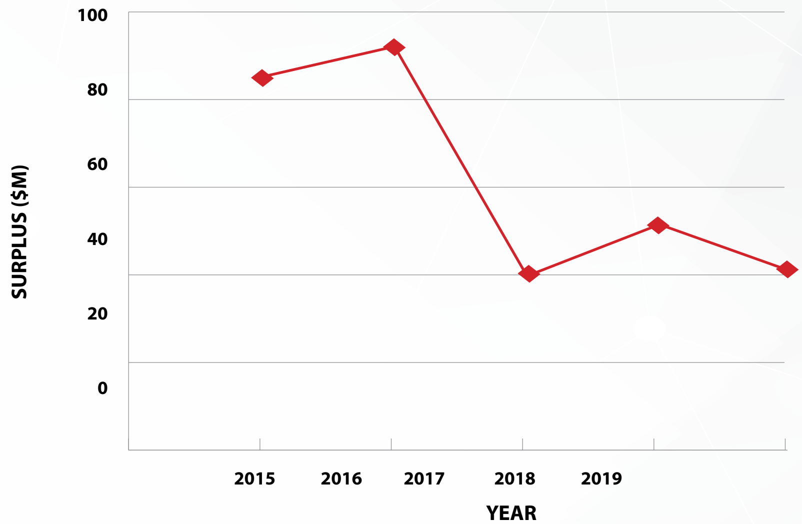
The surplus figure represents the difference between our Income and Expenditure, and is calculated via the Statement of Comprehensive Income. The 2019 figure has fallen by 20.8%.

Table 5

YEAR	SURPLUS ($M)	INCREASE IN SURPLUS (%)
2015	85.0	10.0
2016	91.9	6.9
2017	39.8	-52.1
2018	51.5	11.7
2019	40.8	-10.7

Figure 4 gives a graphical view of this data.

Figure 4
SURPLUS ($M) 2015-2019



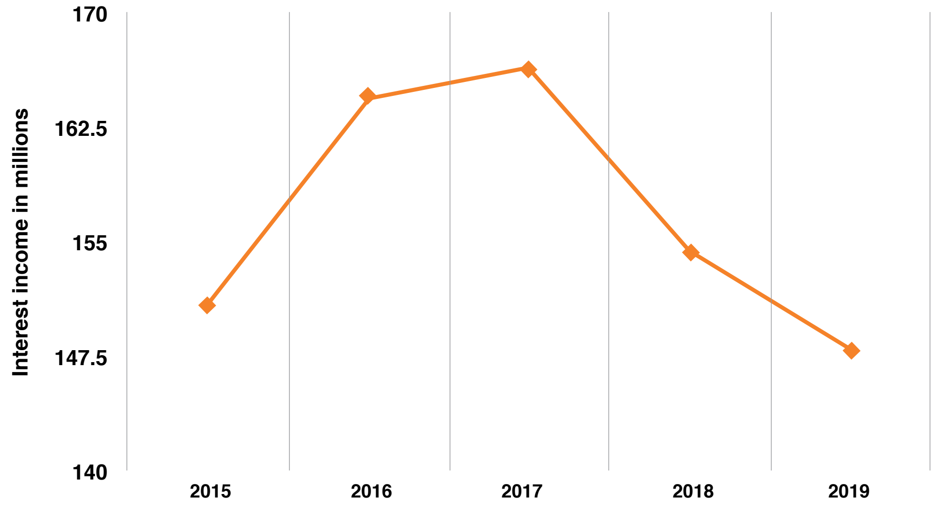
Loan Interest

These figures show the actual interest paid **to** the ECU by all the loans on our books. In 2019, there was a decline in loan interest earned. Table 6 and Figure 5 refer.

Table 6

YEAR	LOAN INTEREST INCOME ($M)
2015	150.9
2016	165
2017	166.4
2018	154.4
2019	147.8

Figure 5
LOAN INTEREST INCOME



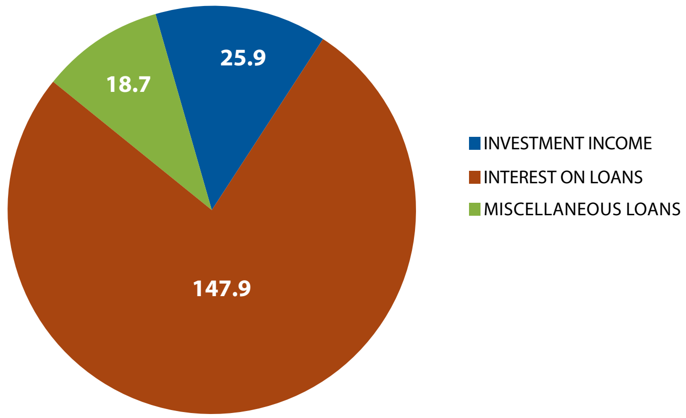
Income Interest

Interest income comprises interest earned from loan interest, interest on investments plus interest from miscellaneous loans. This figure totalled $192.4 million for 2019. The distribution of this money earned is shown in a Table 7 and Figure 6.

Table 7

Income	$M
Investment Income	25.9
Loan Interest	147.8
Miscellaneous Loans	18.7
	∑192.4

Figure 6



Loan Promotions

In an effort to boost lending, Credit Administration developed a slew of innovative loan products. The names and dollar values of these initiatives are shown is Table 8.

Table 8

Promotion Name	Promotion Period 2019	Dollar Value
"Get in Yuh Section" Carnival Promotion	January 9th – March 1st	$ 198,225
"Egg-Citing Easter Promotion	April 1st – May 31st	$ 40,126,633.34
Wedding, Vacation & Back to School	June 1st – September 30	$ 14,721,621.06
"Wish List" Divali and Christmas	October 21st – December 31st	$ 70,347,007.13
		∑ $125,393,486.53

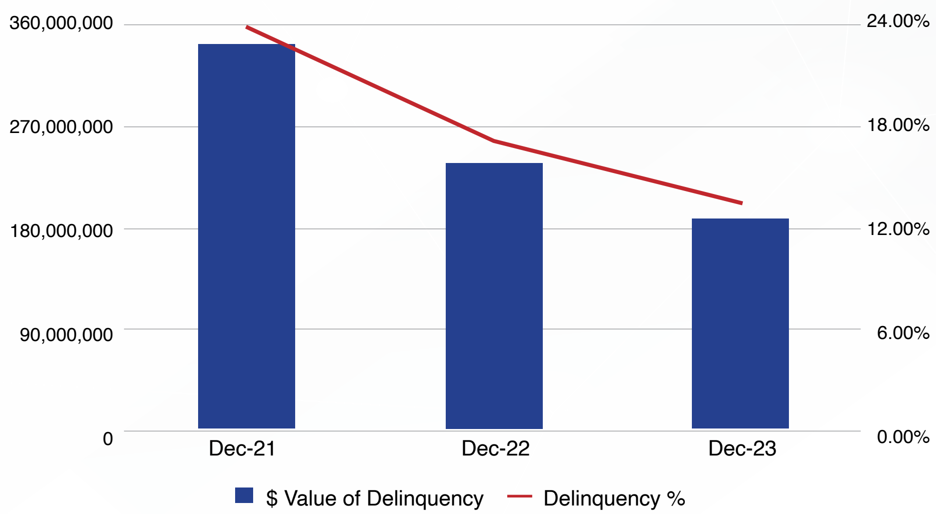
Delinquency

A three-year analysis of the delinquency figure reveals a steady decrease for the period 2017 to 2019. Table 9 and Figure 7 refer.

Table 9

YEAR	DELINQUENCY ($M)	DELINQUENCY %
2017	345,869,960	23.80%
2018	235,844,637	17.20%
2019	185,780,520	13.50%

Figure 7



Training

For the period, members of the Credit Committee attended the following training sessions:

- In house Credit Training (3 days)
- Anti-Money Laundering (Radisson Hotel, 1 day)
- Caribbean Development Education Program (St. Lucia, 4 days)

Recommendations

- The computer found its way into mainstream businesses via the accounting function. Consequently, the financial services industry is usually the most digitised of all industries. In large measure, ECU was well positioned to use technology to continue to provide service to our membership in spite of the disruption of Covid 19. Our first recommendation is tied to that reality. We recommended that digital processes be further developed and strengthened.
- In the extant economic environment, where levels of liquidity are high, our competitors are able to offer very competitive interest rates on their loan products. Our Patronage Refund policy effectively lowers the actual amount our membership repays on their loan. However, at face value, members may not see the long term view and may be taken in by our competitors. Our twofold recommendation is that:
    1) A marketing campaign be launched to sensitise our members to the workings of the Patronage Refund policy.
    2) The ECU undertake a study of the interest rates charged in the domestic market.
- The length of time taken to complete the loan process is still a concern for our members. The Credit Committee simply recommends that we do all in our power to reduce the time taken between the initial application and final disbursement.
- There exists an online Loan Calculator which provides the membership with an opportunity to cost a loan without necessarily having to visit the Branch. We recommend a focused promotion of this mechanism.

Conclusion

The Credit Committee wishes to put the membership on notice--some aspects of our recommendations are already in train via the new Business Unit.

To celebrate our 47th anniversary, a webinar was held mid-April of 2020. Later in that same month, another webinar was held. We wish to encourage the membership to attend these very informative events, which can be accessed via Facebook.

On behalf of the Credit Committee, I wish to thank the Board, other Committee members, immediate past Chair of the Credit Committee, all employees of the ECU, plus, most importantly, you, the members of our credit union for staying the course and continuing to believe in this institution which was born on April 16th, 1973.

My colleagues and I close by encouraging our membership to stay safe, stay optimistic, and stay true to your credit union.

Kirk Ferguson

Kirk Ferguson
Chairman

Seasons Change
We are making it easier for you!
GET A LOAN
for a
NEW
VEHICLE
APPLY FOR ONE TODAY!
NO Down Payment
Interest ONLY payment until 2021
One lucky member will win $20,000.00
• Special Conditions Apply
• Promotion ends December 31st, 2020
• Approved by the NLCB
Visit our website: www.ecunewexperience.com
For further details contact our Call Centre at
800-4ECU (4328) or 800-LOAN (5626)
Eastern
Credit Union
Co-operative Society Limited
Leading The Way.

Our Education Committee

Richard Noray

K'Areece Rogers

Marlon Phillips

Maurice Hoyte

Gary Cross

Deborah Picou

Kurt Flemming

Sandra Charles-Maxwell

Stacy Alleyne

Education Committee Report

June 2019 - September 2020

Following the June 2019 Annual General Meeting, the Board approved the following individuals to serve on the 2019- 2020 Education Committee:

Director Richard Noray	Chairman
Ms. K'Areece Rogers	Secretary
Director Marlon Phillips	Member
Director Maurice Hoyte	Member
Mr. Gary Cross	Member

The following members were co-opted to serve alongside the aforenoted members:

Ms. Deborah Picou
Ms. Krystal Attim-Phillip
Mr. Kurt Fleming
Mrs. Sandra Charles-Maxwell
Ms. Stacy Alleyne

Our Mandate

Pursuant to Article 23(f) of the Society's Bye-Laws, the Committee was charged with the responsibility to:-
1) Be in charge of publicity, education and training programmes and the holding of seminars and conferences.
2) Provide educational material for use by members.
3) Prepare and submit to the Board a budget to cover the cost of its programmes and activities and ensure that funds allocated are used for the specified purpose.

Overview

During the period July 2019- September 2020, the Education Committee oversaw several activities in keeping with its mandate. The Committee sought to ensure that the traditional events of the Credit Union were maintained but also ensure that the new needs of members were met.

The following highlights some of these activities:

1. Members' Business and Breakfast Series

This initiative continues to be a tremendous success. It has become the norm to customize each program to cater to the needs of the members served. Previous themes have included Governance, Technology and Entrepreneurship.

For the reporting period the series was held at the Tobago Branch on Saturday 9th November, 2019 under the theme of Mental Health.

2. Education Awards Ceremony

The 26th Annual Education Awards Ceremony was held on Friday 23rd August, 2019 at the Eric Williams Auditorium, La Joya, St. Joseph. In keeping with our mission to support our youth, 73 members from Primary Schools and 5 from Tertiary-level Institutions were awarded bursaries. The bursaries were awarded to students based on merit and economic need to the tune of $800.00 for S.E.A Students and $2,500.00 for Tertiary students. They also received Bluetooth Headsets as an additional congratulatory gift.

The event received high commendation from Awardees and their parents as they left both entertained and motivated. Special thanks must be given to the guest speaker, Mr. Don La Foucade, for providing Awardees with an appropriate and inspirational message.

3. Children's Christmas Party

This highly anticipated event continues to attract hundreds of participants for an afternoon of festivity during the season.

In keeping with the team's aim to bring new life to staple events, an activity on financial intelligence was developed. This was executed through a financial consulting area where children learned the benefits of investing and saving with the Credit Union. Children were then given "E-dollars" and made the choice to spend it or invest it at the booth. The children who invested their "E-dollars" for the longest period were rewarded. This activity demonstrated the positive rewards one can receive when financial intelligence is exercised, and their earnings are invested with the Credit Union. I would like to take this time to thank the Marketing Department for all assistance given in the development and execution of this idea.

The Tobago leg was held on Sunday 24th November, 2019 at the Buccoo Integrated Facility. The usual treats such as Go-Kart rides and Bouncy Castles were available. This event saw a turnout of 285 patrons, 225 children and 60 adults.

The Trinidad edition was held on Sunday 8th December, 2019 at the Eastern Regional Sports Complex, Tacarigua. It featured similar activities as the Tobago leg. However, this year saw the incorporation of a train ride and a designated play area for children under 2 years. There were 1,047 patrons (647 children and 400 adults) in attendance.

4. Tobago Caravan

The Education Committee agreed to partner with the Marketing Department/Committee for this event which was held on held on Saturday 16th November 2019. We viewed this as a prudent cost cutting exercise and a wiser way of managing the members' financial resources.

These Caravans are hosted to engage with our members throughout Tobago and promote the Eastern Credit Union brand in Communities across the island. We are pleased to state that the event was a success, and the intended impact was achieved.

5. Sanctuary Series

This service has been the leading way through which we communicate electronically with our members on a regular weekly basis. The need for this mode of communicating has increased and as such, the committee has decided to add another media house alongside I95.5 FM to get our message out and expand our reach and need to communicate with as many of our members as possible. This platform will be selected and announced in the near future.

6. SEA Motivational Workshop

During the period under review the Education Committee held the 21st Edition of one of our most anticipated events. Over the 5-day period we engaged with 1,916 pupils from several schools throughout Trinidad and Tobago. These sessions were centred around motivating students for their upcoming examination and equipping them with necessary skills for the next stage of the educational paths. The attendance for each day was as follows:

DAY	NUMBER OF STUDENTS IN ATTENDANCE
MONDAY	315
TUESDAY	524
WEDNESDAY	364
THURSDAY	431
MONDAY(TOBAGO)	282

Key highlights included:

MR. ERROL FABIEN

Mr. Fabien used a mix of storytelling and game play to provide an enjoyable icebreaker for students.

TWO CENTS MOVEMENT

Kyle Hernandez, Derron Sandy and Alexandra Stewart of the Two Cents Movement were the featured speakers of the programme. Their session focused on the necessary tools to navigate the road to S.E.A. This was relevant and enjoyable for both students and teachers.

INTER-CARIBBEAN CHILDREN'S MINISTRY

The segment by Pastor Derek Downer and his team continues to be a major highlight for all attendees. Through puppetry, and the life of recently deceased basketballer Kobe Bryant, the team eloquently addressed the topic of successful goal attainment.

YOUTH TRAINING CENTRE (YTC)

Mr. Rasheed Phillip, a current inmate at the YTC, led the students in a thought-provoking session on the repercussions of a life of crime. He encouraged students to not only learn from his mistakes, but also follow the steps he has taken to positively improve his life. The session also included an extremely interactive Question and Answer segment and we were pleased that the students used the opportunity to engage with Mr. Phillip.

The Way Forward

Magnificent Mental Minds:
Due to the onset of the COVID-19 pandemic, the Magnificent Mental Minds program had to be postponed. It is the Committee's hope however to host the event in 2021 under a new format that takes into consideration the New Normal.

Education on Bye-Laws:

Based on the special general meeting which was held on the 16th of December, 2019, and what transpired, the Committee will host webinars on the Bye-Laws of the Credit Union for members.

Youth Conversation:
Our youth are a pertinent part of our Credit Union. As such, we continue to prioritise and develop activities towards their betterment. The Committee plans to leverage the increase in Digital Interactions by resuming the Conversational series launched in 2019.

Photography Programme:
In previous years, the Education Committee has seen great success with the Photography Programme. As such an online version of this programme, inclusive of the workshop and competition, will be held in the upcoming term.

Conclusion

As our term comes to an end, the Education Committee is proud of what we have accomplished over the last year. We are pleased with the events we had the opportunity to develop on your behalf and we trust that you have been satisfied. It has been our joy to meet and engage with all of you at our events and we do hope that you will continue to participate in our upcoming educational webinars, programmes and other member engagement initiatives as we embrace the Digital shift that has occurred.

Based on what we have experienced during this year with the Corona Virus, we must now find new ways to support our members and to attract new members. There are many options that are available to us to accomplish this, and we will explore as many of them as possible, in order to achieve the best approach. However, the one thing that we must do, in our attempt to achieve this, is to become better servant leaders to our members and work with them more meaningfully through good and not so good times.

As I conclude I wish to thank the Education Committee Team and Management Representatives for their commitment to duty during the reporting period.

With Kind Regards

Richard Noray
Chairman - Education Committee

TYPES OF INSURANCE for Eastern Credit Union Members:

- Term Life Insurance
- Whole Life Insurance
- Annuity Plans
- General Insurance Services
- Accidental Death
- Critical Illness and Disability Insurance
- Travel Insurance Services
- Funeral Costs Reimbursement Insurance
- Loan Insurance in the event of death of borrower

THE MARITIME FINANCIAL GROUP
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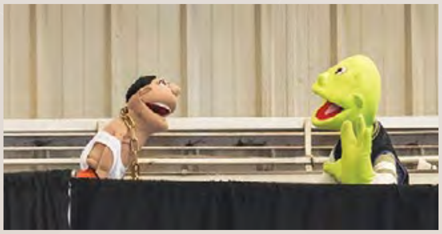
Eastern Credit Union
Co-operative Society Limited
Leading The Way.

Education Committee Highlights of Annual Activities



Education Committee Highlights of Annual Activities

Our Nominating Committee

Kendra Persad

Gerard Matthews

Gary Cross

Helen Bernard

Nominating Committee Report
June 2019 - August 2020

1. Introduction
The Nominating Committee of Eastern Credit Union Co-operative Society Limited (ECU) for the term 2019 -2020 comprised the following persons:

Director Kendra Persad	Chairman
Director Gerard Mathews	Member
Mr. Gary Cross	Member
Ms. Helen Bernard	Member

2. Committee's Mandate
In keeping with its mandate as outlined in section 24 in the Bye- Laws, the Committee did an analysis and realized there were gaps to be filled. As such, in continuing the groundwork provided by the former Committee, the 2019-2020 Nominating Committee was granted the Board's approval in February, 2020 for its Nominating Policy, which was created to guide the selection of persons willing to serve.

It is the intent of the Committee that the implementation of the Nominating Policy will ensure and maintain an appropriate balance of skills, competencies and expertise on the Board, Credit and Supervisory Committees. The Nominating Policy will be applicable to the Annual General Meeting (AGM) 2021. In furtherance, the Nominating Committee exercised its remit by also focusing on training and preparing nominees to serve on the Board, Credit and Supervisory Committees whilst reviewing the internal governance of the nominating process.

3. Training Initiative
Credit Union Organization and Management Programme

The Committee conducted its 10th Credit Union Organisation and Management Programme during the period October 5th, 2019 to November 2nd 2019. Thirty (33) participants including employees of Eastern Credit Union and other credit unions received training in nine (9) modules. The programme culminated with a graduation ceremony on Saturday November 2nd, 2019. The objective of this programme was to prepare persons seeking to serve on Eastern Credit Union's Board and Statutory Committees as well as to inform those interested in learning about the Credit Union Movement.

The 10th Annual Credit Union Organization and Management Programme was successfully executed. The Committee would like to formally thank the Marketing Team for their hard-work in the organizing of this event, the facilitators for their excellent tutoring and CUNA Insurance Society Limited for their continued support.

The programme continues to have the distinct benefit as an appropriate certification for entry into the Cipriani College of Labour and Cooperative Studies (CCLCS) Diploma, Associate Degree and Degree Programmes.

Feature Speaker at the Opening Ceremony of the Organisation and Management Programme Mr. Andre Goindoo, Managing Director and CEO of CUNA Caribbean Insurance Society Limited; with Mrs. Kendra Persad, Chairman of the Nominating Committee

In attendance at the Opening Session of the Organisation and Management Programme
L to R Mr. Ronald Bobb, President Janelle Benjamin, Mrs. Gloria Rolingson, Mr. Wayne Estrada

4. Nominations

Eligibility Criteria

In accordance with Bye-Law 24 (a), the Nominating Committee has responsibility for the selection of suitable members who are willing to be considered for election to the Board, Credit and Supervisory Committees.

A nominee must:

a. Be a "member in good standing", a member who has not violated the terms of his loan contract.
b. Be over the age of 18
c. Be a citizen of Trinidad and Tobago or a person lawfully admitted permanent residency who is ordinarily a resident in Trinidad and Tobago.
d. Save an additional 100 shares, $500.00, between January 1st, 2019 – December 31st, 2019
e. Meet the Fit and Proper criteria under the Central Bank of Trinidad and Tobago Act.
f. Not be an un-discharged bankrupt.
g. Not be of unsound mind and has not been convicted of
    i. An indictable offence.
    ii. A criminal offence involving dishonesty in connection with the promotion or management of a corporation or co-operative
    iii. An offence involving fraud
h. Not be an officer of another credit union.
i. Not have litigation against Eastern Credit Union

A grace period of three years must elapse before former employees of the Eastern Credit Union become eligible to serve as elected officials.

Nominations were opened on 21st February, 2020 and were closed 19th March, 2020. Nomination invitation notices were published at all Eastern Credit Union branches, the print and electronic media, Eastern Credit Union's website and social media inviting eligible members to serve on the Board, Credit Committee and Supervisory Committee. The Board of Directors upon review of the process, instructed the Committee to have Nominations reopened from 8th June, 2020 to 25th June, 2020. Prospective nominees were required to submit their completed Nomination forms to any branch of Eastern Credit Union on or before the above stated closing dates.

5. Process for Selection

Thirty-eight (38) members responded to the invitation to serve. Of these, nineteen (19) for the Board, eleven (11) for the Supervisory Committee and eight (8) for the Credit Committee.

All applications were subsequently screened to ensure compliance with the Institution's Bye Laws. From this pool, thirty-six (36) persons met the criteria and two (2) persons did not meet the criteria. One person subsequently withdrew her application before interviews were held. Interviews were held virtually due to the Covid19 Pandemic. Nominees were interviewed during the period 3rd August, 2020 and 13th August, 2020 for the Board, Supervisory Committee and Credit Committee. This process provided eligible nominees with an opportunity to seek clarity about the organization, to understand the commitment required as Elected Officers and to understand nominees' knowledge and awareness of their Credit Union experience and intended personal-contributions to Eastern Credit Union. Subsequent to the interview process, one nominee who is an officer at The Central Bank of Trinidad and Tobago withdrew her application and another nominee tendered her resignation, which effectively withdrew her nomination.

The interviews were followed by webinars. The Nominating Committee hosted the webinars to familiarize the nominees with the roles and functions of the Board, Supervisory and Credit Committees. Nominees were exposed to the history of Eastern Credit Union and gained insights on how essential it is to-

- Be innovative thinkers
- Be knowledgeable in the Credit Union Movement, the Bye-Laws and Co-operative Societies Act for efficient decision making
- Ensure commitment to the organization
- Be able to relate with others for effective teamwork.

6. Recommendations

The following recommendations would have been made based upon the findings of the Internal Auditor during the verification and eligibility process. The Nominating Committee recommends that persons applying to the Board, Supervisory and Credit Committee be mindful that they-

- Save the minimum shares required for the Financial Year prior to that of the AGM
- Clearly sign and date their Nominating forms
- Ensure that they have a Proposer's and Seconder's signature, who are also members of Eastern Credit Union

The Committee recommends the following candidates

BOARD OF DIRECTORS AGM 2020

Heather Alicia Adams
Cyril Barran
Janelle Benjamin
Quincy Boodramsingh
Nneka Esdelle
Jameel Mohammed
Lindhurst Murray
Akil Myers
Marlon Phillips
Keith Risbrooke

Darius Figuera
Laverne Francis
Melissa Hood-Joseph
Francisca Lassalle
Shalema Singh
Lyndon Williams
Wendy Williams

SUPERVISORY COMMITTEE AGM 2020

Amanda Aguilera-Lobin
Anne-Marie Arnaud Thomas
Ravina Salisha Bridgelal
Linda Darabie
Don Isaac
Trevor Rogers
Camille Lisa Rolingson
David Taitt
Patricia Ward

CREDIT COMMITTEE AGM 2020

Charis Caesar-Mc Kenna
Sharmila Dilraj-Boodoo
Jemila Guerero
Jacquelyn Humphrey
Alphieus Jeffers
Dionne Melville
Mahmud Muhammad

The Nominating Committee also recommends for ratification by the Annual General Meeting (AGM) 2020, the Board Approved Nominating Policy and Procedures, that would be effective Annual General Meeting (AGM) 2021.

7. Appreciation

The Nominating Committee on behalf of the membership wishes to express gratitude to the following officers whose term of office ends at the 46th Annual General Meeting:

BOARD OF DIRECTORS	SUPERVISORY COMMITTEE	CREDIT COMMITTEE
Janelle Benjamin	David Taitt	Mahmud Muhammad
Wendy Williams	Ann Marie Arnaud- Thomas	Patricia Ward
Marlon Phillips	Camille Lisa Rolingson (1st Substitute)	
Cyril Barran	Jacquelyn Humphrey (2nd Substitute)	
Alana Blackman (Substitute) resigned 7th August, 2020		
Darius Figuera (Substitute)		

8. Conclusion

To conclude, the Nominating Committee 2019-2020 gives heartfelt thanks to the Board of Directors for the confidence they placed in the Committee in fulfilling its mandate, by accepting the selection of nominees most suitable to serve the membership. As Chairperson, I wish to extend a personal thank you for the unwavering support of my team and the management and staff who worked with us throughout the year.

Finally, the Committee takes this opportunity to remind our members of good stewardship and the importance of exercising their duty in a responsible manner, ensuring that the most suitable candidates are elected to represent them on the Board and Statutory Committees. This is necessary to guarantee the continued growth, progress, integrity and financial stability of Eastern Credit Union Co-operative Society Limited.
Yours in Service,

Kendra Persad
Chairperson

Resolutions

1. **Patronage Refund**

   Be it resolved.

   That a patronage refund of **3.25%** be declared for the financial year ended 31st December 2019 and credited to members' Deposit Accounts.

2. **Dividend**

   Be it resolved:

   That in accordance Bye- Laws 15(b) (v) a dividend of **1.75%** be approved for the financial year ended 31st December 2019 be credited to members' Share Accounts consistent with Bye- Law 25 (c) (i); and be it further resolved that dividends due to members whose accounts have become delinquent be credited to their outstanding loan and interest balances.

3. **Special Shares**

   Be it resolved:

   That in accordance with Bye- Laws 6(a) (1), 6(b)(1), (ii) and (iii), a dividend of **5%** be approved for the financial year ended 31st December 2019 and credited to members' Deposit Accounts; and be it further resolved that dividends due to members whose Special Share Accounts are below the required amount be credited to their Special Share Accounts.

4. **Auditors**

   Be it resolved:

   That the firm PwC be retained as Auditors for the year 2020.

5. **Education Fund**

   Be it resolved:

   That in accordance with Bye Law 25(b), **5%** of the realised surplus for the financial year ended 31st December 2019 be appropriated to the Education Fund.

6. **Nomination Policy and Procedures**

   Be it resolved:

   That In accordance with Bye-Law 15 (b) (vi) the Nomination Policy and Procedures approved by the Board in accordance with Bye-Law 18 (g) a (xii) at a Special Board Meeting held on February 4th 2020 be ratified.

Nomination Profile 2020 - Board of Directors

HEATHER ALICIA ADAMS

PLACE OF WORK: Land and Engineering Surveying Services
POSITION: Senior Operations Manager
CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year

CYRIL BARRAN

PLACE OF WORK: Auditor General Department
POSITION: Audit Director
CREDIT UNION EXPERIENCE:

- Served as a Director of Eastern Credit Union (2017- present)
- Secretary to the Supervisory Committee (2016-2017)
- 2019 Delegate at the World Conference of Credit Union (WOCCU)
- 2018 Leadership Conference Panama
- Certified Caribbean Development Educator
- Served as Chairman and Member of various Board Sub-Committee (Finance & Tenders, Corporate Governance & Bye-Laws, Shareholder Representative at EPL, Policy Review)
- Member for thirty two (32) years

JANELLE BENJAMIN

PLACE OF WORK: Burris, Benjamin & Associates
POSITION: Attorney-At-Law
CREDIT UNION EXPERIENCE:

- President of Eastern Credit Union (2019 to present)
- Vice President Eastern Credit Union (2015 to 2017)
- Director of Eastern Credit Union (2014 to present)
- Supervisory Committee Member (2012 to 2014)
- Served as Chairman and Member of various Board Sub-Committee (Sales and Marketing, Education, Corporate Governance & Bye-Laws, Human Resource, AGM Stakeholders)
- CCCU leadership Conference
- AML/CFT Certified
- 2019 Delegate at the World Conference of Credit Union (WOCCU)
- Certified Caribbean Development Educator
- Member for twelve (12) years

QUINCY BOODRAMSINGH

PLACE OF WORK: Concepts and Services Co. Ltd.
POSITION: Accountant
CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year

NNEKA ESDELLE

PLACE OF WORK: The National Gas Company
POSITION: Assistant Accountant
CREDIT UNION EXPERIENCE:

- None
- Member for (1) year

DARIUS FIGUERA

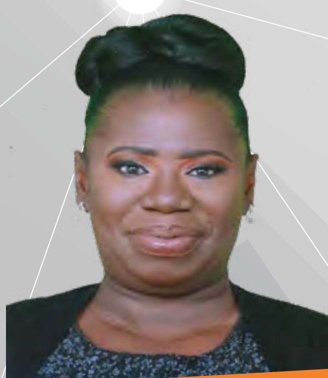
PLACE OF WORK: Ministry of Education
POSITION: Teacher
CREDIT UNION EXPERIENCE:

- Substitute Director (2019 to present)
- Director of Eastern Credit Union (2015 - 2018)
- Member of Supervisory Committee, Eastern Credit Union (2010 -2012)
- Served as Chairman and Member of various Board Sub-Committee (Risk, Nominating, Education, Corporate Governance & Bye-Laws, Shareholder Representative at EPL, Human Resource and Industrial Relations)
- Certified Caribbean Development Educator
- 2017 Delegate at World Conference of Credit Union (WOCCU)
- Member of the International Credit Union Executives Society
- AML/CFT Certified
- Member for twenty-seven (27) years

LAVERNE FRANCIS

PLACE OF WORK: Entrepreneur
POSITION:
CREDIT UNION EXPERIENCE:

- 2017 Career Re-Boot Programme
- 2016 Introduction to Credit Union Organization and Management Programme
- Member for ten (10) years



MELISSA HOOD-JOSEPH

PLACE OF WORK: Water and Sewerage Authority (WASA)
POSITION: Procurement Support Officer
CREDIT UNION EXPERIENCE:

- None
- Member for (16) years

FRANCISCA LASSALLE

PLACE OF WORK: Eastern Credit Union (Retired)
POSITION: Former Branch Manager
CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union 3 years (2016- 2019)
- Served as Asst. Secretary to the Board of Eastern Credit Union (2017-2019)
- Served as Chairman and Member of various Board Sub-Committee (Human Resource and Industrial Relations, AGM Stakeholders, Sales and Marketing, Risk Management, Delinquency, Waiver)
- Group Executive Manager – Credit, Financial and Advisory Services Ag. – Eastern Credit Union (1 year)
- Branch Manager – Eastern Credit Union (14 years)
- Credit Comptroller Ag. Eastern Credit Union Trained in IFRS9 Practical Solutions for Credit Unions
- Trained in Delinquency Control in Unions
- Attended Credit Union Orientation 2019
- AML/CFT Certified
- Member for (24) years

JAMEEL MOHAMMED

PLACE OF WORK: Self Employed (Consultant)
POSITION: Civil/ Structural Engineer
CREDIT UNION EXPERIENCE:

- Director on EPL (Subsidiary of Eastern Credit Union)
- Member for 29 years

LINDHURST MURRAY

PLACE OF WORK: Islandwide Justice of the Peace, MCM & Company.
POSITION: Managing Director/ Industrial Relation Consultant
CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2016-2019)
- 2018 Delegate at the World Conference of Credit Union (WOCCU)
- Served as Chairman and Member of various Board Sub-Committee (Risk, Education, Corporate Governance & Bye-Laws, Human Resource and Industrial Relations)
- Certified Caribbean Development Educator
- AML/CFT Certified
- Member for thirty-six (36) years

AKIL MYERS
PLACE OF WORK: Water and Sewerage Authority (WASA)
POSITION: Superintendent
CREDIT UNION EXPERIENCE:

- 2019 Nominating Committee Orientation Seminar
- Member for twenty-five (25) years

MARLON PHILLIPS
PLACE OF WORK: Ministry of Education
POSITION: Educator- Vice Principal
CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2014 to present)
- Vice President Eastern Credit Union (2018 to 2019)
- Served as Chairman and Member of various Board Sub-Committee (Education, Corporate Governance & Bye-Laws, Nominating, Risk, Human Resource and Industrial Relations, Shareholder Representative at EPL, AGM Stakeholders)
- 2019 Delegate at the World Conference of Credit Union
- 2018 Leadership Conference Panama
- Certified Caribbean Development Educator
- Member for twelve (12) years

KEITH RISBROOKE
PLACE OF WORK: ICT/BIM Professional
POSITION: Self Employed
CREDIT UNION EXPERIENCE:

- Served on various EPL/ECU Sub-Committees
- Member for four (4) years

SHALEMA SINGH

PLACE OF WORK: D Iron Services
POSITION: Presently pursuing BA Business Management
CREDIT UNION EXPERIENCE:

- Worked at Furness Credit Union
- Member for four (4) years

LYNDON WILLIAMS

PLACE OF WORK: H. Simmons & Co. Chartered Accountant
POSITION: Accounting Consultant
CREDIT UNION EXPERIENCE:

- Board of Directors 2nd Substitute -Eastern Credit Union 2018
- 2017/2018/ 2019 Nominating Orientation Programme Eastern Credit Union
- Eastern Credit Union Management Programme (2017)
- Member of various Board Sub-Committee (Risk, Education, Corporate Governance & Bye-Laws, Finance and Tenders, Delinquency)
- AML/CFT Certified
- Member for thirty-four (34) years

WENDY WILLIAMS

PLACE OF WORK: Ministry of Education
POSITION: Educator- Principal
CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2017 to present)
- Supervisory Committee Member/Chairman (2012, 2014/2015-2017)
- Served as Chairman and Member of various Board Sub-Committee (Nominating, Corporate Governance & Bye-Laws, Human Resource and Industrial 2017 Relations, Policy Review, Risk, ICT, Shareholder Representative at EPL)
- Served as Chairman of the Supervisory Committee
- 2019 Eastern Credit Union Orientation Programme
- 2019 Delegate at the World Conference of Credit Union
- CCCU Leadership Conference
- AML/CFT Certified
- Certified Caribbean Development Educator
- Member for thirty-two (32) years

Nomination Profile 2020 - Supervisory Committee

AMANDA AGUILERA-LOBIN

PLACE OF WORK: National Insurance Board
POSITION: Business Analyst
CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year

ANNE-MARIE ARNAUD-THOMAS

PLACE OF WORK: Ministry of Education
POSITION: School Social Worker
CREDIT UNION EXPERIENCE:

- Secretary Supervisory Committee (2019-present)
- Supervisory Committee Member (2017-2020)
- AML/CFT Certified
- Attended Credit Union Organization and Management Programme
- Member for thirty-one (31) years

RAVINA SALISHA BRIDGELAL

PLACE OF WORK: -
POSITION: Student
CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year

Eastern Credit Union Co-operative Society Limited LEADING THE WAY

LINDA DARABIE

PLACE OF WORK: COSTATT
POSITION: Adjunct Lecturer
CREDIT UNION EXPERIENCE:

- None
- Member for one (1) year

DON ISAAC

PLACE OF WORK: Airport Authority
POSITION: Duty Manager
CREDIT UNION EXPERIENCE:

- Director of Eastern Credit Union (2014-2017)
- Supervisory Committee Chairman Eastern Credit Union (2010, 2013-2014)
- Served as Member of various Board Sub-Committee (Nominating, Education, Corporate Governance & Bye-Laws, Human Resource and Industrial Relations, Risk, AGM Stakeholders)
- 2015 Delegate at the World Conference of Credit Union (WOCCU)
- Certified Caribbean Development Educator
- Member for thirty-three (33) years

TREVOR ROGERS

PLACE OF WORK:
POSITION: Caterer
CREDIT UNION EXPERIENCE:

- Formerly served on the Supervisory Committee of Eastern Credit Union
- 2010 Introduction to Credit Union Management
- AML/CFT Certified
- Member for thirty-five (35) years

CAMILLE LISA ROLINGSON
PLACE OF WORK: MIC Institute of Technology
POSITION: Administrative Assistant
CREDIT UNION EXPERIENCE:

- Supervisory Committee Member (2017/2018)
- Attended Credit Union Organization and Management Programme (2017)
- 2019 Internal Auditing Function of Supervisory Committees
- AML/CFT Certified
- Member for seventeen (17) years

DAVID TAITT
PLACE OF WORK: Ministry of Education
POSITION: Clerical Officer
CREDIT UNION EXPERIENCE:

- Chairman of the Supervisory Committee (2019-present)
- Supervisory Committee Member (9 years)
- Certified Caribbean Development Educator
- Technical Anti-Money Laundering Seminar (2020)
- Education Committee Member (3 years)
- AML/CFT Certified
- Member for thirty-three (33) years

PATRICIA WARD
PLACE OF WORK: Eastern Credit Union (Retired)
POSITION: Former Credit Supervisor
CREDIT UNION EXPERIENCE:

- Former employee Eastern Credit Union (27years)
- Held positions of Credit Officer, Credit Supervisor and Branch Manager (A.g.)
- Member of Credit Committee (2016-present)
- AML/CFT Certified
- Member for thirty-seven (37) years

Nomination Profile 2020 - Credit Committee

CHARIS CAESAR-MCKENNA
PLACE OF WORK: NALIS
POSITION: Library Assistant I
CREDIT UNION EXPERIENCE:

- Administrative Assistant
- Certificate in Credit Union Management
- Member for (12) years

SHARMILA DILRAJ-BOODOO
PLACE OF WORK: Sugarcane Feeds Centre
POSITION: Accounts Clerk
CREDIT UNION EXPERIENCE:

- Financial Planning and Money Management Programme
- Liaison Officer
- Member for (27) years

JEMILA GUERERO
PLACE OF WORK: Ciprani College of Labour and Cooperative Studies (CCLCS)
POSITION: Quality Assurance Officer
CREDIT UNION EXPERIENCE:

- Eastern Credit Union – History of Credit Union (2019)
- CCLCS Introduction to Co-operative Management (2019)
- Member for (38) years

JACQUELYN HUMPHREY
PLACE OF WORK: Ministry of Community Development Culture & Gender Affairs (Retired)
POSITION: Former Community Development Officer
CREDIT UNION EXPERIENCE:

- Certified Caribbean Development Educator
- Member of Credit Committee
- Member of Supervisory Committee
- AML/CFT Certified
- Member for (39) years

ALPHIEUS JEFFERS
PLACE OF WORK: Finesse Financial Services Ltd
POSITION: Financial Comptroller
CREDIT UNION EXPERIENCE:

- None
- Member for (38) years

DIONNE MELVILLE
PLACE OF WORK: Trinidad and Tobago Housing Development
POSITION: Clerical Assistant II
CREDIT UNION EXPERIENCE:

- None
- Member for (39) years

MAHMUD MUHAMMAD
PLACE OF WORK: Ministry of National Security (Retired)
POSITION: Former Police Officer
CREDIT UNION EXPERIENCE:

- Member of the Credit Committee (2019-2020)
- Member of the Supervisory Committee
- Member of Education Committee
- Credit Union Organization and Management Programme (2017)
- Member for (27) years

ECU MILESTONES FOR 2019-2020

New and Rebranded Properties

Park Street, Port of Spain Branch & Sangre Grande Branch

ECU's newly-commissioned Express Service at the Government Campus Plaza, Port of Spain

Park Street Branch, Port of Spain

Sangre Grande Branch

Eastern Credit Union

Co-Operative Society Limited and its Subsidiary

Consolidated Financial Statements

31 December 2019

(Expressed in Trinidad and Tobago Dollars)

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Contents **Page**

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Statement of Management Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Eastern Credit Union Co-Operative Society Limited and its Subsidiary (the Group) which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Member: Board of Directors	Group Chief Executive Officer	Member: Supervisory Committee
Date: 29 October 2020	Date: 29 October 2020	Date: 29 October 2020

Independent Auditor's Report

The Members
Eastern Credit Union Co-operative Society Limited

Report on the audit of the Group's consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Eastern Credit Union Co-Operative Society Limited (the Society) and its subsidiary (together 'the Group') as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor’s Report (continued)

Other information

Management is responsible for the other information. The other information comprises the information presented in the Eastern Credit Union Co-operative Society Limited and its subsidiary Annual Report but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the *consolidated* financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor’s Report (continued)

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
5 November 2020

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

	Notes	2019	As at 31 December 2018	2017
		$	$	$
	2r		Restated	Restated
Assets				
Cash and cash equivalents	5	433,632,216	475,016,818	407,327,412
Investment securities – amortised cost	6	314,782,572	202,120,053	130,989,088
Investment securities – fair value	7	81,423,982	74,109,551	91,596,421
Loans to members	8	1,317,005,066	1,317,844,174	1,364,538,016
Investment properties	9	19,663,157	19,445,111	19,468,043
Accounts receivable & prepayments	10	19,080,796	26,003,741	22,743,468
Deferred charges		1,139,020	1,124,051	1,064,847
Inventories	11	544,402	387,823	385,746
Intangible assets	12	4,843,840	5,635,307	6,470,612
Right of use asset	13	5,686,097	--	--
Property plant & equipment	14	95,096,797	95,421,611	88,441,494
Total assets		2,292,897,945	2,217,108,240	2,133,025,147
Liabilities and members' equity				
Liabilities				
Accounts payable and accruals	15	110,038,190	117,202,820	97,501,202
Finance lease liability	16	6,011,384	--	--
Members' deposits		516,925,820	456,271,739	422,964,506
Members' shares (non-permanent)	17	1,458,614,606	1,441,962,387	1,415,742,793
Corporation tax payable		1,803	852	28,564
Deferred taxation	18	5,900,962	5,548,110	4,391,642
Total liabilities		2,097,492,765	2,020,985,908	1,940,628,707
Members' equity				
Members' shares (permanent)	17	23,601,898	22,786,546	22,069,633
Reserve fund	19	111,279,969	107,195,700	102,037,227
Education fund	20	--	--	--
Investment re-measurement reserve		--	--	3,938,985
Undivided earnings		60,523,313	66,140,086	64,350,595
Total members' equity		195,405,180	196,122,332	192,396,440
Total liabilities and members' equity		2,292,897,945	2,217,108,240	2,133,025,147

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

On 29 October 2020, the Board of Directors of Eastern Credit Union Co-Operative Society Limited and its Subsidiary authorised these financial statements for issue.

Member: Board of Directors

Group Chief Executive Officer

Member: Supervisory Committee

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 31 December 2019 $	2018 $ Restated
	2r		
Income			
Interest on loans		147,883,647	154,461,357
Investment income	23	26,358,012	9,583,016
Rental income		1,547,311	1,736,094
Other income	24	18,201,062	19,264,490
		193,990,032	185,044,957
Expenditure			
Administrative expenses	25	57,299,796	54,681,810
Credit impairment losses	8	13,422,035	(3,990,514)
Board and committee expenses	26	2,021,431	1,916,711
Finance cost		5,540,516	4,213,840
Marketing expenses		6,381,277	5,478,998
Personnel costs	27	68,029,409	69,904,404
Total expenditure		152,694,464	132,205,249
Net surplus before taxation		41,295,568	52,839,708
Taxation	28	(470,914)	(1,275,534)
Net Surplus for the year		40,824,654	51,564,174
Other comprehensive (loss)/income:		--	--
Total comprehensive income for the year		40,824,654	51,564,174

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Members' Shares Permanent $	Reserve Fund $	Education Fund $	Undivided Earnings $	Total $
Balance as at 1 January 2019	22,786,546	109,254,179	--	84,666,395	216,707,120
Restatement-Note (2r)		(2,058,479)		(18,526,309)	(20,584,788)
Balance as at 1 January 2019 – restated	22,786,546	107,195,700	--	66,140,086	196,122,332
Change on initial application of IFRS 16	--	--	--	(198,050)	(198,050)
Adjusted Balance as at 1 January 2019	22,786,546	107,195,700	--	65,942,036	195,924,282
Increase in Members' Shares (Permanent)	815,352	--	--	--	815,352
Total comprehensive income	--	--	--	40,824,654	40,824,654
Appropriations:					
(i) to Reserve Fund	--	4,082,465	--	(4,082,465)	--
(ii) to Education Fund	--	--	1,880,286	(1,880,286)	--
	23,601,898	111,278,165	1,880,286	100,803,939	237,564,288
Entrance fees	--	1,804	--	(1,804)	--
Education supplies and expenses	--	--	(1,880,286)	1,880,286	--
Dividends and interest rebate paid	--	--	--	(42,159,108)	(42,159,108)
Balance as at 31 December 2019	23,601,898	111,279,969	--	60,523,313	195,405,180

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Members' Shares Permanent $	Reserve Fund $	Education Fund $	Investment Remeasurement Surplus$	Undivided Earnings $	Total $
Balance as at 1 January 2018	22,069,633	103,584,506	--	3,938,985	78,276,107	207,869,231
Restatement-Note (2r)		(1,547,279)			(13,925,512)	(15,472,791)
Balance as at 1 January 2018 – restated	22,069,633	102,037,227	--	3,938,985	64,350,595	192,396,440
Change on initial application of IFRS 9	--	--	--	(3,938,985)	(3,113,389)	(7,052,374)
Adjusted Balance as at 1 January 2018	22,069,633	102,037,227	--	--	61,237,206	185,344,066
Increase in Members' Shares (Permanent)	716,913	--	--	--	--	716,913
Total comprehensive income – restated	--	--	--	--	51,564,174	51,564,174
Appropriations:						
(i) to Reserve Fund	--	5,156,417	--	--	(5,156,417)	--
(ii) to Education Fund	--	--	2,371,149	--	(2,371,149)	--
	22,786,546	107,193,644	2,371,149	--	105,273,814	237,625,153
Entrance fees	--	2,056	--	--	(2,056)	--
Education supplies and expenses	--	--	(2,371,149)	--	2,371,149	--
Dividends and interest rebate paid	--	--	--	--	(41,502,821)	(41,502,821)
Balance as at 31 December 2018 - restated	22,786,546	107,195,700	--	--	66,140,086	196,122,332

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Members' Shares Permanent $	Reserve Fund $	Education Fund $	Investment Remeasurement Surplus$	Undivided Earnings $	Total $
Balance as at 1 January 2017	21,335,740	98,155,740	--	4,874,050	61,353,304	185,718,834
Restatement-Note (2r)		(107,922)			(971,299)	(1,079,221)
Balance as at 1 January 2017 – restated	21,335,740	98,047,818	--	4,874,050	60,382,005	184,639,613
Increase in Members' Shares (Permanent)	733,893	--	--	--	--	733,893
Total comprehensive income – restated	--	--	--	(935,065)	39,848,854	38,913,789
Appropriations:						
(i) to Reserve Fund	--	3,984,885	--	--	(3,984,885)	--
(ii) to Education Fund	--	--	2,433,218	--	(2,433,218)	--
	22,069,633	102,032,703	2,433,218	3,938,985	93,812,756	224,287,295
Entrance fees	--	4,524	--	--	(4,524)	--
Education supplies and expenses	--	--	(2,433,218)	--	2,433,218	--
Dividends and interest rebate paid	--	--	--	--	(31,890,855)	(31,890,855)
Balance as at 31 December 2017 – restated	22,069,633	102,037,227	--	3,938,985	64,350,595	192,396,440

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	2019 $	2018 $ Restated
Operating activities:		
Net surplus before taxation	41,295,568	52,839,708
Add items not involving cash:		
Bad debts written-off/expense	76,371	(315,611)
Depreciation	12,617,137	8,220,448
Impairment of investment securities	(660,079)	18,750
Loan loss expense (net of recoveries)	14,082,114	(4,009,263)
Interest expense on finance liability	693,975	--
Loss on disposal of property plant & equipment	(37,833)	(205)
Changes in non-cash working capital amounts:	68,067,253	56,753,827
Net change in accounts receivable, prepayments and deferred charges	6,831,604	(3,003,865)
Net change in inventories	(156,578)	(2,077)
Net change in members' loans	(13,243,006)	45,955,835
Net change in accounts payable and accruals	(7,164,630)	19,701,618
Taxes paid	(117,111)	(146,778)
Cash generated from operating activities	54,217,532	119,258,560
Investing activities:		
Net change in property plant & equipment	(17,940,587)	(15,200,361)
Net change in intangible assets	791,468	835,305
Net change in investment property	(218,046)	22,932
Net change in investment securities	(119,316,871)	(55,967,948)
Cash used in investing activities	(136,684,036)	(70,310,072)

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

Eastern Credit Union Co-Operative Society Limited and its Subsidiary

Consolidated Statements of Cash Flows (continued)

(Expressed in Trinidad and Tobago Dollars)

	Note	2019 TTD	2018 TTD Restated
Financing activities:			
Interest paid on finance lease liability		(892,026)	--
Increase in finance lease liability		6,011,384	--
Dividends and interest rebate		(42,159,108)	(41,502,822)
Increase in members' shares		17,467,571	26,936,508
Increase in members' deposits		60,654,081	33,307,232
Cash provided by financing activities		41,081,902	18,740,918
Net change in cash		(41,384,602)	67,689,406
Cash beginning of year		475,016,818	407,327,412
Cash end of year		433,632,216	475,016,818
Represented by:			
Cash and cash equivalents	5	433,632,216	475,016,818

The notes on pages 12 to 78 are an integral part of these consolidated financial statements.

1 Registration and objectives

The Society is registered under the Co-operative Societies Act Chapter 81:03. Its objectives are to promote the economic welfare of its members, encourage the spirit and practice of thrift, self-help and co-operation and promote the development of co-operative ideas. Its registered office is situated at La Joya Complex, Eastern Main Road, St. Joseph. Its fully owned subsidiary, EPL Properties Limited, incorporated in Trinidad and Tobago, is included in these consolidated statements.

2 Significant accounting policies

a. *Basis of financial statements preparation*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements are prepared under the historical cost except for the measurement at fair value of hold to collect investments.

b. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Eastern Credit Union Co-operative Society Limited and its wholly owned subsidiary, EPL Properties Limited (The Group). The Society has the power to govern the financial and operating policies of EPL Properties Limited so as to obtain benefits from its activities.

The results of EPL Properties Limited are included in the consolidated Statement of Comprehensive Income from the date of incorporation. Where necessary, adjustments are made to the financial statements of EPL Properties Limited to bring the accounting policies used in line with those used by Eastern Credit Union Co-operative Society Limited.

All inter-company transactions and balances have been eliminated on consolidation.

Investment in subsidiaries

Subsidiaries are all entities, (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

c. *Use of estimates*

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group’s accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates. See Note 4.

2 **Significant accounting policies (continued)**

d *New standards and interpretations*

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2019.

- IFRS 16 Leases - Under IFRS 16, all lease contracts, with limited exceptions, are recognised in the financial statements by way of right-of-use assets and corresponding lease liabilities. The Group applied the modified retrospective transition method, and consequently comparative information is not restated. The Group recognised a right-of use asset on a lease by lease basis at the date of initial application, January 1, 2019, for leases previously classified as an operating lease applying IAS 17. The Group measured the right of use asset at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the Groups incremental borrowing rate at January 1, 2019. In general, a corresponding lease liability was recognised for each right-of-use asset. The adoption of the new standard had an accumulated impact of $0.2 million on equity following the recognition of lease liabilities of $6.4 million and additional right-of-use assets of 6.2 million. (see Note 2 e.).

Other standards, amendments and interpretations which are effective for the financial year beginning 1 January 2019 are not material to the Group.

- IAS 19 Employee Benefits

  IAS 19 specifies how a company accounts for a defined benefit plan. When a plan event (i.e., a plan amendment, curtailment or settlement) occurs, IAS 19 requires a company to update its assumptions and remeasure its net defined benefit liability or asset. The IAS 19 amendments that are adopted clarify that after a plan event, entities would use these updated assumptions to measure current service cost and net interest for the remainder of the reporting period after the plan event. There were no plan events in 2019 which required the application of the amendment by the Group.

- Annual Improvement Cycle 2015-2017

  The Annual Improvements to IFRS Standards 2015-2017 Cycle includes minor amendments affecting IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes, and IAS 23 Borrowing costs. None of the amendments had a material impact on the Group.

- IFRIC 23 Uncertainty over income tax treatments (“IFRIC 23”)

  IFRIC 23 clarifies the recognition and measurement for income tax when it is unclear whether a taxation authority will accept the tax treatment claimed. An uncertain tax position arises where there is more than one possible interpretation of how tax regulations apply to a given transaction or event. The interpretation requires the Company to determine whether uncertain tax treatments are assessed separately or as a group. The interpretation also requires an assumption that a taxation authority has full knowledge of all relevant information. Where it is not probable that a taxation authority will accept an uncertain tax treatment, it requires the Company to reflect the effect of the uncertainty in the accounting tax position. Finally, reassessment should be performed on a yearly basis in the event of changes in facts and circumstances. This interpretation had no material impact on the Group.

2 **Significant accounting policies (continued)**

e. *Adoption of IFRS 16 Leases*

IFRS 16 was adopted by the Group from January 1, 2019. IFRS 16 replaced the previous standard of IAS 17 for companies for fiscal years starting on or after 1st January 2019. IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the lessee has obtained the right to use an asset then the lessee should recognize the value of that right in its balance sheet.

The Group applied IFRS 16 to qualifying contracts. These are contracts which contains lease arrangements that gives the Group the right to control the use of an asset of significant value for more than one year. Qualifying leases identified as at January 1, 2019 were:

- Property rental contracts of buildings and car parks as identified where the Group is the lessee, the lease term is for more than one year and the asset is of significant value.

The Group elected not to apply the standard to contracts for telephones, photocopiers and billboards due to the low value of these leases and limitations in the Group’s rights to use these assets and they will continue to be expensed. IFRS 16 permits exemptions for:

- Short Term Leases - defined as leases with a lease term of 12 months or less.
- Underlying Asset is of Low value where the value is USD$5000 or less

The Group has property rental contracts with parties external to the group. These contracts are for properties i.e. Branch locations, car parks and ATM off-sites. The term of these contracts used for meeting the requirements of IFRS 16 include the initial term and any periods specified as periods for renewal as the Group is expected to retain its operations in the locations.

All qualifying operating lease contracts, with limited exceptions, were recognised on the balance sheet by recognising right-of-use assets and corresponding lease liabilities at the transition date.

At the transition date, additional lease liabilities were recognised for leases previously classified as operating leases applying IAS 17. The Group recognized in its Statement of Financial Position a Finance Lease Liability measured at initial recognition equivalent to the Right of Use Asset value if the contract commenced on or after the implementation date of 1 January 2019. The Group will incur a Finance cost for the lease liability at an annual rate equivalent to the incremental borrowing rate for the right to use asset. The finance lease liability amount will reduce by the principal amount associated with each monthly lease installment.

The Group applied the modified retrospective transition method, and consequently comparative information is not restated.

At the transition date, the lease payments were discounted, as required under the transition approach chosen, using the incremental borrowing rate as per the transition date of January 1, 2019. The incremental borrowing rate is the rate of interest paid to borrow over a similar term with a similar security, the funds necessary to obtain an asset of similar value to the right of use asset.

The Group used an incremental borrowing rate equivalent to the prime lending rate of Commercial Banks within Trinidad and Tobago at the date of implementation for existing leases i.e. 1st January 2019. For leases commencing on or after 1st January 2019 Group will use the prime lending rate at the commencement of the lease contract. The prime rate was 9.25% during the year 2019.

2 **Significant accounting policies (continued)**

e. *Adoption of IFRS 16 Leases (continued)*

Factors influencing the use of the prime rate:
- The relative short-term nature of existing lease contracts i.e. up to 3 years.
- The Group has no borrowings other than liabilities for deposit savings by members, provisions and accounts payables for normal operational costs.
- The Group is very liquid with approximately $475m in cash and cash equivalent balances as at 1st January 2019. This value of liquid assets was 21% of Total Assets.

Compared with the previous accounting for operating leases under IAS 17, the application of the new standard has a significant impact on the classification of expenditures and cash flows. It also impacts the timing of expenses recognised in the statement of income. With effect from 2019, expenses related to leases previously classified as operating leases are presented under ‘Depreciation and amortisation’ and ‘Finance Cost’. Before 2019, these were mainly included in ‘Property Rental’. Payments related to leases previously classified as operating leases are presented under ‘Cash flow from financing activities’ (before 2019 these were included in ‘Cash flow from operating activities’).

The adoption of the new standard had an accumulated impact at January 1, 2019 of $0.2 million on equity following the recognition of lease liabilities of $6.4 million and additional right-of-use assets of $6.2 million.

The reconciliation of differences between the operating lease commitments disclosed under the prior standard and the additional lease liabilities recognised on the balance sheet at January 1, 2019 is as follows

Lease liabilities reconciliation

	$
Undiscounted future lease payments under operating leases at December 31, 2018	7,032,610
Impact of discounting	(670,086)
Additional lease liability at January 1, 2019	6,362,524
Finance lease liability at December 31, 2018	--
Total lease liability at January 1, 2019	6,362,524

f. *Property, plant & equipment*

Property, Plant & Equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using the straight line method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:

Buildings	-	2%
Furniture, fixtures and fittings	-	10%
Office and other equipment	-	10 - 25%
Computer hardware and software	-	10 - 25%
Motor vehicles	-	25%
Leasehold improvements	-	20%

No depreciation is provided on land and capital work-in-progress.

2 **Significant accounting policies (continued)**

f. *Property, plant & equipment (continued)*

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

g. *Financial instruments*

(i) *Financial assets*

Under IFRS9 - Policy applicable 1 January 2018

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories.

- Fair value through profit or loss (FVPL)
- Amortised cost

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) The Group's business model for managing the asset; and
(ii) The cash flow characteristics of the asset.

Based on these factors the Group classifies its debt instruments into one of the following three measurement categories:

a. <u>Amortised cost</u>

Financial assets are measured at amortised cost if the assets are held to collect the contractual cash flows and the cash flows represent solely payments of principal and interest (SPPI), and the Group has not designated the assets as FVPL. The carrying amount of these assets are adjusted by an expected credit loss allowance recognised and measured in note 3 (ii). Interest income from these financial assets are included in income using the effective interest rate method.

b. <u>Fair value through profit or loss</u>

Any financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at Fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss statement within 'Investment Income' in the period in which it arises. Interest income from these financial assets are recognised in 'Investment Income' using the effective interest rate method.'

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

(i) *Financial assets (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

b. Fair value through profit or loss (continued)

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objectives is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows from the sale of assets. If neither of these is applicable then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for the assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Reclassification

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the comparative periods.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Example of equity instruments include basic ordinary shares.

The Group subsequently measures all equity instruments at fair value through profit or loss. Gains and losses on equity investments at FVPL are included in the 'Investment Income' line in the statement of profit or loss.

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

(i) *Financial assets (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

b. Fair value through profit or loss (continued)

The following therefore summarises classifications of Financial Instruments in the business models applied by Eastern Credit Union.

Hold for Trading (FVPTL)	**Hold to Collect (Amortised Cost)**
Mutual funds	Cash
Equity instruments	Term Deposits
	Government and Government Guaranteed Bonds/Notes
	Corporate Bonds/Notes
	Accounts Receivables
	Loans

Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without due cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3 (ii) provides more detail of how expected credit loss allowance is measured.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

(i) *Financial assets (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

Modification of loans (continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a ‘new’ asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether the new financial asset recognised is deemed to be credit-impaired at initial recognition. Especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 3 (ii).

Derecognition other than a modification

Financial assets, or a potion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

(i) *Financial assets (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

Measurement methods

Initial recognition and measurement

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date on which the Group commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets or financial liabilities that are not designated at fair value through profit or loss are recognised initially, they are measured at fair value of the consideration given plus or minus transaction costs that are incremental and directly attributable to the acquisition of the asset.

Financial assets or financial liabilities that are designated at fair value through profit or loss are recognised initially at fair value of the consideration given, the transaction costs attributable to the acquisition are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments valued at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price in initial recognition, the Group recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest methods of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expired life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

(i) *Financial assets (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

Measurement methods (continued)

Amortised cost and effective interest rate (continued)

For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit impaired (see note 3 (ii)) at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of it's gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3') for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of expected credit loss provision).

(ii) *Financial liabilities*

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognized when they are extinguished (I.e. when the obligation specified in the contract is discharged, cancelled or expires).

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates and are assumed to have discounted cash flow values which approximate carrying values.

2 **Significant accounting policies (continued)**

(ii) *Financial liabilities (continued)*

Under IFRS9 - Policy applicable 1 January 2018 (continued)

Members' shares

Members' shares (permanent) are classified as equity and members' shares (non-permanent) are classified as liabilities and stated at fair value. In accordance with the Society's bye-laws, shareholdings comprise the following:-

(i) Section 6 (b) requires every member, not being a minor, to purchase four (4) special shares at twenty-five dollars ($25.00) each. These shares are classified as Members' shares (permanent). and

(ii) Section 7 requires that every member shall purchase at least one (1) ordinary share valued at five dollars ($5.00) each. These shares are classified as Members' shares (non-permanent).

Under IAS 39 – Policies applicable for the year ended December 2017

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Eastern Credit Union has classified its Financial Instruments as "Loans and receivables" – Cash, Loans to members, Receivables; "Financial assets" – available for sale and held-to-maturity and "Financial Liabilities" – Accounts Payable and Members' Deposits and Shares

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that arise as a result of the Group's normal business operations.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Loans to members

Loans to members are stated at principal amounts outstanding net of allowances for loan losses.

Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

2 Significant accounting policies (continued)

g. *Financial instruments (continued)*

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Investments

The Group has classified all investments into the following categories:

Available-for-sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available-for-sale investments are measured at fair value with unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange and other quoted market prices at the reporting date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is stated at cost, including transaction costs, less impairment losses.

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortised cost less provisions made for any permanent diminution in value. Amortised cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

Recognition of financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Group commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

2 **Significant accounting policies (continued)**

g. *Financial instruments (continued)*

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

(i) Significant financial difficulty of the issuer or obligor.

(ii) A breach of contract, such as default or delinquency in interest or principal payments.

(iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganisation.

(iv) The disappearance of an active market for that financial asset because of financial difficulties.

(v) Adverse changes in legal factors that negatively impact the borrower.

(vi) Severe deterioration of the borrowers assets that negatively impact the operations of the borrower.

(vii) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Group or national or economic conditions that correlate with defaults on assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

The difference between the assets’ carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate is recognised in the Statement of Comprehensive Income.

2 Significant accounting policies (continued)

g. *Financial instruments (continued)*

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

Financial liabilities

Classification and subsequent measurement

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest rate method.

Financial Liabilities are de-recognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates and are assumed to have discounted cash flow values which approximate carrying values.
Members' shares

Members' shares (permanent) are classified as equity and members' shares (non-permanent) are classified as liabilities and stated at fair value. In accordance with the Society's bye-laws, shareholdings comprise the following:-

(i) Section 6 (b) requires every member, not being a minor, to purchase four (4) special shares at twenty-five dollars ($25.00) each. These shares are classified as Members' shares (permanent). and

(ii) Section 7 requires that every member shall purchase at least one (1) ordinary share valued at five dollars ($5.00) each. These shares are classified as Members' shares (non-permanent).

2 **Significant accounting policies (continued)**

Under IAS 39 – Policies applicable for the year ended December 2017 (continued)

iii. *Financial liabilities (continued)*

h. *Leases (from January 1, 2019)*

A contract or parts of contracts, that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) are accounted for as leases. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed. The lease term is the non-cancellable period of a lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised or a termination option will not be exercised.

At the commencement of a lease contract, a right-of-use asset and a corresponding lease liability are recognised, unless the lease term is 12 months or less. The commencement date of a lease is the date the underlying asset is made available for use. The lease liability is measured at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. The lease liability includes contingent rentals and variable lease payments that depend on an index, rate, or where they are fixed payments in substance. The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate when the lease term changes following a reassessment.

Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. In general, a corresponding right-of-use asset is recognised for an amount equal to each lease liability, adjusted by the amount of any pre-paid lease payment relating to the specific lease contract. The depreciation on right-of-use assets is recognised in income.

Impairment of the right-of-use asset

Right-of-use assets are subject to existing impairment requirements as set out in ‘Property, plant and equipment’ (see Note 2 f).

Leases (prior to January 1, 2019)

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognised at the commencement of the lease term as finance leases within property, plant and equipment and debt at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt. All other leases are classified as operating leases and the cost is recognised in income on a straight-line basis.

2 **Significant accounting policies (continued)**

i. *Revenue recognition*

Loan interest

Interest charged on all loans to members is calculated between 0.50% to 1.75% per month on the outstanding balance at the end of each month in accordance with Section 12 of the Bye-laws and the General Loan Policy. Loan interest is accounted for on the accrual basis.

Investment income

Income from investments is accounted for on the accruals basis except for dividends, which are accounted for on a cash basis.

j. *Dividends payable to members*

Dividends are computed on the basis of the average value of shares held throughout the year, the average being determined on the basis of the lowest value of shares held in each month. Dividends that are proposed and declared after the reporting date are not shown as a liability in accordance with IAS #10 but are disclosed as a note to the consolidated financial statements.

k. *Foreign currency*

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

l. *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2 **Significant accounting policies (continued)**

m. *Employee benefits*

Employee Benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short -term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. These include wages, salaries, National Insurance contributions, paid annual leave and sick leave and non-monetary benefits such as medical care for current employees.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees. These can be classified as Defined contribution plans or Defined benefit plans.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Group pays monthly pension contributions on behalf of employees to an Annuity Plan managed by an Insurance Provider which is recognised as a defined contribution plan. Expenses related to this plan are recognised as personnel costs.

Defined-benefit plans

Defined-benefit plans are post-employment plans other than defined contribution plans, Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. The Group recognises as a defined benefit plan an obligation for permanent employees who attain a minimum of 15 years of continuous employment referred to as a Terminal Benefit. Eligible employees are paid these benefits upon resignation or retirement.

2 **Significant accounting policies (continued)**

m. *Employee benefits (continued)*

Defined-benefit plans (continued)

As at 31 December 2019, the Group has made a reliable estimate of the ultimate cost of the benefit that employees have earned for their service in the current and prior periods. In deriving this estimate the group made assumptions in respect to future salary increases; employee turnover and mortality. The ultimate cost of the benefit was discounted in order to determine the present value of the defined benefit obligation and the current service cost.

The Group does not set aside specific assets to meet the terminal benefit obligations. The liability recognised in the statement of financial position in respect of this obligation is the present value of the obligation.

The amounts recognised by the Group in profit or loss include the current service cost; any past service cost and gains or loss on settlement. The Group recognises in other comprehensive income any actuarial gains and losses.

n. *Intangible assets*

Intangible assets comprise separately identifiable items arising from computer software licenses. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight line method over the period the benefits from these assets are expected to be consumed, generally not exceeding 10 years. Intangible assets with an indefinite useful life are not amortised. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in the estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

The Group chooses to use the cost model for the measurement after recognition.

Intangible assets with indefinite useful life are tested annually for impairment and whenever there is an indication that the asset may be impaired.

o. *Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets when the following criteria are met –

- It is technically feasible to complete the software and use it
- Management intends to complete the software and use it
- There is an ability to use the software
- Adequate technical, financial and other resources to complete the development and to use it.
- The expenditure attributable to the software during its development can be reliably measured.

The software development costs are amortised using the straight-line method over their useful lives but not exceeding a period of 10 years.

2 **Significant accounting policies (continued)**

p. *Investment property*

Properties held for long term rental yields and capital appreciation, which is not substantially occupied by the Group are classified as investment properties. Investment properties comprise land and buildings and are stated at historical cost less accumulated depreciation as provided on a straight line basis.

q. *Comparative Information*

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. Comparative figures were adjusted to account for the restatement of Green Fund Levy and Employee Benefit Obligations. The impact of the restatement is summarised in Note 2r

r. *Restatement of Comparative information*

Certain comparative amounts in the Statement of Financial Position, the Statement of Comprehensive Income, the Statements of Changes in Equity and the Statements of Cash Flows have been re-represented as a result of correction of errors regarding the measurement of values disclosed. Where these corrections have occurred, the Group has labelled the restated comparative information with the heading ‘restated’.

The Group has presented a third statement of financial position as at the beginning of the preceding period, because the correction of errors has a material effect on the information in the statement. The Group has made the disclosures of these prior period errors in accordance with IAS 8. Accounting Policies, Changes in Accounting Estimates and Errors.

(i) The Government of Trinidad and Tobago introduced a Green Fund Levy in 2001 under the Miscellaneous Taxes Act. The Group had not made Green Fund Levy Payments on the income of the Society since the inception of the Fund. In 2019, The Ministry of Finance-Inland Revenue Division informed the Commissioner of Co-operative Development that Co-operative Societies are subject to Green Fund Levy Taxes. Consequentially, during 2019 as guided by the Inland Revenue Division, The Group paid outstanding Green Fund Levy for the years 2013 to 2018 and commenced making regular quarterly payments in respect to 2019 obligations. The adjustments included in the comparative amounts are to recognise the un-reported liability and expense associated with the Green Fund Levy obligation that should have been recognised in the prior years.

For financial years ended 31 December	Green fund levy expense $	Green fund levy liability $
2013	151,295	151,295
2014	161,696	312,991
2015	181,399	494,390
2016	584,831	1,079,211
2017	581,486	1,660,706
2018	548,521	2,209,227

2 **Significant accounting policies (continued)**

r. *Restatement of Comparative information (continued)*

(ii) The Group under-estimated a provision for Employee benefits by $17,282,382 as at 31 December 2018. These benefits are payable to employees who terminate their employment from within the Group after 15 years of permanent employment. The Group re-assessed the benefit obligation in accordance with the requirements of IAS 19 Employee Benefits which classified the benefit as a Defined Benefit Plan and established the criteria for recognition and measurement. The restated financials correct the underestimated liability of the Group associated with the plan in the comparative years 2018 and 2017.

For Financial Years Ended 31 December	Additional Provision Expensed $	Increase in Terminal Benefit Liability $
2017 and prior years	12,887,647	12,887,647
2018	4,394,735	17,282,382

(iii) In 2019, the Group conducted a property plant and equipment verification exercise and it was revealed that some assets were disposed of in the prior years of 2017 and 2018. The write off of these assets are recorded at a net value at $598,845. The adjustment also increased deferred tax liabilities by $494,334. The assets should have been written off in 2017.

The following details the adjustments made and the impact on the previously presented financials for the year 2018 and 2017.

2 **Significant accounting policies (continued)**

r. *Restatement of Comparative information (continued)*

Statement of Financial Position

Year end: 31 December 2018		**As previously presented** $	**Adjusted amount** $	**Restated Value** $
Assets:				
Investment properties	(iii)	19,550,767	(105,656)	19,445,111
Property plant and equipment	(iii)	95,914,800	(493,189)	95,421,611
Total assets		2.217,717,085	(598,845)	2,217,108,240
Liabilities:				
Accounts payable and accruals	(i)(ii)	97,711,211	19,491,609	117,202,820
Deferred taxation	(iii)	5,053,776	494,334	5,548,110
Total liabilities		2,000,999,965	19,985,943	2,020,985,908
Members' equity:				
Reserve fund	(i) (ii) (iii)	109,254,179	(2,058,479)	107,195,700
Undivided earnings	(i) (ii) (iii)	84,666,395	(18,526,309)	66,140,086
Total members' equity		216,707,120	(20,584,788)	196,122,332

Statement of Comprehensive Income

Year end: 31 December 2018		**As previously presented** $	**Adjusted amount** $	**Restated Value** $
Expenditure:				
Administrative expenses	(i) (iii)	54,137,496	544,314	54,681,810
Personnel costs	(ii)	65,509,669	4,394,735	69,904,404
Total expenditure		127,266,200	4,939,049	132,205,249
Surplus before taxation	(ii) (iii)	57,778,757	(4,939,049)	52,839,708
Taxation	(iii)	(1,102,585)	(172,949)	(1,275,534)
Surplus		56,676,172	(5,111,998)	51,564,174

2 **Significant accounting policies (continued)**

r. *Restatement of Comparative information (continued)*

Statement of Cash Flow

Year end: 31 December 2018		**As previously presented $**	**Adjusted amount $**	**Restated Value $**
Operating activities:				
Net surplus before taxation	(i) (ii) (iii)	57,778,757	(4,939,049)	52,839,708
Net change in accounts payable and accruals	(i) (ii)	14,758,362	4,943,256	19,701,618
Cash provided from operating activities	(iii)	119,254,353	4,207	119,258,560
Investing activities:				
Net change in Property Plant & equipment	(iii)	(15,197,371)	(2,990)	(15,200,361)
Increase in Investment Property	(iii)	24,149	(1,217)	22,932
Cash used in investing activities	(iii)	(70,305,865)	(4,207)	(70,310,072)

Statement of Financial Position

Year end: 31 December 2017		**As previously presented $**	**Adjusted amount $**	**Restated Value $**
Assets:				
Investment property	(iii)	19,574,916	(106,873)	19,468,043
Property plant and equipment	(iii)	88,937,673	(496,179)	88,441,494
Total assets		2,133,628,199	(603,052)	2,133,025,147
Liabilities:				
Accounts payable and accruals	(i) (ii)	82,952,848	14,548,354	97,501,202
Deferred Taxation	(iii)	4,070,257	321,385	4,391,642
Total liabilities		1,925,758,968	14,869,739	1,940,628,707
Members' equity:				
Reserve fund	(i) (ii) (iii)	103,584,506	(1,547,279)	102,037,227
Undivided earnings	(i) (ii) (iii)	78,276,107	(13,925,512)	64,350,995
Total members' equity		207,869,231	(15,472,791)	192,396,440

3 Financial risk management

Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk, price risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Group to manage these risks are discussed below:

(i) *Interest rate risk*

The Group is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

(a) *Bonds*

The Group invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments.

The market values of the floating rate bonds are not very sensitive to changes in interest rates. The market values of the fixed rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market value will not impact the Statement of Comprehensive Income.

The Group actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

As at 31 December 2019, if interest rates had been 1% higher/lower with all other variables held constant, net equity would have been $3,147,826 (2018: $2,021,201) lower/higher, mainly as a result of lower/higher unrealized losses/gains on fixed rate investments.

(b) *Loans*

The Group generally invests in fixed rate loans to members for terms that average five years, however, mortgage loans can extend to a maximum of twenty-five (25) years. These are funded mainly from member deposits and shares and loan repayments.

3 **Financial risk management (continued)**

Financial risk factors

(i) *Interest rate risk*

Interest rate sensitivity analysis

The Group's exposure to interest rate risk is summarised in the table below, which analyses financial assets and liabilities at their carrying amounts categorised according to their maturity dates.

				2019		
	Effective Rate	Up to 1 year $	1 to 5 years $	Over 5 years $	Non-Interest Bearing $	Total $
Financial assets						
Cash in hand and at bank	1.41%	284,118,352	--	--	149,513,864	433,632,216
Investment Securities	2.76%	160,169,367	55,248,733	133,367,532	47,420,922	396,206,554
Loans to members	11.23%	381,910,192	734,222,664	200,872,210	--	1,317,005,066
Accounts receivable	--%	--	--	--	17,000,868	17,000,868
Total financial assets		826,197,911	789,471,397	334,239,742	213,935.654	2,163,844,704
Financial liabilities						
Accounts payable and accruals	--%	--	--	--	110,038,190	110,038,190
Finance Lease Liability	9.25%	3,382,709	2,628,675	--	--	6,011,384
Members' deposits	0.82%	516,925,820	--	--	--	516,925,820
Members' shares	--%	--	--	--	1,458,614,606	1,458,614,606
Total financial liabilities		520,308,529	2,628,675	--	1,566,652,796	2,089,590,000
Interest sensitivity gap		305,889,382	786,842,722	334,239,742		

3 **Financial risk management (continued)**

Financial risk factors (continued)

(i) *Interest rate risk (continued)*

Interest rate sensitivity analysis (continued)

	Effective Rate	Restated 2018 Up to 1 year $	 1 to 5 years $	 Over 5 years $	 Non-Interest Bearing $	 Total $
Financial assets						
Cash in hand and at bank	0.60%	209,788,074	--	--	265,228,744	475,016,818
Investment Securities	3.78%	126,517,106	45,165,757	67,128,093	37,418,648	276,229,604
Loans to members	11.52%	360,921,434	738,368,148	218,554,592	--	1,317,844,174
Accounts receivable	--%	--	--	--	24,664,508	24,664,508
Total financial assets		697,226,614	785,533,905	285,682,685	327,311,900	2,093,755,104
Financial liabilities						
Accounts payable and accruals – restated	--%	--	--	--	117,202,820	117,202,820
Members' deposits	0.83%	456,271,739	--	--	--	456,271,739
Members' shares	--%	--	--	--	1,441,962,387	1,441,962,387
Total financial liabilities		456,271,739	--	--	1,559,165,207	2,015,436,946
Interest sensitivity gap		240,954,875	785,533,905	285,682,685		

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group relies heavily on its written Policies and Procedures Manuals, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Group's lending philosophy; provide policy guidelines to team members involved in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Group's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of exposure to any single financial institution.

The Group also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). This similar approach is used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Expected credit loss management

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is high credit quality on initial recognition is classified as 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Further explanation is provided below of how the Group determines appropriate groupings when ECL is measured on a collective basis.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition
←---→

Stage 1 (Initial recognition)	**Stage 2 (Significant increase in credit risk since initial recognition)**	**Stage 3 (Credit-impaired assets)**
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard is discussed below.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

High credit quality on initial recognition

The Group considers a financial instrument to be high credit quality on initial recognition if

- The borrower meets the established criteria for credit assessment at initial recognition.
- The borrower holds collateral as members' shares that covers a minimum of 33.3% of the Loan.
- The borrower meets contractual payments on or within 30 days of the due date.

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative and qualitative criteria have been met:

Quantitative criteria

- The borrower is more than 30 days past due on its contractual payments
- The remaining lifetime PD at the reporting date has increased, compared to the residual value Lifetime PD expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold as per the table below.

Government and corporate bonds

Lifetime PD Band at initial recognition as per S&P ratings	**Change in credit quality since initial recognition --- Increase in lifetime PD that is considered significant**		
	Stage 1	Stage 2	Stage 3
AAA	AAA – AA-	A+ - C	D
AA+	AA+ - A+	A – C	D
AA	AA – A	A- - C	D
AA-	AA- - A-	BBB+ - C	D
A+	A+ - BBB+	BBB – C	D
A	A – BBB	BBB- - C	D
A-	A- - BBB-	BB+ - C	D
BBB+	BBB+-BB+	BB – C	D
BBB	BBB-BB	BB- -C	D
BBB-	BBB- - BB-	B+ - C	D
BB+	BB+ - B+	B - C	D
BB	BB – B	B- - C	D
BB-	BB- - B-	CCC+ - C	D
B+	B+ - B-	CCC+ - C	D
B	B – B-	CCC+ - C	D
B-	B-	CCC + C	D

Bonds rated AAA to BBB are investment grade assets. The issuer has adequate capacity to meet financial commitments. Bonds rated BB to B are speculative grade assets. The issuer has the capacity to meet financial commitments however the issuer has a higher level of vulnerability to adverse business, financial and economic conditions than are observed with investment grade assets.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Bonds rated CCC+ to C carry substantial risk are highly speculative with imminent default potential. Bonds carrying these ratings are classified at Stage 2 by the Group. Bonds rated D have had a payment default or breached an imputed commitment. This rating may also be used when the issuer has filed a bankruptcy petition or taken similar action.

These thresholds have been determined separately for Loans and Government/Corporate Bonds by assessing how the lifetime PD moves prior to an instrument becoming delinquent. The Lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the “natural” movement in Lifetime PD which is now considered indicative of a significant increase in credit risk.

Qualitative criteria

For Loan portfolios, if the borrower meets one or more of the following criteria:
- In short-term forbearance (payment relief arrangements)
- Direct debit cancellation
- Extension to the terms granted

For Investment portfolios, if the borrower or the instrument meets one or more of the following criteria.
- Significant increase in credit spread – The market interest yield for an investment security increases by 100 basis points above other similar financial instruments with the same expected life.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates where the changes are expected to reduce the borrowers surplus, investor ratios and/or cashflows below that which was evaluated on acquisition.
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral values (secured facilities only) which is expected to increase risk of default e.g. where house prices have declined such that borrowers have an incentive to default on mortgages.
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets on of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Qualitative criteria

The borrower meets unlikeliness to par criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long term forbearance (payment relief arrangements)
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss given Default (LGD) throughout the Group's expected loss calculations.

Decrease in credit risk

Loans that have been assessed as indicating increased credit risk may be cured whereby the credit risk of the loan has decreased. The Group would consider a history of six months of timely payment performance against existing or modified contract terms to determine if the credit risk has decreased.

Measuring ECL – explanation of Inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), Exposure at default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and available collateral and other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The ECL is determined by calculating the PD, LGD and EAD for each individual exposure or collective segment. These three components are multiplied together and adjusted for forward looking economic assumptions.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and Lifetime EADs are determined on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayments/refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to note for an explanation of forward-looking information and its inclusion in ECL calculations.

Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.
These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The Group applied professional judgement to determine a base economic scenario and to estimate the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario the Group considered two other possible scenarios, an ‘upside’ and a ‘downside’ scenario, along with scenario weightings. The Group determined that these three scenarios were appropriate to assess the impact the economic outlook may have on the default rates within its portfolios at 31 December 2019.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The Group incorporated the weighted average of the probability of the scenario outcomes as a multiplier within the ECL model to arrive at a probability weighted ECL value which catered for the risks associated with a change in the economic conditions.

As with any economic forecasts, the projections and likelihood of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent the best possible outcomes.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2019 are set out below. The scenarios “base”, “upside” and “downside” were used for the Loan portfolio.

Base case scenario Variables	**State**	**Multiplier**	**Weight**	**Score**
Unemployment rate	Stable	1.1	0.5	0.55
GDP Growth	Positive	0.8	0.4	0.32
Inflation Rate	Negative	1.3	0.1	0.13
Score				1.00
Probability of impact				80%
Upside Scenario Variables	**State**	**Multiplier**	**Weight**	**Score**
Unemployment Rate	Positive	0.8	0.5	0.40
GDP Growth	Positive	0.8	0.4	0.32
Inflation rate	Stable	1.1	0.1	0.11
Score				0.83
Probability of impact				10%
Downside Scenario Variables	**State**	**Multiplier**	**Weight**	**Score**
Unemployment rate	Negative	1.3	0.5	0.65
GDP Growth	Stable	1.1	0.4	0.44
Inflation Rate	Negative	1.3	0.1	0.13
Score				1.22
Probability of impact				10%
Weighted average adjustment factor:				1.01

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The economic variable assumptions used for the Loan Portfolio as at 31 December 2018 were as follows:

Base case scenario Variables	State	Multiplier	Weight	Score
Unemployment rate	Stable	1.1	0.5	0.55
GDP Growth	Stable	1.1	0.4	0.44
Inflation Rate	Stable	1.1	0.1	0.11
Score				1.1
Probability of impact				80%

Upside Scenario Variables	State	Multiplier	Weight	Score
Unemployment Rate	Positive	0.7	0.5	0.35
GDP Growth	Positive	0.7	0.4	0.28
Inflation rate	Positive	0.7	0.1	0.07
Score				0.70
Probability of impact				10%

Downside Scenario Variables	State	Multiplier	Weight	Score
Unemployment rate	Negative	1.3	0.5	0.65
GDP Growth	Negative	1.3	0.4	0.52
Inflation Rate	Negative	1.3	0.1	0.13
Score				1.3
Probability of impact				10%
Weighted average adjustment factor:				1.08

The Group considered its internal circumstances as well as macroeconomic variables in establishing the expected scenarios for the Loan Portfolio. In determining its ability to improve risks associated with its loan portfolio, the Group considered its Governance structure for assessing credit facilities and it processes for managing past due accounts. The Group is expected to continue to enhance its Credit administration processes in 2020 which commenced in 2019 following the recruitment of a new Executive Manager - Credit. Improvements in the Collections process for past due accounts is also anticipated.

The macroeconomic variables of the Trinidad and Tobago economy considered in the above scenarios were employment trends; GDP Growth and inflation.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

The assessment of these variables was based on information available on the expected performance of these indicators as at December 31, 2019. The forward-looking Indicator was 1.01 as at 31 December 2019 (2018: 1.08). The reduction in the indicator was due to Management's reassessment of the GDP Growth for Trinidad and Tobago from Stable to Positive and the expected improvements to the internal credit assessment process and management of past due accounts.

The scenarios "base", "upside" and "downside" were used for the Investment portfolio as at 31 December 2019 was as follows.

Trinidad & Tobago					
	Debt to GDP	**GDP Growth**	**Energy Production**	**Score**	**Weight**
Base Case	Stable	Positive	Stable	0.9	80%
Upside Scenario	Positive	Positive	Positive	0.6	10%
Downside Scenario	Stable	Stable	Negative	1.3	10%
Forward Looking Multiplier					**0.91**

Government of Belize					
	Debt to GDP	**GDP Growth**		**Score**	**Weight**
Base Case	Stable	Positive		0.9	80%
Upside Scenario	Stable	Positive		1	10%
Downside Scenario	Negative	Stable		1.5	10%
Forward Looking Multiplier					**0.95**

General Electric					
	Global GDP Growth	**GE EPS**		**Score**	**Weight**
Base Case	Positive	Positive		0.7	80%
Upside Scenario	Positive	Positive		0.8	10%
Downside Scenario	Stable	Stable		1	10%
Forward Looking Multiplier					0.74

The Group considered its internal circumstances as well as macroeconomic and other external variables in establishing the expected scenarios for the Investment Portfolio.

In determining its ability to undertake risks associated with its investment portfolio, the Group considered its constraints and developed an appropriate investment strategy supported by a governance and management process which is documented in an Investment Policy Statement. This investment policy was last reviewed in 2019 and is scheduled to be reviewed every three years. The Group undertakes Investment activity within a business model to hold to collect the contractual cash flows.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Economic variable assumptions (continued)

The external macroeconomic and other variables considered in the above scenarios were:

- Government of Trinidad and Tobago – GDP Growth; Debt to GDP and Energy Production
- Government of Belize – Debt to GDP and GDP Growth
- General Electric – Global GDP Growth and Earnings per share

The assessment of these variables was based on information available on the expected performance of these indicators as at December 31, 2019.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been, but are not deemed to have a material impact and therefore no adjustments have been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Credit risk exposure

Maximum exposure to credit risk – financial instruments subject to impairment

		2019		
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loans to members	669,614,440	558,172,476	151,236,909	1,379,023,825
Loss Allowance	(809,233)	(4,644,830)	(56,564,696)	(62,018,759)
Carrying Amount	668,805,207	553,527,646	94,672,213	1,317,005,066
Investment Securities – Amortised Cost	309,114,541	--	16,063,610	325,178,151
Loss Allowance	(269,629)	--	(10,125,950)	(10,395,579)
Carrying Amount	308,844,912	--	5,937,660	314,782,572

		2018		
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loans to members	361,614,784	872,256,084	138,927,812	1,372,798,680
Loss Allowance	(135,201)	(6,096,925)	(48,722,380)	(54,954,506)
Carrying Amount	361,479,583	866,159,159	90,205,432	1,317,844,174
Investment Securities Amortised Cost	197,112,102	--	17,063,610	214,175,712
Loss Allowance	(116,310)	--	(11,939,349)	(12,055,659)
Carrying Amount	196,995,792	--	5,124,261	202,120,053

3 Financial risk management (continued)

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between stages 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down" between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs. EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time as ECL is measured on a present Value basis;
- Financial Assets written off during the period and allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loans to members	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Loss allowance as at 1 January 2019	135,201	6,096,925	48,722,380	54,954,506
Movements with P&L Impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(4,426)	49,175	--	44,749
Transfer from Stage 1 to Stage 3	(4,365)	--	2,858,554	2,854,189
Transfer from Stage 2 to Stage 1	61,054	(521,732)	--	(460,678)
Transfer from Stage 2 to Stage 3	--	(603,600)	32,930,127	32,326,527
New Loans assets originated	613,346	3,592,185	547,478	4,753,009
Changes in PDs, LGDs, EADs	18,804	(1,634,213)	(2,906,159)	(4,521,568)
Repayments	(10,381)	(2,333,910)	(16,941,355)	(19,285,646)
Total net P&L charge during the period	674,032	(1,452,095)	16,488,645	15,710,582
Other movements with no P&L impact:				
Write offs	--	--	(8,646,329)	(8,646,329)
Loss allowance as at 31 December 2019	809,233	4,644,830	56,564,696	62,018,759

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Loans to members	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Loss allowance as at 1 January 2018	1,610,439	3,977,392	85,395,993	90,983,824
Movements with P&L Impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(213,664)	564,866	--	351,202
Transfer from Stage 1 to Stage 3	(16,252)	--	3,248,753	3,232,501
Transfer from Stage 2 to Stage 1	135,334	(357,783)	--	(222,449)
Transfer from Stage 2 to Stage 3	--	(236,222)	17,861,963	17,625,741
New Loans assets originated	127,929	1,298,403	1,479,271	2,905,603
Changes in PDs, LGDs, EADs	(733,550)	1,455,075	(19,464,546)	(18,743,021)
Repayments	(775,035)	(604,806)	(7,778,999)	(9,158,840)
Total net P&L charge during the period	(1,475,238)	2,119,533	(4,653,558)	(4,009,263)
Other movements with no P&L impact:				
Write offs	--	--	(32,020,055)	(32,020,055)
Loss allowance as at 31 December 2018	135,201	6,096,925	48,722,380	54,954,506

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Investment Securities	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Loss allowance as at 1 January 2019	116,310	--	11,939,349	12,055,659
Movements with P&L Impact				
New Securities purchased	160,542	--	--	160,542
Changes in PDs, LGDs, EADs	6,136	--	(813,399)	(807,263)
Securities derecognized	(13,359)	--	--	(13,359)
Total net P&L charge during the period	153,319	--	(813,399)	(660,080)
Other movements with no P&L impact:				
Write offs	--	--	(1,000,000)	(1,000,000)
Loss allowance as at 31 December 2019	269,629	--	10,125,950	10,395,579

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Investment Securities	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Loss allowance as at 1 January 2018	97,560	--	11,939,349	12,036,909
Movements with P&L Impact				
New Securities purchased	35,802	--	--	35,802
Changes in PDs, LGDs, EADs	(4,868)	--	--	(4,868)
Repayments	(12,184)	--	--	(12,184)
Total net P&L charge during the period	18,750	--	--	18,750
Loss allowance as at 31 December 2018	116,310	--	11,939,349	12,055,659

The following table further explains changed in the gross carrying amount of the loan portfolio to help explain the significance to the changes in the loss allowance for the Financial Asset categories:

Loans to members	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Gross carrying amount as at 1 January 2019	361,614,784	872,256,084	138,927,812	1,372,798,680
Transfers:				
Transfer from Stage 1 to Stage 2	(11,826,194)	8,757,132	--	(3,069,062)
Transfer from Stage 1 to Stage 3	(11,665,516)	--	10,488,153	(1,177,363)
Transfer from Stage 2 to Stage 1	60,985,205	(74,641,613)	--	(13,656,408)
Transfer from Stage 2 to Stage 3	--	(86,353,936)	79,083,320	(7,270,616)
New Loans assets originated	401,573,931	186,382,067	2,019,502	589,975,500
Changes in Amortised Costs	(96,526,419)	(33,005,852)	(6,320,728)	(135,852,999)
Repayments	(34,541,351)	(315,221,406)	(64,314,821)	(414,077,578)
Write offs	--	--	(8,646,329)	(8,646,329)
Gross carrying amount as at 31 December 2019	669,614,440	558,172,476	151,236,909	1,379,023,825

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Loans to members	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Gross carrying amount as at 1 January 2018	659,782,574	616,064,787	174,927,207	1,450,774,568
Transfers:				
Transfer from Stage 1 to Stage 2	(87,492,974)	80,812,462	--	(6,680,512)
Transfer from Stage 1 to Stage 3	(6,654,825)	--	9,263,550	2,608,725
Transfer from Stage 2 to Stage 1	361,643,306	(55,417,638)	--	306,225,668
Transfer from Stage 2 to Stage 3	--	(36,588,875)	50,931,901	14,343,026
New Loans assets originated	341,855,371	185,755,927	4,218,019	531,829,317
Changes in Amortised Costs	(590,150,092)	175,308,689	(52,458,121)	(467,299,524)
De-recognised	(317,368,576)	(93,679,268)	(15,934,689)	(426,982,533)
Write offs	--	--	(32,020,055)	(32,020,055)
Gross carrying amount as at 31 December 2018	361,614,784	872,256,084	138,927,812	1,372,798,680

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

Investment Securities	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Gross carrying amount as at 1 January 2019	197,112,102	--	17,063,610	214,175,712
New Securities purchased	203,546,028	--	--	203,546,028
Changes in Amortised cost	(3,567,013)	--	--	(3,567,013)
Repayments	(87,976,576)	--	--	(87,976,576)
Write offs	--	--	(1,000,000)	(1,000,000)
Gross carrying amount as at 31 December 2019	309,114,541	--	16,063,610	325,178,151

Investment Securities	**Stage 1 12-month ECL $**	**Stage 2 Lifetime ECL $**	**Stage 3 Lifetime ECL $**	**Total $**
Gross carrying amount as at 1 January 2018	**141,230,836**	**--**	**17,063,610**	**158,294,446**
New Securities purchased	77,384,000	--	--	77,384,000
Changes in Amortised cost	(3,502,734)	--	--	(3,502,734)
De-recognised	(18,000,000)	--	--	(18,000,000)
Gross carrying amount as at 31 December 2018	197,112,102	--	17,063,610	214,175,172

3 **Financial risk management (continued)**

Financial risk factors (continued)

(ii) *Credit risk (continued)*

Significant increase in credit risk (continued)

Credit risk exposure (continued)

	31 December 2019			
	Loans to members	**Financial Assets (amortised cost)**	**Accounts Receivable**	**Cash and cash equivalents**
Stage 1	669,614,440	309,114,541	17,000,868	433,632,216
Stage 2	558,172,476	--	--	--
Stage 3	151,236,909	16,063,610	186,231	--
Gross	1,379,023,825	325,178,151	17,187,099	433,632,216
Allowance for Impairment	(62,018,759)	(10,395,579)	(186,231)	--
Net	1,317,005,066	314,782,572	17,000,868	433,632,216

	31 December 2018			
	Loans to members	**Financial Assets (amortised cost)**	**Accounts Receivable**	**Cash and cash equivalents**
Stage 1	361,614,784	197,112,102	24,664,508	475,016,818
Stage 2	872,256,084	--	--	--
Stage 3	138,927,812	17,063,610	190,231	--
Gross	1,372,798,680	214,175,712	24,854,739	475,016,818
Allowance for Impairment	(54,954,506)	(12,055,659)	(190,231)	--
Net	1,317,844,174	202,120,053	24,664,508	475,016,818

3 Financial risk management (continued)

Financial risk factors (continued)

(iii) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The Group is able to make daily calls on its available cash resources to settle financial and other liabilities.

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. The Group employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Group's assets as well as generating sufficient cash from new and renewed members' deposits and shares.

To manage and reduce liquidity risk the Group's management actively seeks to match cash inflows with liability requirements.

Liquidity gap

The Group's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the Balance Sheet date to the contractual maturity date.

			2019		
	Up to 1 year TTD	**1 to 5 years TTD**	**Over 5 years TTD**	**Total TTD**	**Carrying Values TTD**
Assets					
Cash and cash equivalents	433,632,216	--	--	433,632,216	433,632,216
Investment Securities	227,892,869	107,512,469	115,499,867	450,905,205	396,206,554
Loans to members	402,983,318	861,113,588	361,081,465	1,625,178,371	1,317,005,066
Accounts receivable	17,000,868	--	--	17,000,868	17,000,868
Total financial assets	1,081,509,271	968,626,057	476,581,332	2,526,716,660	2,163,844,704
Financial liabilities					
Accounts payable and accruals	94,395,558	9,852,636	5,789,996	110,038,190	110,038,190
Finance Lease Liability	3,762,970	2,722,500		6,485,470	6,011,384
Members' deposits	521,188,954	--	--	521,188,954	516,925,820
Members' shares (non-permanent)	1,458,614,606	--	--	1,458,614,606	1,458,614,606
Total financial liabilities	2,077,962,088	12,575,136	5,789,996	2,096,327,220	2,091,590,000
Liquidity gap	(996,452,817)	956,050,921	470,791,336	430,389,440	

3 **Financial risk management (continued)**

Financial risk factors (continued)

(iii) *Liquidity risk (continued)*

Liquidity gap (continued)

	Up to 1 year TTD	1 to 5 years TTD	2018 Over 5 years TTD	Total TTD	Carrying Values TTD
Assets					
Cash and cash equivalents	475,016,818	--	--	475,016,818	475,016,818
Investment Securities	174,510,597	62,603,803	82,135,388	319,249,788	276.229.604
Loans to members	373,558,051	817,145,203	323,027,562	1,513,730,816	1,317,844,174
Accounts receivable	24,664,508	--	--	24,664,508	24,664,508
Total financial assets	1,047,749,974	879,749,006	405,162,950	2,332,661,930	2,093,755,104
Financial liabilities					
Accounts payable and accruals – restated	100,668,543	10,969,529	5,564,748	117,202,820	117,202,820
Members' deposits	460,074,744	--	--	460,074,744	456,271,739
Members' shares (non-permanent	1,441,962,387	--	--	1,441,962,387	1,441,962,387
Total financial liabilities	2,002,705,674	10,969,529	5,564,748	2,019,239,951	2,015,436,946
Liquidity gap	(954,955,700)	868,779,477	399,598,202	313,421,979	

(iv) *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The operation of a Bureau de Charge at the various branches also provide exposure to currency risk. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

As at 31 December 2019	**TTD**	**USD**	**Other**	**Total**
Financial assets				
Cash and cash Equivalents	426,935,924	5,227,629	1,468,663	433,632,216
Investment securities	385,103,161	10,408,085	695,308	396,206,554
Loans to members	1,317,005,066	--	--	1,317,005,066
Accounts receivable	17,000,868	--	--	17,000,868
Total financial assets	2,146,045,019	15,635,714	2,163,971	2,163,844,704

3 **Financial risk management (continued)**

Financial risk factors (continued)

(iv) *Currency risk (continued)*

As at 31 December 2019	**TTD**	**USD**	**Other**	**Total**
Financial liabilities				
Accounts payable and Accruals	110,038,190	--	--	110,038,190
Finance lease liability	6,011,384	--	--	6,011,384
Members' deposits	516,925,820	--	--	516,925,820
Members' shares (non permanent)	1,458,614,606	--	--	1,458,614,606
Total financial liabilities	2,091,590,000	--	--	2,091,590,000
Net position	54,455,019	15,635,714	2,163,971	

As at 31 December 2018	**TTD**	**USD**	**Other**	**Total**
Financial assets				
Cash and cash Equivalents	466,367,678	6,822,148	1,826,992	475,016,818
Investment securities	270,844,955	5,384,649	--	276,229,604
Loans to members	1,317,844,174	--	--	1,317,844,174
Accounts receivable	24,664,508	--	--	24,664,508
Total financial assets	2,079,721,315	12,206,797	1,826,992	2,093,755,104

As at 31 December 2018	**TTD**	**USD**	**Other**	**Total**
Financial liabilities				
Accounts payable and Accruals -restated	117,202,820	--	--	117,202,820
Members' deposits	456,271,739	--	--	456,271,739
Members' shares (non permanent)	1,441,962,387	--	--	1,441,962,387
Total financial liabilities	2,015,436,946	--	--	2,015,436,946
Net position	64,284,369	12,206,797	1,826,992	

3 Financial risk management (continued)

Financial risk factors (continued)

(iv) *Currency risk (continued)*

Included in the category “Other” are assets denominated in the following currencies: UK pound sterling; Canadian Dollars; Barbados Dollars and Eastern Caribbean Dollars. A 500 basis point depreciation of the $TT against any of these currencies will have an immaterial impact on the Group’s surplus.

If the TT$ were to appreciate by 100 basis points against the US$ the profit would decrease by approximately $0.16m. (In 2017 it would have decreased by 0.12m). In 2019 the TT$ depreciated by 2 basis points against the US$ and in 2018 the TT$ depreciated by 6 basis points.

(v) *Fair values*

The following table summarizes the carrying amounts and fair values of the Group’s financial assets and liabilities:

	2019	
	Carrying value TTD	**Fair value TTD**
Financial assets		
Cash in hand and at bank	433,632,216	433,632,216
Investment securities (amortised cost)	314,782,572	315,333,619
Investment securities (FVPTL)	81,423,982	81,423,982
Loans to members	1,317,005,066	1,317,005,066
Accounts receivable	17,000,868	17,000,868
Financial liabilities		
Accounts payable and accruals	110,038,190	110,038,190
Finance lease liability	6,011,384	6,011,384
Members deposits	516,925,820	516,925,820
Members’ shares (non-permanent)	1,458,614,606	1,458,614,606

	2018	
	Carrying value TTD	**Fair value TTD**
Financial assets		
Cash in hand and at bank	475,016,818	475,016,818
Investment securities (amortised cost)	202,120,053	204,102,943
Short-term investments (FVTPL)	74,109,551	74,109,551
Loans to members	1,317,844,174	1,317,844,174
Accounts receivable	24,664,508	24,664,508
Financial liabilities		
Accounts payable and accruals - restated	117,202,820	117,202,820
Members deposits	456,271,739	456,271,739
Members’ shares (non-permanent)	1,441,962,387	1,441,962,387

3 **Financial risk management (continued)**

Financial risk factors (continued)

(v) *Fair values (continued)*

Fair value is the measurement-date price received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

(i) *Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and cash equivalents.

(ii) *Accounts receivable*

The carrying amounts of accounts receivable are a reasonable approximation of the fair values because of their short-term nature. This valuation is based on Level 3 inputs.

(iii) *Members' loans*

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with unconsolidated financial statement amounts. This valuation is based on Level 3 inputs.

(iv) *Investments*

The fair values of investments that are FVTPL are determined based on market prices available at 31 December 2019. Investments at amortised cost are measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest methods of any difference between that initial amount and the maturity amount. This valuation is based on Level 3 inputs.

(v) *Accounts payable and accruals*

Settlement of these liabilities are either on demand by the Creditor or subject to normal credit terms up to 30 days. This valuation is based on Level 3 inputs.

(vi) *Members' deposit*

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values, which approximate carrying values. Repayment to depositors are made on demand or when contractually due up to a maximum of one (1) year. This valuation is based on Level 3 inputs.

(vii) *Members' shares (non-permanent)*

Shares are valued at par ($5.00) each. Withdrawals by members are allowed subject to written notice of up to 60 days as per the Society's Bye Law 7. (c). Shares qualify for dividends distributed from Surplus at the rate approved by the Annual General Meeting of the Society's membership. This valuation is based on Level 3 inputs.

3 **Financial risk management (continued)**

Financial risk factors (continued)

(v) *Fair values (continued)*

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.
The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

As at 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**$**	**$**	**$**	**$**
Fair valued financial assets:				
Investment securities – debt	--	36,961,399	--	36,961,399
Investment securities – equity	44,462,583	--	--	44,462,583
Total financial assets	44,462,583	36,961,399	--	81,423,982

As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**$**	**$**	**$**	**$**
Fair valued financial assets:				
Investment securities – debt	--	38,565,902	--	38,565,902
Investment securities – equity	35,543,649	--	--	35,543,649
Total financial assets	35,543,649	38,565,902	--	74,109,551

4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Group's accounting policies. See Note 2 (c).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Consolidated Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements, are as follows:

(i) *Estimation of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3 (ii). Which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- Determining criteria for high credit quality.
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3 (ii).

(ii) *The value of fair value through profit or loss financial assets*.

The Group uses the TTSE index to determine the fair value of financial assets which primarily comprise listed local equities. The carrying amount of fair value of financial assets would increase by $0.8m if the index is increased by 100 basis points from management's estimates (2018 - $0.7m).

(iii) *Fixed assets*

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

4 **Critical accounting estimates and judgments (continued)**

(iv) *Leases*

A lease term includes optional lease periods where it is reasonably certain to exercise the option to extend or not to exercise the option to terminate the lease. Determination of the lease term is subject to judgement and has an impact on the measurement of the lease liability and related right-of-use asset.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation. The incremental borrowing rate is determined using the risk-free rate over a matched term, adjusted for factors such as the credit rating of the lessee and the borrowing currency.

The operating leases that were recognised on the balance sheet following the adoption of IFRS 16 (see Note 2. (e)) were measured applying an incremental borrowing rate at transition date to the payments under these lease contracts. To determine the incremental borrowing rate for each lease contract, a risk-free rate at transition date was applied, adjusted for other factors such as the credit rating of the Group and the term of the lease contract. All factors are subject to estimation. If a higher or lower incremental borrowing rate had been applied, the lease liability and corresponding right-of-use asset would respectively have been lower or higher. The incremental borrowing rate will not be revised each period and will not result in a material adjustment to the carrying amount of lease liability and right-of-use asset in the future years.

(v) *Employee retirement benefit*

The present value of the employee retirement benefit obligations depends on a number of factors that are determined on using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the obligation.

The assumptions used in determining the net cost (income) for benefits include the discount rate, salary increases, employee turnover and mortality. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of Trinidad and Tobago Government sovereign bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. In determining the salary increases, the Group considered an historical average of salary inflation. The employee turnover was based on a historical employee retention rates experienced by the Group. For mortality, the group also considered mortality tables and improvement scales based on experience studies. (see note 15.ii for sensitivity).

5 Cash and cash equivalents

	31 December		
	2019 TTD	**2018 TTD**	**2017 TTD**
Money market mutual funds	214,855,511	156,746,707	136,890,328
Current/savings accounts	203,169,660	305,586,279	258,482,437
Cash in hand	15,607,045	12,683,832	11,954,647
	433,632,216	475,016,818	407,327,412

6 Investment Securities – amortised cost

	31 December		
	2019 TTD	**2018 TTD**	**2017 TTD**
Measured at Amortised cost:			
ANSA Merchant Bank fixed deposit	--	7,000,000	--
Bourse Securities repo agreement	15,000,000	3,000,000	--
FCIS-Fixed Income Paper	3,408,286	7,000,000	--
JMMB			
-Secured Notes	--	10,000,000	--
-Fixed Deposits	7,000,000	--	--
-Repurchase agreement	5,000,000	2,000,000	--
Republic Bank Sync Fixed Deposit	50,000,000	40,000,000	12,000,000
Bonds:			
ANSA Merchant Bank Ltd.	8,000,000	8,000,000	--
Government of Trinidad and Tobago	138,593,238	60,295,567	60,355,124
Government of Belize	7,063,610	7,063,610	7,063,610
HDC Fixed Rate Loan	3,600,000	6,000,000	8,400,000
First Citizens Bank Limited	4,000,000	4,000,000	3,999,250
National Insurance Property Development Company Limited	26,648,581	6,118,597	6,129,011
National Investment Fund Bond	5,384,000	5,384,000	--
Prestige Holdings Limited	707,195	909,295	1,111,395
Trinidad and Tobago Mortgage Finance Company Limited	8,000,000	29,976,575	33,946,575
Urban Development Company of Trinidad and Tobago Government Campus Project	5,775,457	6,291,232	--
Urban Development Company of Trinidad and Tobago	26,706,651	1,136,836	1,515,928
Various overseas bonds held in foreign currencies	1,291,133	1,000,000	1,000,000
Other:			
Daniell Educational Community	7,500,000	7,500,000	--
R E Matthews & Associates	1,500,000	1,500,000	1,500,000
Credit Impairment Provision	(10,395,579)	(12,055,659)	(6,031,805)
Total Investment securities – amortised cost	314,782,572	202,120,053	130,989,088

7 Investment securities – fair value

	31 December 2019 TTD	2018 TTD	2017 TTD
Fair value through profit or loss			
Shareholdings - Capital and Credit Merchant Bank	1,050	1,050	1,050
- One Caribbean Media	199,240	241,198	306,127
- Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	200,000	200,000	200,000
- Co-operative Credit Union League	3,000	3,000	3,000
- First Caribbean International Bank	659,247	692,627	763,559
- First Citizens Bank Limited	7,743,489	5,911,154	5,568,351
- Grace Kennedy and Company Limited	592,500	435,000	450,000
- Guardian Holding Limited	2,052,875	1,716,260	1,614,802
- JMMB Group	323,116	220,021	207,448
- Republic Bank Limited	12,673,096	10,359,064	9,803,734
- Unilever Caribbean Limited	345,000	344,850	435,000
- National Enterprises Limited	284,717	395,440	484,515
- Massy Holdings Limited	3,450,404	2,658,508	2,716,203
- Scotiabank Trinidad and Tobago Limited	1,895,575	1,996,569	1,867,608
- PLIPDECO	53,575	55,063	58,635
- The West Indian Tobacco Company Limited	2,484,600	1,906,600	2,000,000
- Sagicor Financial Corporation Limited	695,308	540,000	469,800
- Trinidad Cement Limited	52,424	71,559	98,295
- Prestige Holdings Limited	450,000	366,500	535,000
- Royal Bank of Canada	1,190,806	1,024,814	1,222,175
- Clico Investment Fund	9,112,561	6,404,372	6,714,519
	44,462,583	35,543,649	35,519,821
Other – Bourse Securities Limited – Repurchase Agreements	--	--	2,000,000
- Home Mortgage Bank – Mutual Fund	2,193,190	2,160,558	2,128,411
Other - Trinidad and Tobago Unit Trust Corporation	609,716	601,374	593,972
- Schroders Energy Fund	449,214	463,215	605,498
- Praetorian Fund Investment	--	--	122,000
- First Citizens Bank Limited – El Tucuche Fund	27,717,778	26,897,422	26,705,255
- First Citizens Bank Limited – Immortelle Fund	5,991,501	5,413,658	5,464,866
- Ansa Merchant Bank Ltd.	--	--	5,000,000
- Guardian Life of the Caribbean Limited	--	3,029,675	2,883,794
- Urban Development Company of Trinidad and Tobago Government Campus Project	--	--	6,772,804
- Daniell Educational Community	--	--	7,500,000
- Provision for impairment	--	--	(3,700,000)
	36,961,399	38,565,902	56,076,600
Total Investment Securities – Fair Value	81,423,982	74,109,551	91,596,421

8 Loans to members

Loans to members are stated at principal outstanding net of a provision for loan losses. The provision for loan losses is based on management's evaluation of the performance of the loan portfolio under current economic conditions and past loan loss experience.

		31 December	
	2019 TTD	**2018 TTD**	**2017 TTD**
Loans to members	1,379,023,825	1,372,798,680	1,450,774,570
Less: Provision for loan losses	(62,018,759)	(54,954,506)	(86,236,554)
	1,317,005,066	1,317,844,174	1,364,538,016

Provision for loan losses

		31 December	
	2019 TTD	**2018 TTD**	**2017 TTD**
Balance, beginning of year	54,954,506	86,236,554	84,433,315
Provision adjustment on implementation of IFRS 9	--	4,747,270	--
Charge for the year	14,082,114	(4,009,263)	10,168,001
Amounts written off	(8,646,329)	(33,824,222)	(9,360,597)
Amounts recovered from written off Loans	1,628,468	1,804,167	995,835
Balance, end of year	62,018,759	54,954,506	86,236,554

9 Investment properties

		31 December	
	2019 TTD	**2018 TTD Restated**	**2017 TTD Restated**
Cost:			
Balance, beginning of year	20,880,473	20,734,877	20,358,364
Additions	599,468	151,650	519,734
Disposals	(245,536)	(6,054)	(143,221)
Balance, end of year	21,234,405	20,880,473	20,734,877
Accumulated depreciation:			
Balance, beginning of year	1,435,362	1,266,834	1,107,569
Additions	177,032	173,425	171,111
Disposals	(41,146)	(4,897)	(11,846)
Balance, end of year	1,571,248	1,435,362	1,266,834
Net book value, end of year	19,663,157	19,445,111	19,468,043

10 Accounts receivable and prepayments

	31 December		
	2019	**2018**	**2017**
	TTD	**TTD**	**TTD**
Accrued interest on loans	9,638,581	12,587,794	14,924,754
Accrued interest on investments	2,942,551	3,838,166	3,091,853
Claim recoverable	186,231	190,231	194,631
Other receivables	3,343,160	7,179,168	3,203.596
Prepayments	2,079,928	1,339,233	1,094,363
Recoverable expenses	327,833	322,657	184,094
Rent receivable	4,975	--	11,053
Staff loans and advances	743,768	736,723	677,417
	19,267,027	22,193,972	23,381,761
Less: Provision for doubtful debts	(186,231)	(190,231)	(638,293)
	19,080,796	26,003,741	22,743,468
Provision for doubtful debts			
Balance, beginning of year	190,231	638,293	3,244,028
Bad debts recovered	(4,000)	(448,062)	(3,244,028)
Charge for the year	--	--	638,293
Balance, end of year	186,231	190,231	638,293

11 Inventories

	31 December		
	2019	**2018**	**2017**
	TTD	**TTD**	**TTD**
Stationery/office supplies	431,192	253,447	272,097
ATM Card Stock	113,210	134,376	113,649
	544,402	387,823	385,746

12 Intangible assets

	PC Software TTD	Network Software TTD	Total TTD
Cost			
Balance as at 1 January 2019	1,510,772	20,846,086	22,356,858
Additions	--	300,011	300,011
Transfers/Reclassifications	--	--	--
Balance as at 31 December 2019	1,510,772	21,146,097	22,656,869
Accumulated depreciation			
Balance as at 1 January 2019	1,194,943	15,526,608	16,721,551
Charge for the year	130,802	960,676	1,091,478
Balance as at 31 December 2019	1,325,745	16,487,284	17,813,029
Net book value			
Balance as at 31 December 2019	185,027	4,658,813	4,843,840
Balance as at 31 December 2018	315,829	5,319,478	5,635,307
Cost			
Balance as at 1 January 2018	1,246,257	20,803,786	22,050,043
Additions	264,515	42,300	306,815
Transfers/Reclassifications	--	--	--
Balance as at 31 December 2018	1,510,772	20,846,086	22,356,858
Accumulated depreciation			
Balance as at 1 January 2018	1,005,899	14,573,532	15,579,431
Charge for the year	189,044	953,076	1,142,120
Balance as at 31 December 2018	1,194,943	15,526,608	16,721,551
Net book value			
Balance as at 31 December 2018	315,829	5,319,478	5,635,307
Balance as at 31 December 2017	240,358	6,230,254	6,470,612
Cost			
Balance as at 1 January 2017	1,240,107	19,836,024	21,076,131
Additions	6,150	967,762	973,912
Transfers/Reclassifications	--	--	--
Balance as at 31 December 2017	1,246,257	20,803,786	22,050,043
Accumulated depreciation			
Balance as at 1 January 2017	847,599	13,707,982	14,555,581
Charge for the year	158,300	865,550	1,023,850
Balance as at 31 December 2017	1,005,899	14,573,532	15,579,431
Net book value			
Balance as at 31 December 2017	240,358	6,230,254	6,470,612
Balance as at 31 December 2016	392,508	6,128,042	6,520,550

13 Right of use assets

The Group leases Land and Buildings for use in respect to Administrative Offices, Branch operations and for housing Automated Banking Machines.

	Land and Building TTD
Cost:	
Balance as at 1 December 2018	--
Classified as at 1 January 2019 on adoption of IFRS 16	6,164,473
Additions	3,552,025
Balance as at 31 December 2019	9,716,498
Accumulated depreciation	
Balance as at 1 January 2019	--
Charge for the Year	4,030,401
Disposals	--
Balance as at 31 December 2019	4,030,401
Net Book Value	
Balance as at 31 December 2019	5,686,097

14 Property plant & equipment

	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Cost								
Balance as at 1 January 2019	106,624,839	21,510,381	21,620,188	22,625,349	8,274,646	1,556,588	2,143,620	184,355,611
Additions	2,157,082	507,000	410,823	1,723,840	866,410	199,950	2,987,056	8,852,161
Transfers	--	--	--	--	--	--	--	--
Reclassifications	--	--	--	--	--		--	--
Disposals	(48,610)	(701,233)	(72,985)	(102,584)	(153,232)	(319,000)	(1,791,000)	(3,188,644)
Balance as at 31 December 2019	108,733,311	21,316,148	21,958,026	24,246,605	8,987,824	1,437,538	3,339,676	190,019,128
Accumulated depreciation								
Balance as at 1 January 2019	34,159,471	13,374,956	16,483,323	17,878,923	5,869,513	1,167,814	--	88,934,000
Charge for the year	3,174,679	1,135,389	1,038,337	1,279,296	523,267	166,608	--	7,317,576
Disposals	(177,596)	(566,735)	(72,147)	(88,019)	(125,748)	(299,000)	--	(1,329,245)
Balance as at 31 December 2019	37,156,554	13,943,610	17,449,513	19,070,200	6,267,032	1,035,422	--	94,922,331
Net book value								
Balance as at 31 December 2019	71,576,757	7,372,538	4,508,513	5,176,405	2,720,792	402,116	3,339,676	95,096,797
Balance as at 31 December 2018	72,465,368	8,135,425	5,136,865	4,746,426	2,405,133	388,774	2,143,620	95,421,611

14 **Property plant & equipment (continued)**

	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Cost								
Balance as at 1 January 2018 – restated	98,591,719	17,989,701	18,995,569	21,270,680	7,509,532	1,556,588	4,638,294	170,552,083
Additions	4,065,816	853,873	448,186	539,249	51,328	--	8,119,453	14,077,905
Transfers	3,967.850	2,692,942	2,205,128	823,048	734,704	--	(10,423,672)	--
Reclassifications	--	--	--	--	--		(190,455)	(190,455)
Disposals -restated	(546)	(26,135)	(28,695)	(7,628)	(20,918)	--	--	(83,922)
Balance as at 31 December 2018 – restated	106,624,839	21,510,381	21,620,188	22,625,349	8,274,646	1,556,588	2,143,620	184,355,611
Accumulated depreciation								
Balance as at 1 January 2018 – restated	31,478,757	12,379,359	15,027,183	16,946,093	5,394,154	885,043	--	82,110,589
Charge for the year – restated	2,681,997	1,013,064	1,476,216	937,906	491,437	282,771	--	6,833,391
Disposals – restated	(1,283)	(17,467)	(20,076)	(5,076)	(16,078)	--	--	(59,980)
Balance as at 31 December 2018	34,159,471	13,374,956	16,483,323	17,878,923	5,869,513	1,167,814	--	88,934,000
Net book value								
Balance as at 31 December 2018 – restated	72,465,368	8,135,425	5,136,865	4,746,426	2,405,133	388,774	2,143,620	95,421,611
Balance as at 31 December 2017 – restated	67,112,962	5,610,342	3,968,386	4,324,587	2,115,378	671,545	4,638,294	88,441,494

14 Property plant & equipment (continued)

	Land and buildings TTD	Furniture, fixtures and fittings TTD	Office equipment TTD	Computer facilities TTD	Other equipment TTD	Motor vehicles TTD	Capital work-in-progress TTD	Total TTD
Cost								
Balance as at 1 January 2017 – restated	95,435,202	15,509,790	18,085,117	20,236,113	7,133,586	1,556,588	700,629	158,657,025
Additions – restated	3,786,282	2,756,108	1,040,768	1,264,031	440,202	--	4,305,317	13,092,708
Transfers – restated	367,652	(106,217)	(85,398)	(34,745)	--	--	(367,652)	(226,360)
Reclassifications	--	--	--	--	--		--	--
Disposals – restated	(497,417)-	(169,980)	(44,918)	(194,719)	(64,256)	--	--	(971,290)
Balance as at 31 December 2017 – restated	98,591,719	17,989,701	18,995,569	21,270,680	7,509,532	1,556,588	4,638,294	170,552,083
83Accumulated depreciation								
Balance as at 1 January 2017 – restated	29,723,803	12,017,186	13,955,184	15,898,739	4,905,175	549,937	--	77,050,024
Charge for the year – restated	1,793,131	582,997	1,182,954	1,233,856	524,571	335,106	--	5,652,615
Disposals – restated	(38,177)	(220,824)	(110,955)	(186,502)	(35,592)	--	--	(592,050)
Balance as at 31 December 2017 – restated	31,478,757	12,379,359	15,027,183	16,946,093	5,394,154	885,043	--	82,110,589
Net book value								
Balance as at 31 December 2017	67,112,962	5,610,342	3,968,386	4,324,587	2,115,378	671,545	4,638,294	88,441,494
Balance as at 31 December 2016	65,711,399	3,492,604	4,129,933	4,337,374	2,228,411	1,006,651	700,629	81.607,001

15 Accounts payable and accruals

	2019 TTD	31 December 2018 TTD Restated	2017 TTD Restated
CUNA Claims	50,727,887	44,550,645	35,946,231
Trade creditors	236,045	55,327	17,947
Interest payable	1,202,242	1,128,495	1,044,355
Other payables	9,098,599	9,776,852	7,236,762
Accrued expenses	1,754,746	1,828,258	722,316
Statutory deductions payable	893,616	407,160	925,942
Provision for retroactive salaries	389,426	14,033,554	8,556,394
Provision for employee benefit (note 2r)	44,716,993	42,540,424	40,983,867
Automated Teller Machine – Branch Settlement	1,018,636	672,877	406,681
Green Fund Levy Payable	--	2,209,228	1,660,707
	110,038,190	117,202,820	97,501,202

(i) Provision for retroactive salaries

In 2019, the Group completed the negotiation of retroactive salaries for the Collective Bargaining Units of various classes of employees. As at December 2019, the Group had paid substantively all of the outstanding arrears.

(ii) *Defined Benefit Plan - Provision for employee benefit*

Net liability in balance sheet

	2019 TTD	31 December 2018 TTD Restated	2017 TTD Restated
Present value of obligation	44,716,993	42,540,424	40,983,867

Movement in the present value of defined benefits obligation

	2019	2018	2017
Beginning of the year (previously stated)	25,258,043	28,096,220	29,830,359
Adjusted amount	17,282,381	12,887,647	--
Beginning of the year (restated)	42,540,424	40,983,867	29,830,359
Current year service cost:			
(previously stated)	--	758,370	2,680,480
(adjusted amount)	--	4,394,734	12,887,647
Total current year service cost (adjusted 2017 & 2018)	5,340,810	5,153,104	15,568,126
Benefits paid	(3,164,241)	(3,596,547)	(4,414,619)
Defined benefit obligation at end of year (restated)	44,716,993	42,540,424	40,983,866

15 Accounts payable and accruals (continued)

Defined Benefit Plan - Provision for severance (continued)

The defined benefit obligation is allocated between the plan's members as follows:

		31 December	
	2019 TTD	2018 TTD Restated	2017 TTD Restated
Vested members – employees with more than 15 years continuous employment	65%	61%	62%
Members not yet vested – employees with less than 15 years continuous employment	35%	39%	38%
The weighted average duration of the defined benefit obligation as at year end	18.9 years	18.9 years	18.9 years

The Group does not set aside specific assets to meet the defined benefit plan obligations.

Expenses recognised in profit or loss – Personnel costs

Current Service Costs	5,340,810	5,153,104	--

Summary of principal assumptions as at 31 December

Discount Rates	5.52%	5.53%	5.40%
Average annual salary increases	3.83%	3.83%	3.83%
Employee turnover rate	3.83%	3.83%	3.83%
Mortality Rate	0.15%	0.15%	0.15%

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The table below summaries how the change in assumptions would change the value of the obligation.

2019	1% per annum increase TTD	1% per annum decrease TTD
Discount rate	(6,204,314)	7,591,605
Average annual salary increases	7,878,129	(6,520,828)
Employee turnover rate	(671,324)	712,548
Mortality Rate	(6,580,583)	7,982,561

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

16 Finance lease liability

This balance refers to liabilities in respect to Lease Contracts for Right to Use Assets i.e. Land and Buildings used by the Group. Lease Terms were for periods 1 – 4 years. The Liability incurs an interest rate of 9.25% per annum. The Total Interest Expensed in 2019 was $2,508,742.

	TTD
Finance Lease Liabilities as at December 31, 2018	**--**
Impact of IFRS 16	6,362,524
Finance Lease Liability as at January 1, 2019	6,362,524
Lease additions	3,552,025
Interest Expensed	693,975
Lease Payments	(4,597,140)
Finance Lease Liability as at December 31, 2019	**6,011,384**

		31 December 2019		
	2018 **1 year** **TTD**	**1 to 5 years TTD**	**Over 5 years TTD**	**Total TTD**
Finance lease Liability	3,382,709	2,628,675	--	6,011,384

Lease expenses not included in the measurement of Finance Lease Liability

	2019 TTD
Expenses related to short term leases	3,647,794

17 Members' shares

According to the Bye-Laws of Eastern Credit Union Co-operative Society Limited, the capital of the Society may be composed of an unlimited number of shares of $5 each. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2, redeemable shares have been treated as liabilities.

18 Deferred Taxation

		31 December	
	2019 TTD	**2018 TTD Restated**	**2017 TTD Restated**
Balance at beginning of year	5,548,110	4,391,642	4,110,431
Expense/credit	352,852	1,156,468	281,211
Balance at end of year	5,900,962	5,548,110	4,391,642

Deferred taxation is attributable to the following items:

Excess of written down value over net book value	12,761,201	11,969,432	11,476,530
Tax losses carried forward	(6,860,239)	(6,421,322)	(7,084,888)
	5,900,962	5,548,110	4,391,642

19 Reserve fund

In accordance with the Co-operatives Societies Act, 1971, Section 47 (2), 10% of the annual net surplus of the Group is charged to the Reserve Fund.

20 Education fund

The Board of Directors has set aside at the end of the year an amount to an Education Fund of 5% of the net surplus for the year, after making provision for the Reserve Fund. This fund is to be used for educational purposes of its members.

21 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities. The Group's overall strategy remains unchanged from previous years.

The capital structure of the Group consists of equity attributable to members, which comprises issued members shares, reserves and undivided earnings.

22 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 in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties and key management personnel during the year were as follows:

	31 December	
	2019	**2018**
	TTD	**TTD**
Assets, liabilities and members' equity		
Loans and other receivables		
Directors, committee members, key management personnel	4,724,656	7,328,206
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	1,798,366	5,991,954
Interest and other income		
Directors, committee members, key management personnel	353,151	525,318
Interest and other expenses		
Directors, committee members, key management personnel	25,957	32,703
Key management compensation		
Short-term benefits	6,099,837	4,895,179

23 Investment income

	31 December 2019 TTD	31 December 2018 TTD
Interest and dividends	12,831,268	11,630,814
Fair value increase of financial assets	13,526,744	(2,047,798)
	26,358,012	9,583,016

24 Other income

	2019	2018
Loan processing fees	10,119,671	9,415,952
Loan late fees	1,377,332	1,190,752
CUNA commissions	2,180,524	1,837,608
Service charges	261,476	293,860
Entrance fees	1,803	2,055
Commission	234,505	257,316
Miscellaneous income	1,771,984	3,948,044
Gym income	2,253,767	2,318,903
	18,201,062	19,264,490

25 Administrative expenses

	31 December 2019 TTD	31 December 2018 TTD Restated
Annual and special general meetings	1,260,009	1,350,726
Audit fees	1,128,819	909,097
Bad debt expense	76,372	(315,611)
Credit Union League dues	5,000	65,464
Computer supplies and expenses	3,534,797	3,949,721
Depreciation and amortisation	12,617,137	8,220,448
Donations and sponsorships	285,930	322,995
Education supplies and expenses	1,880,286	2,371,149
Electricity	1,523,722	1,540,971
Green fund levy (Note 2r)	611,741	606,430
Insurances	7,199,012	6,225,326
Maintenance	3,955,097	3,573,361
Miscellaneous expenses	2,324,618	1,759,069
Motor vehicle expenses	71,296	98,754
Office expenses	2,034,841	1,607,370
Printing, postage and stationery	692,330	593,887
Professional services	2,091,483	3,744,960
Property rental	3,647,794	7,541,145
Rates and taxes	136,026	(539,593)
Security	5,778,417	5,379,738
Sports and family day expenses	371,124	416,860
Staff training	1,882,993	1,349,695
Telephone	4,190,952	3,909,848
	57,299,796	54,681,810

26 Board and committee expenses

	31 December 2019 TTD	31 December 2018 TTD
Stipend	1,430,753	1,444,632
Meeting expenses	329,403	331,389
Training and conferences	--	3,600
Entertainment	22,643	2,419
Corporate wear	--	14,914
Donations	101,425	119,757
Miscellaneous	137,207	--
	2,021,431	1,916,711

27 Personnel cost

	31 December 2019 TTD	31 December 2018 TTD Restated
Salaries and other staff benefits	66,117,656	68,400,916
Travelling and subsistence	1,911,753	1,503,488
	68,029,409	69,904,404

The number of permanently employed staff as at the year-end 2019 was 340 (2018 – 325).

28 Taxation

	31 December 2019 TTD	31 December 2019 TTD Restated
Business levy	112,870	115,821
Deferred taxation	358,044	1,159,713
	470,914	1,275,534
Net surplus before taxation	41,295,568	54,708,700
Tax calculated at 25%	10,323,892	13,677,175
Portion re: Credit Union Activities	(10,446,031)	(13,648,059)
Other	593,053	1,246,418
	470,914	1,275,534

29 Subsequent events after the balance sheet date

Covid-19 Pandemic

In March 2020, the Government of Trinidad and Tobago implemented public health protection measures within the borders of Trinidad and Tobago to contain the spread of the Covid-19 virus which was declared a global pandemic. The measures have severely disrupted normal business activity in Trinidad and Tobago the principal jurisdiction in which the Group operates. Many businesses are unable to earn revenue to cover their costs There is an increased likelihood for business closures and increased unemployment. Also, there exists a high degree of uncertainty as to how long these measures will remain enforced or if additional measures are to be put in place. The negative impact on the operations of the Credit Union as at September 2020 include:

- Reduced demand for Loans
- Reduced Investment Income
- Reduced Total Income as a result of reduced loan interest
- Reduced Surplus in 2020

The Group granted a Loan Payment Moratorium to members during the period March 2020 to May 2020 to assist with some of the initial challenges arising from the implementation of the public health protection measures.

Notwithstanding, the Group has experienced an increase in members deposits. Also, The Group has increased Total Assets and maintains adequate liquid resources for operational activities.

Dividends

The Board of Directors has proposed a dividend of $26,539,985 and interest rebate of $4,806,219 for the year ended 31 December 2019. This dividend is subject to approval by the membership at the Annual General Meeting, which will be held on 22 November 2020. This has not been included as a liability in these consolidated financial statements in accordance with IAS #10.

Other events

There were no other events after the reporting period which were material to the consolidated financial statements and should have resulted in adjustments to the consolidated financial statements or disclosures when the consolidated financial statements were authorised for issue.

Eastern Credit Union's

GROUP HEALTH MEDICAL PLAN FOR MEMBERS

Benefits include:

- Doctor's Visits
- Maternity Benefits
- Hospitalisation Benefits
- Daily Benefits (Room & Board)
- Expense Benefit
- Hospital Services
- Emergency Accident and Outpatient Benefits
- Diagnostic X-ray and Laboratory
- Dental and Vision

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A Subsidiary Of The Eastern Credit Union Co-operative Society Limited

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