

Perseverance

annual report 2018



RHAND
CREDIT UNION
CO-OPERATIVE
SOCIETY LIMITED



RHAND
CREDIT UNION
CO-OPERATIVE
SOCIETY LIMITED

a n n u a l r e p o r t 2 0 1 8

Perseverance

Noun. steady persistence in a course of action, a purpose, a state, etc., especially in spite of difficulties, obstacles, or discouragement.

Theology . continuance in a state of grace to the end, leading to eternal salvation.

Vision

The model Credit Union and leading provider of financial and other services in the Caribbean

Mission

To satisfy members' needs through creativity and foresight by providing competitive financial and other products and services

Core Values

Respect
Integrity
Honesty
Fairness
Trust

The National Anthem

Forged from the love of liberty
In the fires of hope and prayer
With boundless faith in our destiny
We solemnly declare.
Side by side we stand
Islands of the blue Caribbean Sea,
This our native land
We pledge our lives to thee.
Here every creed and race
Find an equal place,
And may God bless our Nation.
Here every creed and race
Find an equal place,
And may God bless our Nation.

The 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,

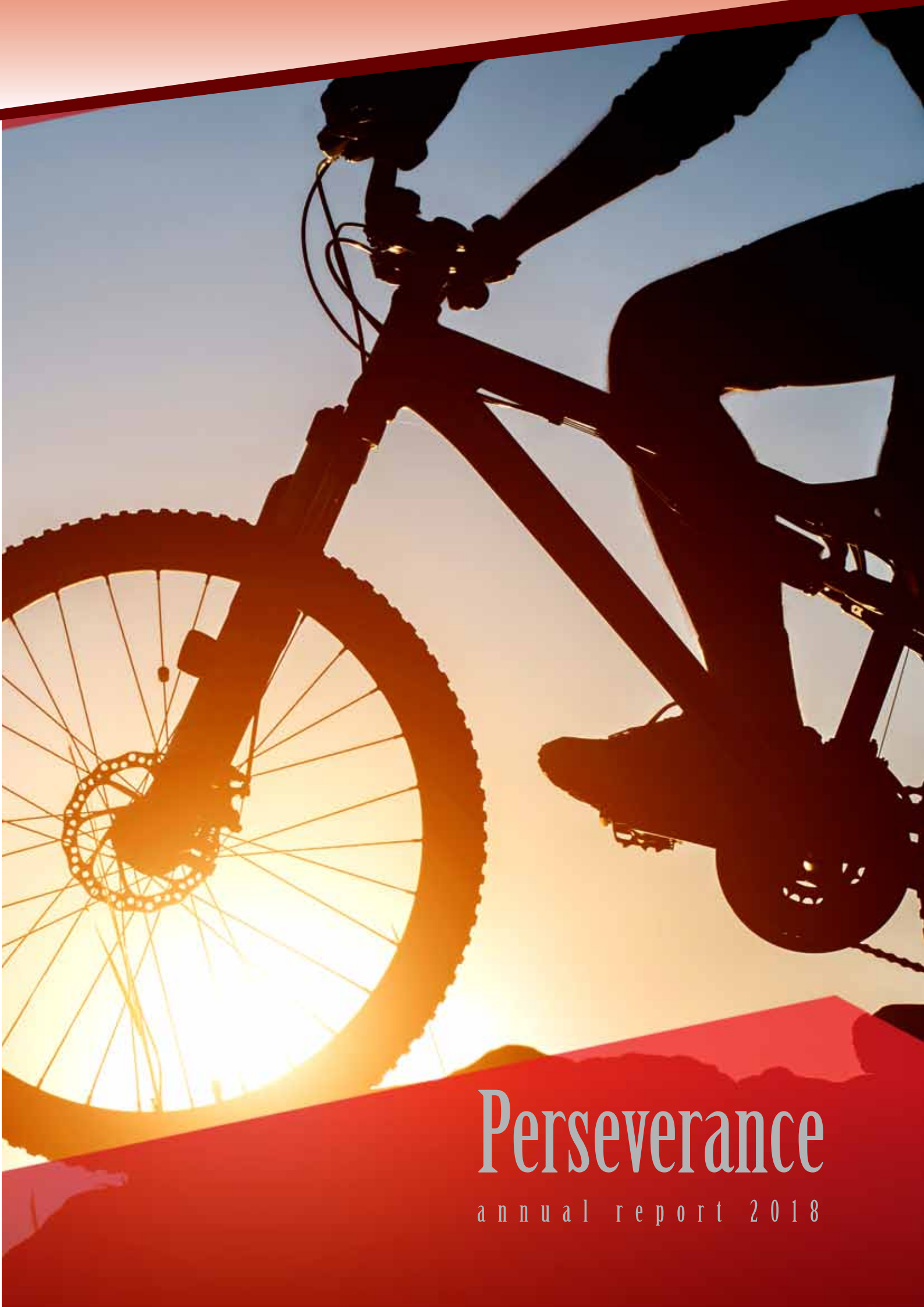
It is in pardoning that we are pardoned,

And it is in dying,

That we are born to Eternal Life.

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A Message from The President of RHAND Credit Union

Dear Member,

It is indeed a privilege to present our 71st Annual Report and to greet you, my RHAND family on behalf of the Board of Directors, Supervisory and Credit Committees, other Board appointed Committees, Management and Staff.

Perseverance has brought us this far. The economic landscape has not changed within the last three years to afford us the levels of surplus from our main sources of income, and as we look at the outlook worldwide, regionally and locally we can see that for the immediate future there is not going to be any improvement. Hence our Strategic Plan, which is a living document is being reviewed even as we speak, so that necessary adjustments can be made.

We all know that our main source of revenue is interest from loans, and our records for 2018 show that the level of borrowing had decreased. Generally, RHAND members are to be congratulated for the care they have shown historically, especially during 2018 in that they do not take loans they cannot repay. The other reason of note is the increase in the number of agencies offering collateral free loans to the public at large.

Our long-standing members are now our net savers, and we applaud them for leaving their funds with us to lend and we are now seeking to change the course of the last few years and provide a better return to them for their goodwill. We have engaged in actions that would increase the cost of doing business, and hence lower the surplus in the interim. However, these actions are geared to provide the structure necessary to support planned increases in

membership and the attendant levels of service to be provided to you our members.

We are also seeking to diversify our investment portfolio by the creation of an investment/asset management company to handle the investment business and increase the levels of return to members who place flex deposits as well as increase the surplus available for distribution as dividends.

You will have observed that we are also engaging our youth more and in this regard the youngest member of the Board has been assigned the responsibility of leading the development and execution of our youth engagement strategies.

The current economic and industry realities present a new horizon for RHAND that must be based on our evolution to a Member Experience Centric financial institution! This evolution will take into consideration RHAND's age; our diversity across the family segments; and the provision of segmented products and service innovations. It shall require constant and effective two-way communication and the implementation of the five elements of a Member-Centric RHAND:

- **Culture.**

A documented, shared understanding among all staff, embraced and touted by leadership, which defines expectations of how the Society interacts with members.

- **Metrics.**

Tracking, measuring and responding to data that defines success through the eyes of its members and for the organization. One of the 7 Measures of Success pillars is being data-driven.



- **Knowledge.**

Belief and practices on collecting, sharing and responding to the challenges, needs and expectations of members.

- **Technology.**

Planning, managing and leveraging tools (e.g., database, social media) to collect, share, and deliver information to all stakeholders in a timely manner.

- **Segmentation.**

Developing profiles of and understanding specific groups, or segments, of members to deliver on their expectations and to increase retention rates.

(reference-<http://hightperformance.com/wp-content/uploads/2014/11/How-Member-Centric-Are-You1.pdf>)

May God continue to bless this organisation, we the members and our families.



Martin Minguell
President - Board of Directors



Notice of the 71st Annual General Meeting

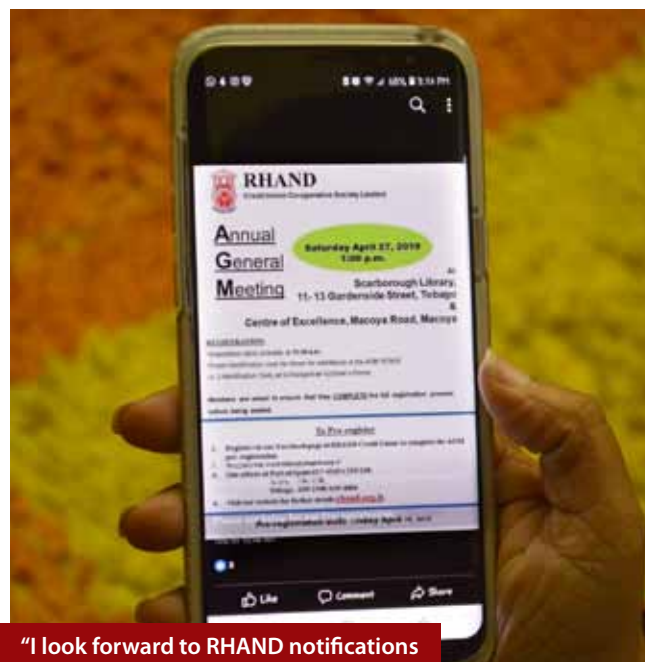
Notice is hereby given that the 71st Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday April 27, 2019 commencing at 1:00 p.m. at the following two (2) venues simultaneously:

- Centre of Excellence, Macoya, Trinidad
- Scarborough Library Facility, Scarborough, Tobago

The Meeting will be facilitated through the linking of the two venues employing video conferencing technology.

AGENDA

1. Adoption of the Standing Orders
2. President's Address
3. Minutes of the 70th Annual General Meeting of March 24, 2018
4. Minutes of the Reconvened Annual General Meeting of April 19, 2018
5. Minutes of the 1st Special General Meeting of August 23, 2018
6. Matters Arising out of the Minutes of the General Meetings
7. Reports 2018
 - Board of Directors
 - Education Committee
 - Credit Committee
 - Supervisory Committee
 - Independent Auditors
 - Financial Statements
 - Nominating Committee
8. Election of Officers for the 2019/2020 Term
9. 2019 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
10. Motions
11. Resolutions
12. Other Business.



"I look forward to RHAND notifications via text and in email."

Dated this 8th day of April, 2019.

BY ORDER OF THE BOARD,

Martin Gibbs
Secretary – Board of Directors

NOTE: Registration begins at 11:00 a.m. Only members will be allowed to enter the meeting. Members are required to present proper identification when registering. Members are asked to commit to engaging in a business meeting seeking to last no more than four (4) hours.

Standing Orders

- 1 A member shall stand when addressing the Chair. Speeches shall be clear and relevant to the subject before the meeting.
- 2 A member shall address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his seat.
- 3 No member shall address the meeting except through the Chairman.
- 4 A member's contribution should not exceed three (3) minutes.
- 5 A member may not speak twice on the same subject, except:
 - (a) The mover of a motion – who has the right to reply.
 - (b) He/she rises to object or to explain (with the permission of the Chair).
- 6 No speeches shall be made after the "question" has been put and carried or negated.
- 7 The mover of a "procedural motion" – (adjournment, lay on the table, motion to postpone) shall have no right to reply.
- 8 A member rising on a "point of order" shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders).
- 9 A member shall not "call" another member "to order" but may draw the attention of the Chairman to a "breach of order". On no account can a member call the Chairman "to order".
- 10 Only one amendment shall be before the meeting at one and the same time.
- 11 When a motion is withdrawn, any amendment to it falls.
- 12 The Chairman shall have the right to a "casting vote".
- 13 If there is an equality of voting on an amendment and if the Chairman does not exercise his casting vote, the amendment is lost.
- 14 Provision shall be made for the protection of the Chairman from vilification (personal abuse).
- 15 No member shall impute improper motives against another.
- 16 No electronic recording of the proceedings shall be allowed without the permission of the Chairman.

"I know that they say that a dream is just that... a dream? Well I am here to tell you that my dream, became a reality. I had to be disciplined, and put down that pair of shoes that was on sale, and cook at home for two years. With RHAND at my side, my sacrifices were worth it. Greetings from Bora Bora!"





Composition of The Board of Directors and Statutory Committees



"I always look forward to visiting my branch. They know me by my name and always smile when they see me. They are also willing to offer me advice when I am making financial decisions on achieving my goals and I know that it is in MY best interest."



The Board of Directors

Martin Minguell
President

Emmanuel Walker
Vice-President

Martin Gibbs
Secretary

Michele Rouff
Assistant Secretary

Reynold Cooper
Treasurer

Joycelyn Hunte
Director



**Glenda
Bruce**
Director

**Kedron
Duke**
Director

**Petal-Dawn
Hinkson**
Director

**Andrea
Borneo
-Ragoo**
Director

**Myrtle
Pilgrim
-Edwards**
Director

**Kristed
Herbert**
2nd Substitute



Missing:
Mr. David Maynard - Director
Ms. Charlene Davidson - 1st Substitute



The Supervisory Committee

Patricia Williams
Chairperson



Pamela Ogiste
Secretary



Desmond Noel
Member



Nadine Eillis
2nd Substitute

Claudette Brown
Member

Erica Charles
1st Substitute

Ancil Forde
Member





The Credit Committee

Jennifer James
Chairperson

Patricia Harry
Secretary

Lenus Joseph
Member

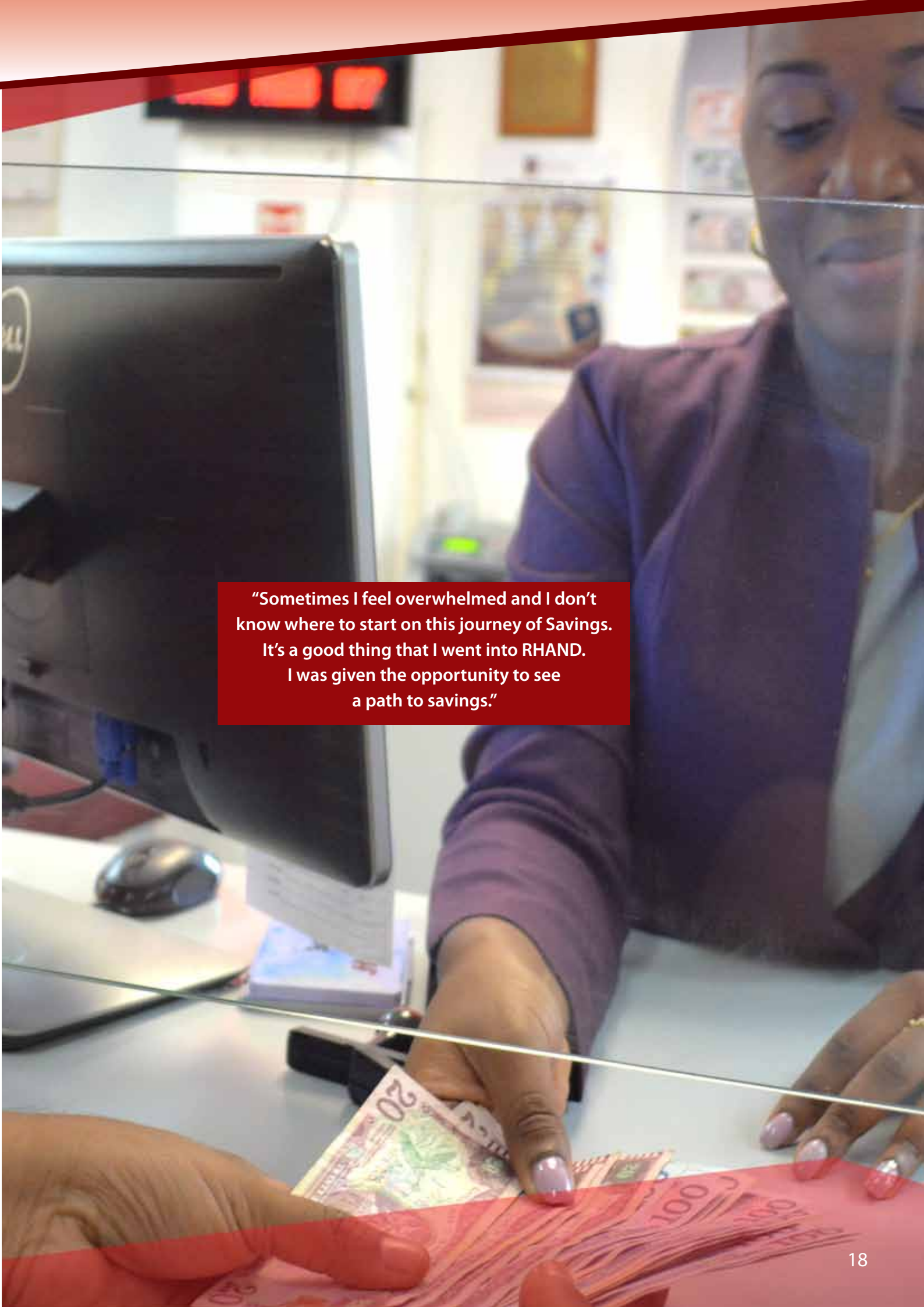
Esme Forde
Member

Susan Hinds-Morgan
-Member

Donnis Bourne
1st Substitute



Missing: Don Finley -2nd Substitute

A woman with dark hair, wearing a purple blazer, is seen from the chest up, looking down at a stack of money. She is behind a glass counter. Her hands are visible, counting several 20 and 100 banknotes. In the background, there is a computer monitor, a mouse, and some papers on a desk. A red banner with white text is overlaid on the image.

"Sometimes I feel overwhelmed and I don't know where to start on this journey of Savings. It's a good thing that I went into RHAND. I was given the opportunity to see a path to savings."



RHAND
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a n n u a l r e p o r t 2 0 1 8

Minutes of the 70th Annual General Meeting





Minutes of the 70th Annual General Meeting

Held on Saturday March 24, 2018, simultaneously at the Centre of Excellence – Macoya, Trinidad and the Tobago Nutrition Co-operative Society Limited – Canaan, Tobago facilitated through the linking of the two venues employing video conferencing technology.

1 Introduction

1.1 The meeting commenced at 1.25 pm, and the Convenor and Vice President, Mr. Martin Gibbs, welcomed everyone. He noted that, through video conference, the meeting was being held at two venues simultaneously, one being at the Centre of Excellence, Macoya, Trinidad (the Trinidad Venue) and the other at Tobago Nutrition Co-operative Society Limited, Canaan, Tobago (the Tobago Venue). He invited those in attendance to stand for the playing of the National Anthem and the recitation of the Credit Union Prayer.

1.2 Reverend Clifford Rawlins conducted the invocation and thereafter one minute of silence was observed for those members who departed this life since the date of the last Annual General Meeting (AGM).

1.3 Thereafter, the Secretary, Ms. Joycelyn Hunte, was invited to read the Notice convening the meeting.

2 Notice of Meeting and Adoption of Standing Orders

2.1 The Secretary read the Notice convening the meeting and reported that notice was duly given and that a quorum being present, the meeting was duly constituted and could proceed to business. At this point, there were three hundred and ninety-seven (397) and seventy-four (74) members present at Trinidad and at the Tobago Venue respectively.

2.2 The Standing Orders were duly adopted by the meeting on a motion of Ms. Annalee Brooks of the Judiciary and seconded by Mr. Ancil Forde. The motion was put to the vote and carried.

2.3 The meeting duly agreed to a proposal for the 2017 Annual Report to be taken as read.

3 President's Address

3.1 The Chairman, Mr. Martin Minguell, took the chair, greeted everyone and addressed the meeting. In his address, he dealt with the following matters, giving updates as necessary:

- Some members, present at the meeting, were 'inactive' as that term is defined in the Bye-Laws. He suggested that an education programme ought to go a long way in helping members to remove the above disability and remain active in the circumstances.
- The development by the Society of an operational restructuring plan; this included:
 - *a review of the job descriptions for positions of senior managers;*
 - *the strengthening of the risk management framework by implementing, inter alia, a new corporate credit card policy;*
 - *the updating of the Anti-Money Laundering and Terrorist Financing Policy;*
 - *a review of the Investment Policy Statement, and*
 - *the development of policies to treat with Procurement, Business Continuity and Health and Safety.*
- The efforts made by the Society to obtain a monetary return on certain fixed assets that is, the Society's premises on Tragarete Road, the Fourth Floor of the Abercromby Street premises and excess office space at branch offices.

- The divestment of the Society's investment in LinCU, the Debit Card Institution;
- 3.2** In concluding, he maintained that RHAND's Balance Sheet remained strong and he invited members to utilize the Society's financial products.

4 Confirmation of Minutes of: The 69th Annual General Meeting

- 4.1** The minutes of the 69th AGM were tabled for the consideration of the meeting. The meeting confirmed the above minutes after a motion of Ms. Petal Dawn Hinkson which was seconded by Ms. Joy Dillon without any amendments.

1st Special Meeting held on the 4th August, 2017

- 4.2** The minutes of the 1st Special Meeting were tabled for the consideration of the meeting. Members confirmed the above minutes after a motion of Mr. Kingsley Hinkson which was seconded by Mr. Kedron Duke, subject to the following amendment:

- Insert the name and signature of the Secretary at the foot of the above Minutes.

2nd Special Meeting held on the 2nd September, 2017

- 4.3** The minutes of the 2nd Special Meeting were tabled for the consideration of the members. The members confirmed the above minutes after a motion of Ms. Paula Inniss of Cipriani College of Labour and Co-operative Studies which was seconded by Ms. Agnita Francis, a Retiree, after the following amendment:

- Insert the name and signature of the Secretary at the foot of the above Minutes.

5 Matters Arising out of the Minutes of: The 69th Annual General Meeting

- 5.1** Concerning the Resolution passed at the last AGM to write off seventy-seven loans with a total principal value of \$1,529,228.92, a member made inquiries regarding the steps

taken by the Society to recover same. The member was advised, among other things, that the decision to write off the bad debts was a policy decision and it did not mean that all efforts at recovery of same by the Society had ceased.

1st Special Meeting held on the 4th August, 2017

- 5.2** The following questions, arising from the above Minutes, were asked by members and discussed:

- Whether or not the Credit Union had taken any further decisions regarding the purchase of premises at Oxford Street?

In response, the Chairman said that no further action was taken.

- Was there a reason why members working and/or residing in Tobago were not allowed to participate in the above meeting?
- Why didn't the Board of Directors employ the video conferencing facility for this meeting?

In response to the two matters raised above, the Chairman advised that proper Notice of the meeting was given to the members of the Credit Union. In addition, he noted the comments regarding the use of the video conferencing facility for such meetings.

- The Board was asked to state the forum and the date on which the decision to rescind its earlier decision - to bid for the said premises on Oxford Street - was taken. Was the decision taken at a meeting of the Board of Directors?

In response, the Secretary advised that it was her recollection that the decision to rescind the above-mentioned earlier decision of the Board of Directors was taken at a subsequent Special Meeting of the Board.

- What is the name of the owner of the premises at Oxford Street? Whether or not there was a relationship between the Board of Directors and the said owner of the premises at Oxford Street?



Minutes of the 70th Annual General Meeting continued...

In response, the Chairman said that it was his understanding that the owner of the above premises was Mr. Jack Warner. He said, too, that he was not aware of any relationship between any member of the Board of Directors and the vendor thereof.

2nd Special Meeting held on the 2nd September, 2017

5.3 The following questions, arising from the above Minutes, were asked by members and discussed:

- How many members were in attendance at each of the two Special Meetings, that is, the 1st and 2nd?

The observation was made that an amendment to the Bye-Laws was proposed to increase the number of persons who can requisition a meeting of the membership from fifty (50) to two hundred (200) and, based on the published attendance of members at the two Special Meetings, that threshold of members was not met.

In response, the Chairman said that the information regarding the attendance of members at each of the Special Meetings was not available at the moment. With respect to the proposal for the increase in the quorum, he said that that initiative came from the Office of the Commissioner for Co-operative Development (the Commissioner). That is, the Office of the Commissioner was concerned that, on the one hand, the quorum for a meeting had not changed since the registration of the credit union while, on the other, the membership had increased to in excess of twenty thousand persons. It was suggested, therefore, that the Bye-Laws be amended to have the quorum reflect a representative proportion of the total membership.

- When will the Bye-Laws be approved by the Commissioner and be made available to the membership?

In response, the Chairman advised that the Bye-Laws have been approved by the Commissioner.

- Another member suggested that the amended Bye-Laws should have been put in the above Minutes.
- It was suggested, also, that, now that it has become very difficult for members to call a meeting pursuant to the amended Bye-Laws due to the increased number of signatories required for the requisition, the Board should provide a Central Registry with particulars of the membership; the Central Registry will facilitate any member with concerns regarding, among other things, the operations of the Society in making contact with others therefrom to discuss same.

6 Reports

Report of The Board of Directors

6.1 The Report of the Board of Directors was tabled for the consideration of the meeting.

6.2 The Chairman led the meeting in the discussion of the above Report. The financial figures contained in the above Report differed in some respect, at times, from those in the audited Financial Statements and members sought clarification of such disparity. The Acting General Manager said that the reason for the apparent disparity was really a question of timing; that is, some figures in the Report were put together before the signing off of the accounts by the Auditors. As such, certain adjustments were made in the audited Financial Statements and this accounted for the apparent disparity in some figures. It was suggested and agreed to by everyone that an Errata Sheet should have been employed in the circumstances.

The Chairman advised that, going forward, an Errata Sheet will be employed to treat with any differences that may arise between the above-mentioned figures.

6.3 Members raised and discussed the following matters:

- It was noted that, during the last financial year, there were two hundred and sixty-one (261) adult and fifteen (15) youth applications for membership. It was suggested that better analysis should be done with the above figures.
- Concerning the number of youth applications for the period, it was suggested, too, that a more aggressive outreach programme should be employed by the Society.
- Whether or not the membership target of 25,000 members by the end of 2018 was achievable?
- Whether or not, in the current low interest rate environment, the Society could continue to grant preferential rates on fixed deposits to certain members.
- Concern was expressed over the large exposure on loans mentioned in the Report.
- Particulars of the work plans, developed at a recent retreat of the Board and Statutory Committees, were sought.

6.4 At this point, the Report of the Education Committee was tabled for the consideration of members. The Vice President led in the discussion of the above Report and answered questions raised by members on same. The following matters, among others, were discussed:

- A description of the activities undertaken by the Committee under the heading styled "Youth Development" was sought;
- The cost of the Annual Christmas Party for Children and the alleged registration by members of children of their friends – who are not members of RHAND – was discussed. To contain costs, it was suggested that the party be held once every two years.

The Report of the Education Committee was noted by the membership. In addition, the Report of Board of Directors was adopted by the meeting after a motion of Ms. Christine Campbell which was seconded by Mr. David Maynard. It was put to the vote and carried.

Report of The Credit Committee

6.5 The Report of the Credit Committee was tabled for the consideration of the meeting. Mrs. Esme Forde, the Chairperson of the above Committee, was invited to present the said Report and she did so.

6.6 The following matters were raised and discussed to the satisfaction of members:

- One member noted in the above Report that members were seeking to withdraw their shares even though the shares were pledged with the Society as security for loans; he asked what was the recommendation of the Credit Committee in the circumstances?
 - Another member sought clarification on whether or not the withdrawal of shares mentioned in the Report was related to dividends declared at the AGM and posted to shares.
 - Bearing in mind the funds lent by the Society on Home Improvement Loans, an explanation was sought regarding the reasons why the Committee did not conduct any site visits.
- 6.7** The Report of the Credit Committee was adopted after a motion of Ms. Joy Dillon which was seconded by Ms. Thecla Huggins-Stanley. The motion was put to the vote and carried.

Minutes of the 70th Annual General Meeting continued...

Report of The Supervisory Committee

6.8 The Report of the Supervisory Committee was tabled for the consideration of the meeting. Ms. Claudette Brown, the Chairperson of the above Committee, was invited to present the said Report and she did so.

6.9 One member noted the work done by the Committee stated in its Report; he noted too that the Report did not have any recommendations regarding the findings of the Committee and inquired of the reasons for the failure to so do. In response, the member was advised that all findings and recommendations made during the Committee's audit were discussed promptly with management with a view towards having the necessary remedial action taken.

6.10 The Report the Supervisory Committee was adopted after a motion of Ms. Shelly Charles which was seconded by Mr. Ancil Forde. The motion was put to the vote and carried.

Auditors' Report

6.11 Ms. T. Mitchell, a Representative of the firm, PKF, Chartered Accountants & Business Advisors, was invited by the Chairman to present the Auditors' Report and she did so.

6.12 One member pointed out that the said Report was not dated and he sought to have that omission corrected. Thereafter, the meeting duly adopted the Report after a motion of Ms. Christine Campbell which was seconded by Mr. Selwyn Malcolm, a Retiree. The motion was put to the vote and carried.

Financial Statements

6.13 The Financial Statements of the Society for the year ended the 31st December, 2017 were tabled for the consideration of the meeting. The Treasurer, Mr. R. Cooper, in a brief PowerPoint presentation, mentioned the challenges faced by businesses in the existing

financial environment. He mentioned, too, that due to the deteriorating economic environment in the country, the Board revised the Society's Strategic Plan during May 2017; the Board determined, going forward, that more focus should be put on different priorities including the following:

- The development of Enterprise Risk Management Framework within the Society. That is, internally, the Society should focus on the minimization of errors, fraud and mismanagement. Also, externally, the Society should focus on minimizing risk in its investments portfolio.
- The revamping of its Procurement Policy and Procedures;
- The development of Loan Loss Provisioning Guidelines in preparation for the implementation by the Society of IFRS 9, the new Accounting Standard.
- The improvement of operational efficiency. That is, with such improvement, the Society should become more efficient in its expenditure.
- Securing new locations for its Arima and Tobago branches, thereby enhancing the experience of members.

Thereafter, he gave an overview of financial performance of the Society during the last financial year; he mentioned, inter alia, the following:

- Assets grew to \$621m at year end compared to \$590m in the prior year;
- There was growth also in the loan portfolio; it stood at \$409m at year end;
- Long term investments grew to \$100m at year end compared to \$87m in the prior year;
- Loan loss exposure was \$16m and this was of great concern to the Board;

- The Operating Surplus and Comprehensive Income for the period was \$20m and \$23m respectively, the highest in the history of the Society.

6.14 Questions raised by members dealt with the following matters:

- The discrepancy in the percentage of dividend to be proposed for the financial period mentioned by the Treasurer compared to what is published in the Annual Report;
- How can one speak of the efficiency of the operations of the Society when the budgeted funds were not being spent?
- There have been approximately 5,000 inactive members in the Society for over the last five years. What has the Board done to treat with and reduce that number?
- There was a decline of approximately five hundred members during the period 2016-17. What were the reasons for the decline and what was being done to stem same?
- The need to review the policy concerning the placement of dividends declared on shares but which, at the same time, failed to consider the quantum of such dividends so placed for purposes of treating with member inactivity.

6.15 Following upon discussions of the above-mentioned matters to the satisfaction of the membership, the Financial Statements were adopted after a motion of Mr. Ancil Forde which was seconded by Ms. Jennifer Browne, a Retiree. The motion was put to the vote and carried.

7 Election of Officers for the 2018/2019 Term

Report Of The Nominating Committee

7.1 The Report of the Nominating Committee was tabled for the consideration of the meeting. Mrs. M. Knights, the Chairperson of the Committee, was invited to present the said Report and she did so. A presentation of the Report done by video was made.

7.2 Thereafter, the meeting adopted the said Report after a motion of Mr. Joseph Lewis which was seconded by Mrs. Alana Carew-Aguillera of the Ministry of Rural Development and Local Government. The motion was put to the vote and carried.

7.3 Following the adoption of the Report of the Nominating Committee, the Chairman vacated the chair and the Returning Officer, Mrs. Daphne Moore, took same. The Returning Officer explained the voting process to members, the number of persons for whom one may vote regarding the Board of Directors and the Committees and advised that the ballots will be counted electronically at this meeting. She explained further to members the rules and processes involved in having the ballots processed and counted.

7.4 The Returning Officer acknowledged the presence of a quorum at this time, there being Two Hundred and Sixty-five (265) members present at the Trinidad Venue and Sixty-eight (68) at that in Tobago. Ballot papers were distributed and members cast their ballots.

7.5 The following persons were elected to the Board of Directors, the Credit and the Supervisory Committees:

Board of Directors

- David Maynard
- Petal Dawn Hinkson
- Martin Minguell
- Myrtle Pilgrim-Edwards
- Charlene Davidson *First Substitute*
- Kristed Herbert *Second Substitute*

Credit Committee

- Jennifer James
- Esme Forde
- Lenus Joseph
- Donnis Bourne *First Substitute*
- Don Finley *Second Substitute*



Minutes of the 70th Annual General Meeting continued...

Supervisory Committee

Pamela Ogiste

Claudette Brown

Ancil Shane Forde

Erica Charles

First Substitute

Nadine O. Ellis

Second Substitute

7.6 A motion for the destruction of the ballots, physically and electronically, was moved by Mrs. M. Superville-Craigwell and seconded by Ms. Shelley Charles. It was put to the vote and carried.

8 2018 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections

8.1 After being tabled, Mr. Cooper presented the Financial Projections and Capital Expenditure Budget of the Society for 2018. There was no discussion on the above presentation.

8.2 A motion for the approval of the Financial Projections and Proposed Capital Expenditure Budget for 2018 was moved by Ms. Shelley Charles and seconded by Ms. V. Boissierre. The motion was put to the vote and carried.

9 Amendment to the Bye-Laws of the Society

The Chairman advised that there was no business to be dealt with under the above head.

10 MOTIONS

10.1 The following Motions were tabled for the consideration of members:

Bye-Law Amendment concerning Term Limits to be brought to the membership via General Meeting

That the Board do prepare a proposal for the amendment of the Bye-Laws to treat with "Term Limits" and call a General Meeting within three months of the date of this AGM to consider same.

10.2 The above Motion was duly passed following a motion of Mr. Gerald Collins which was seconded by Mr. Trevor Boissierre.

Acquisition of Premises to serve as Branch Offices

That permission be granted to the Board of Directors to purchase suitable properties to serve as Branch Offices, one in Arima (the Arima premises) and the other in Tobago (the Tobago premises), that will, at minimum, meet the accessibility needs, physical and otherwise, of the membership; that the respective purchase prices are not to exceed \$6M in the case of the Arima premises and \$10m in the case of the Tobago premises.

10.3 One member asked whether or not the Society wished to purchase land alone or land with an existing structure thereon. The Chairman advised that the acquisition can be either land alone or land with a structure thereon.

10.4 The above Motion was duly passed following a motion of Ms. Christine Campbell which was seconded by Mr. Norman Luke.

10.5 At this point, the time being 8:20pm, the meeting lacked a quorum. As such, the Chairman, with the agreement of those members present, adjourned the Annual Meeting to a date to be fixed.

Respectfully submitted,

Martin Gibbs
Secretary – Board of Directors

Minutes of the Reconvened 70th Annual General Meeting

Held on Thursday April 19, 2018, simultaneously on the rooftop of RHAND Credit Union, 57-61 Abercromby Street, Port of Spain – Trinidad and the Tobago Nutrition Co-operative Society Limited, Canaan – Tobago, facilitated through the linking of the two venues employing video conferencing technology.

1 Introduction

1.1 The meeting commenced at 5.00pm. The Chairman, Mr. Martin Minguell, welcomed everyone. He noted that, through video conference, the meeting was being held at two venues simultaneously, one being at the Head Office of the Credit Union, Abercromby Street, Port of Spain, Trinidad (the Trinidad Venue) and the other at Tobago Nutrition Co-operative Society Limited, Canaan, Tobago (the Tobago Venue). He invited those in attendance to stand for the playing of the National Anthem and the recitation of the Credit Union Prayer.

- Thereafter, the Secretary, Ms. Joycelyn Hunte, was invited to read the Notice convening the meeting.

2 Notice of meeting and adoption of Standing Orders

- 2.1** The Secretary read the Notice convening the meeting and reported that notice was duly given and that a quorum being present, the meeting was duly constituted and could proceed to business. At this point, there were two hundred and thirty-one (231) and forty-three (43) members present at the Trinidad and at the Tobago venue respectively.
- 2.2** The Standing Orders, by agreement of the members, remained in effect.
- 2.3** Thereafter, the Chairman dealt with the remaining items of the Agenda, beginning with Item 10 - Resolutions.

3 Resolutions

- 3.1** The following Resolutions were tabled for the consideration of members:

Appointment of Auditors

That the firm of Chartered Accountants, KPMG be appointed as the Auditors of the Society for the financial year ending the 31st December, 2018.

- 3.2** A motion for the approval of the above Resolution was moved by Mr. Cooper and seconded by Ms. Petal Dawn Hinkson. It was put to the vote and carried.

Building Fund

That pursuant to Bye-Law 15(h)(ix), the sum of \$750,000.00 be allocated from the surplus for the year ended the 31st December, 2017 to the Building Fund.

- 3.3** A motion for the approval of the above Resolution was moved by Mr. Cooper and seconded by Mr. Francis Morris. It was put to the vote and carried.

Dividend on Shareholdings

That a dividend of 3.00% on the average monthly share balance held by each member for the year ended the 31st December, 2017 be declared for the year ended the 31st December, 2017 and that the proceeds of this dividend distribution be credited to the Share Savings and Savings Deposit Accounts of each member by way of equal credits of 30% and 70% respectively of the entitlement for each member.

- 3.4** A motion for the approval of the above Resolution as amended was moved by Mr. Cooper and seconded by Mr. K. Duke. It was put to the vote and carried.



Minutes of the Reconvened 70th Annual General Meeting continued...

Honoraria

That honoraria in the gross sum of \$313,334.00 (\$235,000 net of income tax liability) be declared for the year ended the 31st December, 2017.

- 3.5** A motion for the approval of the above Resolution was moved by Mr. Cooper and seconded by Ms. Esme Forde. It was put to the vote and carried.

4 Other Business

- 4.1** Two members complained about the apparent failure of RHAND's Standing Order mandates concerning the transfer of funds from their respective accounts to CUNA Caribbean Limited (CUNA); that is, despite their mandate to transfer funds from accounts at RHAND to CUNA, the latter has said that the funds were not received. Yet, the relevant withdrawals appeared in the accounts of the members at RHAND. The Chairman undertook to look into the above matters the next day.

- A member sought information on the operation on the Group Health Plan managed by Sagicor Life, the Insurer.

It was suggested that the credit union should become involved in property development and the provision of sporting facilities for its membership.

There being no other business, the meeting ended at 6.14pm.

Respectfully submitted,

Martin Gibbs
Secretary – Board of Directors

**“At RHAND,
we are engineering
processes to better
serve you.”**





RHAND
CREDIT UNION
CO-OPERATIVE
SOCIETY LIMITED

a n n u a l r e p o r t 2 0 1 8

Minutes of the 1st Special General Meeting



"I told myself that I deserved to own a home just as much as anyone else. I saved for my downpayment and took on three jobs. RHAND listened and today I have my own keys to my OWN home."

Minutes of the 1st Special General Meeting

- An attempt was made to hold this meeting on Wednesday July 18, 2018, simultaneously on the Rooftop of RHAND Credit Union, 57-61 Abercromby Street, Port-of-Spain – Trinidad and the Tobago Nutrition Co-operative Society Limited, Canaan – Tobago, facilitated through the linking of the two venues employing video conferencing technology. However, at 6:02pm the Chairman advised that a total of one hundred and four (104) members were present at both venues which was insufficient for a quorum; as such, the meeting was not properly constituted and could not proceed to business.
- The meeting was successfully held on Thursday August 23, 2018 simultaneously on the Rooftop of RHAND Credit Union, 57-61 Abercromby Street, Port of Spain – Trinidad and the Tobago Nutrition Co-operative Society Limited, Canaan – Tobago, facilitated through the linking of the two venues employing video conferencing technology.

1 Introduction

- 1.1** The meeting commenced at 5.30 pm, and the Convenor welcomed everyone. He noted that, through video-link, the meeting was being held simultaneously at two venues, one at the Society's offices at 57-61 Abercromby Street, Port of Spain, Trinidad and the other at Tobago Nutrition Co-operative Society Limited, Canaan, Tobago. He invited those in attendance to stand for the playing of the National Anthem. Thereafter, members recited the Credit Union Prayer.
- 1.2** The Secretary, Mr. Martin Gibbs, was invited to read the Notice convening the meeting.

2 Notice of Meeting and Adoption of Standing Orders

- 2.1** The Secretary read the Notice convening the meeting and reported that notice was duly given and, though one hundred (100) members were present at both venues at this point, the meeting could proceed to business by operation of the provisions of Bye-Law 15(f)(ii).
- 2.2** The Standing Orders were duly adopted by the meeting on a motion of Mr. Selwyn Malcolm, a Retiree, and seconded by Mr. Sylvester Paul. The motion was put to the vote and carried.

3 President's Address

- 3.1** The Chairman, Mr. Martin Minguell, greeted everyone. He explained the purpose of the meeting and, in particular, its procedural requirements. He pointed out that proposals for the amendment of three Bye-Laws were being presented for the consideration and approval of the meeting; these Bye-Laws were: Nos. 18(c) - dealing with the Board of Directors, 23(c) - dealing with the Credit Committee and No. 24(d) - dealing with the Supervisory Committee. The specific proposals for amendment to the Bye-Laws, he said further, were highlighted in bold italics on the handbill that was given to each member at the meeting. In addition, the said proposals were posted on the internet for the information of all members.
- 3.2** Thereafter, he dealt with the above proposals one by one in the order in which they were introduced above as follows:
- *Bye-Law Nos. 18(c)(iv) and (v) as printed in bold italics on the handbill.*

A motion concerning the above two proposals for amendment was moved by the Chairman and seconded by Ms. Joycelyn Hunte.

The proposed amendment in respect of Bye-Law 18(c)(iv) above, which was read, put a restriction of a maximum of three years on the eligibility of a member of the Society for election to the Board if that member was in its paid employment. The period of the restriction will begin from the date on which such member ceased to be so employed by the Society.

The reason for the above proposal, the Chairman said, was to bring the Bye-Law in line with the recommendations of the Central Bank of Trinidad and Tobago regarding the Co-operative sector.

The proposed amendment in respect of the other proposal, Bye-Law 18(c)(v) above, which was read, will put in place a one-year waiting period before a member of the Society could become eligible, once again, for election to the Board if such member has served previously a maximum of two consecutive terms of three years each as a member of said Board.

The above proposal, the Chairman said, was meant to deal with existing best practice touching corporate governance.

One member inquired whether the above amendments violated the freedom of association provision enshrined in the Constitution of Trinidad and Tobago. The Chairman informed the member that the Commissioner for Co-operative Development had sanctioned such amendment.

The motion concerning the above two proposals for amendment was put to the vote and ninety-seven (97) members voted in favour of same, no one voted against and there were two (2) abstentions. Based on the formula for amendments to the Bye-Laws, the Chairman declared the motion carried.

- *Bye-Law No. 23(c)(vi) and (vii) as stated in bold italics on the handbill.*

A motion concerning the above two proposals was moved by the Chairman and seconded by Mr. James Huggins, a Retiree.

The proposed amendment in respect of Bye-Law 23(c)(vi), which was read, put a restriction of up to a maximum of three years on the eligibility of a member of the Society for election to the Credit Committee if that member was in its paid employment. The period of the restriction will begin from the date on which such member ceased to be so employed by the Society.

The reason for the above proposal, the Chairman said, was the same as that given for Bye-Law 18(c)(iv) above, that is, to bring the Bye-Law in line with the recommendations of the Central Bank of Trinidad and Tobago regarding the co-operative sector.

The proposed amendment in respect of the other proposal, Bye-Law 23(c)(vii), which was read, will put in place a one-year waiting period before a member of the Society could become eligible, once again, for election to the Credit Committee, if such member has served previously a maximum of two consecutive terms of two years each as a member of said Credit Committee.

The above proposal, the Chairman said, was meant to bring the Bye-Law in line with existing best practice touching corporate governance.

The motion concerning the above two proposals for amendment was put to the vote and ninety-one (91) members voted in favour of same, no one voted against and there were no abstentions. Based on the formula for amendments to the Bye-Laws, the Chairman declared the motion carried.

- *Bye-Law No. 24(d)(vi) and (vii) as reproduced in bold italics on the handbill.*

A motion concerning the above two proposals was moved by the Chairman and seconded by Ms. Esme Forde.

The proposed amendment in respect of Bye-Law No. 24(d)(vi) above, which was read, put a restriction of up to a maximum of three years on the eligibility of a member of the Society for election to the Supervisory Committee,



Minutes of the 1st Special General Meeting continued...

if that member was in its paid employment. The period of the restriction will commence from the date on which such member ceased to be so employed by the Society.

The reason for the above proposal, the Chairman said, was, as mentioned previously, to bring the Bye-Law in line with the recommendations of the Central Bank of Trinidad and Tobago regarding the Co-operative sector.

The proposed amendment in respect of the other proposal, Bye-Law No. 24(d)(vii) above, which was read, will put in place a one-year waiting period before a member of the Society could become eligible, once again, for election to the Supervisory Committee if such member has served previously a maximum of two consecutive terms of two years each as a member of said Supervisory Committee.

The above proposal, the Chairman said, is meant to deal with existing best practice touching corporate governance.

One member sought clarification regarding the mechanics of the restriction in Bye-Law No. 24(d)(vi), referred to above, and the Chairman explained same to the meeting.

Another member sought to determine the intent of the Directors when they recommended the use of the words "up to a maximum of three years" in the said restriction regarding both the Credit and the Supervisory Committees as stated in Bye-Law Nos. 23(c)(vi) and 24(d)(vi) respectively.

The above matter was debated at length by members and closure was brought to same when Mr. Victor Laptiste moved the following amendment to Bye-Law No. 24(d)(vi) only, which was seconded by Mr. K. Duke:

"A member who has been in paid employment/engagement of the Society. This member shall not be eligible for election until after three (3) years of the member ceasing to be in the paid employment/engagement of the Society".

The motion regarding the above amendment was duly passed. In addition, the motion in respect of the proposals for amending Bye-Law Nos. 24(d)(vi) as amended and 24(d)(vii) was put to the vote. Ninety-seven (97) members voted in favour, no one voted against, and there were no abstentions. Based on the formula for amendments to the Bye-Laws, the Chairman declared the motion carried.

4 Other Business

- 4.1** There being no other business, the meeting ended at 6:27pm. The Chairman thanked members for their attendance and contributions and wished them a safe journey home.

Respectfully submitted,

Martin Gibbs
Secretary – Board of Directors



"The responsibilities of parenting and securing a sound financial future for my children can be challenging and require proper planning. With RHAND Credit Union at my side, I have opportunities to set the right financial foundation needed for my children's growth"



The Management Team and Executive Assistants



Suzette Victor –
*Executive Assistant-
Board of Directors*



Leslie Ferrier-Attong
*Manager
Human Resources*



James Baptiste
Tobago Branch Manager




Lister Nigel Puckerin
Manager Finance



Jane Stewart
*Manager Information
Communication and
Technology*



Ainsley Andrews
General Manager



Gillian Gray-Smith
*Executive Assistant-
General Manager*

Aisha Acres
*Manager Credit
Administration*

Jiselle Sutherland
Internal Auditor

Gerard Sampson
Manager Marketing

Gillian Williams
Arima Branch Manager



The Education Committee

Emmanuel Walker
Chairperson


Andrea Borneo-Ragoo
*Convenor-
Youth Sub-committee*

Marlene Felix
*Convenor-Education
Assistance Sub-committee*

Michele Rouff
*Convenor- Social Events
Sub-committee*

Petal-Dawn Hinkson
*Convenor- MSDP
Sub-committee*



A woman with short dark hair, wearing a grey patterned top, stands in a meeting room holding a microphone. She is addressing an audience of two people seated at a table in the foreground. The room has white-clothed tables, chairs, and large windows in the background. A red banner with white text is overlaid on the image.


"The hours were long, studying was near impossible at times and the exams were challenging but I made it! Of course I needed help financially and RHAND made it possible to pursue my dream."



RHAND
CREDIT UNION
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SOCIETY LIMITED

a n n u a l r e p o r t 2 0 1 8

Report of the Board of Directors



"I went into RHAND with a desire – to own my car. They listened, looked at my financial situation and gave me the steps to saving more. It took me 3 months to be better prepared, and I am enjoying the air-conditioning in my brand new car. No more public Transport for me!"

Report of the Board of Directors

1 Introduction

1.1 The Board of Directors is pleased to present to the general membership, its Report on the affairs of RHAND Credit Union Co-operative Society Limited for the year ended December 31, 2018.

2 Composition of The Board of Directors

2.1 The following Members were elected to the Board of Directors at the 70th Annual General Meeting held on Saturday March 24, 2018.

Ms. Petal-Dawn Hinkson
Mr. David Maynard
Mr. Martin Minguell
Mrs. Myrtle Pilgrim-Edwards

2.2 Ms. Charlene Davidson was elected as the 1st Substitute Member while Mr. Kristed Herbert was elected as the 2nd Substitute Member.

2.3 The Board included Mrs. Christine Campbell and Ms. Marlene Felix for the period January to March 2018, and comprised the following Members (listed in alphabetical order) for the period April to December, 2019.

Andrea Borneo-Ragoo
Charlene Davidson
David Maynard
Emmanuel Walker
Glenda Bruce
Joycelyn Hunte
Kedron Duke
Kristed Herbert
Martin Gibbs
Martin Minguell
Michele Rouff
Myrtle Pilgrim-Edwards
Petal-Dawn Hinkson
Reynold Cooper

2.4 The term of office for Directors: Mr. Reynold Cooper, Mr. Kedron Duke, Ms. Joycelyn Hunte and Mr. Martin Gibbs, comes to an end at this 71st Annual General Meeting.

3 Executive Committee

3.1 As mandated by the Bye-Laws, at the Inaugural Meeting, the Members of the Board elected an Executive Committee. The Executive Committee for the 2018/2019 Term comprised the following:

Martin Minguell	-	President
Emmanuel Walker	-	Vice President
Martin Gibbs	-	Secretary
Michele Rouff	-	Assistant Secretary
Reynold Cooper	-	Treasurer

The Executive which served for the period January to April 2018 included Ms. Joycelyn Hunte as Secretary, while Mr. Martin Gibbs served as Vice-President.

3.2 In order to discharge its responsibility during the period under review, the Executive Committee held weekly meetings.

4 Meetings Of The Board Of Directors

4.1 The Board held twelve (12) Regular and nineteen (19) Special meetings during the period January 01, 2018 to December 31, 2018. Attendance of Members at Board Meetings are detailed at Table 1. These do not include several management meetings which included members of the Credit and Supervisory Committees as well as the General Manager and senior staff of the Credit Union.

4.2 Members are asked to note also that all Board members bring to bear their respective professional education, training and experience as they serve on various sub-committees of the Board during the year in order to carry out the necessary activities in support of its mandate.

4.3 The Board wishes to express its heartfelt thanks Mrs. Christine Campbell for her service to RHAND, and to Ms. Marlene Felix who still serves on two committees.

Table 1: Attendance At Board Meetings

	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Martin Minguell	12			18	1		
Emmanuel Walker	12			19			
Martin Gibbs	12			19			
Michele Rouff	12			15	4		
Reynold Cooper	12			17	2		
Joycelyn Hunte	8	4		16	3		
Glenda Bruce	12			17	2		
Kedron Duke	12			13	6		
Petal-Dawn Hinkson	9	3		13	6		
Andrea Borneo-Ragoo	10	2		13	6		
Myrtle Pilgrim-Edwards	10	2		15	4		
David Maynard	9			19			Elected as Director at 2018 AGM
Charlene Davidson	10	2		9	10		Elected as 1st Alternate at 2018 AGM
Kristed Herbert	6	3		7	5		Elected as 2nd Alternate at 2018 AGM
Christine Campbell	3			6		1	End of Term in Office as a Director
Marlene Felix	3			6	1		End of Term in Office as a Director

5 MEMBERSHIP

5.1 During the year 2018, Five Hundred and Ten (510) Adults and Twenty Four (24) Youth Applicants were admitted to Membership. A total of One Hundred and Eighty-Two (182) members, including One hundred (100) who passed away (Appendix 1), ceased membership in 2018. As at December 31, 2018, the total membership complement of RHAND Credit Union stood at 20,265.

5.2 The Members of the Board of Directors, Members of the Statutory Committees, Management and Staff of RHAND Credit Union, wish to extend condolences to the family and friends of the deceased members of the extended RHAND family.

5.3 The Board, Statutory Committees and staff of RHAND still feel that sense of loss at the

passing of a long serving member of staff, Ms. Rosemarie Charlerie on January 1, 2019. Ms. Charlerie worked at RHAND for thirty-one (31) years and was last attached to our Arima Branch. Our heartfelt condolences go out to her colleagues and surviving relatives.

6 Global Macroeconomic Environment Overview

6.1 According to the World Bank's Global Economic Prospects (<http://www.worldbank.org/en/publication/global-economic-prospects>), global growth is projected to incrementally slip from a downwardly revised 3% in 2018 to 2.9% in 2019 and 2.8% in 2020-21, as "economic slack dissipates, monetary policy accommodation in advanced economies is removed, and global trade gradually slows".

6.2 Escalating trade tensions serve as a major downside risk to the global outlook. If all tariffs currently under consideration were implemented, they would affect about 5% of global trade flows and could dampen growth in the economies involved, leading to negative global spillovers. While some countries could benefit from trade diversion in the short run, rising trade protectionism would stifle investment and severely disrupt global value chains, contributing to higher prices and lower productivity. Other downside risks, such as heightened political uncertainty, escalating geopolitical tensions, and conflict, further cloud the outlook.

We shall continue to monitor the potential impact of these developments on the performance of our US Dollar investments.

7 Domestic Macroeconomic Environment Overview

7.1 According to the Central Bank's (CBTT) November 2018 Monetary Policy Report, preliminary estimates suggest an increase in real economic activity of 3.0% (year-on-year) in the first six months of 2018. This represented a significant improvement from a year earlier when economic activity declined by 4.7%. The main driver of growth was the energy

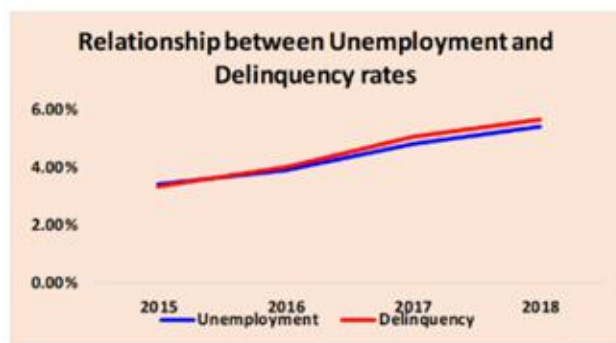
Report of the Board of Directors continued...

sector, reflecting the effects of new natural gas output from the Juniper gas platform since the second half of 2017.

- 7.2** Employment conditions remained generally weak, but productivity and wages strengthened. The CBTT data indicated that the number of persons with jobs declined over the period by approximately 12,000. At the same time, 7,600 persons left the labour force resulting in a decline in the participation rate from 59.0 % to 58.3 %. Those industries which recorded the largest decrease in the number of persons with jobs include: construction (14,700); petroleum and gas (5,700); and community, social and personal services (4,700).

It is noted that there has been a direct correlation between national unemployment trends and delinquency rates on our loan portfolio (Chart 1).

Chart 1).



- 7.3** Looking forward to 2019, and based on the European publication, Focus Economics, growth of 1.5% in 2019 (down 0.2 percentage points from last month's forecast), and 1.8% in 2020 are projected. The forecast is expected to be "supported by a stronger non-energy sector and natural gas production" while still being exposed to "vulnerability to volatile energy prices and high household debt".

8 Domestic Financial System Overview

- 8.1** Commercial banking rates declined slightly in 2018. Following a decline in the weighted average lending rate of one commercial bank at the end of 2017, some commercial banks responded by decreasing their lending rates as well in early 2018, while others left their rates unchanged. The resulting decline in the weighted average lending rate likely reflected competition among commercial banks for loan business in an economy that is still sluggish, particularly the non-energy sector.

- 8.2** Consumer and real estate mortgage lending remain the stronger categories in private sector credit. Lending to consumers accelerated by 8.2% (year-on-year) in August 2018 compared to 5.0% in April. Loans for debt consolidation and refinancing continued its robust growth (18.4% and 17.7%, respectively); the growth in these areas suggests that consumers are rationalising their loan obligations in the current slow economic period. Lending growth for the purchase of motor vehicles slowed to 2.8% on account of lower advances for new vehicles (3.0%) and used vehicles (2.8%), along with a decline in lending for other vehicles (-0.7%). Credit card lending moderated in the second quarter compared to first quarter 2018 (7.3% compared to 8.5%) due to the introduction of restrictions on credit card usage for foreign currency transactions. Supported by persistent excess demand and lower interest rates, real estate mortgage lending maintained its growth. On a year-on-year basis, real estate mortgage lending grew by 9.1% in August 2018 compared to 7.7% in April 2018.

- 8.3** The consumer financing market remains lucrative amidst the economic challenges. In addition to Island Finance and Courts offering 'easy loans', JMMB Express entered the market in the third quarter of 2018. With interest rates ranging from 20% to 48% these entities continue to feed the societal need for instant gratification over financial prudence and wealth creation.

The factors detailed above have directly and adversely impacted RHAND's loan portfolio in that there was (i) a decline in the number of members seeking loans and (ii) an upswing in the number of loans being repaid from proceeds of external loans. We shall continue to revisit and adjust our strategies to meet these challenges.

9 Regulatory Developments

9.1 The IMF's Caribbean Regional Technical Assistance Centre (CARTAC) continues to collaborate with the government on developing a more robust regulatory framework for the Credit Union Sector. The core objective of this agency was quoted as "to assess the degree of systemic risk of the credit union sector to the country's financial stability, review progress in modernizing the legislative framework, and make appropriate recommendations for consideration to strengthen the prudential regulation of credit unions". Their 2017 report remains the centre of very recent discussions between the Government and the various Credit Union bodies.

These efforts have been paralleled by publications in a local daily newspaper by organizations representing the Credit Union movement regarding the challenges facing our regulatory body, in addition to potential implications of the newly implemented IFRS 9 accounting standard.

RHAND continues to lead the way in ensuring the necessary controls and governance infrastructure are implemented, in the face of any challenges, with a view to maintaining our reputation as a solid financial institution and the model Credit Union.

10 Asset Base Growth for 2018 and Projected Growth for 2019

10.1 According to the Ministry of Finance (Review of the Economy 2018 publication), the domestic economy is projected to expand by 1.9% for 2018, following 2 consecutive years of contraction. The outlook from the IMF and World Bank restricts 2019 growth

projections to 0.9%. It is against this backdrop that RHAND Credit Union has been growing at an average rate of 5.54% over the past five (5) years and recorded an increase in its asset base of \$24,198,165 (3.89%) for the year ended December 31, 2018 (Table 2).

Table 2: Total Assets – 2014 - 2018			
Year	Total Assets (\$)	Increase/(Decrease)	
		(\$)	(%)
2014	529,221,743	33,432,651	6.74
2015	564,677,191	35,455,448	6.70
2016	590,786,432	26,109,241	4.62
2017	621,309,195	30,522,763	5.17
2018	645,507,360	24,198,165	3.89

The projected asset base growth for 2019 is \$26,566,000 (4.13%)

11 Loans Portfolio

11.1 Tempered borrowing trends and high liquidity in the financial services sector were compounded in 2018 by very aggressive competitor behavior resulting in a \$9.2M fall in the loan portfolio. The mortgage segment of the portfolio was the most impacted by members' take up of more enticing offerings in the industry.

Table 3: Gross Loan Principal Balances Outstanding 2014 – 2018			
Year	Balances Outstanding (\$)	Increase/(Decrease)	
		(\$)	(%)
2014	347,820,319	13,097,651	3.91
2015	369,747,410	21,927,091	6.30
2016	398,829,324	29,081,914	7.87
2017	409,952,626	11,123,302	2.79
2018	400,666,277	(9,286,349)	(2.37)

11.2 The necessary infrastructure and strategies have been put in place to ensure 2019 sees a return to positive trending in the portfolio's performance.



Report of the Board of Directors continued...

12 Non-Performing Loans

12.1 As at December 31, 2018, the delinquency ratio for all loans was 7.11%, compared with a delinquency ratio of 6.27% as at December 31, 2017. Of the 408 loans in arrears with a value of \$28,496,864, on the books of the Society as at December 31, 2018 (Table 4), 283 of these loans were 90 days or more in arrears and classified as non-performing (WOCCU Standard). Thus, the delinquency ratio according to the WOCCU Standard was 5.63% compared to 5.34% in 2017.

Table 5: Share Capital 2014 – 2018

Year	Share Capital (\$)	Increase	
		(\$)	(%)
2014	324,230,903	19,887,388	6.53
2015	353,483,959	29,253,056	9.02
2016	371,303,066	17,819,107	5.04
2017	383,553,933	12,250,867	3.30
2018	395,379,647	11,825,714	3.08

Table 4: Delinquency Statistics (RHAND and WOCCU Standards)

Year	Number of Delinquent Loans	Total of Delinquent Loans Balances (\$)	Delinquency Ratios	
			Total	WOCCU
2014	363	16,379,585	4.71	3.43
2015	397	18,141,453	4.91	3.58
2016	462	22,691,139	5.69	4.52
2017	352	25,711,592	6.27	5.34
2018	408	28,476,864	7.11	5.63

14 Earnings Performance and Operating Efficiency Profile

14.1 For the financial year ended December 31, 2018, RHAND Credit Union realized an operating surplus of \$21,133,824 (Table 6), which represents a Net Profit Margin of 41.07% for the 2018 financial year, compared to a Net Profit Margin of 43.42% for the year 2017 financial year. The deterioration in the Net Profit Margin for the 2018 financial year was principally due to the Loan Protection Expense and adjustments for the impact of IFRS9 on investments.

12.2 The Methodology for determining Allowance for Loan Losses had to be revamped to take into consideration the influence of IFRS 9 which dictates that allowances must be made for both delinquent loans and loans with no history of delinquency. As a result of the new Expected Credit Loss (ECL) model an additional allowance (expense) of \$346,116 was made.

13 Share Capital Portfolio

13.1 The total share capital of the Credit Union stood at \$395,379,647 as at December 31, 2018, representing an increase of \$11,825,714 (3.08%), over the total shareholding of \$383,553,933 as at December 31, 2017 (Table 5).

Table 6: Operating Surplus and Net Profit Margin 2014 – 2018					
Income/Expenses Captions	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)	2018 (\$)
Interest on loans	37,358,266	36,384,961	38,483,380	41,504,714	43,432,734
Investment income	2,020,571	2,746,092	3,586,648	4,798,086	5,903,511
Other income	1,262,899	1,357,626	1,551,483	1,429,183	2,127,062
Total Income	40,641,736	40,488,679	43,621,511	47,731,983	51,463,307
Total Expenses	26,183,499	28,721,817	27,070,065	27,004,710	30,329,483
Operating Surplus	14,458,237	11,766,862	16,551,447	20,727,273	21,133,824
Net Profit Margin	35.58%	29.06%	37.94%	43.42%	41.07%
Expenses to Income Ratio	64.42%	70.94%	62.06%	56.58%	58.93%

Table 7: Comprehensive Income and Return On Assets 2014 - 2018					
Income /Assets/ Return Captions	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)	2018 (\$)
Operating Surplus	14,458,237	11,766,862	16,551,446	20,727,273	21,133,824
Unrealized/ Actuarial Gain(Loss)	679,880	(3,119,583)	(796,237)	3,078,101	(4,416,137)
Comprehensive Income	15,138,117	8,647,279	15,755,209	23,805,374	16,717,687
Average Assets	512,505,418	546,949,467	577,731,819	606,047,814	633,408,278
Return On Assets	2.95%	1.58%	2.73%	3.93%	2.64%

14.2 The more significant cost variances incurred for the year 2018 under the expense items of Loan Protection Expense; and Stationery supplies and postage expenses which totaled \$6,618,392 compared with \$2,895,747 for 2017.



Report of the Board of Directors continued...

Table 8: Expenses Highlighting Major Cost Items 2014 – 2018

Expenses Captions	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)	2018 (\$)
Personnel costs	10,635,898	12,021,494	12,399,092	11,463,827	11,475,555
Interest on Savings and Time Deposits	2,170,128	2,316,242	2,312,649	2,255,688	2,225,231
Credit life and savings insurance expenses	866,002	854,762	811,226	915,057	987,889
Loan protection expense	1,716,236	2,110,565	895,625	1,092,306	2,200,621
Education Committee expenses	1,636,889	1,305,645	1,125,294	987,081	1,048,243
Legal and Professional Services	667,214	1,085,821	1,125,317	887,905	1,277,005
Loan loss expense/Expected Credit Loss	129,286	919,012	916,600	1,000,000	346,116
Depreciation expense	1,104,740	1,133,615	1,032,472	996,817	1,111,845
Stationery, supplies and postage expenses	527,210	443,266	592,572	803,441	1,232,248
Other expenses	6,729,896	6,531,395	5,859,218	6,602,588	8,424,730
Total Expenses	26,183,499	28,721,817	27,070,065	27,004,710	30,329,483

15 Efficiency, Profitability and Financial Strength and Soundness Review

15.1 As a guide for assessing the strength of the Credit Union's balance sheet, the safety and soundness of the Credit Union's financial structure and the efficiency and profitability of the Credit Union's operations, the following ratios are presented in Table 9.

Table 9: PEARLS and EFFICIENCY RATIOS

Financial Ratio Equation	RHAND Value 2018 2017		Standard of Excellence	COMMENT
1) Net Institutional Capital Ratio $= \frac{\text{Fund*} + \text{Undivided}}{\text{Balances} + \text{Earnings}} = \frac{\$ 72,974,710}{\text{Total Assets} \quad \$ 645,507,360}$ *Reserve, Education & Building Funds	11.31%	10.33%	Minimum of 8.00%	RHAND value more favourable than standard
2) Liquidity Adequacy Ratio $= \frac{\text{Cash} + *}{\text{Total Assets}} = \frac{\$ 103,977,912}{\$ 645,507,360}$ *Investments FVTPL Maturing under 2yrs	16.11%	13.57%	Maximum of 20.00%	RHAND value more favourable than standard
3) Asset Quality Ratio $= \frac{\text{Total Delinquent Loans}}{\text{Gross Loans}}$ $= \frac{\$ 28,476,864}{\$ 400,666,277}$	7.11%	6.27%	Maximum of 5.00%	RHAND value less favourable than standard
4) Total Operating Expenses to Average Asset Ratio $= \frac{\text{Total Operating Expenses}}{\text{Average Assets}}$ $= \frac{\$ 30,329,483}{\$ 633,408,277}$	4.79%	4.46%	Maximum of 5.00%	RHAND value more favourable than standard
5) Efficiency Ratio $= \frac{\text{Non-Interest Expenses} - \text{IFRS9 Expenses}}{\text{Total Income} - \text{Interest Expenses}}$ $= \frac{\$ 28,104,252 - \$ 1,975,499}{\$ 51,463,307 - 2,225,231}$	53.07%	52.22%	Maximum of 55.00%	RHAND value more favourable than standard
6) Return On Average Members' Equity $= \frac{\text{Comprehensive Income}}{\text{Ave. Institutional Capital} + \text{Ave Share Savings}}$ $= \frac{\$ 16,717,687}{\$ 85,908,012 + \$ 389,466,790}$	3.52%	5.25%	Minimum of 5.00%	RHAND value less favourable than standard

Report of the Board of Directors continued...

16 Work Activities in which the Board of Directors was engaged

16.1 Policy Formulation

The Board continued its work of policy review and formulation of new policies for the effective governance of the Credit Union. Two (2) new policies were developed and approved:

- (i) an Anti-Fraud Policy And Fraud Response Procedure and
- (ii) an Occupational Safety & Health (OSH) Policy. Additionally, the Procurement Policy, Telephone Usage Policy and Compliance (AML/CFT) Policy were reviewed and updated. The Anti-Fraud Policy supports the strengthening of controls in the detection and prevention of fraud against the Society, while the OSH Policy supports the maintenance of an environment that preserves the safety and health of our employees, members and visitors.

16.2 Institutional Framework Strengthening Development

The Board was exposed to developmental lectures and exercises through participation and interaction as follows:

- Caribbean Confederation Of Credit Unions (CCCU) Annual International Convention 2018 - *Credit Unions: The Power To Change The Future*
- Orientation programmes managed by the Nomination Committee
 - Leadership and Management: conducted by Ms. Margaret Weston*
 - An Overview of the Co-operative Movement Locally, Regionally and Internationally: conducted by Jerome Chambers of Global Forensic Institute T&T*
 - Use of Funds- Finance Basics: conducted by Kwesi Charles of Cred U View.*

- AML/CFT refresher training conducted by the Compliance Officer

16.3 Other significant accomplishments

1. Appointment of Mr. Ainsley Andrews (former Manager, Credit Administration) to the position of General Manager
2. Rebuilding of the operational management team as part of HR Audit/operational restructuring plan.
3. Completion of the overhaul of the Balanced Scorecard Performance Management System
4. Development and approval of the 2019-2021 Strategic Plan
5. Completion of first phase implementation of the Enterprise Risk Management (ERM) framework (in conjunction with the Unit Trust Corporation)
6. Acquisition of freehold land for our the proposed site of the new Arima office
7. Disposal of ownership interest in LinCU, thereby realizing a gain over 2017 on the book value of the shares

We did experience some shortcomings which included the completion of the website upgrade; completion of the Business Continuity Plan; implementation of a Risk-Based Lending Framework; implementation of a Business Intelligence system and acquisition of property for a new Tobago office. These, however, have been integrated into our strategic objectives for 2019.

17. Recognition and Best Wishes

- 17.1** The Board of Directors wishes to recognize the Cummings Fraser Foundation which was able to extend aid to thirty-nine (39) members who were severely affected by the national

flooding disaster that occurred over the period October 19th -21st 2018. A total of \$195,000.00 was disbursed.

This effort was supplemented by specially approved loan products to assist in rebuilding and recovery efforts.

17.2 The Board of Directors wishes to recognize all the individuals who have contributed to the many successes achieved by RHAND Credit Union in the Year 2018 – Members of the Joint Management Team (Board of Directors and Statutory Committees), Members of Staff and most importantly you, our members. Best wishes and God’s blessings to everyone for the New Term 2019-2020.



Martin Minguell

President
Board of Directors



Martin Gibbs

Secretary
Board of Directors





"At RHAND Credit Union, I always experience a positive outlook at life and my financial goals"

Report of the Education Committee

1 Introduction

The Education Committee 2018 is pleased to report to the membership on the various activities in which it was engaged for the period January to December 2018.

2 Objective of the Committee

The Education Committee is a feature of all organizations operating under the Co-operative Society business model. The Committee enables the Co-operative Principle through Education, Training and Information to its members, members' children, employees and the general public, promoting self-development, development of the Credit Union and the values and benefits of co-operation.

The Education Committee is a Board-appointed Committee as stipulated in RHAND Credit Union's Bye-Law 21(a); which states, "This Committee shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society; consequently, its strategic role is inextricably linked to the Mission, Vision and Strategic Direction of RHAND Credit Union.

3 Formation Details

The Education Committee comprised the following members appointed by the Board of Directors:

- Emmanuel Walker - *Chairperson*
- Michele Rouff - *Secretary*
- Petal-Dawn Hinkson - *Board Member*
- Marlene Felix - *Past Board Member*
- Heather Bobb-Wallace - *Programme Co-ordinator*
- Andrea Borneo Ragoo - *Board Member (Co-opted as Convenor Youth Committee)*

The Education Committee performs its function through the establishment of a number of Subcommittees namely: the Social Events Subcommittee, The Education Assistance Subcommittee, and Membership Skills Development Programme (MSDP) Subcommittee. All worked to achieve the mandate of the overarching Committee—the Education Committee by the development and approval by the Board of an Action Plan. The projects and activities of all the subcommittees are guided by the Action plan. The formation of the youth and Communication Subcommittees are works in progress. Detailed below are the activities of the subcommittees:

3.1 Social Events Subcommittee

This subcommittee comprised Mrs. Michele Rouff (Convenor), Mrs. Heather Bobb-Wallace (MMRD), Ms. Brenda Corbin, Mrs. Rennelle Roach, Theresa Noel James, Ms. Marva Simon, Ms. Eishah Johnson-Pajotte, Ms. Ashaki Noel, Mr. Anthony Wallace and Mrs. Delia Bridgewater Mason.

This committee planned the All-fours competition which was executed by the MMRD. There was wide participation in the event with keen competition and rivalry. This event was a huge success. The signature events namely, the Children's Christmas parties held in Trinidad and in Tobago were planned by the Social Events Committee and executed by the MMRD. One thousand, seven hundred and twenty five (1725) children were registered in Trinidad and six hundred and ninety three Tobago. A good time was had by all.

3.2 Education Assistance Subcommittee

Ms. Marlene Felix (Convenor), Mr. Gregory Mieres, Mr. Kristed Herbert and Ms. Carlene Green comprised this committee. Projects undertaken by this committee were the SEA and May Cherie Award Programmes and the Youth Leadership Workshops. Nineteen (19) children received

SEA awards, sixteen (16) from Trinidad and three (3) from Tobago. There were three awardees under the May Cherrie Scholarship Programme.

3.3 Membership Skills Development Programme Subcommittee

Ms. Petal-Dawn Hinkson (Convenor) led this subcommittee and was ably assisted by the Mrs. Heather Bobb-Wallace (Programme-Co-ordinator) and Mrs. Renelle Roach.

Two modules of eight weeks duration were conducted under the programme during the period under review. They were well-subscribed and the participants proudly displayed some of the work done.

4 Other activities of the Education Committee

The Education Committee selected the structure and developed the theme for the 2019 calendars. The Committee also planned the Credit Union Month activities and the initiative-Retirement planning and Will preparation- which was delivered for the development of the membership.

This initiative will form a part of the yearly calendar of the Committee.

5 Conclusion

The Committee thanks (i) the Members of the Marketing and Member Relations Department (MMRD) for their efficiency in the execution of the planned projects, (ii) the Members who participated in the programmes and congratulates again all the awardees. May God continue to bless our Credit Union.



"As I embark on my life journey with all my goals and challenges, I know RHAND Credit Union will always be there for me."

Emmanuel Walker
Chairperson
Education Committee

Michele Rouff
Secretary
Education Committee



Report of the Credit Committee

1 Introduction

1.1 For the financial year ended December 31, 2018, the Credit Committee is pleased to report on its statutory role as outlined in Section 34 of the Co-operative Societies Act and Section 23 (a) of the Bye-Laws of the Society, that is, the Supervision of Credit.

2 Composition of the Credit Committee

2.1 At the 70th Annual General Meeting held on Saturday March 24th, 2018, the following members were elected to serve on the Credit Committee.

Ms. Jennifer James	-	Member
Esme Forde	-	Member
Mr. Lenus Joseph	-	Member
Mrs. Donnis Bourne	-	1st Substitute
Mr. Don Finley	-	2nd Substitute

Ms. Jennifer James, Mrs. Esme Forde and Mr. Lenus Joseph were elected to serve for a period of two (2) years, consistent with the provisions of Section 23(b) (ii) of the Bye-Laws of the Society.

2.2 At the first meeting of the Credit Committee, Ms. Jennifer James and Ms. Patricia Harry were elected Chairperson and Secretary respectively.

2.3 The full Credit Committee for the 2018/2019 Term comprised the following members:

Ms. Jennifer James	-	Chairperson
Ms. Patricia Harry	-	Secretary
Mrs. Esme Forde	-	Member
Mrs. Susan Hinds-Morgan	-	Member
Mr. Lenus Joseph	-	Member
Mrs. Donnis Bourne	-	1st Substitute
Mr. Don Finley	-	2nd Substitute

2.4 The term of office of the following two (2) members of the Credit Committee, comes to an end at this 71st Annual General Meeting:

Ms. Patricia Harry
Mrs. Susan Hinds-Morgan

3 Attendance at Meetings

3.1 The members of the Credit Committee attended one hundred and two (102) Regular Meetings and ten (10) Joint Management Committee Meetings. The attendance of members of the Credit Committee at Meetings is detailed at Table 11.

Table 11: Attendance at Credit Committee Meetings							
	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Jennifer James	95	7	-	9	1	--	Out of the country / III
Patricia Harry	100	2	-	10	0	-	Out of the country
Lenus Joseph	99	3	-	10	0	-	Out of the country
Esme Forde	102	0	-	10	0	-	
Susan Hinds-Morgan	91	11	-	8	2	-	Out of the country / Job related

4 Credit Supervision

4.1 One hundred and sixty-nine (169) loan applications were processed by the Credit Committee. One hundred and sixty-one (161) of said applications were approved. Eight (8) applications were denied. Fifty-four (54) members were interviewed in order to conclude the processing of their applications. No properties were visited during the period under review.

4.2 Of the one hundred and sixty-one (161) applications approved by the Credit Committee, twenty (20) required sanctioning by the Executive of the Board of Directors, as the total loan sums were not fully secured.



Report of the Credit Committee continued...

- 4.3** Sixty (60) loan applications recommended by the Internal Risk Review Committee were approved by the Credit Committee.
- 4.4** Sixty-one (61) interviews were conducted in respect to applications for share saving withdrawals mainly from members with loans above their share savings, for varying reasons. Three hundred and forty-one (341) withdrawal applications totaling one million, two hundred and forty-two thousand, seven hundred and five dollars and ninety-nine cents (\$1,242,705.99) were approved. One hundred and twelve (112) applications for share savings withdrawals were denied.
- 4.5** Generally, two thousand, three hundred and eighty (2,380) files were monitored, with the relevant notes outlining the concerns of the Credit Committee affixed thereon.
- 4.6** For the financial year, four thousand, six hundred and fifty-one (4,651) loan applications were approved by the other approving agents namely: General Manager; Manager – Credit Administration; Branch Manager, Tobago; Branch Manager, Arima; Senior Supervisor; Credit Officer Tobago; Supervisor I; Senior Clerk – Lending; and Clerk – Lending. When added to the loans approved by the Credit Committee, the total number of loans granted to members in 2018 was four thousand, eight hundred and twelve (4,812).
- 4.7** Table 12 captures the levels at which loan approvals were granted, while Tables 13, 14a and 14b profile the classification of loans approved and disbursed.
- 4.8** The Credit Committee paid its annual visits to the Arima and Tobago Branch Offices of the Society. In addition to the files being monitored, discussions were held with the Branch Managers with respect to the Loans Portfolio. The Members of the Credit Committee are satisfied that the credit approval and disbursement responsibilities at both the Tobago and Arima Branch Offices are being discharged satisfactorily.

Table 12: Approving Authority for Loans Granted

Authority	Number of Loans	(%) of Loans (approx)	Approval Limit (\$)
Credit Committee	161	3.3	1,000,000
General Manager	123	2.6	500,000
Credit Manager	623	12.9	500,000
Branch Manager – Tobago	337	7.0	200,000
Branch Manager – Arima	414	8.6	200,000
Senior Supervisor	625	13.0	200,000
Credit Officer – Tobago	396	8.2	100,000
Supervisor	407	8.5	100,000
Senior Clerk – Lending	1,151	24.0	75,000
Clerk – Lending	575	11.9	50,000
Total	4,812	100	

Table 13: Particulars of All Loans Approved and Disbursed by Credit Union

Class of Loan	2018		2017	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Expenses	3,379	51,769,929	3,216	46,708,927
Debt Consolidation Loans	164	7,862,750	166	6,421,264
Disaster Relief	1	5,000	0	0.00
Education and Training Financing	246	4,144,617	340	4,917,939
Home Improvement	706	25,182,336	910	32,599,836
Investment Financing	31	1,177,862	25	816,225
Medical Expenses Financing	155	2,808,805	215	2,929,533
Motor Vehicle Financing	73	8,765,250	162	16,558,765
Real Estate Financing	29	7,881,827	58	16,954,393
RHAND Retirees Cruise	19	464,325	5	66,500
SME & Other Entrepreneurial Venture	9	214,864	19	1,083,087
Total	4,812	110,277,565	5116	129,056,429



Report of the Credit Committee continued...

Table 14a: Particulars of Loans Disbursed by Tobago Branch Office

Class of Loan	2018		2017	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	432	6,291,740	532	8,207,882
Debt Consolidation Loans	59	3,208,330	44	1,485,999
Education and Training Financing	66	783,564	44	831,951
Enterprise/Business Financing	0	0	3	66,400
Investment in Financial Assets	11	303,000	4	42,000
Home Improvement	167	6,339,028	164	7,023,971
Medical Expenses Financing	27	381,970	19	367,350
Motor Vehicle Financing	15	917,061	27	2,248,493
Real Estate Financing	5	1,261,529	8	2,257,870
RHAND Retirees Cruise	0	0	0	0
SME & Other Entrepreneurial Venture	4	113,000.00	0	0
Total	786	19,659,222	845	22,531,916

Table 14b: Particulars of Loans Disbursed by Arima Branch Office

Class of Loan	2018		2017	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	601	7,431,736	530	5,587,030
Debt Consolidation Loans	88	3,881,649	96	2,879,298
Education and Training Financing	88	1,006,147	79	853,334
Enterprise/Business Financing	0	0	3	25,400
Home Improvement	261	7,770,558	295	9,897,929
Investment in Financial Assets	16	664,260	13	450,298
Medical Expenses Financing	81	1,284,523	87	969,108
Motor Vehicle Financing	49	3,566,539	71	5,407,537
Real Estate Financing	6	1,389,281	4	614,774
RHAND Retirees Cruise Loan	4	135,138	0	0
SME and Other Entrepreneurial	6	56,900	3	25,400
Total	1,200	27,166,730	1,178	26,684,708

5 Non-Performing Loans

5.1 There were four hundred and eight (408) non-performing loans, with a value of \$28,476,864 on the books of the Society as at December 31, 2018, resulting in a delinquency ratio of 7.11%. Of these 408 non-performing loans, 82 loans (totaling \$3,606,583) were loans which were one (1) month in arrears as a result of the late remittance of December 2018 salary deductions and standing order payments. The true delinquency ratio for 2018 therefore is 5.63%; higher than the 2017 comparative of 5.34%.

6 Administration of Loan Protection Benefits

6.1 The Credit Committee advised the Board of Directors on the settlement of forty-nine (49) Death Benefit Claims with a dollar value of \$2,149,048.11.

6.2 There were two (2) Disability Benefit Claims with a dollar value of \$53,072.90.

7 Participation on Board-Appointed Committees

7.1 During the period under review, members of the Credit Committee also served on the following Committee set up by the Board of Directors:

- Annual General Meeting Planning Committee
- Annual General Meeting Brochure Committee.

8 Training

8.1 During the period under review, members of the Credit Committee also participated in the following workshops:

- Steps to Starting a Business (for RCU)
- Building a Better AGM for RHAND
- Developing a Business Plan

- Juice Platform Training
- AML/CFT Training.

9 Concluding Remarks

9.1 The Credit Committee continues to be concerned with the number of requests for share withdrawals, particularly from members with loans above the value of their Share Savings. Members are reminded that their share savings form part of the collateral held when qualifying for a loan. By withdrawing your shares you are reducing your ability to borrow. Further we wish to advise members to be prudent when borrowing: determine your needs vis-a-vis your wants; compare the rates of interest at lending agencies where you are able to access loans easily and frequently; and determine what are your returns from these agencies. Remember RHAND FIRST.

9.2 The Credit Committee wishes to thank you, our valued members, for giving us the opportunity to serve. We also wish to thank the other members of the Joint Management Committee and the members of staff at RHAND Credit Union Co-operative Society for their tremendous support. during the past year. We further extend our gratitude to Ms. Jane Stewart, Information and Communications Technology Manager and her team for their assistance in accessing the Juice System in monitoring members' files. Best wishes for a prosperous 2019/2020.



Jennifer James
Chairperson
Credit Committee



Patricia E. Harry
Secretary
Credit Committee



"I am my own boss. This journey has not been an easy one. It requires long hours, sweat and lots of tears. I however, did not walk this journey alone. RHAND was by my side all the way overcoming each challenge."

Report of the Supervisory Committee

1 Introduction

As required by the Co-operative Societies Act No. 22 of 1971 and the Bye-Laws of RHAND Credit Union Co-operative Society Limited, the Supervisory Committee shares with you, fellow members, our report for the administrative period of April 2018 to April 2019 and the financial year of January 1 to December 31, 2018.

2 Composition of the Supervisory Committee

At the 70th Annual General Meeting held on March 24, 2018, the following members were elected to serve on the Supervisory Committee:

- Ms. Claudette Brown
- Mr. Ancil Forde
- Ms. Pamela Ogiste

Ms. Erica Charles and Ms. Nadine Ellis were elected as 1st and 2nd Substitutes, respectively.

In accordance with Bye-law 24(c)(iii), the inaugural meeting of the Committee was held on April 25th, 2018. Mrs. Patricia Williams and Ms. Pamela Ogiste were elected in the positions of Chairperson and Secretary, respectively.

Further, in accordance with Bye-Law 24(c) (i), the five (5) members who comprised the Supervisory Committee for the 2018/2019 term were as follows:

- Mrs. Patricia Williams - *Chairperson*
- Ms. Pamela Ogiste - *Secretary*
- Ms. Claudette Brown - *Member*
- Mr. Desmond Noel - *Member*
- Mr. Ancil Forde - *Member*

At this 71st Annual General Meeting of 2019 the term of office for the following members comes to an end:

- Mr. Desmond Noel
- Mrs. Patricia Williams

3 The Authority of the Supervisory Committee

3.1 Bye-law 24 (a) states that the Supervisory Committee is the Statutory Internal Auditors of the Credit Union and as such, has the following powers and duties:

- Make an examination of the affairs of the Society, including an examination of its books, at least semi-annually and, if the Committee thinks it necessary, make a report of its findings to the Commissioner for Co-operative Development.
- Make an annual report of its audit and submit same to the Annual General Meeting of the members.
- Attest (at least one (1) member) the monthly statement prepared by the General Manager of the Society.

4 Attendance at Meetings of the Supervisory Committee

4.1 Statutory and Special Meetings

At the time of this report the Supervisory Committee held eleven (11) Statutory and four (4) Special meetings.

A record of attendance is as follows:

	STATUTORY				SPECIAL				REMARKS
	P	V	Ex	Ab	P	V	Ex	Ab	
Patricia Williams	11	-	1	-	4	-	-	-	
Pamela Ogiste	12	-	-	-	4	-	-	-	
Claudette Brown	11	-	1	-	4	-	-	-	
Desmond Noel	9	1	2	-	3	-	-	1	Work related
Ancil Forde	12	-	-	-	4	-	-	-	
Erica Charles	11	-	-	1	2	-	-	2	Work related
Nadine Ellis	8	-	4	-	4	-	-	-	

Table 15: Attendance at Statutory and Special Meetings

N.B - Although 11 Statutory meetings were held as stated above, the record of attendance reflects 12, consequent to the earthquake on August 21, 2018 which occurred during the 5th Statutory Meeting which was then aborted and re-convened on September 12, 2018.

Report of the Supervisory Committee continued...

4.2 Macro Committee Meetings

The Supervisory Committee was invited to Macro Committee Meetings called by the Board of Directors to discuss the following:

- The Quarterly Financial Statements
- The Investments Portfolio
- The Strategic Planning Framework
- Bye-law Amendments
- The Balance Score Card

4.3 Other Meetings

Members of the Supervisory Committee participated in the work of the following Board-Appointed Committees:

- AGM Planning Committee
- AGM Brochure Committee

5 Work Programme of the Committee for the period April 2018 to December 2018.

5.1 For the period under review the following key areas of the operations of the Credit Union were examined and reports and recommendations were submitted to the Board of Directors:

- Attestation of the monthly Financial Statement
- Credit Administration Review
- Review of the Delinquency Portfolio
- Review of the Minutes of Meetings of the Board of Directors
- Cash Counts
- Review of Branch Operations
- Review of the Education Committee Activities
- Review of Insurance over Cash
- Examination of Fixed Assets

6 Observations on Areas of Examination

6.1 Examination of the Financial Records and Attestation of the Monthly Financial Statements

Arising out of our duties, as stated in Bye-Law 24(a) IV, the Committee examined the monthly Financial Statement to ensure validity of expenditure. From our examination expenditure incurred was for the benefit of the operations of the Credit Union and was properly supported by relevant documents.

Observations arising out of our examination were discussed with the General Manager and the Manager, Finance and Accounting.

6.2 Credit Administration Review

Audits were conducted on the Loan Portfolio with objectives to determine whether:

- There was adherence to the Co-operative Societies Act and its supporting Regulations, RHAND's Bye-Laws and the Credit Administration Policy Manual.
- Securities held for Mortgage Loans were valid and adequate.

Methodology:

A random sample of approved loans was selected for auditing in accordance with the provisions of Bye-Law 24(b) and the Work Programme of the Supervisory Committee.

In keeping with RHAND's Bye-Laws and Credit Administration Policy Manual, there was satisfactory compliance. All findings were brought to the attention of the Supervisor of Loans and the Manager, Credit Administration for review.

6.3 Review of the Delinquency Portfolio

Audits were conducted on the delinquency portfolio in order to determine the success of implemented measures to reduce the number of non-performing loans.

As at 31st December 2018, there were 408 non-performing loans with a value of \$28,476,864.00 on the books of RHAND Credit Union. This represents a Delinquency

Ratio of 7.11% which is above the PEARLS Ratio of 5%. The corresponding period of 2017 showed a figure of 352 non-performing loans with a value of \$25,711,592.00 and a delinquency ratio of 6.27%. This is an increase of 0.84% over last year's delinquency ratio and warrants continued close monitoring by the Committee.

6.4 Review of the Minutes of Meetings of the Board of Directors

During the period under review the Supervisory Committee received and reviewed minutes of meetings of the Board of Directors. The decisions taken by the Board were in the main implemented in a timely manner.

6.5 Conduct of Cash Counts

Statutory and mid-year cash counts were conducted at Head and Branch Offices. These exercises did not reveal any excesses or shortages of cash.

6.6 Audit of Branch Operations

As is customary, during the period under review several audits were conducted at the Branch Offices. Particular attention was focused on the operations at these branches to ensure compliance with the policies and guidelines as established by RHAND and the Co-operative Society Act. Among the audits conducted were Cash, Credit Administration and Securities Audit. In our opinion, the operations at both branch offices were found to be satisfactory.

6.7 Review of the Education Committee Activities

Section 21 (a) of the Bye-Laws of RHAND Credit Union states the role of the Education Committee is as follows:

"This Committee shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society...".

The Committee held monthly and special meetings to plan activities for the education and enjoyment of the membership. Based on the reports submitted, the activities

were well supported. The feedback received was encouraging and will be useful in assisting the Committee in future planning.

The Children's Christmas Party was again well attended by the membership. In light of rising cost of goods and services, the Committee must be commended for their effective planning and execution of events although cost continues to be a major challenge.

The following were the events hosted by the Committee:

- All Fours Competition
- Children's Christmas Party
- Credit Union Month celebrations
- Member Outreach: Investing for Retirement & Will and Estate Planning
- MSDP Classes
- Publication of the annual RHAND Calendar
- SEA and MAY Cherrie awards.

6.8 Review of Insurance Over Cash

As the Statutory Internal Auditors of the Society, the Committee has a duty to ensure that there are Internal Controls over the holding of cash on the premises of the Credit Union.

In this regard, an Audit Examination was undertaken of the cash balances held against the maximum balances as stipulated in the Insurance Policy.

The Committee is satisfied that efforts were made to ensure that cash balances remained within the Insurance Policy coverage.

6.9 Examination of Fixed Assets

Measures were undertaken to verify the cost, value, existence and beneficial ownership of Fixed Assets as stated in the Financial Statements

The review entailed:

- An examination of the procedures and policies of Fixed Assets;
- Ensuring that the useful lives of the Fixed Assets were in accordance with policy;

Report of the Supervisory Committee continued...

- Ensuring that the Fixed Asset Register was maintained to show cost, depreciation and net book value;
- Scrutiny of Disbursement Vouchers and supporting documentation to ensure that the requisite approval was obtained;
- Checking of expenditure on Fixed Assets to the General Ledger and Financial Statements;
- Physical Verification of a sample of additions.

From the examination carried out, it appears that the figure for Fixed Assets in the monthly financial statements is fairly stated.

7 Training

7.1 The Supervisory Committee continued to embrace the training opportunities aimed towards becoming more proficient in the execution of its duties and more knowledgeable on Credit Union Matters.

Members participated in the following In-house training sessions:

- Use of the Flex System
- Orientation Sessions for Board and Statutory Committee Members
- Introduction to International Financial Reporting Standards 9 (IFRS 9)
- Anti-Money Laundering/Combating the Financing of Terrorism.

Members of the Committee also represented the organization at an IFRS 9 training session hosted by the Credit Union League.

8 Internal Audit

8.1 Internal Audit is an important element in the System of Internal Controls and as such internal audit reports were reviewed and matters arising there-from were discussed with the Internal Auditor.

The Committee is of the opinion that continued

effective communication with the Internal Audit Department would redound to the benefit of the Credit Union.

9 Appreciation

9.1 The Board of RHAND Credit Union continues to be proactive in the training of Management and Staff towards compliance with best practices in risk provisioning and management, which is fundamental in the current business world. Similarly, we applaud the endorsement of the Balance Scorecard which was designed to improve performance across all aspects of RHAND's interest through strategic goal setting and forecasting.

The Supervisory Committee congratulates the Board of Directors, Credit Committee, Management and their Teams, for the work done and looks forward to continued teamwork as we oversee RHAND Credit Union's viability through 2019 and beyond.

Respectfully submitted,

Patricia Williams - Chairperson

Pamela Ogiste - Secretary

Claudette Brown


Desmond Noel

Ancil Forde



Patricia Williams

Chairperson
Supervisory Committee



Pamela Ogiste

Secretary
Supervisory Committee

Report of The Nominating Committee

1 Nominating Committee 2018/2019:

3 Members appointed by Board Memorandum of October 2018 and 2 members appointed in November 2018.

Debra D'Abreau	-	<i>Chairperson</i>
Jeneece Issac	-	<i>Secretary</i>
Avelon Perry	-	<i>Member</i>
Joy Dillon	-	<i>Member</i>
Liseli Benjamin	-	<i>Member</i>

2 Nominations for Annual General Meeting 2019

i) Outgoing Serving Members Term 2018/2019 =

14 – vacancies to be filled at AGM 2019.

- Board of Directors = 6: 4 Directors for 3 years (Martin Gibbs, Reynold Cooper, Joycelyn Hunte & Kedron Duke) and 2 substitutes for 1 year (Charlene Davidson & Kristed Herbert).

- Credit Committee = 4 2 members for 2 years (Patricia Harry & Susan Hinds-Morgan) and 2 substitutes for 1 year (Donnis Bourne & Don Finley)

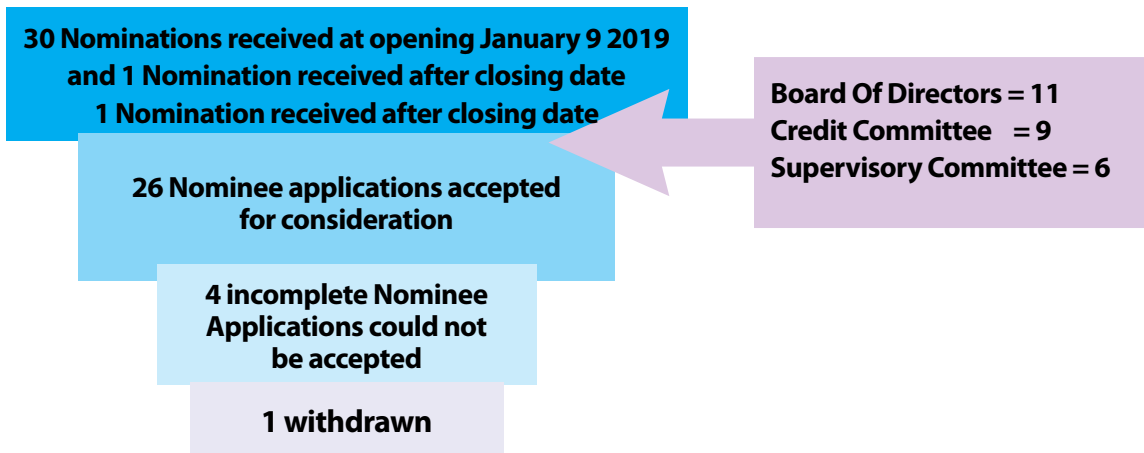
- Supervisory Committee =4 2 members for 2 years (Patricia Williams & Desmond Noel) and 2 substitutes for 1 year (Erica Charles & Nadine Ellis)

ii) Invitation For Nominations

Through advertisements in Newspapers from 3rd – 21st December, 2018 and via electronic media (emails to members, post to website & social media platforms: Facebook and Instagram) members were invited to submit their nominations.

Report of The Nominating Committee continued

iii) Receipt Of Nominations



Training

All Nominee Applicants (30) were invited to attend an Orientation Session-AGM 2019 held on March 9, 2019 under the Theme – “RHAND’S People – Learning & Growth for Sustainability. This theme focused on RHAND’s people and aimed at sensitising members on their roles and responsibilities, functions and practices of the Boards and Committees of our Credit Union. Nineteen (19) members attended this training session.

3 Selection of Suitably Qualified Persons

The Nominating Committee commenced its process for verifying eligibility and determining suitability of the twenty-six (26) Nominee applicants. In accordance with the Bye-Laws, all nominees met the eligibility criteria.

In-keeping with Bye-Law 17 (a) for the selection of suitably qualified persons, the Nominating Committee and an invited Independent Facilitator undertook a selection process to assess and scored nominees. Nominees were invited to scheduled “Chats aka interviews with the Nominating Committee” on 11th 13th 14th and 16th March 2019.

Of these 26 Nominees scheduled for “Chats,” 24 presented themselves on the appointed dates. Two (2) persons did not attend and therefore could not be screened for a determination to be made as to their suitability for the Committees for which nominated. All efforts made to contact these persons on the date of their appointment proved futile. Two (2) other persons could not be moved forward.

Two (2) nominee applicants, 1 for the Credit Committee and the other for the Supervisory Committee have withdrawn their applications for personal reasons.

The following 20 Nominees selected for consideration by the AGM – 2019 for election are:

9 Nominees for the Board of Directors

Simone Petal Dawn Huggins
Dave Williams
Charlene Davidson
Kristed J. Herbert
Martin Gibbs
Joycelyn Hunte
Kedron Duke
Reynold Cooper
Desmond Noel

6 Nominees for the Credit Committee

Victor Kirton
David Mark
Susan Hinds-Morgan
Patricia Harry
Donnis Bourne
Don Finley

5 Nominees for the Supervisory Committee

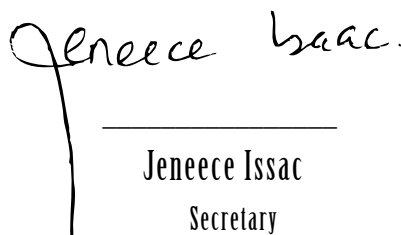
Joan Francois Quamina
Linda Renault Medford
Nadine Ellis
Erica Charles
Patricia Williams

4. Acknowledgment

Members of the Nominating Committee sincerely thank the Board of Directors, the Supervisory Committee, the General Manager, staff of the Executive Secretariat and other staff members for their co-operation during this term of office.



Debra D'Abreau
Chairperson
Nominating Committee



Jenece Issac
Secretary
Nominating Committee



RHAND
CREDIT UNION
CO-OPERATIVE
SOCIETY LIMITED

annual report 2018

Financial Statements



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NOTES TO THE FINANCIAL STATEMENTS



RHAND

Credit Union Co-operative Society Limited

Email: info@rhand.org.tt | Website: www.rhand.org.tt | Registered No. 38 on 27th, March 1947

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Statement of Management's Responsibilities RHAND Credit Union Co-Operative Society Limited

Management is responsible for the following:


- Preparing and fairly presenting the accompanying financial statements of RHAND Credit Union Co-operative Society Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2018, the statements of comprehensive income, appropriated funds and undivided earnings and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Credit Union 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 Credit Union's assets, detection/prevention of fraud and the achievement of the Credit Union's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these 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 Credit Union will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.


Ainsley Andrews
General Manager

Date: April 10th 2019


Lister Puckerin
Manager, Finance

Date: April 10th 2019

M. MINGUELL
President

E. WALKER
Vice President

M. GIBBS
Secretary

M. ROUFF
Asst. Secretary

R. COOPER
Treasurer



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Independent Auditors' Report
To the Members of RHAND Credit Union Co-Operative Society Limited

Opinion

We have audited the financial statements of RHAND Credit Union Co-Operative Society Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2018, the statement of comprehensive income, appropriated funds and undivided earnings and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRS).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code.

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



Other Matter

The financial statements for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 9, 2018.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Credit Union's Annual Report but does not include the financial statements and our auditors' report thereon. The Credit Union's 2018 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Credit Union's 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Credit Union'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 Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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 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 Credit Union'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 Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

A handwritten signature in black ink, appearing to read 'KPMG'.

Chartered Accountants
Port of Spain
Trinidad and Tobago
April 10, 2019



Statement Of Financial Position
(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Notes	As at 31st December	
		2018 TT\$	2 017 TT\$
ASSETS			
Cash and cash equivalents	8	50,018,220	21,301,086
Investment securities	9	163,472,742	163,324,507
Accounts receivable and prepayments	10	6,592,542	4,308,048
Net loans to members	11	393,833,296	403,618,081
Property and equipment	12	31,590,560	28,757,473
Total assets		645,507,360	621,309,195
LIABILITIES AND INSTITUTIONAL CAPITAL			
Liabilities			
Accounts payable and accruals	13	10,853,332	8,850,620
Members' deposit savings		58,711,954	51,567,347
Members' time deposits		89,780,601	93,027,896
Retirement benefit obligation	14	2,150,700	1,124,500
Members' share savings	15	395,379,647	383,553,933
Total liabilities		556,876,234	538,124,296
Institutional capital			
Reserve fund		29,920,261	27,855,499
Education fund		2,665,253	2,720,785
Loan protection fund	16	2,245,675	2,460,874
Building fund		15,250,000	14,500,000
Investment re-measurement reserve		13,410,741	16,547,278
Undivided earnings		25,139,196	19,100,463
Total institutional capital		88,631,126	83,184,899
Total liabilities and institutional capital		645,507,360	621,309,195

The accompanying notes are an integral part of these financial statements.

On April 10th, 2019, the Board of Directors of RHAND Credit Union Co-operative Society Limited authorised these financial statements for issue.

Martin Minguell
President

Reynold Cooper
Treasurer - Board of Directors

Patricia Williams
Chairperson - Supervisory Committee

Statement Of Profit or Loss and Other Comprehensive Income

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Notes	Year ended 31st December 2018 TT\$	2017 TT\$
Income			
Interest income calculated using the effective interest method			
- Interest on loans		43,432,734	41,504,714
- Investment Securities		4,383,225	3,636,818
Investment income (net)	20	1,520,286	1,161,268
Other income	21	2,127,062	1,429,183
Total income		51,463,307	47,731,983
Expenditure			
Administrative expenses	22	9,258,199	8,221,777
Board and committees' expenses	23	1,158,245	1,071,837
Life savings insurance expense		987,889	915,057
Loan protection expense		2,200,621	1,092,306
Loan loss expense		-	1,000,000
Expected credit loss expense		346,116	-
Unrealised loss on FVTPL		1,629,383	-
70th Anniversary expenses		-	247,137
Interest on members' deposits		2,225,231	2,255,688
Member education, training and development expenses		1,048,243	987,081
Salaries and benefits	24	11,475,555	11,213,827
Total expenditure		30,329,483	27,004,710
Net surplus for the year		21,133,824	20,727,273
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Unrealised gain on available-for-sale financial assets		-	3,145,801
Items that will not be reclassified subsequently to profit or loss			
Unrealised loss FVOCI investment securities		(3,136,537)	-
Net actuarial loss on retirement benefit obligation	13	(1,279,600)	(67,700)
		(4,416,137)	3,078,101
Total comprehensive income for the year		16,717,687	23,805,374

The accompanying notes are an integral part of these financial statements.

Statement Of Appropriated Funds And Undivided Earnings

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Total
	\$	\$	\$	\$	\$	\$
Balance as at January 1st 2018	27,855,499	2,720,785	2,460,874	14,500,000	16,547,278	19,100,463
Total comprehensive income for the year	-	-	-	-	(3,136,537)	19,854,224
Appropriation for the year:						
(i) 10.0% to the Reserve Fund	1,985,422	-	-	-	-	(1,985,422)
(ii) 5.0% to the Education Fund	-	992,711	-	-	-	(992,711)
(iii) 10.0% to the Loan Protection Fund	-	-	1,985,422	-	-	(1,985,422)
	29,840,921	3,713,496	4,446,296	14,500,000	13,410,741	33,991,131
Add (less) adjustments as follows:						
(i) Dividends (2017)	-	-	-	-	-	(11,271,459)
(ii) Entrance fees	79,340	-	-	-	-	(79,340)
(iii) Member education, training and development expenses	-	(1,048,243)	-	-	-	1,048,243
(iv) Transfer to Building Fund	-	-	-	750,000	-	(750,000)
(v) Loan protection expense	-	-	(2,200,621)	-	-	2,200,621
Balance as at December 31, 2018	29,920,261	2,665,253	2,245,675	15,250,000	13,410,741	25,139,196
Balance as at January 1, 2017	25,714,337	1,641,909	1,487,223	13,750,000	13,401,477	13,293,923
Total comprehensive income for the year	-	-	-	-	3,145,801	20,659,573
Appropriation for the year:						
(i) 10.0% to the Reserve Fund	2,065,957	-	-	-	-	(2,065,957)
(ii) 10.0% to the Educational Fund	-	2,065,957	-	-	-	(2,065,957)
(iii) 10.0% to the Loan Protection Fund	-	-	2,065,957	-	-	(2,065,957)
	27,780,294	3,707,866	3,553,180	13,750,000	16,547,278	27,755,625
Add (less) adjustments as follows:						
(i) Dividends (2016)	-	-	-	-	-	(9,909,344)
(ii) Entrance fees	75,205	-	-	-	-	(75,205)
(iii) Member education, training and development expenses	-	(987,081)	-	-	-	987,081
(iv) Transfer to Building Fund	-	-	-	(750,000)	-	750,000
(v) Loan protection expense	-	-	(1,092,306)	-	-	1,092,306
Balance as at December 31, 2017	27,855,499	2,720,785	2,460,874	14,500,000	16,547,278	19,100,463

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows: 31 December 2018

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Year Ended 31 December	
	2018	2017
	TT\$	TT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	21,133,824	20,727,273
Adjustments for items not requiring an outlay of funds:		
Depreciation	1,111,845	996,817
Increase in provision for loan losses	346,116	1,000,000
Loss on disposal of property and equipment	80,701	13,930
Unrealised loss on investments securities measured at FVTPL	1,629,383	-
Net pension cost	(253,400)	(250,000)
	24,048,469	22,488,020
Changes in:		
- Accounts receivable and prepayments	(2,284,494)	(1,197,108)
- Loans to members	9,438,669	(12,541,369)
- Members' deposit savings	7,144,607	3,332,237
- Members' time deposits	(3,247,295)	671,225
- Accounts payable and accruals	2,002,712	554,703
- Members' share savings	11,825,714	12,250,868
Net cash generated from operating activities	48,928,382	25,558,576
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	1,490	74,175
Net change in investment securities	(4,914,155)	(29,374,994)
Purchases of property and equipment	(4,027,124)	(1,017,070)
Net cash used in investing activities	(8,939,787)	(30,317,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends distribution	(11,271,459)	(9,909,344)
Net change in cash resources for the year	28,717,134	(14,668,657)
Cash and cash equivalents, beginning of year	21,301,086	35,969,743
Cash and cash equivalents, end of year	50,018,220	21,301,086
Represented by:		
Cash and cash equivalents	50,018,220	21,301,086

The accompanying notes are an integral part of these financial statements.

Notes To The Financial Statements

31 December 2018

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

1. Incorporation and Business activity

RHAND Credit Union Co-operative Society Limited (the Society) was registered under Co-operative Societies Act of Trinidad and Tobago Ch: 81:03 on March 27, 1947. The registered office of the Credit Union is located at 57-61 Abercromby Street, Port of Spain, with branch operations in Arima and Scarborough, Tobago. Its objectives are to promote the economic and social welfare of its members, to encourage the spirit and practice of thrift, self-help and co-operation among members and to promote the development of co-operative ideas.

2. Basis of Accounting

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. This is the first set of the Society's annual financial statements in which IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers have been applied. Changes to significant accounting policies are described in Note 4. These financial statements are stated on the historical cost basis, except for the measurement at fair value of investments securities and certain other financial instruments.

3. Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 7.

4. Changes in Accounting Policies

In these financial statements, the Society has applied IFRS 9 and IFRS 15, effective for annual periods beginning on or after 1 January 2018, for the first time. The Society has not early adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) *IFRS9 Financial Instruments*

- IFRS 9 replaces IAS 39- Recognition and Measurement for annual periods on or after 1 January 2018. The Society has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018.

4. Changes in Accounting Policies (continued)

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses or profit or loss on derecognition;
- Financial assets FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Society's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Society to record an allowance for expected credit loss (ECL) for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset. Details of the Society's impairment method are disclosed in Note 4.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as described below.

- Comparative periods generally have not been restated. The impact of IFRS 9 adoption for 2017 was calculated at (\$294,825) and was deemed immaterial. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

The Society used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1- Presentation of Financial Statements introduced the requirement to present 'interest income calculated using the effective interest rate' as a separate line item in the statement of profit or loss and OCI.

4. Changes in Accounting Policies (continued)

Transition (continued)

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application;

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities

From January 1, 2018, the Society classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVPL

Financial assets and liabilities

Before January 1, 2018, cash and cash equivalents and loans to members, included non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and were measured at amortized cost subsequent to initial recognition. The exceptions were those instruments:

- That the Society intended to sell immediately or in the near term;
- That the Society, upon initial recognition, designated as at FVTPL or as available-for-sale;
- For which the Society may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

4. Changes in Accounting Policies (continued)

Financial assets and liabilities (continued)

From January 1, 2018, the Society only measures cash and cash equivalents and loans to members and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below.

Business model assessment

The Society determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Society's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Society's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Society's original expectations, the Society does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Society assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Society applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely

4. Changes in Accounting Policies (continued)

The SPPI test (continued)

payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets or financial liabilities held for trading

The Society classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

(a) IFRS15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue.

The Society initially applied IFRS 15 on 1 January 2018 retrospectively in accordance IAS 8 - Changes in Accounting Principles without any practical expedients. The impact of IFRS 15 was limited to the new disclosure requirements.

Recognition

An entity shall account for a contract with a customer that is within the scope of this standard only when all of the following criteria are met:

- The parties to the contract have approved the contract;
- The entity can identify each party's rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it is entitled in exchange for the good or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

5. Significant Accounting Policies

(a) *Property and equipment*

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided using both the reducing balance method and the straight-line method.

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

Building	- 2%	- straight line
Car park	- 10%	- straight line
Furniture, fixtures and fittings	- 10%	- diminishing balance
Office equipment	- 20%	- diminishing balance
Telephone facilities	- 33 1/3%	- diminishing balance
Other equipment	- 12 1/2%, 33 1/3%	- diminishing balance
Motor vehicles	- 25%	- diminishing balance
Computer facilities	- 20%	- diminishing balance

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 surplus or deficit.

(b) *Financial instruments*

Financial instruments carried on the statement of financial position include cash and cash equivalents, investments securities, loans to members, accounts receivables, accounts payable, member deposits, and members share savings. The standard treatment for recognition, derecognition, classification and measurement of financial instruments is described in notes (i) – (vii) below.

i. Recognition and initial measurement

The Society initially recognises financial instruments on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification

From January 1, 2018, the Society classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

ii. Classification

- Amortised cost, as explained in Note 4;
- FVOCI, as explained in Notes 4;
- FVTPL.

Before January 1, 2018, cash and cash equivalents and loans to members, included non-derivative financial assets with fixed or determinable payments that were not quoted in an active market, were measured at amortized cost subsequent to initial recognition. The exceptions were those instruments:

- That the Society intended to sell immediately or in the near term;
- That the Society, upon initial recognition, designated as at FVTPL or as available-for-sale;
- For which the Society may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

From January 1, 2018, the Society only measures cash and cash equivalents and loans to members and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below.

Business model assessment

The Society determines its business model at the level that best reflects how the Society manages its financial assets to achieve its business objective.

The Society's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Society's assessment.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

ii. Classification (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Society's original expectations, the Society does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Society assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets or financial liabilities held for trading

The Society classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

iii. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Society has access at that date. The fair value of a liability reflects its non-performance risk.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iii. Fair value measurement (continued)

When one is available, the Society measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Society uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Society determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Society measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Society recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

iv. Impairment

Policy applicable from January 1, 2018

The Society recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Policy applicable from January 1, 2018

The Society measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Society expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Society if the commitment is drawn down and the cash flows that the Society expects to receive; and

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Policy applicable from January 1, 2018 (continued)

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Society assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as a provision;

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Policy applicable from January 1, 2018 (continued)

- where a financial instrument includes both a drawn and an undrawn component, and the Society cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Society presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the investment remeasurement reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Society's procedures for recovery of amounts due.

Objective evidence of impairment

At each reporting date, the Society assessed whether there was objective evidence that financial assets not carried at FVTPL were impaired. A financial asset or a group of financial assets was 'impaired' when objective evidence demonstrated that a loss event had occurred after the initial recognition of the asset(s) and that the loss event had an impact on the future cash flows of the asset(s) that could be estimated reliably.

In addition, a retail loan that was overdue for 90 days or more was considered impaired.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Policy applicable before January 1, 2018 (continued)

Objective evidence that financial assets were impaired included:

- significant financial difficulty of a borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- indications that a borrower or issuer would enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets, such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlated with defaults in the group.

A loan that was renegotiated due to a deterioration in the borrower's condition was usually considered to be impaired unless there was evidence that the risk of not receiving contractual cash flows had reduced significantly and there were no other indicators of impairment.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In general, the Society considered a decline of 20% to be 'significant' and a period of nine months to be 'prolonged'. However, in specific circumstances a smaller decline or a shorter period may have been appropriate.

The Society considered evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities were assessed for specific impairment. Those found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified (IBNR). Loans and advances and held-to-maturity investment securities that were not individually significant were collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar credit risk characteristics. In making an assessment of whether an investment in sovereign debt was impaired, the Society considered the following factors.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Policy applicable before January 1, 2018 (continued)

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This included an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there was the capacity to fulfil the required criteria.

Individual or collective assessment

An individual measurement of impairment was based on management's best estimate of the present value of the cash flows that were expected to be received. In estimating these cash flows, management made judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset was assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable were independently approved by the Credit Risk function.

The collective allowance for groups of homogeneous loans was established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience. The roll rate methodology used statistical analysis of historical data on delinquency to estimate the amount of loss. Management applied judgement to ensure that the estimate of loss arrived at on the basis of historical information was appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rates and loss rates were regularly benchmarked against actual loss experience.

The IBNR allowance covered credit losses inherent in portfolios of loans and advances, and held-to-maturity investment securities with similar credit risk characteristics when there was objective evidence to suggest that they contained impaired items but the individual impaired items could not yet be identified.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Individual or collective assessment (continued)

In assessing the need for collective loss allowance, management considered factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions were made to define how inherent losses were modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depended on the model assumptions and parameters used in determining the collective allowance.

Loans that were subject to a collective IBNR provision were not considered impaired.

Measurement of impairment

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses on available-for-sale assets were calculated as the difference between the carrying amount and the fair value.

Reversal of impairment

- For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.
- For available-for-sale debt security: If, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security was always recognised in OCI.

Presentation

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

5. Significant Accounting Policies (continued)

(b) Financial instruments (continued)

iv. Impairment (continued)

Individual or collective assessment (continued)

Impairment losses on available-for-sale investment securities were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method were reflected as a component of interest income.

Write-off

The Society wrote off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Society Credit determined that there was no realistic prospect of recovery.

(c) 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 value of shares held at the end of each month.

(d) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position 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.

(e) Provision

Provisions are recognised when the Society 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 Statement of Financial Position 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.

5. Significant Accounting Policies (continued)

(f) *Retirement benefit*

The Society operates a defined benefit plan for all employees who have completed at least three months of continuous service with the Credit Union and have attained the age of eighteen (18) years but are not yet sixty (60) years at the time of enrolment. Provision is made for pension benefits based on employees' salaries. Pension benefits are based upon contributions made by employees and the Credit Union during employment and determined by actuarial valuations of the Pension Fund Plan. International Accounting Standard 19 – Employee Benefits, requires the use of actuarial techniques on an annual basis to measure the present value of the defined benefit obligation, the related current service cost and the actuarial gains and losses are recognised in the financial statements.

The Plan was established by Trust Deed dated August 18, 1988 made between the RHAND Credit Union Co-operative Society Limited and Republic Bank Limited and is approved by the Board of Inland Revenue and registered with the Inspector of Financial Institutions. Its operations are governed by the aforementioned Trust Deed, Rules and the applicable Laws of Republic of Trinidad and Tobago. The Trustee, Republic Bank Limited has elected to fund the benefits by way of a Deposit Administration Contract with the Pan-American Life Insurance Company Limited.

(g) *New, revised and amended standards and interpretations not yet effective*

- IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Credit Union will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

The Society does not expect this standard to have a significant effect on its financial statements.

The following amendments are not expected to have a significant impact on the society's financial statements:

- Annual improvements of IFRS standards 2015-2017
- Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan amendment, Curtailment or settlement (Amendments to IAS19)
- IFRIC 23 uncertainty over income tax treatments
- Amendments to reference to conceptual Frameworks in IFRS Standards
- IFRS 17 Insurance Contracts

5. Significant Accounting Policies (continued)

(h) Comparative figures

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly.

6 Financial Risk Management

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Society 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.

(i) Investment securities

The Society invests mainly in medium term bonds consisting of fixed rate instruments.

The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating 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 not traded, any changes in market values will not impact the statement of profit or loss.

(ii) Loans to members

The Society generally invests in fixed rate loans for terms not exceeding five years. These are funded mainly from member deposits and shares.

(b) Credit risk

Credit exposures arise principally in lending activities that lead to loans. Credit risk relates to the failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. All lending activities are conducted with various counter parties and it is in pursuing these activities that the Society becomes exposed to credit risk.

6. Financial Risk Management (continued)

(b) Credit risk (continued)

It is expected that this area of business will continue to be the principal one for the Society in the future and with loans currently comprising a significant portion of the Society's assets and being responsible for a substantial portion of the revenue generated, it is anticipated that the Society will continue to be exposed to credit risk well into the future. The management of credit risk is therefore of utmost importance to the Society and an appropriate organizational structure has been put in place to ensure that this function is effectively discharged; management therefore carefully manages its exposure to credit risk. Exposure to credit risk is managed through appropriate credit policies, procedures, practices and audit functions, together with approved limits. Exposure is also managed by obtaining tangible collateral.

(i) Credit risk management

In its management of credit risks, the Society has established an organizational structure which supports its lending philosophy. This structure comprises the Board of Directors, the Credit Committee, the Internal Risk Review Committee (IRRC), the General Manager, the Credit Administration Department, the Internal Audit Department, and the Supervisory Committee. The Board of Directors maintains general oversight to ensure that policies and procedures are consistent with the strategic direction and credit philosophy of the Society and that they serve to bring the required level of protection over assets that are exposed to credit risks. The Board also sanctions amendments to credit policies, delegation of lending authority to senior management and credit requests exceeding the authority of management.

The Credit Committee, the statutory body appointed by the membership to approve loans and to provide oversight of the loan portfolio, has delegated authority for specific areas to the General Manager, with an appropriate reporting system, to facilitate day to day decision making and timely implementation of decisions. The IRRC reviews all credit requests exceeding the authority of the General Manager. The major focus of the Manager, Credit Administration Department is to formulate credit policies, monitor compliance with them and on a continuous basis to assess their relevance to the changing business environment. Most of these policies and procedures are established and communicated through the Society's written Credit Policy Manual and Credit Procedures & Guidelines Manual. These documents set out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are general credit criteria and controls risk mitigants over the Credit Portfolio among others. The Internal Audit Department monitors the effectiveness of credit procedures and policies and may recommend changes to strategies to improve the effectiveness of policies.

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(ii) Credit risk measurement

As part of the on-going process of prudent risk management, the Society's policy is to perform Credit Bureau credit checks at the time of approval in addition to a preset ranking (Credit Classification System). The ranking is guided by a model developed for the Society for this purpose. The model utilizes a scale incorporating rating of 0 to 15 with 0 being too new to rate. These have been consolidated into five (5) rating bands which have been set in relation to the total credit portfolio. The rating process is exercised at the discretion of the Delinquency Control Unit of the Credit Administration Department.

(iii) Credit classification system

The Society's Credit Classification System is outlined as follows:

Classification	Description	Rating
Pass	Standard/Pass	1, 2, 3
SM	Special mention	0, 4, 5, 6, 12
SS	Substandard	7, 8, 13, 14
D	Doubtful	9, 10
L	Loss	11, 15

(iv) Risk limit control and mitigation policy

The Society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. The Society monitors its concentration of credit exposure so that no single borrower default will have a material impact on the Society. These limits are implemented and monitored by the Manager, Credit Administration via the stipulations of the Society's Credit Policy Manual. In instances where it is strategically beneficial and adequately documented, the Society would seek approval on an exception basis for variation to its standard approved limits from the Board of Directors.

Collateral

The principal collateral types for loans and advances are:

- Cash deposits;
- Cash equivalents such as cash surrender values of life insurance policies and shares listed on the TTSE;
- Mortgage Bills of Sale over motor vehicles; and
- Mortgages over residential properties.

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(iv) Risk limit control and mitigation policy (continued)

The Society does not take a second or inferior collateral position to any other lender on advances outside the lending value calculated as per the Society's stipulated guidelines. The Society recognizes that the value of items held as collateral may diminish over time resulting in loans being less protected than initially intended. To mitigate the effect of this, margins are applied to security items in evaluating coverage. The Society assesses the collateral value of credits at the point of inception and monitors the market value of collateral during periodic review of loan accounts in arrears as per the Credit Policy.

(v) *Impairment and provisioning policies*

The Society's impairment policy is covered in detail in Note 5 b and (4). The Society's IFRS9 provisioning model for application to the year ended December 31, 2018 was developed using a multi-criteria decision-making model to determine Expected Credit Loss for IFRS 9. The data used to develop this model are based on records and data of the Society backed by economic and financial estimates based on management's experience and professional judgment.

The model calculates an unbiased and probability weighted estimation of Expected Credit Loss utilizing the following approach:

$$\text{Expected Credit Losses (ECL)} = \text{EAD} \times \text{LDG} \times \text{PD}$$

Where,

- EAD – Exposure at Default
- LDG - Loss Given Default
- PD – Probability of Default

The model utilized the following inputs:

1. The paper from the World Council of Credit Unions (WOCCU) on IFRS 9 Loan Loss Accounting for Cooperative Financial Institutions;
2. Expert judgment - As provided by the internal (and MBA qualified) IFRS9 Project team comprising the General Manager (former Credit Manager), Finance Manager, the senior supervisor in charge of delinquency management and the acting senior ICT administrator.
3. The implementation of IFRS 9 impairment requirements by banks, detailed by the Global Public Policy Committee of representatives of the six largest accounting networks (GPPC).

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Impairment and provisioning policies (continued)

Exposure at Default (EAD)

The Exposure at Default is the principal amount that is estimated to be at risk of non-recoverability at default. This is reflective of the carrying value of the asset adjusted for the expected changes in the exposure after the reporting date. These changes are influenced by various factors given that each loan type has unique features and equally unique credit exposures. RHAND's Exposure at Default (EAD) factors these variables by firstly stratifying the portfolio of assets by type.

In assessing RHAND's loan portfolio it was determined that all loans fall into three broad categories/ types based on interest rate, contractual period, collateral, and purpose. These are types are:

- Installment- for which loans are typically partially secured by the assignment and typically experience reducing exposures over the life of the loan.
- Motor Vehicles - for which loans are typically fully secured by the assignment and typically remain with coverage at par or with small exposures over the life of the loan.
- Real Property (Mortgages) - for which loans are typically fully secured by the assignment and typically remain with a buffer of coverage during the life of the loan.

Adjusting for value of member shares held

RHAND Credit Union's standing policy on loans requires the drawdown on share-holdings (cash) associated with a given loan upon delinquency (30 days past due). Further to this, once encumbered, members are not permitted to withdraw shares which are held against borrowings. (See RHAND Credit Administration Policy Manual - Lending to Members 2.13)

As such, according to policy and operating practice, the credit loss exposure is reduced by the carrying value of the encumbered shares being that encumbered shares would be liquidated by the time default occurs.



Stage	Type	Balance \$	Shares held \$	EAD \$
Stage 1 - Performing Loans				
	Consumer	198,233,650	147,848,670	50,384,980
	Motor Vehicle	37,656,394	17,273,182	20,383,212
	Mortgage	130,008,714	42,653,557	87,355,157
	Total Performing Loans	365,898,758	207,775,409	158,123,349
Stage 2 - Underperforming Loans				
	Consumer	6,686,999	3,640,123	3,046,876
	Motor Vehicle	1,945,145	700,975	1,244,170
	Mortgage	3,313,148	710,215	2,602,933
	Total Under Performing Loans	11,945,292	5,051,313	6,893,979
Stage 3 - Nonperforming Loans				
	Consumer	6,271,401	772,691	5,498,710
	Motor Vehicle	1,341,374	156,738	1,284,636
	Mortgage	15,209,518	163,926	15,045,592
	Total Non-Performing Loans	22,822,293	1,093,355	21,728,938
	TOTAL	400,666,343	213,920,077	186,846,266

Probability at Default (PD)

This is the likelihood of a member defaulting (90 days past due). In estimating the likelihood of a borrower's default (PD), RHAND used an internal benchmark which examined the delinquency rate of each loan type portfolio stratified by stages for period 2015-2018.

An average rate for stage 1 and 2 was calculated using delinquency data over a four year period and adjusted utilizing forward-looking assumption which historically had a material impact on RHAND's credit quality. For stage 3 100% probability of default was used on the basis that default criteria are achieved by all loans at this stage.

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Impairment and provisioning policies (continued)

Probability of default was calculated as follows:

$$PD = AR \times (1 + WF1)$$

Where,

- AR = Average Delinquency Rate (Over a 4-year period)
- W = Weighting by correlation
- F = Economic Factor (average unemployment rate over a four-year period)

Loss Given Default (LGD)

This is the share of a member's loan principal that is expected to be unrecoverable if a borrower defaults, expressed as a percentage (or expected loss percentage). Default being defined as 90 days or more past due.

LGD was determined for each of the 9 sub-buckets based on a different rationale applied to each of the 3 primary buckets. The respective details follow:

Calculation of Loss Given Default (LGD)

Using WOCCU's guidelines for establishing expected loss percentages, the option of a 2-Year Weighted Average approach was determined to be best. The formula was expressed as:

$$ex = (2L0 + L1)/3$$

Where:

- ex = the expected loss percentage for each Sub-bucket.
- L0 = losses as a percentage of face value incurred on similar loans over the previous 12 months.
- L1 = losses as a percentage of face value incurred on similar loans 12-24 months ago

Note 3(c)-Individually Impaired of the Notes to the Financial Statements in our 2017 Annual Report provided the data to calculate this.

L0 for the respective sub-bucket was calculated as the 2017 Impairment allowance / Loans to members

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(v) Impairment and provisioning policies (continued)

Loss Given Default (LGD) (continued)

L1 for the respective sub-bucket was calculated as the 2016 Impairment allowance / Loans to members.

Expected Credit Loss

The final ECL is measured in a way that reflects the time value of money. This meant that cash shortfalls associated with default are discounted back to the balance sheet date, using the effective interest rate (EIR) (i.e. the same rate used to recognize interest income) or an approximation and the average time to maturity on the portfolio.

The ECL for Stage 1 of the portfolio (12 Month ECL) was calculated by dividing the average ECL (ECLA) balance for these assets by the portfolio. Stage 2 incorporated the average portfolio time to maturity as its time factor. (3.023 years) While Stage 3 no discounting is needed for these accounts as the default technically occurred already.

Thus $ECL = ECL / (1+EIR)^t$

The ECL provision for the loan portfolio of RHAND Credit Union for the year ended December 31, 2018 is estimated to be \$6,832,981.

(vi) Maximum exposure to credit risk before collateral held or other credit enhancement

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

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

	2018 \$	2017 \$
Due from banks and other financial institutions	213,490,960	184,625,593
Accounts receivable	6,592,544	4,308,048
Loans to members (Gross)	400,666,277	409,952,627
	620,749,781	598,886,268

The above table represents a worst-case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancements attached.

6. Financial Risk Management (continued)**(b) Credit risk (continued)**

Financial assets that are neither past due nor impaired

	2018 \$	2017 \$
Cash held in reputable financial institutions	5,436,191	4,765,344
Short-term investments with no default anticipated	98,541,722	79,526,879
Long-term investments with no default anticipated	109,513,047	100,333,370
Accounts receivable with full repayment expected	6,592,544	4,308,048
Loans to members	364,332,777	384,241,034
	584,416,281	573,174,675

*(vii) Loans to members and other financial assets (continued)**(a) Neither past due nor impaired*

The composition of the portfolio of loans to members that were neither past due nor impaired on an individual basis is illustrated below by loan type..

	2018 \$	2017 \$
Instalment loans	244,102,989	270,659,440
Motor vehicles	33,256,113	38,758,312
Mortgages	86,973,675	74,823,282
Total	364,332,777	384,241,034

(b) Past due but not impaired

Loans to members less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans to customers that were past due but not impaired on an individual basis are as follows:

6. Financial Risk Management (continued)

(b) *Past due but not impaired (continued)*

As at December 31, 2018	Up to 31 days \$	32 to 61 days \$	62 to 90 days \$	Total \$
Instalment loans	6,302,282	3,515,301	153,914	9,971,497
Motor vehicles	1,049,416	270,430	85,288	1,405,134
Mortgages	2,023,048	1,253,823	-	3,276,871
Sub-total	9,374,746	5,039,554	239,202	14,653,502
Fair value of collateral	11,580,481	3,114,782	94,273	14,789,536

As at December 31, 2018	Up to 31 days \$	32 to 61 days \$	62 to 90 days \$	Total \$
Instalment loans	1,206,655	525,831	2,819,120	4,551,606
Motor vehicles	752,401	182,381	-	934,782
Mortgages	1,881,134	528,272	-	2,409,406
Sub-total	3,840,190	1,236,484	2,819,120	7,895,794
Fair value of collateral	7,036,296	3,482,007	186,509	10,704,812

(c) *Individually impaired*

	Instalment Loans \$	Motor Vehicles \$	Mortgages \$	Total \$
As at December 31, 2018				
Loan to members	10,597,543	1,913,687	11,747,577	24,258,807
Fair value of collateral	837,327	731,524	15,239,542	16,808,393
Impairment allowance	(7,647,187)	(590,755)	(355,952)	(8,593,894)
As at December 31, 2017				
Loan to members	6,933,350	1,296,023	12,365,790	20,595,163
Fair value of collateral	1,112,957	1,047,696	13,020,507	15,181,160
Impairment allowance	(4,856,002)	(514,993)	(296,579)	(5,626,140)

6. Financial Risk Management (continued)

(b) Credit risk (continued)

(vii) Loans to members and other financial assets (continued)

Upon initial recognition of loans to customers, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In the subsequent periods, the fair values are referenced by: marked values for cash and cash equivalents; written down market value for motor vehicles based on annual discounting; and written down market value (at initial assignment) as outlined in the Credit Policy for real property.

(d) Loans to customers restructured

Restructuring activities include extended payment arrangements and modification of payment. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to installment loans. In some cases, restructuring results in the assets continuing to be impaired but in most cases restructuring is geared to facilitate a correction of the root cause of impairment which eventually improves collectability of the assets.

	2018 \$	2017 \$
Number of loans restructured	77	27
Value of restructured	5,070,410	2,127,503

(viii) Repossessed collateral

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The Society does not assume title of these assets, and as a result, they are not included in the statement of financial position.

Real and personal properties valued at \$70,000 which were held as collateral, were repossessed during 2018 and efforts are ongoing to liquidate for value by mortgagee sale.

(c) 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 Society has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

6. Financial Risk Management (continued)

(c) Liquidity risk (continued)

The Society can 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 Society. The Society employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Society's assets as well as generating sufficient cash from new and renewed members' deposits and shares. To manage and reduce liquidity risk the Society's management actively seeks to match cash inflows with liability requirements.

Liquidity gap

The Society's exposure to liquidity risk is summarized in the table below which analyses the discounted cash flow of financial assets and liabilities based on the remaining period from the Statement of Financial Position date to the contractual maturity date.

	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
2018				
Financial assets				
Cash in hand and at bank	5,436,191	-	-	5,436,191
Short-term investments	82,635,482	15,906,240	-	98,541,722
Long-term investments	80,685,962	8,548,131	20,278,957	109,513,050
Investment interest receivable	1,842,558	-	-	1,842,558
Loan interest receivable	1,696,323	-	-	1,696,323
Loans to members	91,455,626	235,424,574	73,786,076	400,666,276
Financial liabilities				
Members' savings and time deposits	148,492,555	-	-	148,492,555
Members' shares	395,379,647	-	-	395,379,647
Accrued interest payable	979,887	-	-	979,887
2017				
Financial assets				
Cash in hand and at bank	4,765,344	-	-	4,765,344
Short-term investments	79,526,879	-	-	79,526,879
Long-term investments	81,277,123	1,115,263	17,940,984	100,333,370
Investment interest receivable	1,234,302	-	-	1,234,302
Loan interest receivable	1,696,323	-	-	1,696,323
Loans to members	90,939,520	259,625,168	59,387,939	409,952,627
Financial liabilities				
Members' savings and time deposits	144,596,243	-	-	144,596,243
Members' shares	383,553,933	-	-	383,553,933
Accrued interest payable	1,043,536	-	-	1,043,536

6. Financial Risk Management (continued)

(d) *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 Society's measurement currency. The Society is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) *Operational risk*

Operational risk is the risk derived from deficiencies relating to the Society's information technology and control systems, as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimise human error.

(f) *Compliance risk*

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Society.

(g) *Reputation risk*

The risk of loss of reputation arising from the negative publicity relating to the Society's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Society. The Society engages in public social endeavours to engender trust and minimize this risk.

(h) *Fair value*

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

6. Financial Risk Management (continued)

h. Fair value (continued)

	Carrying Value \$	Fair Value \$
2018		
Financial assets		
Cash in hand and at bank	5,436,191	5,436,191
Short-term investments	98,541,722	98,541,722
Long-term investments	97,731,689	109,513,050
Investment interest receivable	1,842,558	1,842,558
Loan interest receivable	1,696,323	1,696,323
Other accounts receivable	3,053,663	3,053,663
Loans to members	393,833,296	393,833,296
Financial liabilities		
Members' savings and time deposits	148,492,555	148,492,555
Members' shares	395,379,647	395,379,647
Accrued interest payable	-	-
Other accounts payable	10,853,332	10,853,332
2017		
Financial assets		
Cash in hand and at bank	4,765,344	4,765,344
Short-term investments	79,526,879	79,526,879
Long-term investments	83,786,090	100,333,370
Investment interest receivable	1,234,302	1,234,302
Other accounts receivable	3,073,746	3,073,746
Loans to members	403,618,081	403,618,081
Financial liabilities		
Members' savings and time deposits	144,596,243	144,596,243
Members' shares	383,553,933	383,553,933
Accrued interest payable	1,043,536	1,043,536
Other accounts payable	7,807,084	7,807,084

7. Significant Accounting Estimates and Judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Society's accounting policies. See Note 3.

7. Significant Accounting Estimates and Judgements (continued)

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 Society 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 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 significant judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i. Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- ii. Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of ECL and selection and approval of modes used to measure ECL.
- iii. Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information. Determination of fair value of financial instruments with significant unobservable inputs.
- iv. Measurement of defined benefit obligation: key actuarial assumptions
- v. Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- vi. Whether leases are classified as operating leases or finance leases.
- vii. Which depreciation method for property and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

7. Significant Accounting Estimates and Judgements (continued)

(i) Impairment of assets

IFRS 9 dictates that entities are to develop an impairment model that would reflect the general pattern of deterioration in the credit quality of financial instruments and in which the amount of expected credit losses recognized as a loss allowance or provision would depend on the level of deterioration in the credit quality of financial instruments since initial recognition. As such, RHAND has developed a three-stage model for its loan portfolio stratified (as defined by Note 4)

(ii) Property and equipment

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.

8. Cash and Cash Equivalents

	2018 \$	2017 \$
Cash in hand and at bank	5,436,190	4,765,344
Short-term deposits	44,582,030	16,535,742
	50,018,220	21,301,086

9. Investment Securities

Short-term investments consist of treasury bills, repurchase agreements, time deposits and mutual fund units held at the following financial intermediaries/agencies:

	2018 \$	2017 \$
Investment securities measured as at FVOCI	79,572,061	-
Investment securities measured at FVTPL – maturing within 2 years	53,959,692	-
Investment securities measured at FVTPL – maturing after 2years	13,744,298	-
Investment securities designated at amortised cost	16,196,691	-
Held-to-maturity investment securities	-	3,867,403
Available-for-sale investment securities	-	159,457,104
	163,472,742	163,324,507

9. Investment Securities (continued)

	2018 \$	2017 \$
Investment securities measured at FVTPL		
– maturing within 2 years		
Available-for-sale		
First Citizens Investment Services Limited Medium Term Fixed Rate Notes	8,500,000	8,500,000
Guardian Asset Management and Investment Services Limited	5,000,000	5,000,000
KSBM Asset Management Limited	558,582	426,836
Public Service Credit Union Co-operative Society Limited	-	2,500,000
Bourse Securities Limited - Repurchase Agreement	16,231,698	26,007,587
KCL Capital Market Brokers Limited	17,436,078	14,323,380
Firstline Securities Limited	6,233,334	6,233,334
	53,959,692	62,991,137
Investment securities measured at FVTPL		
– maturing after 2 years		
KSBM Asset Management Limited – Managed Portfolio	13,744,298	15,373,681
Investment securities measured at FVOCI		
– maturing > 2 years		
Quoted Equity		
Republic Bank Limited	1,565,352	1,481,437
Prestige Holdings Limited	1,332,491	1,945,111
Grace Kennedy Company Limited	435,000	450,000
Guardian Holdings Limited	343,900	323,570
Massy Holdings Limited	743,305	759,437
West Indian Tobacco Company Limited	2,221,189	2,330,000
One Caribbean Media Limited	370,440	470,160
Sagicor Financial Corporation	472,500	411,075
Jamaica Money Market Brokers Limited	398,475	375,705
Ansa Mc Al Limited	801,350	917,765
Scotiabank Trinidad and Tobago Limited	1,002,300	937,560
Royal Bank of Canada	146,632	174,218
National Commercial Bank of Jamaica	426,500	313,500
Angostura Holdings Limited	317,200	301,000
CLICO Investment Fund	470,705	493,500
First Citizens Bank Limited	9,688,040	9,126,208
Trinidad and Tobago NGL Limited	2,415,446	2,199,633
First Citizens Investment Services Limited - Exchange Traded Funds (ETF)	2,570,861	2,755,542

9. Investment Securities (continued)

	2018 \$	2017 \$
Unquoted Equity		
Investments		
- LINCUI Limited	-	2,250,001
- The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	100,000	100,000
Mutual Fund Units		
Trinidad and Tobago Unit Trust Corporation		
- Calypso Macro Index Fund	2,987,310	4,261,896
- Growth and Income Fund	50,532,239	50,573,180
First Citizens Investment Services Limited	330,924	241,787
	79,672,060	83,192,285
Less: provision for impairment losses (see note below)	(99,999)	(2,099,999)
Total	79,572,061	81,092,286
Investment securities measured at Amortised cost		
Government of the Republic of Trinidad and Tobago	811,100	811,100
Government of St. Lucia	362,948	362,948
Housing Development Corporation	189,000	189,000
National Insurance Property Development Company	1,153,595	1,153,595
Neal and Massy Holdings Limited	500,000	500,000
National Infrastructure Development Company Limited	156,565	183,837
Phoenix Park Gas Processors Limited	121,015	169,423
Trinidad and Tobago Mortgage Finance Company Limited	497,500	497,500
Republic Bank of Trinidad & Tobago	1,967,480	-
First Citizens Bank Limited	805,488	-
National Investment Fund	9,632,000	-
Total investments securities measured at amortised cost	16,196,691	3,867,403

10. Accounts Receivable and Prepayments

	2018 \$	2017 \$
Interest receivable on investments	1,842,558	1,234,302
Interest receivable on loans	1,696,323	-
Staff members' loans	349,836	283,904
Other receivables and prepayments	2,703,825	2,789,842
	6,592,542	4,308,048

11. Net Loans to Members

(a) Loans to Members

Member loans are initially measured at cost, net of loan origination fees and inclusive of transaction costs incurred. They are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans.

Impairment provisions for loans to members are recognised based on the three stage approach within IFRS 9 as follow:

Stage 1 represents 12 month expected credit losses

- Applicable when no significant increase in credit risk;
- Entities continue to recognise 12 month expected losses that are updated at each reporting date;
- Presentation of interest on gross basis.

Stage 2 represents lifetime expected credit losses

- Applicable in case of significant increase in credit risk;
- Recognition of lifetime expected losses;
- Presentation of interest on gross basis.

Stage 3 represents - lifetime expected credit losses (net interest)

- Applicable in case of credit impairment;
- Recognition of lifetime expected losses;
- Presentation of interest on a net basis.

	2018 \$	2017 \$
Provision at beginning of the year	6,334,545	6,752,611
Non-performing loans recoveries	152,320	107,566
Impact of adoption of IFRS 9	346,116	-
Provision for loan losses (IAS 39)	-	1,000,000
Loans written-off against provision	-	(1,525,632)
Provision at end of the year	6,832,981	6,334,545

11. Net Loans to Members (continued)

(a) Loans to Members (continued)

The table below shows the staging of loans to members and the related expected credit losses based on the Company's adoption of IFRS 9 in 2018.

Analysis of movement in provision for loan losses (continued)

	Stage 1 0 - 90 days in arrears \$	91 - 120 days in arrears \$	Stage 2 > 120 days > 120 days \$	Stage 3 Sum Total \$
Principal	365,898,757	11,945,292	22,822,293	400,666,342
Credit losses	(1,920,812)	(92,009)	(4,820,160)	(6,832,981)

(b) Loans to members as stated at principal outstanding net of expected credit losses

	2018 \$	2017 \$
Loans to members	400,666,277	409,952,627
Less: Expected Credit loss	(6,832,981)	(6,334,546)
	393,833,296	403,618,081

(c) Analysis of movement in expected credit loss

Balance, beginning of year	6,334,546	6,752,612
Non-performing loans recovered	152,319	107,567
Non-performing loans write-offs	-	(1,525,633)
Expected credit loss provision	346,116	-
Provision for the year	-	1,000,000
Balance, end of year	6,832,981	6,334,546

Notes To The Financial Statements
31 December 2018
(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

Notes To The Financial Statements
31 December 2018

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

12. Property & Equipment

Cost	Land \$	Car Park \$	Building \$	Work in Progress \$	Furniture, Fixtures and Fittings \$	Office Equipment \$	Telephone Facilities \$	Other Equipment \$	Motor Vehicle \$	Computer Facilities \$	Total \$
Balance as at Jan 1, 2018	15,493,607	186,868	10,143,049	3,780,320	3,374,683	753,228	331,281	2,706,453	467,627	8,727,052	45,964,168
Additions	3,863,300	-	-	211,906	13,262	11,503	12,166	64,895	-	769,572	4,946,604
Disposals	-	-	-	-	(12,685)	-	(5,447)	(3,105)	-	(970,122)	(991,359)
Reclassification	-	-	-	(919,480)	-	-	-	-	-	-	(919,480)
Balance as at Dec 31, 2018	19,356,907	186,868	10,143,049	3,072,746	3,375,260	764,731	338,000	2,768,243	467,627	8,526,502	48,999,933
Accounts Depreciation											
Balance as at Jan 1, 2018	-	186,868	5,254,579	-	2,231,097	527,552	283,344	1,795,956	333,096	6,594,203	17,206,695
Charges for the year	-	-	202,861	-	109,826	41,461	15,462	124,289	30,034	587,912	1,111,845
Disposals	-	-	-	-	(8,035)	-	(1,906)	(2,544)	-	(896,682)	(909,167)
Balance as at Dec 31, 2018	-	186,868	5,457,440	-	2,332,888	569,013	296,900	1,917,701	363,130	6,285,436	17,409,376
Net Book Value											
Balance as at Dec 31, 2018	19,356,907	-	4,685,609	3,072,746	1,042,372	195,718	41,100	850,542	104,497	2,241,069	31,590,560
Balance as at Dec 31, 2017	15,493,607	-	4,888,470	3,780,320	1,143,586	225,676	47,937	910,497	134,531	2,132,849	28,757,473
Balance as at Jan 1, 2017	15,493,607	186,868	10,143,049	3,230,889	3,333,116	734,622	331,281	2,632,973	657,577	8,557,704	45,301,686
Additions	-	-	-	549,431	44,891	79,844	-	88,999	-	253,905	1,017,070
Disposals	-	-	-	-	(3,324)	(61,238)	-	(15,519)	(189,950)	(84,557)	(354,588)
Balance as at Dec 31, 2017	15,493,607	186,868	10,143,049	3,780,320	3,374,683	753,228	331,281	2,706,453	467,627	8,727,052	45,964,168
Accounts Depreciation											
Balance as at Jan 1, 2017	-	186,868	5,051,718	-	2,115,399	534,452	264,064	1,675,413	441,774	6,206,673	16,476,361
Charges for the year	-	-	202,861	-	118,189	38,783	19,280	133,545	45,271	438,888	996,817
Disposals	-	-	-	-	(2,491)	(45,683)	-	(13,002)	(153,949)	(51,358)	(266,483)
Balance as at Dec 31, 2017	-	186,868	5,254,579	-	2,231,097	527,552	283,344	1,795,956	333,096	6,594,203	17,206,695
Net Book Value											
Balance as at Dec 31, 2017	15,493,607	-	4,888,470	3,780,320	1,143,586	225,676	47,937	910,497	134,531	2,132,849	28,757,473
Balance as at Dec 31, 2016	15,493,607	-	5,091,331	3,230,889	1,217,717	200,170	67,217	957,560	215,803	2,351,031	28,825,325



13. Accounts Payable and Accruals

	2018 \$	2017 \$
Death/disability claims payable	5,961,856	3,627,357
Non-members receipts	30,285	42,360
Interest payable on members' time deposits	979,887	1,043,536
Sharon FYFE "Coopers" Account	227	227
Cummings/Fraser Foundation Account	770,000	750,000
Other payables and accruals	2,538,752	2,814,815
Unclaimed members' share savings	24,595	24,595
Unclaimed members' deposits	547,730	547,730
	10,853,332	8,850,620

14. Retirement Benefit (Asset) Obligations

a) Change in Present Value of Defined Benefit Obligations

	December 31	
	2018 \$	2017 \$
Opening Present Value of Defined Benefit Obligation	17,162,700	15,456,300
Current service cost	731,100	719,800
Interest cost	906,600	821,400
Plan participant contributions	254,800	254,500
Actuarial (gain) loss on obligation	1,111,100	(82,300)
Benefit paid	(31,900)	(7,000)
Closing Present Value of Defined Benefit Obligation	20,134,400	17,162,700

b) Change in Fair Value of Plan Assets

	December 31	
	2018 \$	2017 \$
Opening fair value of plan assets	16,038,200	14,149,500
Expected return on plan assets	833,900	739,900
Actuarial loss on Plan Assets	(168,500)	(150,000)
Employer contributions	1,080,300	1,075,500
Plan participant contributions	254,800	254,500
Benefit paid and administrative expenses	(55,000)	(31,200)
Closing Fair Value of Plan Assets	17,983,700	16,038,200

14. Retirement Benefit (Asset)/Obligations (continued)***c) Items for inclusion in statement of financial position***

	December 31	
	2018	2017
	\$	\$
Defined Benefit Obligation	20,134,400	17,162,700
Fair Value of plan assets	(17,983,700)	(16,038,200)
Net IAS 19 Defined Benefit Obligation/(Asset)	2,150,700	1,124,500

d) Items for inclusion in Statement of Comprehensive Income

Current service cost	731,100	719,800
Interest cost	72,700	81,500
Administrative expenses	23,100	24,200
Expense recognized in Statement of profit or loss and Comprehensive Income	826,900	825,500

e) Reconciliation of Opening and Closing Statement of financial Position entries

Opening defined benefit asset	1,124,500	1,306,800
Net pension cost	826,900	825,500
Actuarial (gain)/loss on obligation	1,279,600	67,700
Company contributions paid	(1,080,300)	(1,075,500)
Closing Defined Benefit Obligation	2,150,700	1,124,500

f) Actual Return on Plan Assets

Expected return on Plan Assets	833,900	739,900
Actuarial loss on Plan Assets	(168,500)	(150,000)
Actual Return on Plan Assets	665,400	589,900

g) Expected Company Contributions

	1,362,000	1,066,900
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h) Summary of Principal Assumptions

Discount rate at start of year	5.00%	5.00%
Discount rate at end of year	5.00%	5.00%
Future salary increase	3.00%	3.00%
Expected return on assets	5.00%	5.00%

i) Major Categories of Plan Assets

Deposit Administration Contract	100.00%	100.00%
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14. Retirement Benefit (Asset)/Obligations (continued)

i) Major Categories of Plan Assets (continued)

Sensitivity of Present Value of Defined Benefit Obligation

Should the discount rate increase by 1%, the obligation will decrease by \$3,243,700 and should the rate decrease by 1%, the obligation will increase by \$3,991,400. Should there be a 1% increase in expected salary growth, the obligation will increase by \$1,430,100 and should there be a 1% decrease, the obligation will decrease by \$1,419,900. The weighted average duration of the obligation in 20 years (2017: 22 years).

15. Members' Share Savings

The Bye-Laws of RHAND Credit Union Co-operative Society Limited allows for the issue of an unlimited number of shares valued at \$5.00 each. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2 redeemable shares have been treated as liabilities.

16. Loan Protection Fund

The Loan Protection Fund provides loan protection coverage for our members, which allows the loan balance, up to a maximum of \$100,000, to be liquidated in the event of death of the member before his/her indebtedness to the credit union has been repaid. For 2018, \$2,200,621 was expensed and \$1,985,422 was added to the fund. As at December 31, 2018, the balance stood at \$2,245,675 (2017: \$2,460,874).

17. 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 Society. 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:

17. Related Party Transactions (continued)

	December 31	
	2018 \$	2017 \$
Assets, Liabilities and Members' Equity		
Loans and other receivables		
Directors, committee members, key management personnel	5,484,528	4,347,161
Due from LINCUC Limited	450,000	450,000
Investment in LINCUC Limited (net)	-	250,001
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	4,939,252	4,859,693
Cummings/ Fraser Foundation Account	770,000	750,000
Interest and other income		
Directors, committee members, key management personnel	482,765	391,265
Interest and other expenses		
Directors, committee members, key management personnel	105,051	98,665
Key management compensation		
Short-term benefits	2,549,259	2,266,827

18. Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. 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:

(a) Accounts receivable and Accounts payable

The carrying amounts of accounts receivable and accounts payable are a reasonable approximation of the fair values because of their short-term nature.

(b) Members' loans

Loans are net of specific allowances 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 financial statement amounts.

18. Fair Values (continued)

(c) *Investments*

The fair values of investments are determined on the basis of market prices available at December 31, 2018.

(d) *Members' deposits*

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.

(e) *Members' savings*

The carrying amounts of members' savings are a reasonable approximation of the fair values because they are due on demand.

(f) *Classification of financial instruments at fair value*

The Society measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorization from the prior year.

The following table shows the fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

18. Fair Values (continued)**(f) Classification of financial instruments at fair value (continued)**

2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets measured at fair value				
Investment securities	23,150,825	124,125,325	-	147,276,150
Financial assets not measured at fair value				
Investment securities	-	-	16,196,691	16,196,691
Loans to members	-	-	393,833,296	393,833,296
Financial liabilities not measured at fair value				
Members' deposits	-	-	148,492,555	148,492,555
Members' savings	-	-	395,379,647	395,379,647
2017				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets measured at fair value				
Investment securities	23,009,879	136,447,225	-	159,457,104
Financial assets not measured at fair value				
Investment securities	-	-	3,867,403	3,867,403
Loans to members	-	-	403,618,081	403,618,081
Financial liabilities not measured at fair value				
Members' deposits	-	-	144,595,243	144,595,243
Members' savings	-	-	383,553,933	383,553,933

19. Capital Risk Management

The Society 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 Society's overall strategy remains unchanged from previous years.

The capital structure of the Society consists of equity attributable to members, which comprises reserves and undivided earnings.

20. Investment Income

	2018 \$	2017 \$
Foreign exchange gain/loss on investments	1,270,287	343,116
Net. gain on sale of investments	249,999	818,152
TOTAL	1,520,286	1,161,268



21. Other Income

	2018 \$	2017 \$
Cyber Café income	-	1,428
Rental income	348,070	303,100
CUNA commissions	995,759	556,756
Other commissions	63,346	67,136
Service charges	27,547	5,585
Entrance fees	79,340	75,205
MSDP registration and education	340,700	-
Miscellaneous income	272,300	419,973
TOTAL	2,127,062	1,429,183

22. Administrative expenses

Advertising and promotions	671,759	447,031
Annual and special general meetings	631,449	617,442
Bank charges	278,692	271,904
Debt collector's commissions	22,623	4,125
Depreciation	1,111,845	996,817
Donations	41,020	49,092
Electricity	428,476	391,778
Insurance	204,250	247,439
Legal and professional services	1,277,005	887,905
LINCU debit card expenses	161,956	131,928
Loss on disposal of fixed assets	80,703	13,930
Miscellaneous expenses	294,888	301,591
Rates and taxes	19,028	20,593
Property rental	720,000	720,000
Repairs, maintenance and cleaning	1,182,984	1,453,848
Security	219,947	228,417
Stationery, computer supplies, printing and postage	1,232,248	803,441
Telephone	679,326	634,496
TOTAL	9,258,199	8,221,777

23. Board and Committees' Expenses

	December 31	
	2018 \$	2017 \$
Conferences	163,398	88,297
Training	39,850	190,763
Meeting	270,350	165,461
Subsistence	318,800	301,764
Entertainment and duty allowance	39,200	33,600
Honoraria	291,767	262,705
Supervisory Committee	32,780	29,247
Travelling	2,100	-
TOTAL	1,158,245	1,071,837

24. Salaries and Benefits

	December 31	
	2018 \$	2017 \$
Salaries and other staff benefit	11,475,308	10,968,680
Retirement benefit asset – IAS 19 adjustment	(253,400)	-
Training and subsistence	253,647	245,147
TOTAL	11,475,555	11,213,827

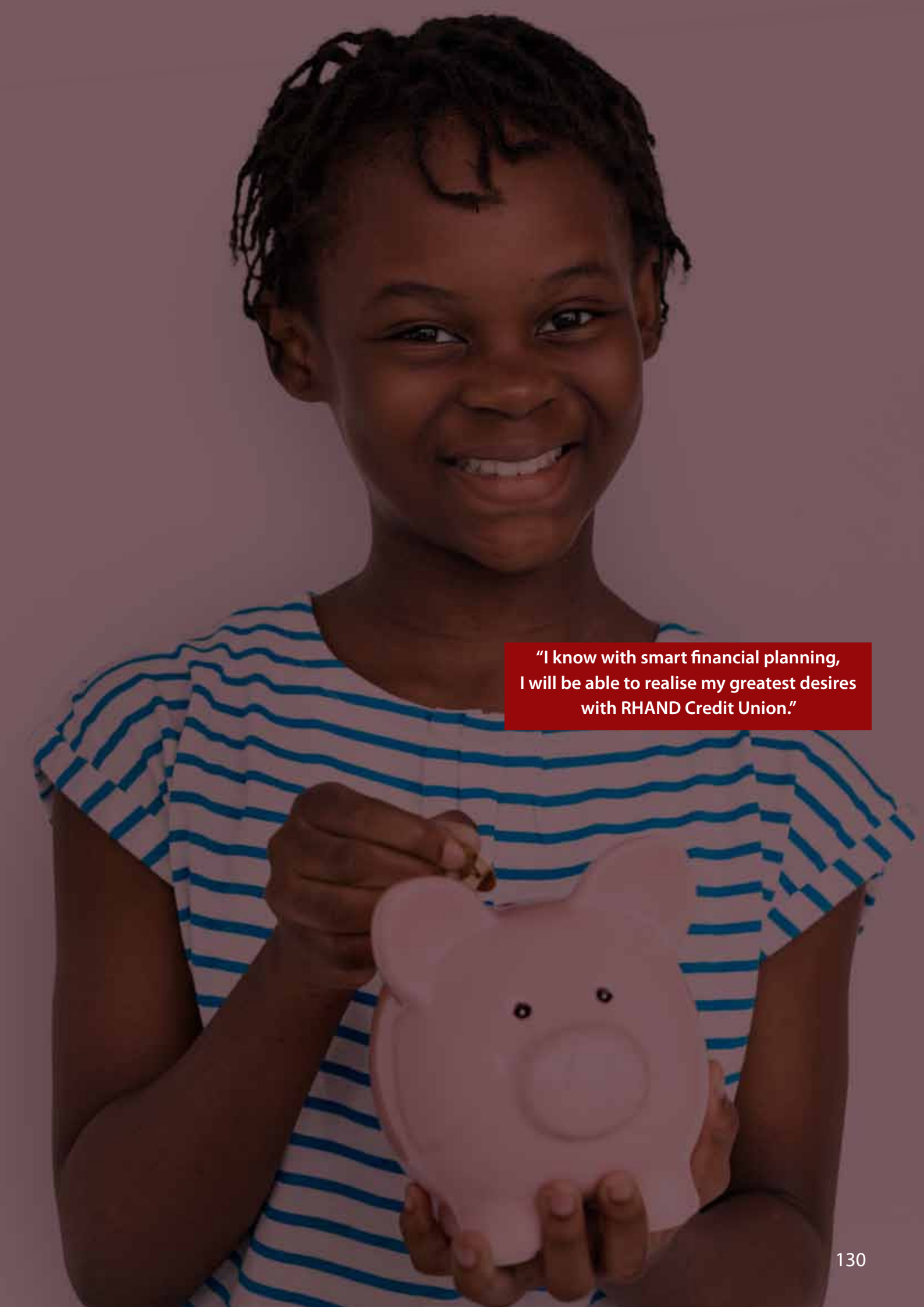


25. Contingent Liabilities

The Company is involved in various claims and litigations arising in the normal course of its business, and there are legal proceedings to which the Company is a party that, in the Company's opinion, would not have a significant effect on the Company's financial position or results of operations. No provision has been made in these financial statements as the Company's management do not consider that there is any probable loss.

26. Subsequent Events

There were no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements. With the exception that dividends are proposed and declared after the Statement of Financial Position date are not shown as a liability in accordance with IFRS 10 – Events after the Reporting Period.



**"I know with smart financial planning,
I will be able to realise my greatest desires
with RHAND Credit Union."**

2019 Quantitative Objectives, Proposed Capital Expenditure And Financial Projections

2019 Quantitative Objectives				
Key Results Area	Budgeted 2019 (\$)	Actual 2018 (\$)	Increase/(Decrease)	
			(\$)	%
Share savings portfolio	415,148,629	395,379,647	19,768,982	5.00
Time deposits portfolio	90,884,577	89,780,601	1,103,976	1.23
Deposit savings portfolio	58,711,954	58,711,954	0	0
Loans portfolio (Gross)	436,052,423	400,666,277	35,386,146	8.83
Non-performing loans (Gross)	25,878,674	28,476,864	(2,598,190)	(9.12)
Money market investments portfolio	93,217,195	98,727,722	(5,510,527)	(5.58)
Capital market investments portfolio	102,456,448	109,540,972	(7,084,524)	(6.47)

The negative projections for the investment portfolios reflect the proposed reallocation of resources to fund lending to members.

Primary initiatives for the realisation of quantitative objectives, the improvement of the member experience and strengthening of the governance framework

During the year 2019, the key initiatives for the Credit Union will be:-

- the adoption of risk-based lending for the granting of loans;
- attractive loan promotions focused on debt consolidation and other member needs while targeting members who are good credit risks;
- establishment of network payment services solution for depositing of funds from across the country without visiting a branch;

- completion of operational restructuring exercise geared toward improving efficiency and our members' experience;
- the active pursuit of a replacement and more member-friendly Tobago branch location;
- marketing campaigns and outreach programs targeting both existing and potential members;
- marketing campaigns specifically targeting existing and potential millennial members;
- introduction of a Mobile App and launch of the new interactive website
- implementation of Business Intelligence systems
- Completion and roll out of the Business Continuity Plan

2019 Proposed Capital Expenditure With Proposed And Actual Expenditure For The Year 2018			
Project/Item Expenditure	Proposed 2018 (\$)	Actual 2018 (\$)	Proposed 2019 (\$)
Land Improvement works		3,507,095	10,000,000
Buildings	17,203,100	30,000	2,393,100
Computer facilities	2,197,677	213,658	1,672,740
Furniture, fixtures and fittings	665,450	13,262	883,300
Office equipment	59,000	12,000	81,500
Other equipment	614,500	58,200	39,530
Total	20,739,728	3,834,216	15,070,170



2019 Quantitative Objectives, Proposed Capital Expenditure And Financial Projections continued...

2019 Financial Projections with Budgeted and Actual Results for 2017 and 2018					
	2017		2018		2019
	Budgeted	Actual	Budgeted	Actual	Budgeted
	\$	\$	\$	\$	\$
INCOME					
Interest on loans	40,792,445	41,504,714	43,659,183	* 43,432,734	* 43,445,304
Investment income	6,251,649	4,798,086	4,071,554	5,903,511	5,984,649
Fees and commissions	810,000	699,097	760,000	1,059,108	1,112,063
Rental income	330,000	303,100	480,000	348,070	522,105
Miscellaneous income	672,000	426,986	715,000	720,884	872,689
TOTAL INCOME	48,856,094	47,731,983	49,685,737	51,463,307	**51,936,810

* Adjusted for IFRS 15

** Approximate \$10M fall in the loan portfolio in 2018 directly impacts interest earning projections for 2019

2019 Financial Projections with Budgeted and Actual Results for 2017 and 2018

	2017		2018		2019
	Budgeted	Actual	Budgeted	Actual	Budgeted
	\$	\$	\$	\$	\$
EXPENSES					
Advertising and promotion	360,000	447,031	600,000	671,758	900,000
Annual General Meeting expenses	450,000	554,722	500,000	573,573	550,000
Audit fees	222,000	224,703	222,000	236,475	222,000
Bank charges and interest	96,000	271,904	96,000	278,692	240,000
Committees' expenses	591,600	555,374	704,000	701,680	739,000
Conferences and meetings	144,000	253,758	144,000	164,798	205,461
Life savings insurance	918,000	915,057	1,080,000	987,889	1,200,000
Loan protection expense	1,680,000	1,092,306	1,200,000	2,200,621	1,200,000
Debt collectors' commission	120,000	4,125	120,000	22,623	100,000
Depreciation	1,256,000	996,817	1,128,000	1,111,845	1,128,000
Donations	42,000	49,092	50,000	41,020	48,000
Member education, training and development expenses	1,200,000	987,081	1,000,000	1,048,243	1,440,905
Electricity	420,000	391,778	420,000	428,476	420,000
Honoraria	300,000	262,705	300,000	291,767	300,000
Expected Credit Loss *	1,000,000	1,000,000	1,000,000	1,975,499	1,000,000
Insurances	330,000	247,439	108,000	223,279	180,000
Interest on members' savings deposits	263,279	248,182	259,455	272,642	293,560
Interest on members' time deposits	1,856,350	2,007,506	1,869,210	1,952,589	2,049,668
Legal and professional services	300,000	887,905	600,000	1,040,530	540,000
Loss on disposal of assets	24,000	13,930	24,000	80,703	60,000
Loss on disposal of investments	6,000	-	6,000	-	-
Miscellaneous expenses	818,000	301,591	228,000	284,633	**561,000
Rates and taxes	36,000	20,593	36,000	36,000	36,000
Rental expense	720,000	720,000	720,000	720,000	720,000
Repairs, maintenance and cleaning	1,248,000	1,453,848	1,596,000	1,182,984	1,548,000
Personnel costs	14,033,400	11,463,827	14,473,700	11,475,555	12,414,500
Security expenses	216,000	228,417	216,000	219,947	300,000



2019 Quantitative Objectives, Proposed Capital Expenditure And Financial Projections continued...

2019 Financial Projections with Budgeted and Actual Results for 2017 and 2018 continued...

	2017		2018		2019
	Budgeted	Actual	Budgeted	Actual	Budgeted
	\$	\$	\$	\$	\$
Special General Meeting expenses	12,000	62,719	50,000	57,876	60,000
Stationery, computer supplies, printing and postage	808,600	803,441	864,000	1,089,832	***1,204,000
Telephone expenses	720,000	634,496	720,000	679,326	600,000
Unrealized Loss on Financial Assets [^]					1,000,000
TOTAL EXPENSES	30,191,229	27,004,710	30,778,365	30,329,483	31,260,094
NET SURPLUS	18,664,865	20,727,273	18,907,373	21,133,824	20,676,716

* IFRS 9 Provisioning. Previously classified as Loan Loss Expense.

** Includes Cummings Fraser Foundation and Retirees Group allocations. Moved from Education Committee budget

*** Includes recurrent expense for Cloud-based Redundancy

[^] IFRS 9 Provisioning

Resolutions

• **Appointment Of Auditors**

Be it resolved, that the firm of Chartered Accountants – KPMG, be appointed as the Auditors of the Society for the financial year ending December 31, 2019.

• **Building Fund**

Be it resolved, that pursuant to Bye-Law 15 (h) (ix), that the sum of \$750,000 be allocated from the surplus for the year ended December 31, 2018 to the Building Fund.

• **Dividend on shareholdings**

Be it resolved, that a dividend of 3.00% on the average monthly share balance held by each member for the year ended December 31, 2018 be declared for the year ended December 31, 2018 and that the proceeds of this dividend distribution be credited to the Share Savings and Savings Deposit Accounts of each member by way of credits of 30% and 70% respectively of the entitlement for each member.

• **Patronage Refund**

Be it resolved, that a Patronage Refund of 1.50% on the interest paid on the loans of members in 2018, where the loans are less than 90 days past due, for the year ended December 31, 2018 be declared for the year ended December 31, 2018

Where the loans are less than 30 days past due, the proceeds of this refund shall be credited to the Savings Deposit Accounts of each qualified member.

Where the loans are more than 30 days but less than 90days past due, the proceeds of this refund shall be credited to the loan of each qualified member.

• **Honoraria**

Be it resolved, that honoraria in the gross sum of \$ 275,260 (\$ 206,445 net of income tax liability), be declared for the year ended December 31, 2018.



Appendix 1

Members who died in 2018

1	9329	Cheryl Selman	Jan. 1, 2018	36	3927	Ann Ramcharan	May 19, 2018
2	12442	Petronella Neptune	Jan. 5, 2018	37	16658	Lyndon Forde	May 20, 2018
3	15901	Frank Isaac	Jan. 9, 2018	38	931	Winston Stoute	May 22, 2018
4	2549	Pamela Cielto	Jan.10, 2018	39	4141	Norma Forde	May 23, 2018
5	3073	Motilal Bhairosingh	Jan.17, 2018	40	13466	Neil Bhagan	May 24, 2018
6	4721	Verna Mars	Jan. 21, 2018	41	1486	Leotha Brathwaite	May 26, 2018
7	21080	Christine Danzell	Jan. 23, 2018	42	6282	Hamrajee Deonarine	May 27, 2018
8	511	Richard Laydoo	Jan. 24, 2018	43	16114	Peter Edwards	May 27, 2018
9	12202	Benelia Ngui	Jan.24, 2018	44	362	Margaret Blackman	Jun. 3, 2018
10	3750	Shirley Johnson -Augustus	Jan. 26, 2018	45	20853	Recardo Mieux	Jun. 10, 2018
11	14261	Sheldon Francis	Jan. 26, 2018	46	23683	Charmaine Nixon	Jun. 16, 2018
12	8099	Roy Gay	Feb. 06, 2018	47	2726	Sylvia Ferdinand	Jun. 17, 2018
13	23310	Mesmar Forbes	Feb. 14, 2018	48	23628	Neville Wright	Jun. 29, 2018
14	1808	Quentin Mc Millan	Feb.19, 2018	49	9469	Maureen Gill-Jones	Jun. 30, 2018
15	10847	Susan Chewlin-Choo	Feb. 26, 2018	50	3573	Ralph Newton	Jun. 30, 2018
16	18352	Germine Williams	Mar. 01, 2018	51	4202	Claudia Wiltshire	July 02, 2018
17	14199	Shawki Luqman	Mar. 04, 2018	52	724	Millicent Rogers -Mark	July 05, 2018
18	4004	Mervyn Maurice	Mar. 08, 2018	53	5191	Anthony Martin	July 10, 2018
19	17780	Neal Rasmine	Mar. 14, 2018	54	123	Norma Brathwaite	July 11, 2018
20	11054	Cecelia Mata	Mar. 8, 2018	55	23060	Avril Moses -Campbell	July 17, 2018
21	1579	Eunice Quamina	Apr. 10, 2018	56	12760	Marina Hunte	July 19, 2018
22	8330	Elsa Francis	Apr. 15, 2018	57	9371	Ita Lewis	July 25, 2018
23	7708	Janet Soanes	Apr. 16, 2018	58	10465	Valerie Bailey	July 26, 2018
24	703	Constance Mc Tair	Apr. 19, 2018	59	10157	Cherrie Fergusson	Aug. 1, 2018
25	6868	George Brown	Apr. 20, 2018	60	10739	Bernice Henry -Nero	Aug. 2, 2018
26	6826	Frank Sample	Apr. 22, 2018	61	1996	Gillian Henry	Aug. 2, 2018
27	11968	Sandra James	Apr. 23, 2018	62	6647	Joan Holder	Aug. 3, 2018
28	18599	Mayda Edwards -Cowie	Apr. 24, 2018	63	14286	Janice Cipriani	Aug. 4, 2018
29	986	Hazlin Charles	Apr. 26, 2018	64	14069	Elizabeth Singh	Aug.10, 2018
30	2497	Wilbert Jones	May 1, 2018	65	12057	Anthony Alleyne	Aug.15, 2018
31	17679	Carol Baptiste	May 04, 2018	66	7833	Aloysius Bovell	Aug.17, 2018
32	13549	Monica Layne	May 05, 2018	67	18000	Rupert King	Aug.24, 2018
33	12467	Lincoln Merritt	May 10, 2018	68	5599	Edgar Garraway	Aug.26, 2018
34	1837	Aemilian Joseph	May 17, 2018	69	6479	Yvette Valdez	Aug.27, 2018
35	2187	George Patrick	May 18, 2018	70	2523	Sandra Dalrymple	Aug.28, 2018
				71	22603	Carl Cumberbatch	Aug.30, 2018

Appendix 1 continued

Members who died in 2018

72	12898	Mary Barrow	Aug.31, 2018
73	15542	Sandra Quamina -Phillip	Aug.31, 2018
74	3033	Marium Dhanessar	Sep. 1, 2018
75	22169	Ingrid Pierre-Ross	Sep. 1, 2018
76	21794	Christopher Charles	Sep. 13, 2018
77	11019	Lalchand Daswat	Sep. 23, 2018
78	173	June Layne	Oct. 1, 2018
79	5076	Matthew Carmichael	Oct. 4, 2018
80	7846	Cheryl Layne -Pereira	Oct. 16, 2018
81	1202	Mervyn Mc Millan	Oct. 20, 2018
82	9313	Anthony Dyer	Oct. 25, 2018
83	2594	Everaldo Samuel	Oct. 27, 2018
84	17683	Beverly Daniel	Nov. 1, 2018
85	8279	Dale Lockiby -Brathwaite	Nov. 2, 2018
86	4802	Joycelyn Miles	Nov. 4, 2018
87	14196	Savitrie Jattan	Nov. 11, 2018
88	20359	Glen Forde	Nov. 19, 2018
89	19670	Hector Kennedy	Nov. 23, 2018
90	1557	Linda Ottley	Nov. 23, 2018
91	19422	Kenneth Mc Kell	Nov. 28, 2018
92	15266	Karen Ramsay	Nov. 28, 2018
93	1762	Hesther Cabrera	Dec. 4, 2018
94	19493	Michael Mc Comie	Dec. 4, 2018
95	2291	Shirley Gosein	Dec. 7, 2018
96	611	Bertram Goodridge	Dec.10, 2018
97	15187	Kenwyn Green	Dec. 11, 2018
98	16406	Wendy Roberts	Dec. 12, 2018
99	13187	Soonardaye Sonnylal	Dec. 13, 2018
100	14769	Andrew Harewood	Dec. 17, 2018

In Loving Memory of an amazing person,
Rose-Marie Charlerie

Member Service Champion since February 1988



March 6th, 1968 to January 1st, 2019

Rest In Peace – "Gone But Not forgotten"

Notes