



CELEBRATING
70 YEARS
OF SERVICE TO YOU

ANNUAL REPORT
2016

We can all stand in the shade of a robust organisation today due to the selfless contributions of our senior members...







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

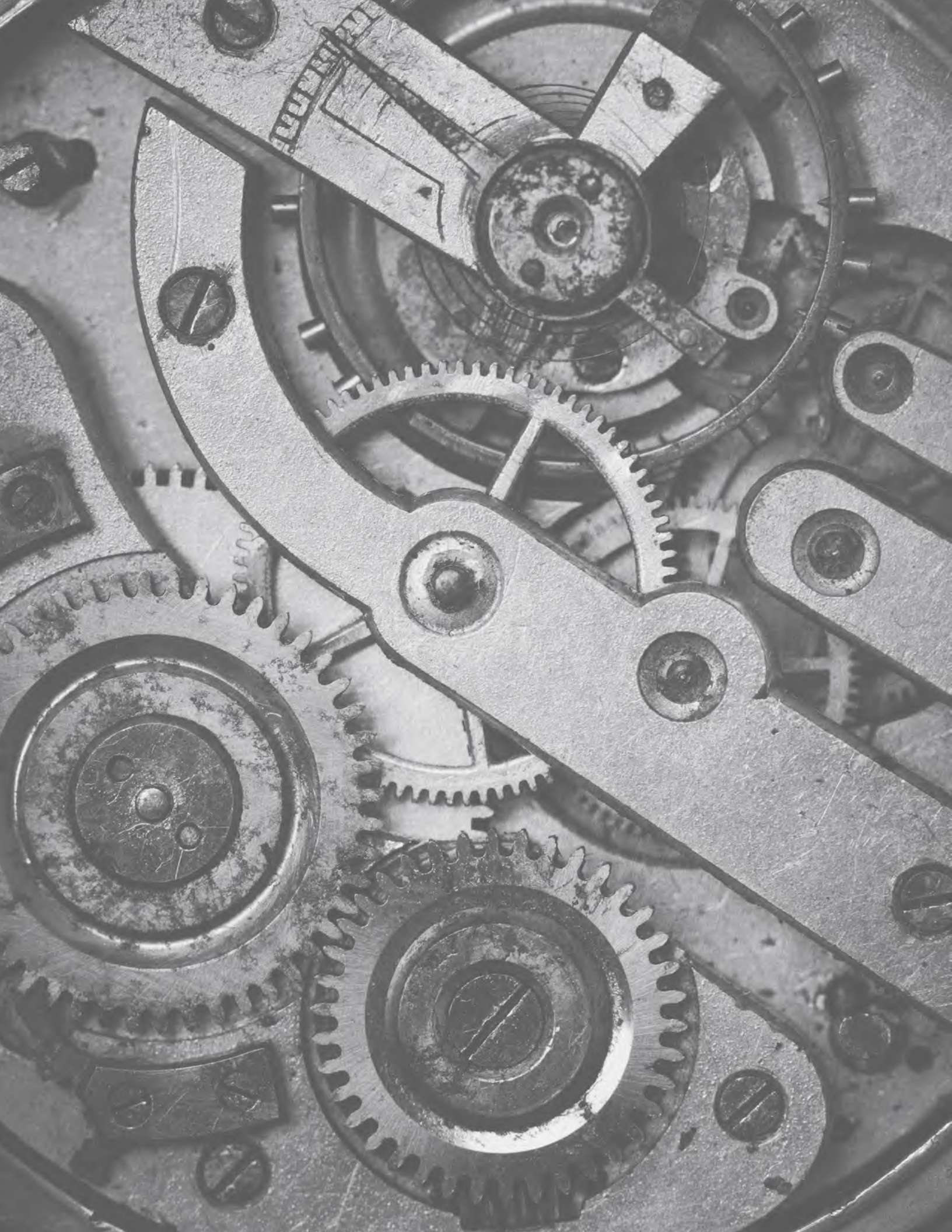
THE NATIONAL ANTHEM

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



Fellow Co-operators,

On behalf of the Board of Directors, the Supervisory Committee, the Credit Committee and the Management Team, I greet you in the name that is above all names- the precious name of our Lord and Saviour, Jesus the Christ, and welcome you to our 69th Annual General Meeting. This is also an opportune moment to extend best wishes to you and your loved ones for a healthy, peaceful, joyful and productive 2017.

I am indeed honoured and humbled to address you for the first time as President of this illustrious organisation and thank you for the support that you have given me over the years.

This year RHAND is celebrating its 70th year as a registered Credit Union, having been registered on the 27th March, 1947. Seventy years of existence for an organisation is no mean achievement. This speaks to great resilience and tenacity and of course, a superb managerial and leadership paradigm.

The ship of RHAND sails steadfastly forward in spite of the tempestuous waters that it traverses on its journey. RHAND, our beloved Credit Union, is not insulated from the economic turmoil that has enveloped the world. Trinidad and Tobago is in the throes of a recession with all the attendant realities. Unemployment is anticipated to rise. Doom and gloom are the operative words that would spring to mind. Despite these challenges, the Board of Directors has embraced creative mechanisms to cushion these shocks to ensure the continued growth and generation of income. It is the pledge of the Board of Directors to pursue conscientiously avenues to maintain the sustainability and viability of RHAND. We are committed to the development of products that cater to your needs and to excellent service delivery. We also take our fiduciary

responsibilities very seriously as we ensure the protection of your funds and seek at every opportunity to deliver a reasonable return on your investment. My gut feeling is that we will succeed in all our endeavours.

As we navigate these economically trying times, we internalise our generic strategy of cost leadership and aspire to greater cost efficiency in the performance of our functions. Enhanced stakeholder value – the epitome of the balanced scorecard framework will be the outcome. As you will recall, RHAND adopted the balanced scorecard framework as a performance management tool to assist in the enhancement of value to all our stakeholders. Full implementation is not without its own challenges.

In order to reinforce the resource capability of the organisation, a Human Resource (HR) and Information and Communications Technology (ICT) Audit was conducted in 2016. The report has been received. The Audit findings reveal that RHAND would require a transformational agenda if it is to achieve the goals articulated in the strategic plan. Specifically, the Audit recommended major changes in the ICT infrastructure, the reframing of the managerial responsibilities and changes at the leadership level. ICT must be the strategic enabler and the main driver in the pursuit of our vision. To this end, a Cross Functional Team and an ICT Steering Committee have been established to examine carefully the recommendations advanced by the consultants.

RHAND's Strategic Plan 2016-2018 has embedded in it two (2) Strategic Objectives. They are:

- Increase in Asset Base Size to \$1.0 billion by December 31,2018
- Increase in membership complement to 25,000 by December 31, 2018

The Members of the Board of Directors all believe that these goals are challengingly attainable given the desired mix of resources, competencies and will, along with some critical and necessary structural and organizational changes. It is my intention as part of this Board to achieve these goals. In order to do this, it cannot be business as usual.

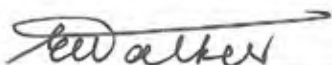
On the journey to the attainment of these objectives, amendments have been made already to some processes and policies. RHAND is indeed in transformational mode. Our aim is growth despite the economic climate and challenges in the marketplace.

The improvement of organizational health and the reengineering of all our processes are works in progress and very essential elements of our transformation process. With the whole-hearted embrace of all the change management initiatives to which we have subscribed and the will to achieve, RHAND will continue to be strong.

This has been a successful year because of the membership's commitment to the business. I exhort you to make RHAND your preferred choice for all your financial needs. Update your records in keeping with Financial Intelligence Unit's (FIU's) stipulations. Continue to uphold the co-operative philosophy. Spread the good news of your Credit Union. Encourage, educate and motivate the young ones so that they would see the benefits of being part of this great Credit Union.

Happy 70th Anniversary.

I thank you and may God bless us all.



Emmanuel Walker
President – Board of Directors

Notice of THE 69TH ANNUAL GENERAL MEETING

Notice is hereby given that the 69th Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday - March 25, 2017 - commencing at 1:00 p.m. at the following two (2) venues simultaneously

- 1) Trinidad - UWI Sport and Physical Education Center, St. Augustine
- 2) Tobago - Tobago Nutrition Co-operative Society Limited, Canaan

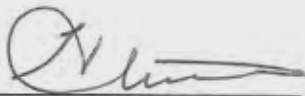
The Meeting will be facilitated through the linking of the two venues employing video conferencing technology.

AGENDA

1. Adoption of the Standing Orders
2. President's Address
3. Minutes of the 68th Annual General Meeting of March 19, 2016
4. Matters Arising out of the Minutes of the 68th Annual General Meeting
5. Reports 2016
 - Board of Directors
 - Education Committee
 - Credit Committee
 - Supervisory Committee
 - Independent Auditors
 - Financial Statements
 - Nominating Committee
6. Election of Officers for the 2017/2018 Term
7. 2017 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
8. Amendment to the Bye-Laws of the Society
9. Motions
10. Resolutions
11. Other Business

Dated this 10th day of March, 2017

BY ORDER OF THE BOARD,



Joycelyn Hunte
Secretary – Board of Directors

NOTE: Registration begins at 11:00 a.m.
Only members in good financial standing will be admitted to the meeting.
Members are required to present proper identification when registering.

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 shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. 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 rises to object or to explain (with the permission of the Chair).
5. No speeches shall be made after the “question” has been put and carried or negated.
6. The mover of a “procedural motion” – (adjournment, lay on the table, motion to postpone) shall have no right to reply.
7. 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).
8. 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”.
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it falls.
11. The Chairman shall have the right to a “casting vote”.
12. If there is an equality of voting on an amendment and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for the protection of the Chairman from vilification (personal abuse).
14. No member shall impute improper motives against another.
15. No electronic recording of the proceedings shall be allowed without the permission of the Chairman.

Composition of THE BOARD OF DIRECTORS AND STATUTORY COMMITTEES

2016 - 2017

Board of Directors

Mr. Emmanuel Walker	-	President
Mr. Martin Gibbs	-	Vice President
Ms. Joycelyn Hunte	-	Secretary
Mrs. Christine Campbell	-	Assistant Secretary
Ms. Glenda Bruce	-	Treasurer
Mr. Martin Minguell	-	Director
Ms. Marlene Felix	-	Director
Mr. Kedron Duke	-	Director
Mrs. Theresa Agulia-Joseph	-	Director
Ms. Petal-Dawn Hinkson	-	Director
Mrs. Michele Rouff	-	Director
Mr. Reynold Cooper	-	Director
Mrs. Andrea Borneo-Ragoo	-	1st Substitute
Ms. Monica Richards	-	2nd Substitute

Supervisory Committee

Ms. Claudette Brown	-	Chairman
Ms. Erica Charles	-	Secretary
Ms. Pamela Ogiste	-	Member
Mr. Desmond Noel	-	Member
Mr. Dave Williams	-	Member – resigned effective Dec. 31, 2016
Mrs. Patricia Williams	-	1st Substitute
Mrs. Jiselle Laing-Williams	-	2nd Substitute

Credit Committee

Ms. Esme Forde	-	Chairman
Ms. Patricia Harry	-	Secretary
Mrs. Mary Lou Marcano	-	Member – resigned effective Aug. 08, 2016
Mr. Lenus Joseph	-	Member
Ms. Jennifer James	-	Member
Mrs. Susan Hinds-Morgan	-	1st Substitute
Ms. Joy Dillon	-	2nd Substitute

Minutes of
THE 68TH ANNUAL
GENERAL MEETING



Minutes of THE 68TH ANNUAL GENERAL MEETING

Held on Saturday-March 19, 2016, simultaneously at the Trinity College East – Trincity - 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 AND COMMENCEMENT OF BUSINESS PROCEEDINGS

- 1.1 The meeting commenced at 1:29 p.m., with members in attendance being welcomed by the Convenor – Mr. Emmanuel Walker.
- 1.2 Members were then invited to stand for the singing of the National Anthem and the recitation of the Credit Union Prayer.
- 1.3 Reverend Clifford Rawlins conducted the invocation, after which one minute of silence was observed for the members who departed this life since the date of the last Annual General Meeting.
- 1.4 Mr. Walker then called the meeting to order and asked the Secretary to read the Notice convening the meeting.

2. NOTICE OF MEETING AND STANDING ORDERS

- 2.1 The Secretary – Mrs. Christine Campbell, informed the members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being five hundred and thirty-nine (539) members present:- four hundred and fifty-two (452) members in Trinidad and eighty-seven (87) members in Tobago. She then proceeded to read the Notice convening the meeting and reported that Notice was duly given.
- 2.2 The Standing Orders were duly adopted on a motion moved by Mrs. Michele Rouff, a Retiree and seconded by Mrs. Mary Lou Marcano of the Ministry of Finance.
- 2.3 Members then agreed to the proposal for the 2015 Annual Report to be taken as read.

3. ADDRESS OF THE PRESIDENT

- 3.1 The President – Mrs. Theresa Agulia-Joseph greeted everyone present and extended a special welcome to the following attendees.
 - Members who were attending their first General Meeting
 - Youth Members in attendance
 - Members of the Retirees Group
 - Reverend Clifford Rawlins
 - Pannist – Ms. Alicia Pierre
 - Guest Speaker – Mr. Mariano Browne
 - Mrs. Daphne Moore and Mr. Avery Peterson of the Election Support Team

THE 68TH ANNUAL GENERAL MEETING

- 3.2 The President then shared with the members, the following updates on the initiatives and activities pursued by RHAND Credit Union during the 2015/2016 Term -
- The successful conclusion of negotiations with Banking, Insurance and General Workers Union with respect to the Memorandum of Agreement covering the period of January 01, 2012 to December 31, 2014.
 - The conclusion of the crafting of a Strategic Plan for RHAND Credit Union, covering the three (3) year period of January 01, 2016 to December 31, 2018.
 - The strategies being employed by the Board of Directors to ensure that the Credit Union is run in a prudent and efficient manner.
 - The institutionalization of an organization –wide Performance Management Framework, extending to Members of the Board of Directors, Members of the Statutory Committees and Members of other Committees.

4. CONFIRMATION OF THE MINUTES OF THE 67TH ANNUAL GENERAL MEETING

- 4.1 The Minutes of the 67th Annual General Meeting were tabled for the consideration of the membership.
- 4.2 The Minutes of the 67th Annual General Meeting were confirmed without any amendments, on a motion moved by Mrs. Mary Lou Marcano of the Ministry of Finance and seconded by Mr. Ancil Forde of the Ministry of National Security.

5. MATTERS ARISING OUT OF THE MINUTES OF THE 67TH ANNUAL GENERAL MEETING

- 5.1 There were no matters arising out of the Minutes of the 67th Annual General Meeting.

6. REPORTS**REPORT OF THE BOARD OF DIRECTORS**

- 6.1 The Report of the Board of Directors was tabled for the consideration of the membership.
- 6.2 The Chairman led the meeting in the discussion of the Board Report, at the conclusion of which, the Report of the Board of Directors was adopted on a motion moved by Mr. Lenus Joseph, a Retiree and seconded by Ms. Pamela Ogiste of the Election and Boundaries Commission.
- 6.3 The motion was put to the vote and carried.

REPORT OF THE CREDIT COMMITTEE

- 6.4 The Report of the Credit Committee was tabled for the consideration of the membership.

Minutes of
THE 68TH ANNUAL GENERAL MEETING

6.5 Mr. Dave Williams – the Chairman of the Committee, presented the said Report.

6.6 The following corrections were made to Table 11 on page 39 of the Report.

- in the third row – replace the name Mary Lou Marcano with the name Patricia Harry.
- in the fourth row – replace the name Esme Forde with the name Mary Lou Marcano.
- in the fifth row – replace the name Patricia Harry with the name Esme Forde.

6.7 Members then raised the following two matters.

- The possibility of taking legal action against delinquent members as well as the publishing of the details of judgements against members in the print media.
- The possibility of establishing a continuous line of credit for creditworthy members in an effort to save time in the loan application process.

6.8 The Chairman of the Credit Committee and the General Manager provided satisfactory answers to the matters raised.

6.9 The Report of the Credit Committee was adopted on a motion moved by Mrs. Thecla Huggins-Stanley and seconded by Mrs. Mary Bruce-Phillip.

6.10 The motion was put to the vote and carried.

REPORT OF SUPERVISORY COMMITTEE

6.11 The Report of the Supervisory Committee was tabled for the consideration of the membership.

6.12 Ms. Claudette Brown – the Chairman of the Supervisory Committee, presented the said Report.

6.13 The following correction was made to the Report.

- In the heading of Item 8 on page 50 –
Insert an upper case “T” between the letters “R” and “M”, so that the word reads “DEPARTMENT.”

6.14 Members then raised the following matters.

- With respect to the breaches of the Bye-Laws as recorded on page 47 of the Report, is there a stipulated time frame within which corrective action should be taken?
- Were the late receipt of both payroll deductions and standing order payments contributing factors to the rate of delinquency?

THE 68TH ANNUAL GENERAL MEETING

- Was it fair that members are deemed delinquent when the late remittance of deductions to the Credit Union is beyond their control?
- What was being done to ensure that the expenditures of the Education Committee do not exceed the related budgetary allocations?
- To whom does the Education Committee report?
- Can the child of a member, even though he or she is a member in his or her own right, be debarred from participating in the Secondary School educational grants offered by the Credit Union, on the grounds that the person making the application on behalf of the child, is not the legal guardian?

6.15 Following the discussions on the matters raised and the provision of satisfactory responses thereto, the Report of the Supervisory Committee was adopted on a motion moved by Mr. Cyril Gulston, a Retiree and seconded by Ms. Esther Mc Ewen, also a Retiree.

6.16 The motion was put to the vote and carried.

REPORT OF THE AUDITORS

6.17 Ms. Camille Providence – a representative from the firm of Chartered Accountants – PKF, was invited by the Chairman to present the Auditors' Report.

6.18 The Auditors' Report was read by Ms. Providence and then duly adopted by the meeting on a motion moved by Ms. U. Hamilton, a Retiree and seconded by Mrs. Mary Lou Marcano of the Ministry of Finance.

FINANCIAL STATEMENTS

6.19 The Financial Statements of RHAND Credit Union for the year ended December 31, 2015 were tabled for the consideration of the general membership. The General Manager – Mr. David Maynard gave an overview of the performance of the Credit Union as captured by the Financial Statements and then responded to the following three matters raised by members.

- What was the reason for the decline in interest on loans from \$37,358,266 in 2014 to \$36,384,961 in 2015?

The General Manager explained that in a very competitive marketplace, even with a growing loans portfolio, interest income can decline as a result of the requirement to move interest rates downward so as to remain competitive.

- What was the reason for the increase in the loan loss expense on the Statement of Income from \$129,286 in 2014 to \$919,012 in 2015?

The General Manager explained that the increase was deemed necessary following a thorough

Minutes of THE 68TH ANNUAL GENERAL MEETING

review of the non-performing component of the loans portfolio.

- Why did the Cash in Hand and at Bank balance decline from \$11.6 million in 2014 to \$4.6 million in 2015?

The General Manager explained that this was an instance of less being better as too much funds lying idle in the Bank Account of the Credit Union is indicative of inefficient Treasury Management practices.

6.20 There being no further matters raised by members concerning the Financial Statements, a motion for their adoption was moved by Mrs. Mary Lou Marcano of the Ministry of Finance and seconded by Ms. Sandra Spence, also of the Ministry of Finance.

6.21 The motion was put to the vote and carried.

7. ELECTIONS OF OFFICERS FOR THE 2016/2017 TERM

7.1 The Report of the Nominating Committee was tabled for the consideration of the membership.

7.2 Mrs. Marie-Ange Knights - the Chairman of the Nominating Committee, presented the said Report.

7.3 Mrs. Knights in her presentation explained that the Committee was unable to screen a full list of candidates to fill the vacant positions on the Board of Directors and as such she suggested that the Chairman use the powers vested in her under Bye-Law 17(c) to accept nominations from the floor.

7.4 The Chairman thanked Mrs. Knights for the presentation of the Report of the Nominating Committee and then invoked the provisions of Bye-Law 17(c) as suggested by the Nominating Committee.

7.5 Members discussed the Report of the Nominating Committee at length. Thereafter, a motion for the adoption of the Report of the Nominating Committee was moved by Mrs. Mary Lou Marcano of the Ministry of Finance and seconded by Ms. Erica Charles of the Government Printery.

7.6 The motion was put to the vote and carried.

7.7 The President then vacated the Chair and the Returning Officer – Ms. Daphne Moore, assumed same. The Returning Officer explained the voting process to members and advised that the ballots were to be counted electronically for the first time. Further, she explained the rules and processes to be observed in having the ballots processed and counted electronically.

7.8 Noting that the Chairman had invoked the provisions of Bye-Law 17(c) to enable persons to be nominated from the floor, the Returning Officer invited such nominations for the filling of one (1) position on the Board of Directors.

7.9 The following persons, having consented to accept nomination, were duly nominated and seconded by members.

THE 68TH ANNUAL GENERAL MEETING

- Mr. Ancil Forde – a Police Officer by profession, was identified as “Nominee 1.”
- Ms. Michelle Thomas – an employee of the Personnel Department, was identified as “Nominee 2.”
- Ms. Joycelyn Hunte – an Acting Permanent Secretary of the Ministry of Housing (on pre-retirement leave), was identified as “Nominee 3.”

- 7.10 A motion requiring that all further nominations cease at this juncture was moved by Ms. Erica Charles of the Government Printery and seconded by Mrs. Debra D’Abreau of the Ministry of Labour.
- 7.11 The motion was put to the vote and carried.
- 7.12 The Returning Officer then allowed each of the three new nominees to make a brief presentation to the membership about themselves and their suitability for office.
- 7.13 At this point, after having confirmed the quorum requirement was being met, members were invited to cast their ballots.
- 7.14 The following persons were elected to serve on the Board of Directors and Statutory Committees for the 2016/2017 Term.

Board of Directors

Kedron Duke
 Martin Gibbs
 Reynold Cooper
 Joycelyn Hunte

Andrea Borneo-Ragoo	First Substitute
Monica Richards	Second Substitute

Credit Committee

Lenus Joseph
 Jennifer James
 Mary Lou Edmund-Marcano

Susan Hinds-Morgan	First Substitute
Joy Dillon	Second Substitute

Supervisory Committee

Dave Williams
 Pamela Ogiste
 Claudette Brown

Patricia Williams	First Substitute
Jiselle Laing-Williams	Second Substitute

Minutes of
THE 68TH ANNUAL GENERAL MEETING

7.15 A motion for the destruction of the ballots was duly passed by the meeting.

7.16 The Returning Officer then vacated the Chair and the President assumed same once again.

8. 2016 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

8.1 The 2016 Quantitative Objectives, proposed Capital Expenditure and Financial Projections were tabled for the consideration of the membership, with the General Manager – Mr. David Maynard leading the discussions.

8.2 There being no matters raised by members, a motion for the acceptance and approval of the 2016 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections was moved by Mr. Lenus Joseph, a Retiree and seconded by Mr. Martin Gibbs, also a Retiree.

8.3 The motion was put to the vote and carried.

9. AMENDMENT TO THE BYE-LAWS OF THE SOCIETY

9.1 There were no matters to be dealt with under this head.

10. MOTIONS

10.1 There were no matters to be dealt with under this head.

11. RESOLUTIONS

11.1 The following Resolutions were tabled for the consideration of members and duly passed.

- **APPOINTMENT OF AUDITORS**

That the firm of Chartered Accountants – PKF, be appointed as the Society's Auditors for the financial year ending December 31, 2016.

- **BUILDING FUND**

That pursuant to Bye-Law 15(h)(ix), the sum of \$750,000 be allocated from the surplus for the year ended December 31, 2015 to the Building Fund.

- **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 2.50% on the average monthly share balance held by each member for the year ended December 31, 2015, be declared from the Undivided Earnings of the Society as at December 31, 2015 and that the proceeds of the dividend distribution be credited to the Share Savings and Savings Deposit Accounts of each member by way of equal credits of 50.00 percent of the entitlement for each member.

Minutes of

THE 68TH ANNUAL GENERAL MEETING

- **HONORARIA**

That honoraria in the gross sum of \$313,334. (\$235,000. net of income tax liability), be approved for the year ended December 31, 2015.

12. OTHER BUSINESS

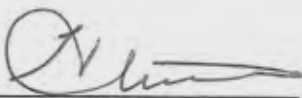
12.1 Business Consultant – Mr. Mariano Browne, who was invited to the 68th Annual General Meeting in the capacity of a Guest Speaker, in his presentation to the general membership prior to the commencement of the business proceedings chose as his topic “The Financial Challenges Which Confront Trinidad and Tobago.”

12.2 The salient points covered by Mr. Browne, include the following –

- Energy prices have tanked, particularly – oil prices.
- Oil production has contracted significantly, down from 254,000 barrels per day in the 1970s to approximately 80,000 barrels per day today.
- The capacity of the Government to maintain the level of expenditure that we have grown accustomed to over the past five years, will be significantly compromised.
- Significant adjustments at all levels of the economy and at all individual levels are required to treat with the new realities.
- The situation that the country finds itself in, is analogous to a turnaround situation.
- The critical stages covered in any adjustment process are –
 - management changes
 - situation analysis
 - decisions on the critical actions to be taken
 - restructuring
- There is no time like now for Credit Unions to see the opportunities which present themselves. Thrift and prudence are key watchwords which are known only too well by the Credit Union Movement. These two imperatives have contributed to the past successes of Credit Unions and will serve us all in good stead going forward.

12.3 There being no further business, the meeting ended at 7:20 p.m.

Respectfully submitted



Joycelyn Hunte
Secretary – Board of Directors



Report of
THE BOARD OF DIRECTORS



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, 2016.
- 1.2 The Year 2016 was another economically trying one for the Trinidad and Tobago economy, with the worse contraction since 1983 being experienced. Despite the dark clouds which continue to overhang the domestic economy however, RHAND Credit Union continued on its sustainable path, through the combined efforts of the Board of Directors, the Members of the Statutory Committees and the Members of Staff of the Society.

2. COMPOSITION OF THE BOARD OF DIRECTORS

- 2.1 The following members were elected to the Board of Directors at the 68th Annual General Meeting held on Saturday-March 19, 2016.
- Mr. Kedron Duke
 - Mr. Martin Gibbs
 - Mr. Reynold Cooper
 - Ms. Joycelyn Hunte
- 2.2 Mrs. Andrea Borneo-Ragoo was elected as the 1st Substitute Member, while Ms. Monica Richards was elected as the 2nd Substitute Member.
- 2.3 The full Board for the 2016/2017 Term, listed in alphabetical order, comprised the following twelve (12) members:
- Theresa Agulia-Joseph
 - Glenda Bruce
 - Christine Campbell
 - Reynold Cooper
 - Kedron Duke
 - Marlene Felix
 - Martin Gibbs
 - Petal-Dawn Hinkson
 - Joycelyn Hunte
 - Martin Minguell
 - Michele Rouff
 - Emmanuel Walker
- 2.4 The term of office of Directors Theresa Agulia-Joseph, Glenda Bruce, Michele Rouff and Emmanuel Walker comes to an end at this 69th Annual General Meeting.

3. EXECUTIVE COMMITTEE

3.1 In keeping with Bye-Law 19(a)(i), the members of the Board elected an Executive Committee at the inaugural meeting. The Executive Committee for the 2016/2017 Term, comprised the following:

- Emmanuel Walker - President
- Martin Gibbs - Vice President
- Joycelyn Hunte - Secretary
- Christine Campbell - Assistant Secretary
- Glenda Bruce - Treasurer

3.2 In order to discharge its responsibility during the period under review, the Executive Committee met weekly and whenever necessary, for a total of forty-four (44) 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, 2016 to December 31, 2016. The attendance of Board Members at these meetings is as detailed below in **Table 1**.

Table 1: Attendance At Board Meetings

	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Emmanuel Walker	12	0		19	0		
Martin Gibbs	12	0		17	2		
Joycelyn Hunte	8	1		13	1		Elected as a Director at 2016 AGM
Christine Campbell	11	1		16	3		Out of the Country
Glenda Bruce	12	0		18	1		
Theresa Agulia-Joseph	7	5		10	9		Out of the Country
Kedron Duke	10	2		12	7		
Martin Minguell	11	1		14	5		
Marlene Felix	10	2		12	7		Out of the Country
Michele Rouff	12	0		16	3		
Petal-Dawn Hinkson	9	3		8	11		Out of the Country
Reynold Cooper	9			12	2		Elected as a Director at 2016 AGM
Andrea Borneo-Ragoo	9			9	5		Elected as 1 st Alternate at 2016 AGM
Monica Richards	3		9	5		14	Elected as 2 nd Alternate at 2016 AGM
Trevor Percival	1			1			End of Term of Office as a Director
Michelle Ann Thomas	2			3			End of Term of Office as a Director

Report of THE BOARD OF DIRECTORS

5. MEMBERSHIP

5.1 During the year 2016, four hundred and forty-one (441) adult applicants and forty-nine (49) youth applicants were admitted to membership. A total of one hundred and twenty-three (123) members, including sixty-two (62) who passed away (**Table 2**), ceased membership in 2016. As at December 31, 2016, the total membership complement of RHAND Credit Union stood at 19,643.

Table 2: Members Who Died In 2016

1	2162	Anthony Joseph	January 13, 2016
2	25631	Nathaniel Alexander	January 18, 2016
3	12132	Cheryl Oliver-Buddy	January 24, 2016
4	21543	Shirleyann Noel	January 28, 2016
5	11515	Veronica Wolf	January 29, 2016
6	719	Selwyn Collins	January 31, 2016
7	3773	Claudia Applewhite	January 31, 2016
8	1688	Audoo Samaroo	February 05, 2016
9	1136	Gloria Williams	February 07, 2016
10	8500	Ingrid Cruickshank	February 18, 2016
11	8710	Carl Shoy	February 19, 2016
12	674	Monica Perez	February 22, 2016
13	17950	Boysie Sahadeo	February 23, 2016
14	4184	Ulrica Connelly	March 04, 2016
15	8033	Errol Davis	March 11, 2016
16	21995	Margaret George	March 11, 2016
17	3681	Rajkumar Nathoo	March 22, 2016
18	7933	Edwin Hamilton	March 24, 2016
19	577	Rupert Ortega	March 28, 2016
20	16999	Bernadette Hamlet-Clinton	March 30, 2016
21	2916	Eileen Walker	April 06, 2016
22	7799	Hildred Jacobs	April 07, 2016
23	11226	Jacqueline Isaac-Orr	April 18, 2016
24	18740	Megan Learmont-Noel	May 12, 2016
25	12931	Marva Barrow-Martin	May 25, 2016
26	3473	Ronald Lewis	June 03, 2016
27	12606	Rahaman Hassanali	June 03, 2016
28	8558	Winston Duncan	June 06, 2016
29	17448	Susan Arnold	June 12, 2016

Table 2: Members Who Died In 2016

30	3056	Hazel Bourne	June 16, 2016
31	2207	Winston Harris	June 21, 2016
32	4846	Rita Caines	June 24, 2016
33	4453	Hugh Boisselle	July 01, 2016
34	21531	Sandra Marshall-Branche	July 03, 2016
35	9477	Evelt Wilson	July 04, 2016
36	16591	Florence Jack-James	July 14, 2016
37	21131	Desmond Gall	July 15, 2016
38	24953	Hilton Nancis	July 17, 2016
39	10766	Henry George	July 22, 2016
40	13456	Janet Samuel-Mc Leod	August 14, 2016
41	14166	Christine Lucio-Noray	August 16, 2016
42	3239	Hugo Parris	August 19, 2016
43	15609	Bertrand Boucaud	August 19, 2016
44	8174	Evelyn Lawrence	August 21, 2016
45	23629	Peter Lynch	August 26, 2016
46	19617	Collin Lendor	August 27, 2016
47	16202	Patricia Mc Millan	August 29, 2016
48	3661	Ann Clarke	September 16, 2016
49	4230	Constantine Mc Queen	September 20, 2016
50	17908	Clarista Foster	October 06, 2016
51	25562	Micah Felix	October 06, 2016
52	2163	Sumatee Sookhoo	October 12, 2016
53	250	Carl Greene	October 14, 2016
54	741	Linda Paul-Thomas	October 16, 2016
55	13913	Kenrick Bridgewater	October 19, 2016
56	5580	Selwyn Arthur	October 20, 2016
57	831	Sandra Isaac-Lynch	October 21, 2016
58	10110	Donna Boucaud	November 05, 2016
59	12768	Joyce Quash	November 17, 2016
60	3114	Harold Morris	November 26, 2016
61	22079	Abbi Belfon-Callender	December 01, 2016
62	5468	Orestes Alexander	December 28, 2016

Report of THE BOARD OF DIRECTORS

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 above deceased members of the extended RHAND family.

6. GLOBAL MACROECONOMIC ENVIRONMENT OVERVIEW

6.1 Many of the challenges which the global economy faced in 2015, continued in 2016.

6.2 Leo Abruzzese in **The World in 2017 Edition of The Economist Magazine** – states that “Sluggish growth is the new normal for the global economy, with world output projected to increase by less than 3.0% for the sixth straight year in 2017.”

6.3 The prospects for growth in the Caribbean as advanced in **Newsletter : Volume 9, No. 10 of the Caribbean Centre for Money and Finance** – “hinge not only on international developments but also on the inherent structural macroeconomic vulnerabilities in some countries.”

7. DOMESTIC MACROECONOMIC ENVIRONMENT OVERVIEW

7.1 The commodity-based economy of Trinidad and Tobago, weakened significantly in 2016 as commodity prices softened, with negative growth of some 6.3% being estimated for 2016 – the highest since 1983.

7.2 For fiscal year 2016/2017, expenditure is projected to reach \$53.475 billion, up \$1.24 billion from the estimate for the previous fiscal year. Revenue for fiscal year 2016/2017 is budgeted at \$37.8 billion, **leading to a fiscal deficit of \$15.675 billion** – which is to be financed by one-off capital transactions in the sum of \$8.7 billion, drawdowns from the Heritage and Stabilization Fund and borrowings.

8. YEAR 2016 DOMESTIC FINANCIAL SYSTEM OVERVIEW

• Money Market

Having maintained an accommodative monetary stance, with the monetary policy Repo Rate (overnight lending rate) being held steady at 2.75% since September 2012, the Central Bank of Trinidad and Tobago increased the Repo Rate to 3.00% in September 2014. Over the ensuing sixteen months period to December 31, 2015, the Repo Rate was then raised seven consecutive times by 25 basis points to stand at 4.75% as at December 31, 2015. During the twelve month period to December 31, 2016, there were no further adjustments to the Repo Rate by the Central Bank of Trinidad and Tobago.

• Capital Market

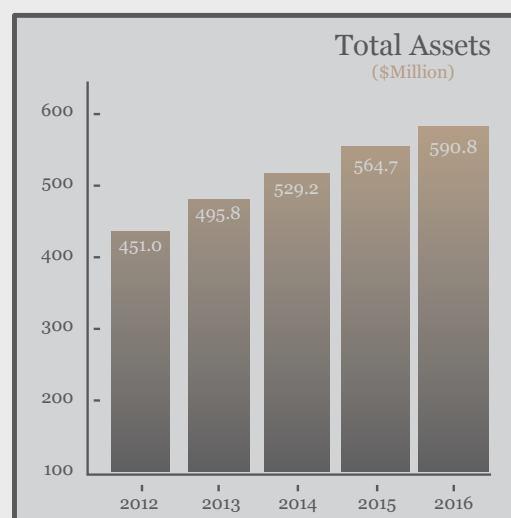
The Trinidad and Tobago Composite Index, which comprises both locally listed and cross-listed stocks, advanced by 4.06 % in 2016, despite the challenges experienced by the economy of Trinidad and Tobago. The advance of the Trinidad and Tobago Composite Index (TTCI) however, was principally as a result of the handsome 57.9% return of the Cross-Listed Index (CLX) in 2016, which served to offset the 5.86% decline registered by the All Trinidad and Tobago Index (ALL T&T) in 2016.

9. ASSET BASE

9.1 The average growth rate for the economy of Trinidad and Tobago over the six (6) year period of 2009 to 2014 is a negative 0.17%, thus reflecting **what in essence is a stagnant economy**. In 2015 and 2016 there was no respite, with the economy of Trinidad and Tobago experiencing further contractions of 2.1% and 6.3% respectively. It is against this backdrop that RHAND Credit Union has been growing at an average rate of 6.42% over the past eight (8) years and recorded an increase in its asset base of \$26,109,241 (4.62%) for the year ended December 31, 2016 (**Table 3**).

Table 3: Total Assets – 1997 to 2016

Year	Total Assets	Increase/(Decrease)	
	(\$)	(\$)	(%)
1997	132,360,568	3,455,945	2.68
1998	137,708,830	5,348,262	4.04
1999	143,808,882	6,100,052	4.43
2000	150,065,433	6,256,551	4.35
2001	161,446,054	11,380,621	7.58
2002	183,203,981	21,757,927	13.48
2003	217,191,825	33,987,844	18.55
2004	246,121,303	28,929,478	13.32
2005	270,952,418	24,831,115	10.09
2006	297,520,082	26,567,664	9.81
2007	333,823,366	36,303,284	12.20
2008	359,230,632	25,407,266	7.61
2009	395,786,552	36,555,920	10.18
2010	394,542,135	-1,244,417	-0.31
2011	418,227,148	23,685,013	6.00
2012	450,975,408	32,748,260	7.83
2013	495,789,092	44,813,684	9.94
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



9.2 As at December 31, 2016, RHAND Credit Union with an asset base of \$590,786,432, still stood as the 6th largest Credit Union in Trinidad and Tobago, holding approximately 4.50% of the \$13.0 billion of the assets held by the Credit Union sector.

10. LOANS PORTFOLIO

10.1 Despite the general hesitancy of individuals to increase their

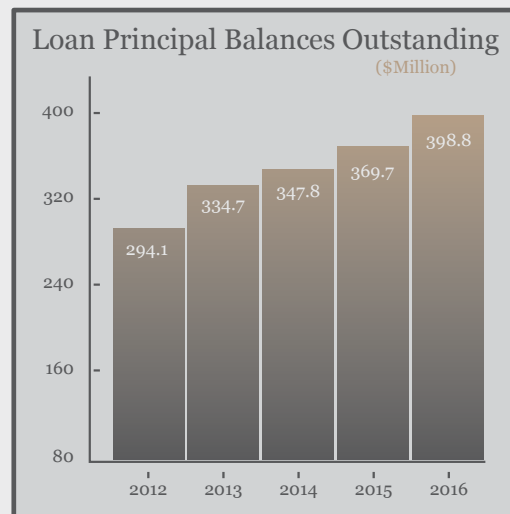
borrowings in a stagnant/recessionary economic environment and the fierce competition which characterized the domestic financial services landscape, RHAND Credit Union was able in 2016 to register another year of growth in its loan portfolio.

10.2 The total loan principal balances on the books of the Credit Union stood at \$398,829,324 as at December 31, 2016, representing an increase of \$29,081,914 (7.87%) when compared with the total loan principal balances of \$369,747,410 as at December 31, 2015 (**Table 4**).

Report of THE BOARD OF DIRECTORS

Table 4: Loan Principal Balances Outstanding 1995 – 2016

Year	Balances Outstanding (\$)	Increase/(Decrease)	
		(\$)	(%)
1995	93,687,085	(3,943,543)	(4.04)
1996	91,579,564	(2,107,521)	(2.25)
1997	97,307,955	5,728,391	6.25
1998	103,904,294	6,596,339	6.78
1999	109,666,885	5,762,591	5.55
2000	121,578,480	11,911,595	10.86
2001	125,274,243	3,695,763	3.04
2002	132,386,135	7,111,892	5.68
2003	148,038,775	15,652,640	11.82
Write-off	141,799,227	(6,239,548)	(4.21)
2004	151,635,159	9,835,932	6.94
2005	168,038,029	16,402,870	10.82
2006	188,260,974	20,222,945	12.03
2007	205,662,606	17,401,632	9.24
2008	223,458,733	17,796,127	8.65
2009	221,358,369	(2,100,364)	(0.94)
2010	244,589,917	23,231,548	10.49
2011	269,489,895	24,899,978	10.18
2012	294,093,566	24,603,671	9.13
2013	334,722,668	40,629,102	13.82
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



10.3 The successes in loans underwriting, particularly over the past seven (7) years in an environment of sluggish credit growth, reflect the positive impact on the general membership of the many debt consolidation and financial counselling initiatives being pursued by the Credit Administration Department of the Society in assisting members to take greater control of their financial affairs.

11. NON-PERFORMING LOANS

11.1 Consistent with the many efforts pursued over the prior years, during the course of the year 2016, the Management of the Society

continued to exploit the options available in the context of the Co-operative Societies Act, in attempting to keep under control the number of non-performing loans on the books of the Credit Union.

11.2 As at December 31, 2016, the delinquency ratio was 5.69%, compared with a delinquency ratio of 4.91% as at December 31, 2015. Of the 462 non-performing loans with a value of \$22,691,139, on the books of the Society as at December 31, 2016 (**Table 5**), 123 of these loans, with a value of \$4,654,428, were loans which were one (1) month in arrears, as a result of the late remittance of December 2016 salary deductions and standing order payments, thus the true delinquency ratio for 2016 is 4.52% compared to a true delinquency ratio for 2015 of 3.58%.

Table 5: Net Indebtedness, Loan Loss Allowance and Loan Loss Exposure 1997-2016

Year	Number of Non-Performing Loans	Total of Non-Performing Loan Balances (\$)	Loan Balances Net Of Savings (\$)	Net Change In Loan Loss Allowance For The Year (\$)	Loan Loss Allowance (\$)	Loan Loss Exposure (Column 4 minus Column 6) (\$)
1997	973	9,303,426	7,460,182	700,001	7,241,631	218,551
1998	955	9,787,600	7,665,025	466,666	7,708,297	0
1999	1,087	10,900,066	7,666,558	0	7,708,297	0
2000	1,125	11,984,661	8,774,755	46,315	7,754,612	1,020,143
2001	989	9,335,822	7,906,145	60,000	7,814,612	91,533
2002	1,179	11,987,793	8,334,350	48,000	7,862,612	471,738
2003	318	4,375,346	1,884,091	(6,191,548)	1,671,064	213,027
2004	196	2,090,296	1,491,935	48,000	1,719,064	0
2005	426	5,443,417	(1,965,833)	48,000	1,767,064	0
2006	407	5,989,417	1,953,951	48,000	1,815,064	138,887
2007	321	4,672,355	2,943,726	48,000	1,863,064	1,080,662
2008	711	13,274,701	5,995,239	48,000	1,911,064	4,084,175
2009	694	12,653,432	4,882,408	(748,288)	1,162,776	3,719,632
2010	539	10,977,837	6,869,000	877,083	2,039,859	4,829,141
2011	286	11,316,990	7,311,560	(1,181,833)	858,026	6,453,534
2012	274	12,750,087	9,536,515	1,087,319	1,945,345	7,591,170
2013	410	19,464,898	12,914,948	2,582,597	4,527,942	8,387,006
2014	363	16,379,585	11,936,396	216,731	4,744,673	7,191,723
2015	397	18,141,453	14,154,526	1,029,131	5,773,804	8,380,722
2016	462	22,691,139	18,276,135	978,808	6,752,612	11,523,523

- 11.3 As at December 31, 2016, shares and deposits totaling \$4,415,004 were held against the non-performing loans balances totaling \$22,691,139, thus falling short of the non-performing loan balances totaling \$22,691,139 by \$18,276,135. This exposure on non-performing loan balances net of savings in the sum of \$18,276,135, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2016 in the sum of \$6,752,612 by \$11,523,523.
- 11.4 The Allowance for Loan Losses in the sum of \$6,752,612 however, which provides for a loan portfolio coverage of 1.69% (1.56% - 2015) and a non-performing loans exposure coverage of 29.76% (31.83% - 2015), is considered by the Executive Management of the Society to be adequate for meeting the requirements of any write-offs which may be deemed necessary as a result of impaired loan principal balances.

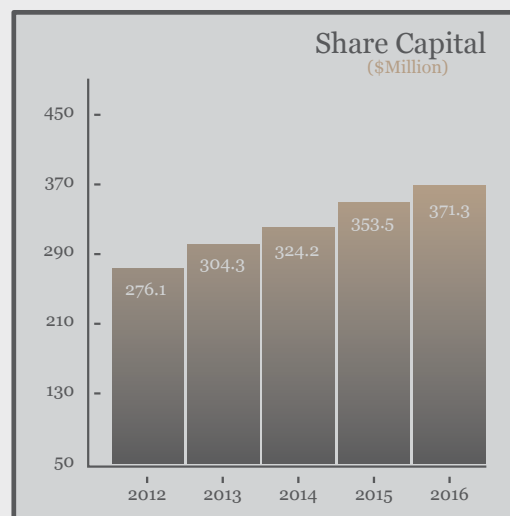
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12. SHARE CAPITAL PORTFOLIO

12.1 The total share capital of the Credit Union stood at \$371,303,065 as at December 31, 2016, representing an increase of \$17,819,106 (5.04%), over the total shareholding of \$353,483,959 as at December 31, 2015 (Table 6).

Table 6: Share Capital 1997 – 2016

Year	Share Capital (\$)	Increase (\$)	Increase (%)
1997	104,887,607	1,297,231	1.25
1998	108,018,651	3,131,044	2.99
1999	111,283,521	3,264,870	3.02
2000	116,304,226	5,020,705	4.51
2001	120,880,588	4,576,362	3.93
2002	130,019,228	9,138,640	7.56
2003	148,129,191	18,109,963	13.93
2004	169,995,720	21,866,529	14.76
2005	191,385,885	21,390,165	12.58
2006	201,607,982	10,222,097	5.34
2007	213,983,524	12,375,542	6.14
2008	223,174,023	9,190,499	4.29
2009	229,265,939	6,091,916	2.73
2010	242,970,251	13,704,312	5.98
2011	258,427,444	15,457,193	6.36
2012	276,142,884	17,715,440	6.86
2013	304,343,515	28,200,631	10.21
2014	324,230,903	19,887,388	6.53
2015	353,483,959	29,253,056	9.02
2016	371,303,065	17,819,106	5.04



13. EARNINGS PERFORMANCE AND OPERATING EFFICIENCY PROFILE

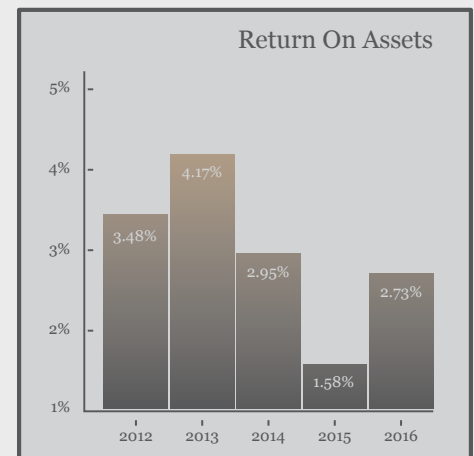
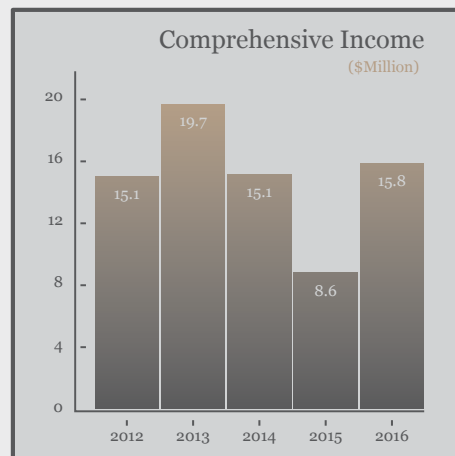
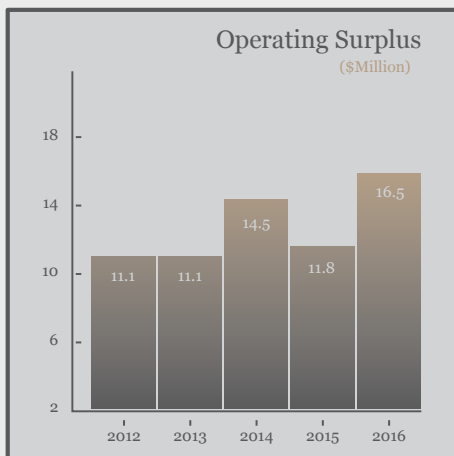
13.1 For the financial year ended December 31, 2016, RHAND Credit Union realized an operating surplus of \$16,551,446 (Table 7), **which represents a Net Profit Margin of 37.94% for the 2016 financial year, compared to a Net Profit Margin of 29.06% for the 2015 financial year.**

The improvement in the Net Profit

Margin for the 2016 financial year is principally due to the management of the operations of the Credit Union consistent with the generic strategy of cost leadership.

Table 7: Operating Surplus And Net Profit Margin 2011 – 2016

Income/Expenses Captions	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Interest on loans	29,348,127	32,178,947	34,565,407	37,358,266	36,384,961	38,483,380
Investment income	1,887,882	2,616,200	2,268,880	2,020,571	2,746,092	3,586,648
Other income	1,254,062	1,104,170	1,372,953	1,262,899	1,357,626	1,551,483
Total Income	32,490,071	35,899,317	38,207,240	40,641,736	40,488,679	43,621,511
Total Expenses	22,361,318	24,847,903	27,085,133	26,183,499	28,721,817	27,070,065
Operating Surplus	10,128,753	11,051,414	11,122,107	14,458,237	11,766,862	16,551,446
Net Profit Margin	0.3117	0.3078	0.2911	0.3558	0.2906	0.3794
Expenses to Income Ratio	0.6883	0.6922	0.7089	0.6442	0.7094	0.6206
Cents Of Every Earned Dollar Consumed By Expenses	\$0.69	\$0.69	\$0.71	\$0.64	\$0.71	\$0.62



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Table 8: Comprehensive Income And Return On Assets 2011 - 2016

Income / Assets/ Return Captions	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Operating Surplus	10,128,753	11,051,414	11,122,107	14,458,237	11,766,862	16,551,446
Write(Off)/Back Of Accrued Interest	450,000	-	-	-	-	-
Unrealized/ Actuarial Gain(Loss)	4,008,531	4,071,840	8,617,033	679,880	(3,119,583)	(796,237)
Comprehensive Income	14,587,284	15,123,254	19,739,140	15,138,117	8,647,279	15,755,209
Average Assets	406,384,642	434,601,278	473,382,250	512,505,418	546,949,467	577,731,819
Return On Assets	3.59%	3.48%	4.17%	2.95%	1.58%	2.73%

13.2 The costs incurred for the year 2016 under the main cost items of Personnel Costs, Interest on Deposits and Savings and Loan Protection Expense totaled \$16,399,592 compared with \$17,303,063 for 2015 (Table 9).

Table 9: Expenses Highlighting Major Cost Items 2011 – 2016

Expenses Captions	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Personnel costs	9,017,306	9,976,896	12,023,132	10,635,898	12,021,494	12,399,092
Interest on Savings and Time Deposits	2,314,519	2,010,365	2,063,445	2,170,128	2,316,242	2,312,649
Credit life and savings insurance expenses	729,331	837,482	831,883	866,002	854,762	811,226
Loan protection expense	1,226,996	982,121	1,479,799	1,716,236	2,110,565	895,625
Education Committee expenses	875,864	1,218,132	995,050	1,636,889	1,305,645	1,125,294
Loss on investments	-	2,099,999	-	-	-	-
Loan loss expense	1,200,000	846,000	2,347,460	129,286	919,012	916,600
Depreciation expense	893,160	896,428	914,875	1,104,740	1,133,615	1,032,472
Stationery, supplies and postage expenses	630,252	541,771	623,365	527,210	443,266	592,572
Other expenses	5,473,890	5,438,709	5,806,124	7,397,110	7,617,216	6,984,535
Total Expenses	22,361,318	24,847,903	27,085,133	26,183,499	28,721,817	27,070,065

14. EFFICIENCY, PROFITABILITY AND FINANCIAL STRENGTH AND SOUNDNESS REVIEW

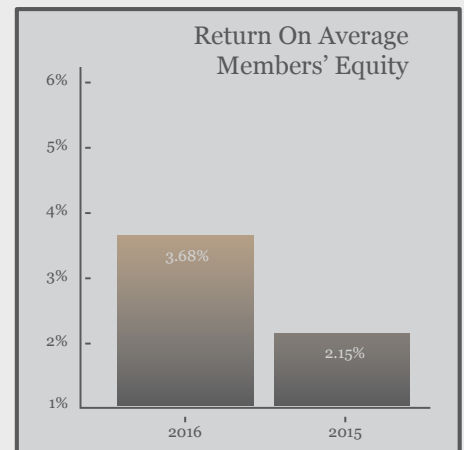
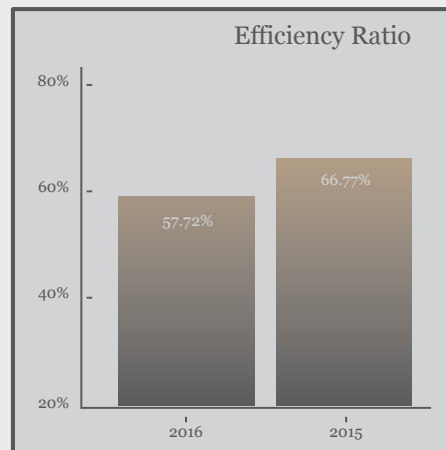
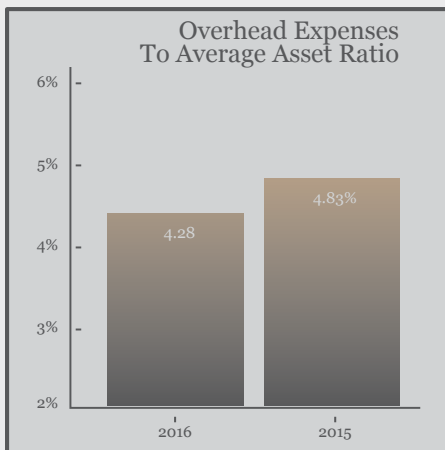
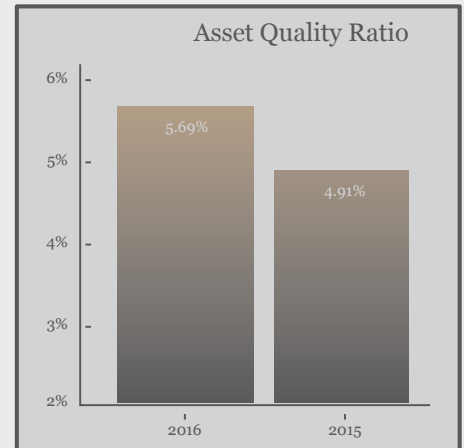
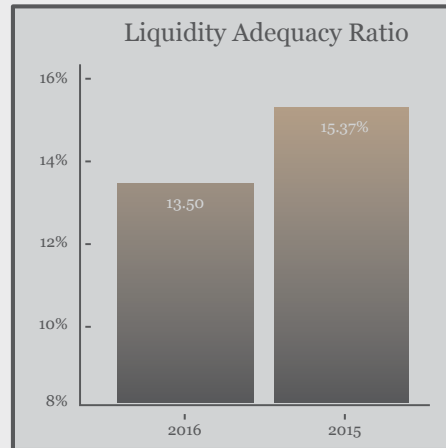
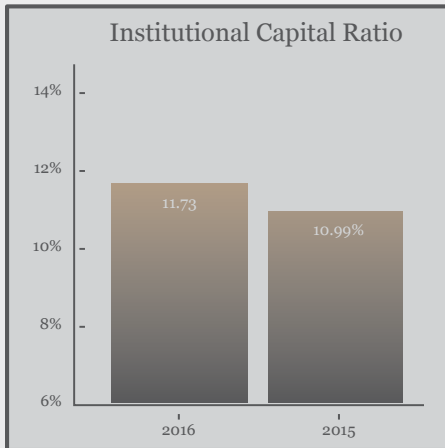
14.1 As a guide for assessing the strength of the Credit Union's balance sheet, the safety and soundness of the Credit Union's financial structure and the efficiency and profitability of the Credit Union's operations, the following ratios are presented in **Table 10**.

Report of THE BOARD OF DIRECTORS

Table 10: PEARLS and EFFICIENCY RATIOS

Financial Ratio Equation	RHAND Value		Standard of Excellence Value	COMMENT
	2016	2015		
1) Institutional Capital Ratio $= \frac{\text{Fund Balances} + \text{Undivided Earnings}}{\text{Total Assets}} = \frac{\$ 69,288,869}{\$ 590,786,432}$	11.73%	10.99%	Minimum of 8.00%	RHAND value more favourable than standard
2) Liquidity Adequacy Ratio $= \frac{\text{Cash Resources}}{\text{Total Assets}} = \frac{\$ 79,738,396}{\$ 590,786,432}$	13.50%	15.37%	Maximum of 20.00%	RHAND value more favourable than standard
3) Asset Quality Ratio $= \frac{\text{Total Non-Performing Loans}}{\text{Total Loans}} = \frac{\$ 22,691,139}{\$ 398,829,324}$	5.69%	4.91%	Maximum of 5.00%	RHAND value marginally less favourable than standard
4) Overhead Expenses To Average Asset Ratio $= \frac{\text{Non-Interest Expenses}}{\text{Average Assets}} = \frac{\$ 24,759,416}{\$ 577,731,812}$	4.28%	4.83%	Maximum of 5.00%	RHAND value more favourable than standard
5) Efficiency Ratio $= \frac{\text{Non-Interest Expenses} - \text{Loan Loss Expense}}{\text{Net Interest Margin} + \text{Other Income}} = \frac{\$ 22,759,416 - \$ 916,600}{\$ 41,308,862}$	57.72%	66.77%	Maximum of 60.00%	RHAND value more favourable than standard
6) Return On Average Members' Equity $= \frac{\text{Comprehensive Income}}{\text{Average Members' Equity}} = \frac{\$ 15,755,209}{\$ 428,064,522}$	3.68%	2.15%	Minimum of 5.00%	RHAND value less favourable than standard

Report of THE BOARD OF DIRECTORS



15. WORK ACTIVITIES IN WHICH THE BOARD OF DIRECTORS WAS ENGAGED

15.1 POLICY FORMULATION

The Board continued its work of policy review and formulation of new policies for the effective governance of the Credit Union. Two new policies were developed and approved – a Treasury Management Policy and a Time Deposit Policy, while the Governance Policy was reviewed and adjustments made. The Treasury Management Policy is geared to provide the governance framework to facilitate the delegation of the approval of short term investments, whilst the Time Deposit Policy outlines the guiding principles regarding the formulation of deposit products offered by the Credit Union and the terms and conditions governing the conduct of such accounts.

Report of THE BOARD OF DIRECTORS

15.2 DEVELOPMENT OF THE TERMS OF REFERENCE FOR THE COMMITTEES OF THE ORGANIZATION

Each Board-Appointed Committee developed the terms of reference for its functioning. These were then compiled into a single document which also contains the terms of reference for the Credit, Supervisory and the Nominating Committees.

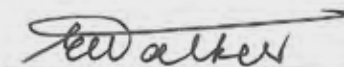
15.3 INSTITUTIONAL FRAMEWORK STRENGTHENING DEVELOPMENT

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

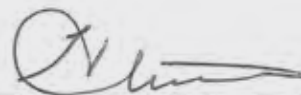
- Round-Table Breakfast Meeting hosted by CFF-“*Recession-Our Members, Our Interest*”
- “*Orientation Programme for Officers of the Credit Union*” facilitated by NEM Leadership Consultants
- Round-Table Breakfast Meeting hosted by ACCUPTT-“*CU Imperatives/Joint Accounts/Nominees*”
- The leadership Conference of the Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT).
- Workshop on the *requirements of International Financial Reporting Standard (IFRS) #7-Financial Instruments: Disclosures.*
- Seminar on *Governance for Credit Unions* hosted by ICATT and the Co-operative Development Division.

16. RECOGNITION AND BEST WISHES

- 16.1 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 2016 – Members of the Joint Management Team (Board of Directors and Statutory Committees), Members of Staff and most importantly – the general membership. **Best wishes to everyone and God’s Blessings for the New Term 2017-2018.**



Emmanuel Walker
President – Board of Directors



Joycelyn Hunte
Secretary – Board of Directors

Report of
THE EDUCATION COMMITTEE



The Education Committee is pleased to present its report for the year ended December 31, 2016. The activities engaged in for 2016 were as follows:

Report of THE EDUCATION COMMITTEE

1. CARNIVAL YARD LIME

RHAND held its second annual Calypso Competition/Carnival Yard Lime, which saw several junior calypsonians vying for the top spot. After the competition, patrons were treated to the 2016 offerings of soca stars Farmer Nappy, Lyrikal and Patrice Roberts. Patrons also partied to more of the latest carnival hits courtesy the House DeeJay - Quinton.

2. RETRO GROOVE LIME

Making a return to RHAND's rooftop was the "Happy Evening" rebranded as "Retro Groove Lime" on the last Friday in July. Expect to see more as RHAND celebrates its Seventieth Anniversary in 2017.

3. ASSISTANCE TO SCHOOLS

Our corporate responsibility toward the nation's youth is always on our mind. This motivated the donation of the sum of \$10,000.00 to the Youth Organization - Personal Student Learning Unit (PSLU), an NGO situated in East Port of Spain. Pioneered by deceased member Reva Arneaud, PSLU was established to assist primary and secondary school children in East Port of Spain, by providing a homework centre as well as opportunities to learn to use the computer and acquire other necessary life skills.

4. SECONDARY ENTRANCE ASSESSMENT (SEA) AND MAY CHERRIE AWARDS

The Education Assistance Committee carried out its responsibilities relating to the award of SEA scholarships and identifying recipients for the May Cherrie Award. Scholarships were presented to selected candidates at functions in Trinidad and Tobago. Eighteen SEA scholarships and three May Cherrie Awards were distributed, with Tobago capturing three SEA Awards. We again congratulate all awardees.

5. CREDIT UNION MONTH ACTIVITIES

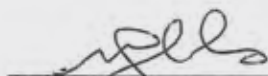
Credit Union Month activities included the hosting of Health Fairs at Gulf City Mall - Lowlands Tobago, Trincity Mall in the East, and at City Hall - Port of Spain. There was also Open House at the Credit Union's Offices on Credit Union Day, with refreshments and tokens being distributed to members doing business on the day.

6. MEMBERSHIP SKILLS DEVELOPMENT PROGRAMMES

The Membership Skills Development Programme was restarted with two courses being run: Business Writing and Public Speaking. Feedback from the participants of both courses endorsed their continuation, as well as the reintroduction of the craft programmes that were very popular in the past.

7. CHILDREN'S CHRISTMAS PARTY

The Children's Christmas Party, considered by many to be the signature event of RHAND after the Annual General Meeting, hosted 1,904 children in Trinidad and 699 in Tobago.



Martin Gibbs

**Vice President – Board of Directors
Chairman-Education Committee**

Report of
THE CREDIT COMMITTEE



Report of THE CREDIT COMMITTEE

1. INTRODUCTION

- 1.1 For the financial year ended December 31, 2016, 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 68th Annual General Meeting held on Saturday - March 19, 2016, the following members were elected to serve on the Credit Committee:

Mr. Lenus Joseph	
Mrs. Mary Lou Marcano	
Ms. Jennifer James	
Mrs. Susan Hinds-Morgan	- 1 st Substitute
Ms. Joy Dillon	- 2 nd Substitute

Mr. Lenus Joseph, Mrs. Mary Lou Marcano and Ms. Jennifer James 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. Esme Forde and Mrs. Mary Lou Marcano were elected Chairman and Secretary respectively.

- 2.3 The full Credit Committee for the 2016/2017 Term, comprised the following members:

Mrs. Esme Forde	-	Chairman
Mrs. Mary Lou Marcano	-	Secretary
Ms. Patricia Harry	-	Member
Mr. Lenus Joseph	-	Member
Ms. Jennifer James	-	Member
Mrs. Susan Hinds-Morgan	-	1 st Substitute
Ms. Joy Dillon	-	2 nd Substitute

- 2.4 Mrs. Mary Lou Marcano resigned from the Credit Committee with effect from August 08, 2016. Ms. Patricia Harry was subsequently selected to perform the duties of Secretary and Mrs. Susan Hinds-Morgan was asked to serve as a full member from that date until the 2017 General Meeting.

- 2.5 The term of office of the following two (2) members of the Credit Committee, comes to an end at this 69th Annual General Meeting:

Ms. Esme Forde
Ms. Patricia Harry

3. ATTENDANCE AT MEETINGS OF THE CREDIT COMMITTEE

- 3.1 The members of the Credit Committee attended one hundred (100) Regular and five (5) 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	
Esme Forde	93	7		5			Out of the Country.
Patricia E Harry	91	9		5			Out of the country. Other Commitments
Mary Lou Marcano	49	11	1	3			Resigned w.e.f. August 08, 2016
Lenus Joseph	96	4		5			Out of the Country
Jennifer James	89	11		4	1		Work-Related Commitments. Ill
Susan Hinds-Morgan	37	2		2			Elected to the Committee at the 2016 AGM
Dave Williams	20			1			Elected to the Supervisory Committee at the 2016 AGM

4. CREDIT SUPERVISION

- 4.1 One Hundred and eight (108) loan applications were processed by the Credit Committee and all were approved. Seventeen (17) members were interviewed in order to conclude processing of their applications. No properties were visited during the period under review.
- 4.2 Of the one hundred and eight (108) applications approved by the Credit Committee, fifteen (15) needed sanctioning by the Executive Committee of the Board of Directors, as the total loan sums were not fully secured.
- 4.3 Forty (40) loans reviewed and recommended for approval by the Internal Risk Review Committee, were approved by the Credit Committee.
- 4.4 Generally, files were monitored, with the relevant notes outlining the concerns of the Credit Committee being affixed thereon.
- 4.5 For the financial year, five thousand, four hundred and fifteen (5,415) loan applications were approved by the other approving agents namely: General Manager, Manager-Credit Administration, Supervisor II, Supervisor I, Manager – Tobago Branch, Credit Officer-Tobago Branch, Operations Officer – Arima Branch, Senior Clerk and Clerk I. When added to the loans approved by the Credit Committee, the total number of loans granted to members in 2016 was five thousand, five hundred and twenty-three (5,523).
- 4.6 **Table 12** captures the levels at which loan approvals were granted, while **Tables 13** and **14** profile the classification of loans approved and disbursed.

Report of THE CREDIT COMMITTEE

- 4.7 The Credit Committee paid its annual visits to the Tobago and Arima 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	Approval Limit (\$)
Credit Committee	108	1.96	1,000,000
General Manager	58	1.05	500,000
Manager – Credit Administration	911	16.49	500,000
Manager – Tobago Branch	374	6.77	200,000
Operations Officer - Arima Branch	514	9.31	200,000
Supervisor II	836	15.14	200,000
Credit Officer - Tobago Branch	442	8.00	100,000
Supervisor I	705	12.76	100,000
Senior Clerk	1,097	19.86	75,000
Clerk I	478	8.66	50,000
Total	5,523	100.00	

Table 13: Particulars Of All Loans Approved And Disbursed By Credit Union

Class of Loan	2016		2015	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	4,031	58,867,313	3,665	42,955,077
Home Improvement Loans	656	28,047,822	857	34,467,162
Retirees Cruise Loans	9	106,992	14	236,706
Debt Consolidation Loans	118	5,381,720	111	3,764,103
Education and Training Financing	249	4,353,612	290	3,817,407
Enterprise/Business Financing	8	257,000	12	662,130
Financial Assets (Investment) Financing	19	613,600	46	1,242,075
Medical Expenses Financing	165	2,510,447	192	2,248,492
Motor Vehicle Financing	227	22,285,121	240	23,441,359
Real Estate Financing	41	12,520,080	59	17,579,871
Total	5,523	134,943,707	5,486	130,414,382

Table 14: Particulars Of Loans Disbursed By Tobago Branch Office

Class of Loan	2016		2015	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	825	18,099,986	742	12,781,725
Home Improvement Loans	1	130,201	10	3,415,941
Retirees Cruise Loans	-	-	1	15,100
Debt Consolidation Loans	1	34,900	11	421,215
Education and Training Financing	-	-	27	526,907
Enterprise/Business Financing	1	30,000	2	39,130
Financial Assets (Investment) Financing	-	-	4	95,378
Medical Expenses Financing	1	17,900	5	84,186
Motor Vehicle Financing	11	1,018,304	36	3,327,968
Real Estate Financing	3	1,680,000	10	3,469,589
Total	843	21,011,351	848	24,177,139

5. NON-PERFORMING LOANS

5.1. There were four hundred and sixty-two (462) non-performing loans, with a value of \$22,691,139 on the books of the Society as at December 31, 2016 - resulting in a delinquency ratio of 5.69%. Of these 462 non-performing loans, 123 loans (totaling \$4,654,428) were loans which were one (1) month in arrears as a result of the late remittance of December 2016 salary deductions and standing order payments. The true delinquency ratio for 2016 therefore is 4.52%, higher than the 2015 comparative of 3.58%.

6. ADMINISTRATION OF LOAN PROTECTION BENEFITS

6.1 The Credit Committee advised the Board of Directors on the settlement of thirty (30) Death Benefit Claims with a dollar value of \$1,037,834.

6.2 There were no Disability Benefit Claims in 2016.

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

8. TRAINING

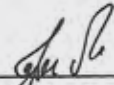
8.1 During the period under review, members of the Credit Committee also participated in the following workshops.

Report of THE CREDIT COMMITTEE

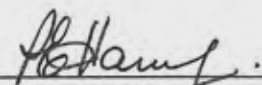
- Effective Credit Management
- Anti-Money Laundering and Combating the Financing of Terrorism
- Understanding the FLEX Software
- International Financial Reporting Standards

9. CONCLUDING REMARKS

- 9.1 It is becoming increasingly commonplace for gratuity and pension payments to public servants to be delayed for a considerable period after retirement. In some cases the delay can be as long as three years. We strongly urge all public servants to pay close attention to their financial obligations when approaching retirement. The Credit Union is committed to offering advice and counselling on the proper handling of your finances.
- 9.2 The Credit Committee notes with concern the frequent withdrawals from Share Savings by some members. Members are reminded that Shares form part of their ability to borrow.
- 9.3 The Credit Committee wishes to thank you, our valued members, for giving us the opportunity to serve you. We also wish to thank the other members of the Joint Management Committee and the members of staff at RHAND for their tremendous support and excellent stewardship during the past year.



Esmé Forde
Chairman - Credit Committee



Patricia E. Harry
Secretary - Credit Committee

Report of
THE SUPERVISORY COMMITTEE



Report of THE SUPERVISORY COMMITTEE

1. INTRODUCTION

1.1 We the Members of the Supervisory Committee are pleased to present our report for the administrative period March 19, 2016 to March 25, 2017 and the financial period of January 01, 2016 to December 31, 2016, as required by the Co-operative Societies Act (No : 22 of 1971) and the Bye-Laws of RHAND Credit Union Co-operative Society Limited.

2. COMPOSITION OF THE SUPERVISORY COMMITTEE

2.1 At the 68th Annual General Meeting held on Saturday – March 19, 2016, the following members were elected to serve on the Supervisory Committee:

- Ms. Claudette Brown
- Ms. Pamela Ogiste
- Mr. Dave Williams
- Mrs. Patricia Williams -1st Substitute
- Ms. Jiselle Williams -2nd Substitute

2.2 In accordance with Bye-Law 24(c)(iii), at the first meeting of the Supervisory Committee held on March 21, 2016, Ms. Claudette Brown and Ms. Erica Charles were elected Chairman and Secretary respectively.

2.3 The full Supervisory Committee for the 2016/2017 Term, comprised the following five (5) members:

- | | | |
|-----------------------|---|-----------|
| • Ms. Claudette Brown | - | Chairman |
| • Ms. Erica Charles | - | Secretary |
| • Mr. Desmond Noel | - | Member |
| • Ms. Pamela Ogiste | - | Member |
| • Mr. Dave Williams | - | Member |

2.4 Mr. Dave Williams resigned from the Supervisory Committee on December 31, 2016 to avoid any conflict of interest arising from his membership on both the Supervisory Committee and the Business Continuity Planning Management Committee (a Board Appointed Committee) of RHAND. In accordance with Bye-Law 15(h)(iii), Mrs. Patricia Williams (1st Substitute) filled the vacancy on the Supervisory Committee.

2.5 The term of office of the following three (3) members of the Supervisory Committee, comes to an end at this 69th Annual General Meeting:

- Mr. Desmond Noel
- Ms. Erica Charles
- 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 Society and as such, shall have 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.

Report of THE SUPERVISORY COMMITTEE

- 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

The Supervisory Committee held ten (10) Statutory Meetings and four (4) Special Meetings up to the time of reporting. Detailed at **Table 15** is a record of attendance at these meetings.

Table 15: Attendance at Statutory and Special Meetings

	Statutory			Special			REMARKS
	P	Ex	A	P	Ex	A	
Claudette Brown	10			4			
Erica Charles	9	1		4			Illness
Pamela Ogiste	10			2	2		Work –Related Commitments
Desmond Noel	7	3		4			Illness
Dave Williams	6	2	1	1			Resigned w.e.f. December 31, 2016
Patricia Williams	8	2		4			Work –Related Commitments
Jiselle Williams	9	1		1	3		Vacation

4.2 Macro Committee Meetings

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

- To discuss the Quarterly Financial Statements
- To consider the Human Resources Audit Report

4.3 Meeting of President with Statutory Committees Chairman

During the review period a meeting was chaired by the President of the Board of Directors and attended by the Chairmen of the Credit and Supervisory Committees. The forum was used for sharing information and ideas with a view towards continued collaboration between the Board and the Statutory Committees.

4.4 Meeting with the Credit Committee

A Meeting was held with the Credit Committee on matters of mutual interest, one of them being possible improvements to the Loan Portfolio of RHAND Credit Union. The viable outcomes were forwarded to the Manager – Credit Administration for his attention.

Report of THE SUPERVISORY COMMITTEE

4.5 Other Meeting

Members of the Supervisory Committee participated in the work of the Annual General Meeting Planning Committee in order to facilitate information sharing.

5. WORK PROGRAMME OF THE COMMITTEE FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

5.1 For the period under review the following key areas of the operations of the Credit Union were examined:

- Attestation of the Monthly Financial Statements
- Credit Administration Review
- Review of Non-Performing Loans Portfolio
- Review of the Minutes of Meetings of the Board of Directors
- Conduct of Cash Counts
- Review of Branch Operations at Tobago and Arima
- Review of the Activities of the Education Committee
- Review of Compliance with the Proceeds of Crime Act 2000
- Review of Policies

6. OBSERVATIONS ON AREAS OF EXAMINATION

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

A monthly review of RHAND's financial accounts was conducted pursuant to Bye-Law 24 (a), which mandates the Supervisory Committee to make an examination of the affairs of the Society, including an audit of its books and to attest the monthly financial statements. During the period under review, the Committee received and examined the accounting books and financial records to ensure that there were effective systems of internal control in place to protect the assets of the Credit Union and also to form a reliable basis for the preparation of the financial statements.

The Committee held a meeting with the Manager-Finance and Accounting to discuss recommendations made for the improvement of the system of internal controls. The meeting was productive and the Committee will monitor the implementation of the agreed recommendations.

6.2 Credit Administration Review

Several audits were conducted on the loan portfolio. The objectives were to determine:

- Compliance with the Co-operative Societies Act and Regulations and the Bye-Laws and the Credit Policy and Procedures of RHAND Credit Union
- The adequacy and validity of securities held
- The adequacy and effectiveness of the internal control systems
- The effectiveness of the monitoring systems for non-performing loans

Methodology:

A random sampling of loans was done with particular emphasis on mortgage loans, the associated securities documents and those loans that were in arrears.

Observations:

1. The Committee observed that the granting of loans was in accordance with the Loan Policy and Procedures.
2. The examination of Mortgages and Securities was undertaken to ensure that RHAND held good title to assets being used as security for loans by members. The Committee observed that this area also showed compliance with the Loan Policy and Procedures.
3. Examination of loans revealed that there was satisfactory compliance with the terms of the loan contracts.

6.3 Review of Non-Performing Loans Portfolio

Audits were conducted on the delinquency portfolio to determine whether:

- adequate systems were in place to communicate with delinquent members to recover outstanding amounts
- new strategies were implemented to have the delinquency amounts reduced

As at December 31, 2016, there were 462 non-performing loans, with a value of \$22,691,139 on the books of RHAND Credit Union. This represented a delinquency ratio of 5.69%, which is above the PEARLS standard ceiling of 5.00%.

Among the measures instituted during the year in review, the addition of staff in this area resulted in a reduction in the number of accounts in arrears. The Committee continues to appeal to members to hold true to the Credit Unions' motto of '**Saving Regularly**', '**Borrowing Wisely**' and '**Repaying Promptly**', so as to keep our Credit Union successful during these challenging financial times.

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

Minutes of meetings held by the Board of Directors for the period were reviewed for the purposes of:

- Extracting significant decisions taken
- Being informed of all policy and operational decisions
- Monitoring implementation and follow-up action of decisions taken by the Board of Directors.

6.5 Conduct of Cash Counts

In keeping with our statutory duties as Internal Auditors of the Society, the Committee reviewed the system of internal controls over the accuracy and handling of cash.

In this regard surprise cash counts were carried out at Head Office and the Branch Offices in Arima and

Report of THE SUPERVISORY COMMITTEE

Tobago during the financial year 2016. The Statutory Cash Count was also carried out on December 30, 2016 at the Head Office and Branch Offices.

The Committee reports that internal controls over the handling and security of cash were adequate and that there were no excesses or shortages of cash.

6.6 Review of Branch Operations

During the course of the financial year, visits were made to both Branch Offices to:

1. Determine the level of internal controls in existence over the operations
2. Ensure that operations were carried out in accordance with the policies and procedures as approved by the Board of Directors

6.6.1 Arima Branch

The following areas were reviewed at the Arima Branch Office during the 2016/2017 Term:

- Loans
- Main and Petty Cash
- Cyber Cafe Operations

6.6.2 Tobago Branch

Several audits were conducted at the Tobago Branch Office during the period under review which included:

- Loans
- Main and Petty Cash
- Delinquency Control
- Anti-Money Laundering Framework
- Securities

Observations and recommendations were brought to the attention of Management for action/consultations.

The Committee is pleased to report that at both Branch Offices, internal controls are adequate and there is adherence to policies and procedures.

6.7 Review of the Activities of the Education Committee

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.”

During the period under review the Education Committee managed the following activities and projects.

- Carnival Yard Lime
- Secondary Entrance Assessment (SEA) and May Cherrie Awards
- Retro Groove Lime
- MSDP Classes – Business Writing and Public Speaking
- Credit Union Month Celebrations
- Annual Children’s Christmas Party
- Publication of RHAND’s Newsletters – (2) issues
- Publication of the 2017 RHAND Calendar

In our last report, our Committee expressed concerns with the expenditure of some activities being in excess of budgetary allocations. We are happy to report that there were some improvements in this regard. The Committee in our programme of work will continue to review and make recommendations so that not only will expenditure be kept in line with the budgetary allocation, but the membership’s enjoyment and satisfaction is maintained.

6.8 Review of the Compliance with the Proceeds of Crime Act 2000

A review of selected areas of RHAND’s Anti-Money Laundering and Countering Financing of Terrorism Compliance Programme was started by the Supervisory Committee over the period January to December, 2016. The undertaking of this exercise is to ensure that RHAND continues to operate within the ambits of its approved AML/CFT Compliance Programme. This review is ongoing.

6.9 Review of Policies

Included in the Supervisory Committee’s Work Programme for the 2016/2017 term was a review of several of RHAND’s policies. This review was aimed at monitoring the organisation’s compliance with its policies and Bye –Laws, the Co-operative Societies Act and it’s Regulations (1971), and other pieces of legislation. The three policies reviewed during this reporting period were the Communications, Telephone, and Email policies. Findings and recommendations were submitted to the Board of Directors.

7. TRAINING

7.1 During the period under review the Committee attended several training seminars and workshops:

- Anti-Money Laundering and Countering Financing of Terrorism yearly update
- The Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT) in conjunction with Central Financing Facility (CFF) Breakfast Meeting – “Recession...Our Members, Our Interest”
- Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and the Ministry Labor and Small Enterprises Division –“Governance for Credit Unions”
- International Financial Reporting Standard 7 Workshop
- FLEX ‘Juice’ Core Software Application Training (FLEX – Credit Union Efficient Core Processing System)

Report of THE SUPERVISORY COMMITTEE

- The Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT) Credit Union Month Round-Table Breakfast Meeting

7.2 These training sessions and workshops proved to be beneficial to the work of the Committee.

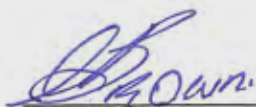
8. INTERNAL AUDIT DEPARTMENT

8.1 The Supervisory Committee had formal communication with the Internal Audit Department through the Audit Committee of the Board of Directors during this term, resulting in more sharing of information.

9. APPRECIATION

9.1 The Members of the Supervisory Committee would like to thank the Board of Directors, Committees, Management and Staff for the co-operation given during the period. The work of the Supervisory Committee is carried out mainly on evenings and members of staff willingly facilitated the Committee in the execution of its functions. We take this opportunity to send special thanks to Mr. Keith Risbrooke-former Information and Communications Technology Manager, who had offered yeoman service to the Committee over the years.

9.2 Finally, we wish to express our thanks to you the members, for the confidence placed in us by providing us with the opportunity to serve.



Claudette Brown
Chairman – Supervisory Committee



Erica Charles
Secretary – Supervisory Committee

Report of
THE NOMINATING COMMITTEE



Report of THE NOMINATING COMMITTEE

1. INTRODUCTION AND COMPOSITION OF THE NOMINATING COMMITTEE

1.1 The Members of the Nominating Committee respectfully submit a report to the Annual General Meeting of RHAND Credit Union Co-operative Society Limited.

1.2 The Committee comprised:

- Mrs. Marie-Ange Knights - Chairman
- Mrs. Debra D'Abreau - Secretary
- Mr. John Self - Member
- Mrs. Beverly Trim-Frank - Member
- Mr. Lancelot Greaves - Member

2. VACANCIES TO BE FILLED

2.1 The Committee established that sixteen (16) vacancies are to be filled at the 69th Annual General Meeting and these comprise:

Board of Directors

Four (4) Directors for three (3) years. Outgoing are Mr. Emmanuel Walker, Mrs. Michele Rouff, Ms. Glenda Naomi Bruce and Mrs. Theresa Agulia Joseph. Additionally, two substitutes are required for one (1) year.

Supervisory Committee

Two (2) Members for two (2) years. Outgoing are Mr. Desmond Noel and Ms. Erica Charles. Additionally, one member is required for one (1) year following the resignation of Mr. Dave Williams and two Substitutes for one (1) year.

Credit Committee

Two Members for two (2) years. Outgoing are Ms. Esme Forde and Ms. Patricia Harry. Additionally, one member is required for one (1) year following the resignation of Mrs. Mary Lou Edmond – Marcano and two (2) Substitutes for one (1) year.

3. INVITATION TO MEMBERS FOR NOMINATION

3.1 Members were invited, through advertisements in three daily newspapers, posters placed in the Credit Union's Head Office and Branch Offices, to submit nominations on the prescribed nomination forms by January 10, 2017. Due to the paucity of nominations received, the Committee sought and received the approval of the Board to re- advertise with a closing date of January 27, 2017.

4. RECEIPT OF NOMINATIONS

4.1 The Committee received on the first opening on January 10, 2017 thirteen (13) completed nomination forms. At the second opening on January 27, 2017 eight (8) nomination forms were received. One (1) Nominee for the Board of Directors did not satisfy the nominating procedures and was not allowed to continue in the process and another Nominee withdrew the nomination. A nominee for the Credit Committee withdrew the nomination.

4.2 As a consequence there are eighteen (18) nominations to contest the sixteen (16) vacancies as follows:

- Seven (7) for the Board of Directors
- Six (6) for the Supervisory Committee
- Five (5) for the Credit Committee.

5. SELECTION OF SUITABLY QUALIFIED MEMBERS

5.1 The Committee reviewed and adjusted the procedures to guide its selection of suitably qualified members to serve on the Board of Directors, the Supervisory and Credit Committees.

5.2 With the approval of the Board of Directors, the interviewing panel included an independent co-opted member who was a former senior employee of the Co-operative Development Division, Ministry of Labour and Small Enterprise Development.

5.3 Eligible Nominees were interviewed with the Committee paying special attention to RHAND’s strategic direction for the period 2016 -2018, including the strategy to reach out to the “Millennials” at both the membership and at the Joint Management levels.

5.4 Nominees were assessed on their skills and competencies in the areas of Strategic Management, Interpersonal Behavior and Personal Attributes.

5.5 A points rating was agreed as follows:-1=Unsatisfactory; 2=Needs Improvement; 3=Meets Expectations; 4= Exceeds Expectations; and 5=Outstanding.

5.6 On the basis of this assessment, the Committee recommends sixteen (16) Nominees to contest the vacancies.

5.7 The Nominees selected and recommended by the Committee and approved by the Board Of Directors are:

Board of Directors	Credit Committee	Supervisory Committee
Mrs. Michele Rouff	Mr. Joseph B. Miller	Ms. Erica Charles
Mr. Emmanuel Walker	Ms. Donnis Bourne	Mr. Desmond Noel

Report of
THE NOMINATING COMMITTEE

Mrs. Andrea Borneo-Ragoo

Ms. Esme Forde

Ms. Nadine Ellis

Mrs. Myrtle Pilgrim Edwards

Ms. Patricia Harry

Mrs. Patricia Williams

Ms. Glenda Naomi Bruce

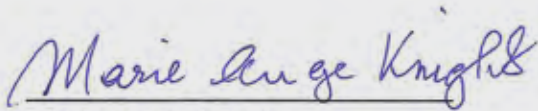
Mrs. Susan Hinds-Morgan

Ms. Annalee Brooks

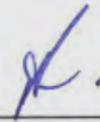
Ms. Charlene Davidson

6. ACKNOWLEDGEMENT

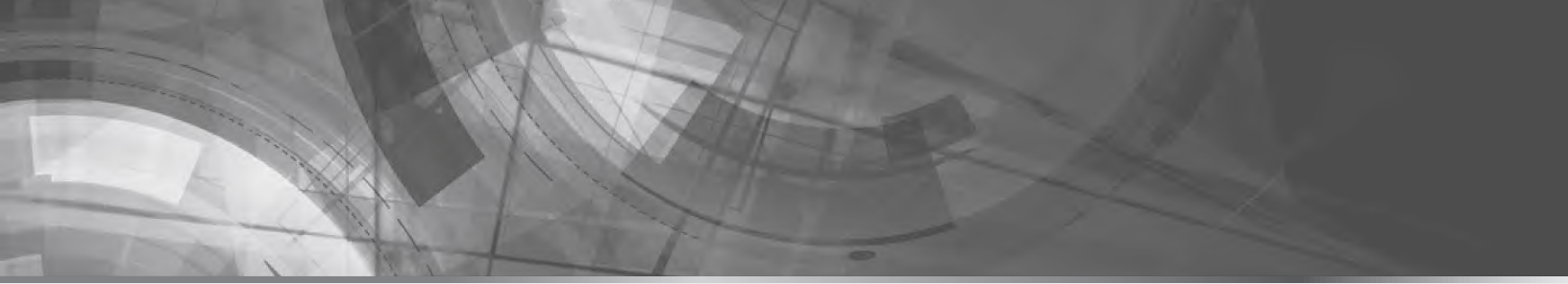
- 6.1 Members of the Nominating Committee sincerely thank the Board of Directors, the Supervisory Committee, the General Manager, staff of the Executive Secretariat and other staff members for their co-operation during this term of office.



Marie Ange Knights
Chairman – Nominating Committee



Debra D'Abreau
Secretary – Nominating Committee





Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Members

RHAND Credit Union Co-operative Society Limited

Opinion

We have audited the financial statements of Rhand Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2016, the statements of comprehensive income, Appropriated Funds and Undivided Earnings and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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

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 Rhand Credit Union Co-operative Society Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of Directors is responsible for overseeing the credit union's financial reporting process.

Direct tel (868) 624-4569 | Direct fax (868) 624-4388
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Partners: Renée-Lisa Philip | Mark K. Superville

INDEPENDENT AUDITORS' REPORT (Cont'd)**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 auditor's 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.

We communicate with the Board of Directors 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.



**Port of Spain,
TRINIDAD
10 February 2017**



FINANCIAL STATEMENTS



RHAND CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

I N D E X

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RHAND

Credit Union Co-operative Society Limited

57-61 Abercromby Street, Port of Spain, Trinidad W.I. Tel. 623-5920, 624-8708/9, 627-4263

Email: info@rhand.org.tt

Website: www.rhand.org.tt

Registered No. 38 on 27th, March 1947

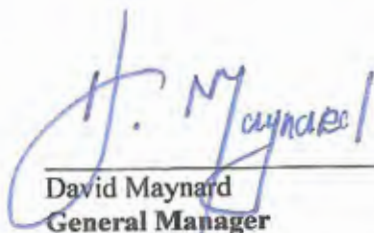
Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of RHAND Credit Union Co-operative Society Limited as at the end of the financial year and of the operating results of RHAND Credit Union Co-operative Society Limited for the year. It is also the responsibility of management to ensure that RHAND Credit Union Co-operative Society Limited keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of RHAND Credit Union Co-operative Society Limited. Management is also responsible for safeguarding the assets of RHAND Credit Union Co-operative Society Limited.

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

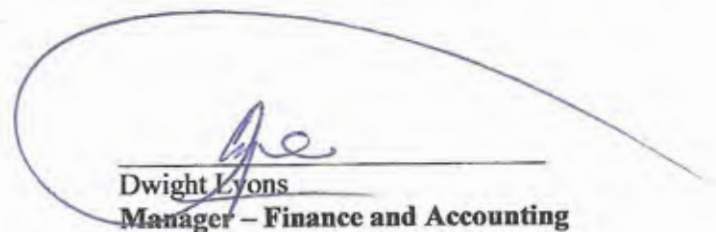
Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of RHAND Credit Union Co-operative Society Limited and of its operating results. Management further accepts responsibility for the maintenance of accounting records which can be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that RHAND Credit Union Co-operative Society Limited will not remain a going concern for at least the next twelve months from the date of this statement.



David Maynard
General Manager

Date: February 10, 2017



Dwight Lyons
Manager – Finance and Accounting

Date: February 10, 2017

E. WALKER
President

M. GIBBS
Vice President

J. HUNTE
Secretary

C. CAMPBELL
Asst. Secretary

G. BRUCE
Treasurer

Statement of FINANCIAL POSITION

As At December 31, 2016

	<u>Notes</u>	<u>December 31</u>	
		<u>2016</u>	<u>2015</u>
Cash Resources:			
Cash in hand and at bank	5	\$ 3,973,788	\$ 4,650,324
Short-term investments	6	75,764,608	82,129,356
Total Cash Resources		79,738,396	86,779,680
Other Assets:			
Accounts receivable and prepayments	7	3,110,940	3,060,204
Net loans to members	8	392,076,712	363,973,606
Long-term investments	9	87,035,059	82,172,180
Fixed assets	10	28,825,325	28,691,521
Total Assets		\$ 590,786,432	\$ 564,677,191
Liabilities:			
Accounts payable and accruals	11	\$ 8,295,917	\$ 9,396,221
Members' deposit savings		48,235,110	40,102,126
Members' time deposits		92,356,671	92,166,254
Provision for terminal benefits	12	-	5,303,180
Retirement benefit obligation	13	1,306,800	2,172,300
Members' share savings	14	371,303,065	353,483,959
Total Liabilities		521,497,563	502,624,040
Institutional Capital:			
Reserve fund		25,714,337	24,069,792
Education fund		1,641,909	1,170,408
Loan protection fund	15	1,487,223	786,053
Building fund		13,750,000	13,000,000
Investment re-measurement reserve	16	13,401,477	13,614,214
Undivided earnings		13,293,923	9,412,684
Total Institutional Capital		69,288,869	62,053,151
Total Liabilities and Institutional Capital		\$ 590,786,432	\$ 564,677,191

These financial statements were approved by the Board of Directors and authorised for issue on February 10, 2017 and signed on their behalf by:


President


Treasurer


Member,
Supervisory Committee

(The accompanying notes form part of these financial statements)

Statement of COMPREHENSIVE INCOME

For the year ended December 31, 2016

	Notes	December 31	
		2016	2015
Income:			
Interest on loans		\$ 38,483,380	\$ 36,384,961
Investment income (net)	20	3,586,648	2,746,092
Other income	21	<u>1,551,483</u>	<u>1,357,626</u>
Total Income		<u>43,621,511</u>	<u>40,488,679</u>
Expenditure:			
Administrative expenses	22	7,805,533	8,195,094
Board and committees' expenses	23	804,046	999,003
Life savings insurance expense		811,226	854,762
Loan protection expense		895,625	2,110,565
Loan loss expense		916,600	919,012
Interest on members' deposits		2,312,649	2,316,242
Member education, training and development expenses		1,125,294	1,305,645
Salaries and benefits	24	<u>12,399,092</u>	<u>12,021,494</u>
Total Expenditure		<u>27,070,065</u>	<u>28,721,817</u>
Net surplus for the year		16,551,446	11,766,862
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Unrealised loss on available-for-sale financial assets		(212,737)	(1,652,183)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net actuarial loss on retirement benefit obligation		<u>(583,500)</u>	<u>(1,467,400)</u>
		<u>(796,237)</u>	<u>(3,119,583)</u>
Total Comprehensive Income for the year		<u>\$ 15,755,209</u>	<u>\$ 8,647,279</u>

(The accompanying notes form part of these financial statements)

Statement of APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

For the year ended December 31, 2016

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Earnings
Balance as at January 1, 2016	\$24,069,792	\$1,170,408	\$786,053	\$13,000,000	\$13,614,214	\$9,412,684
Total comprehensive income for the year					(212,737)	15,967,946
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,596,795					(1,596,795)
(ii) 10.0% to the Education Fund		1,596,795				(1,596,795)
(iii) 10.0% to the Loan Protection Fund	-	-	1,596,795	-	-	(1,596,795)
	25,666,587	2,767,203	2,382,848	13,000,000	13,401,477	20,590,245
Add/(less) adjustments as follows:						
(i) Dividends (2015)						(8,519,491)
(ii) Entrance fees	47,750					(47,750)
(iii) Member education, training and development expenses		(1,125,294)				1,125,294
(iv) Transfer to Building Fund				750,000		(750,000)
(v) Loan protection expense	-	-	(895,625)	-	-	895,625
Balance as at December 31, 2016	<u>\$25,714,337</u>	<u>\$1,641,909</u>	<u>\$1,487,223</u>	<u>\$13,750,000</u>	<u>\$13,401,477</u>	<u>\$13,293,923</u>
Balance as at January 1, 2015	\$22,992,421	\$1,446,107	\$836,726	\$12,250,000	\$15,266,397	\$13,203,809
Total comprehensive income for the year					(1,652,183)	10,299,462
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,029,946					(1,029,946)
(ii) 10.0% to the Education Fund		1,029,946				(1,029,946)
(iii) 20.0% to the Loan Protection Fund	-	-	2,059,892	-	-	(2,059,892)
	24,022,367	2,476,053	2,896,618	12,250,000	13,614,214	19,383,487
Add/(less) adjustments as follows:						
(i) Dividends (2014)						(12,589,588)
(ii) Entrance fees	47,425					(47,425)
(iii) Member education, training and development expenses		(1,305,645)				1,305,645
(iv) Transfer to Building Fund				750,000		(750,000)
(v) Loan protection expense	-	-	(2,110,565)	-	-	2,110,565
Balance as at December 31, 2015	<u>\$24,069,792</u>	<u>\$1,170,408</u>	<u>\$786,053</u>	<u>\$13,000,000</u>	<u>\$13,614,214</u>	<u>\$9,412,684</u>

(The accompanying notes form part of these financial statements)

Statement of CASH FLOWS

For the year ended December 31, 2016

	December 31	
	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Net surplus for the year	\$ 16,551,446	\$ 11,766,862
Adjustments:		
Depreciation	1,032,472	1,133,615
Increase in provision for loan losses	916,600	919,012
Loss on disposal of fixed assets	12,864	24,175
Non-performing loans written off	62,804	110,119
Retirement Benefit Asset – IAS 19 adjustment	<u>(1,449,000)</u>	<u>66,700</u>
	17,127,186	14,020,483
Net change in accounts receivable and prepayments	(50,735)	(321,538)
Net change in loans to members	(29,082,510)	(21,927,091)
Net change in members' deposit savings	8,132,984	5,478,658
Net change in members' time deposits	190,417	1,536,654
Net change in accounts payable and accruals	(1,100,305)	1,595,289
Net change in members' share savings	17,819,107	29,253,056
Net change in Terminal benefits	<u>(5,303,180)</u>	<u>-</u>
Cash provided by operating activities	<u>7,732,964</u>	<u>29,635,511</u>
Cash Flows from Investing Activities:		
Proceeds from disposal of fixed assets	-	33,000
Purchase of long-term investments	(5,075,617)	(12,310,963)
Net changes in fixed assets	<u>(1,179,140)</u>	<u>(679,796)</u>
Cash used in investing activities	<u>(6,254,757)</u>	<u>(12,957,759)</u>
Cash Flows from Financing Activities:		
Dividends distribution	<u>(8,519,491)</u>	<u>(12,589,588)</u>
Cash used in financing activities	<u>(8,519,491)</u>	<u>(12,589,588)</u>
Net change in cash resources for the year	(7,041,284)	4,088,164
Cash resources, beginning of year	<u>86,779,680</u>	<u>82,691,516</u>
Cash resources, end of year	<u>\$ 79,738,396</u>	<u>\$ 86,779,680</u>
Represented by:		
Cash in hand and at bank	\$ 3,973,788	\$ 4,650,324
Short-term investments	<u>75,764,608</u>	<u>82,129,356</u>
	<u>\$ 79,738,396</u>	<u>\$ 86,779,680</u>

(The accompanying notes form part of these financial statements)

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

1. **Registration and Objectives:**

RHAND Credit Union Co-operative Society Limited 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. **Significant Accounting Policies:**

a) **Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

b) **Use of estimates -**

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

c) **New Accounting Standards and Interpretations -**

- i) The Society has not applied the following standards, revised standards and interpretations that have been issued because they are not yet effective or are not expected to have a material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements 2014–2016 Cycle removing short-term exemptions (effective for annual periods beginning on or after 1 January 2018).
IFRS 2	Share-Based Payment - Amendments to clarify the classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018)
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (using the deferral approach - effective for accounting periods beginning on or after 1 January 2018).

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

- IFRS 9 Financial Instruments - Finalised version incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 12 Disclosure of Interest in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope) (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 15 Revenue from Contracts with Customers - Amendments to defer the effective date to 1 January 2018 (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers Clarifications to IFRS 15 (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
- IAS 28 Investment in Associates - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements) (effective for accounting periods beginning on or after 1 January 2018).
- IAS 40 Investment Property - Amendments to clarify transfers of property to, or from, investment property (effective for accounting periods beginning on or after 1 January 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (Annual periods beginning on or after 1 January 2018).
- ii) The Society has not applied the following standards, revised standards and interpretations that have been issued because they do not apply to the activities of the Society or have no material impact on its financial statements:
- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

- IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts - (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

d) Fixed assets -

Fixed assets 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

December 31, 2016

2. Significant Accounting Policies (Cont'd):

d) Fixed assets - (cont'd)

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

No depreciation is provided on Land and Work-in-Progress.

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

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

e) Investments -

The Society has classified all investments into the following categories:

Available-for-sale

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

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

Held to maturity

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

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

2. **Significant Accounting Policies (Cont'd):**

f) **Financial instruments -**

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

Financial assets and financial liabilities are recognised on the Society's Statement of Financial Position when the Society becomes a party to the contractual provisions of the instrument.

Financial assets

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

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

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

Impairment of financial assets

The Society assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

December 31, 2016

2. Significant Accounting Policies (Cont'd):

f) Financial instruments - (cont'd)

Impairment of financial assets (cont'd)

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

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

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

i) Financial assets measured at amortised cost

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

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

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

2. **Significant Accounting Policies (Cont'd):**

f) **Financial instruments - (cont'd)**

Financial liabilities

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

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

Cash and cash equivalents

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

Accounts receivable

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

Loans to members

Loans to members are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions.

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

Accounts payable

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

Members' deposits

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

December 31, 2016

2. Significant Accounting Policies (Cont'd):

f) Financial instruments - (cont'd)

Financial liabilities (cont'd)

Members' shares

Members' shares are stated at fair value.

g) Revenue recognition -

Loan Interest

Interest charged on loans to members is calculated at rates ranging from 0.5% to 1.00% per month on the outstanding balance at the end of each month in accordance with Section 22 (a) of the Bye-laws. Loan interest is accounted for on the cash basis.

Interest on non-performing loans is not accrued or taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis, but only after specific provisions for losses have been made. For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

Investment Income

Income from investments is accounted for on the accruals basis, except for dividends which are accounted for on a cash basis, consistent with International Accounting Standard (IAS) 18.

h) 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. Dividends that are proposed and declared after the Statement of Financial Position date are not shown as a liability in accordance with IAS 10.

i) 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.

j) Provisions -

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.

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

2. **Significant Accounting Policies (Cont'd):**

j) **Provisions - (cont'd)**

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.

k) **Retirement Benefits -**

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 18 August 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.

l) **Comparative figures -**

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.

3. **Financial Risk Management:**

Financial risk factors

The Society's activities are primarily related to the use of financial instruments. The Society accepts funds from members and earns interest by investing in equity investments, government securities and on-lending to members at higher interest rates.

Financial instruments

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

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

3. **Financial Risk Management (Cont'd):**

	2016	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash in hand and at bank	3,973,788	3,973,788
Short-term investments	75,764,608	75,764,608
Long-term investments	87,035,059	87,035,059
Investment interest receivable	557,556	557,556
Other accounts receivable	2,553,384	2,553,384
Loans to members	392,076,712	392,076,712
Financial Liabilities		
Members' savings and time deposits	140,591,781	140,591,781
Members' shares	371,303,065	371,303,065
Accrued interest payable	1,034,202	1,034,202
Other accounts payable	7,261,715	7,261,715
	2015	
Financial Assets	<u>Carrying Value</u>	<u>Fair Value</u>
Cash in hand and at bank	4,650,324	4,650,324
Short-term investments	82,129,356	82,129,356
Long-term investments	68,557,966	82,172,180
Investment interest receivable	359,621	359,621
Other accounts receivable	2,700,584	2,700,584
Loans to members	363,973,606	363,973,606
Financial Liabilities		
Members' savings and time deposits	132,268,380	132,268,380
Members' shares	353,483,959	353,483,959
Accrued interest payable	1,011,649	1,011,649
Other accounts payable	8,384,572	8,384,572

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.

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

3. **Financial Risk Management (Cont'd):**

a) **Interest rate risk - (cont'd)**

(i) Bonds

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 being held to maturity and are not traded, any changes in market values will not impact the Statement of Comprehensive Income.

(ii) Loans

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

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

Cash balances are held with high credit quality financial institutions and the 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.

Maximum exposure to credit risk before collateral held or credit enhancements

	<u>2016</u>	<u>2015</u>
Due from banks and other financial institutions	\$ 166,773,456	\$ 169,592,451
Accounts receivable	3,110,940	3,060,204
Loans to members	398,829,323	369,747,410
	<u>\$ 568,713,719</u>	<u>\$ 542,400,065</u>

December 31, 2016

3. Financial Risk Management (Cont'd):

b) Credit risk - (cont'd)

Financial assets that are neither past due nor impaired

	<u>2016</u>	<u>2015</u>
Cash held in reputable financial institutions	\$ 3,973,788	\$ 4,650,324
Short-term investments with no default anticipated	75,764,608	82,129,356
Long-term investments with no default anticipated	87,035,059	82,172,180
Accounts receivable with full repayment expected	3,110,940	3,060,204
Loans to members	376,138,185	351,605,957
	<u>\$ 546,022,580</u>	<u>\$ 523,618,021</u>

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.

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

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the 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 financial assets and liabilities based on the remaining period from the Statement of Financial Position date to the contractual maturity date.

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

3. **Financial Risk Management (Cont'd):**

c) **Liquidity risk - (Cont'd):**

2016

	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial Assets				
Cash in hand and at bank	3,973,788			3,973,788
Short-term investments	75,764,608			75,764,608
Long-term investments	87,035,059			87,035,059
Investment interest receivable	557,556			557,556
Loans to members	93,653,128	236,497,684	68,678,512	398,829,324
Financial Liabilities				
Members' savings and time deposits	140,591,781			140,591,781
Members' shares	371,303,065			371,303,065
Accrued interest payable	1,034,202			1,034,202

2015

	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial Assets				
Cash in hand and at bank	4,650,324	-	-	4,650,324
Short-term investments	82,129,356	-	-	82,129,356
Long-term investments	63,115,933	1,115,263	17,940,984	82,172,180
Investment interest receivable	359,621	-	-	359,621
Loans to members	9,025,099	246,930,951	113,791,360	369,747,410
Financial Liabilities				
Members' savings and time deposits	132,268,380	-	-	132,268,380
Members' shares	353,483,959	-	-	353,483,959
Accrued interest payable	1,011,649	-	-	1,011,649

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.

December 31, 2016

3. Financial Risk Management (Cont'd):

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.

4. Critical Accounting Estimates and Judgments:

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 2 (b)**.

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

- i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant 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:

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

4. **Critical Accounting Estimates and Judgments (Cont'd):**

i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant 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.

5. **Cash in Hand and at Bank:**

	December 31	
	2016	2015
Cash in hand	\$ 352,867	\$ 392,884
Cheques in hand	543,908	424,945
Current account	<u>3,077,013</u>	<u>3,832,495</u>
	<u>\$ 3,973,788</u>	<u>\$ 4,650,324</u>

6. **Short-Term Investments:**

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

Available-for-sale

	December 31	
	2016	2015
The Home Mortgage Bank	\$ 4,575,114	\$ 4,511,545
First Citizens Investment Services Limited		
- Abercrombie Fund	18,655,089	50,088,912
- TSTT Bridge Loan	240,000	-
RBTT Trust Limited – ROYTRIN Money Market Fund	36,255	33,139
ANSA Merchant Bank Limited	4,416,116	4,416,116
Trinidad and Tobago Unit Trust Corporation		
- Money Market Fund	573,702	4,668,765
Guardian Asset Management Limited	3,739,679	3,687,765
KSBM Asset Management Limited	416,528	4,483,468
Public Service Credit Union Co-operative Society Limited	5,000,000	5,000,000
Bourse Securities Limited - Repurchase Agreement	25,729,898	5,239,646
KCL Capital Market Brokers Limited	6,330,446	-
Firstline Securities Limited	6,051,781	-
	<u>\$ 75,764,608</u>	<u>\$ 82,129,356</u>

Notes to
THE FINANCIAL STATEMENTS

December 31, 2016

7. Accounts Receivable and Prepayments:

	December 31	
	<u>2016</u>	<u>2015</u>
Interest receivable on investments	\$ 557,556	\$ 359,621
Staff members' loans	288,023	154,171
Other receivables and prepayments	<u>2,265,361</u>	<u>2,546,412</u>
	<u>\$ 3,110,940</u>	<u>\$ 3,060,204</u>

8. Net Loans to Members:

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

	December 31	
	<u>2016</u>	<u>2015</u>
Loans to members	\$ 398,829,324	\$ 369,747,410
Less: Allowance for loan losses	<u>(6,752,612)</u>	<u>(5,773,804)</u>
	<u>\$ 392,076,712</u>	<u>\$ 363,973,606</u>

- b) Analysis of movement in Allowance for Loan Losses:

Balance, beginning of year	\$ 5,773,804	\$ 4,744,673
Non-performing loans recovered	62,208	110,119
Provision for the year	<u>916,600</u>	<u>919,012</u>
Balance, end of year	<u>\$ 6,752,612</u>	<u>\$ 5,773,804</u>

- c) Analysis of Loans that are past due but not impaired:

Up to 3 months	\$ 7,734,471	\$ 6,206,182
More than 3 months but less than 6 months	1,350,263	1,230,298
More than 6 months but less than 9 months	1,426,690	677,805
More than 9 months but less than 1 year	1,630,513	906,497
Over 1 year	<u>10,549,202</u>	<u>9,120,671</u>
	<u>\$ 22,691,139</u>	<u>\$ 18,141,453</u>

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

9. Long-Term Investments:

Long-term investments consist of equity, mutual fund and fixed income investments held at the following institutions:-

Available-for-sale

	December 31	
	2016	2015
Quoted Equity Investments		
- Republic Bank Limited	\$ 1,582,573	\$ 1,633,506
- Prestige Holdings Limited	1,999,646	1,836,038
- Grace Kennedy Company Limited	400,500	202,500
- Guardian Holdings Limited	240,350	251,750
- Massy Holdings Limited	822,380	971,832
- West Indian Tobacco Company Limited	4,036,692	4,016,022
- One Caribbean Media Limited	716,400	792,000
- Sagicor Financial Corporation	405,825	325,500
- Jamaica Money Market Brokers Limited	204,930	125,235
- Ansa Mc Al Limited	968,905	970,799
- Scotiabank Trinidad and Tobago Limited	917,904	966,264
- Royal Bank of Canada	148,267	111,625
- Trinidad Cement Limited	162,395	147,263
- National Commercial Bank of Jamaica	150,000	105,000
- Angostura Holdings Limited	300,000	279,400
- CLICO Investment Fund	203,580	204,750
- First Citizens Bank Limited	3,810,862	3,813,040
First Citizens Investment Services Limited - Exchange Traded Funds (EFT)	639,382	467,511
KSBM Asset Management Limited - Managed Portfolio	12,039,521	7,663,826
Unquoted Equity Investments		
- LINCUCO Limited	2,250,001	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	4,359,481	4,978,850
- Growth and Income Fund	48,822,579	48,047,819
Deutsche Bank	<u>241,453</u>	<u>569,284</u>
	85,523,626	80,829,815
Less: provision for impairment losses (see note below)	<u>(2,099,999)</u>	<u>(2,099,999)</u>
Total Available for Sale Investments	<u>83,423,627</u>	<u>78,729,816</u>

Notes to
THE FINANCIAL STATEMENTS

December 31, 2016

9. Long-Term Investments (Cont'd):

	December 31	
	<u>2016</u>	<u>2015</u>
Total Available for Sale Investments	<u>\$ 83,423,627</u>	<u>\$ 78,729,816</u>
<u>Held to maturity</u>		
Bonds - Government of the Republic of Trinidad and Tobago	492,900	492,900
- Government of St. Lucia	457,426	457,426
- Guardian Holdings Limited	387,000	387,000
- Housing Development Corporation	189,000	189,000
- National Insurance Property Development Company	1,153,595	1,153,596
- Neal and Massy Holdings Limited	500,000	500,000
- National Infrastructure Development Company Limited	192,928	-
- Phoenix Park Gas Processors Limited	<u>238,583</u>	<u>262,442</u>
Total Held to Maturity Investments	<u>3,611,432</u>	<u>3,442,364</u>
	<u>\$ 87,035,059</u>	<u>\$ 82,172,180</u>

In the financial year 2012 the Board of Directors decided to set up a provision for impairment losses against unquoted equity investments held with LINCUC Limited and The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited. The provision of **\$2,099,999** was recorded in the Statement of Comprehensive Income.

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

10. Fixed Assets:

Cost	Land	Car Park	Building	Work-in-Progress	Furniture, Fixtures and Fittings
Balance as at January 1, 2016	\$ 15,493,607	\$ 186,868	\$ 10,143,049	\$ 3,117,303	\$ 3,218,454
Additions	-	-	-	126,064	114,662
Disposals	-	-	-	-	-
Reclassification	-	-	-	(12,478)	-
Balance as at December 31, 2016	15,493,607	186,868	10,143,049	3,230,889	3,333,116
Accumulated Depreciation					
Balance as at January 1, 2016	-	186,868	4,848,857	-	1,992,038
Charge for the year	-	-	202,861	-	123,361
Disposals	-	-	-	-	-
Balance as at December 31, 2016	-	186,868	5,051,718	-	2,115,399
Net Book Value					
Balance as at December 31, 2016	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,091,331</u>	<u>\$ 3,230,889</u>	<u>\$ 1,217,717</u>
Balance as at December 31, 2015	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,294,192</u>	<u>\$ 3,117,303</u>	<u>\$ 1,226,416</u>
Cost					
Balance as at January 1, 2015	\$ 15,493,607	\$ 186,868	\$ 9,828,295	\$ 3,210,658	\$ 3,141,577
Additions	-	-	-	273,700	80,534
Disposals	-	-	-	-	(3,657)
Reclassification	-	-	314,754	(367,055)	-
Balance as at December 31, 2015	15,493,607	186,868	10,143,049	3,117,303	3,218,454
Accumulated Depreciation					
Balance as at January 1, 2015	-	186,868	4,581,961	-	1,868,848
Charge for the year	-	-	266,896	-	125,223
Disposals	-	-	-	-	(2,033)
Balance as at December 31, 2015	-	186,868	4,848,857	-	1,992,038
Net Book Value					
Balance as at December 31, 2015	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,294,192</u>	<u>\$ 3,117,303</u>	<u>\$ 1,226,416</u>
Balance as at December 31, 2014	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,246,334</u>	<u>\$ 3,210,658</u>	<u>\$ 1,272,729</u>

Notes to
THE FINANCIAL STATEMENTS

December 31, 2016

Office Equipment	Telephone Facilities	Other Equipment	Motor Vehicles	Computer Facilities	Total
\$ 685,197	\$ 311,092	\$ 2,360,460	\$ 657,577	\$ 7,999,429	\$ 44,173,036
55,744	20,189	272,513	-	602,447	1,191,619
(6,319)	-	-	-	(44,172)	(50,491)
-	-	-	-	-	(12,478)
<u>734,622</u>	<u>311,281</u>	<u>2,632,973</u>	<u>657,577</u>	<u>8,557,704</u>	<u>45,301,686</u>
504,764	240,360	1,550,096	379,748	5,778,784	15,481,515
34,963	23,704	125,317	62,026	460,240	1,032,472
(5,275)	-	-	-	(32,351)	(37,626)
<u>534,452</u>	<u>264,064</u>	<u>1,675,413</u>	<u>441,774</u>	<u>6,206,673</u>	<u>16,476,361</u>
<u>\$ 200,170</u>	<u>\$ 67,217</u>	<u>\$ 957,560</u>	<u>\$ 215,803</u>	<u>\$ 2,351,031</u>	<u>\$ 28,825,325</u>
<u>\$ 180,433</u>	<u>\$ 70,732</u>	<u>\$ 810,364</u>	<u>\$ 277,829</u>	<u>\$ 2,220,645</u>	<u>\$ 28,691,521</u>
\$ 681,517	\$ 295,399	\$ 2,295,797	\$ 776,386	\$ 7,876,121	\$ 43,786,225
3,680	15,693	64,663	-	299,627	737,897
-	-	-	(118,809)	(170,919)	(293,385)
-	-	-	-	(5,400)	(57,701)
<u>685,197</u>	<u>311,092</u>	<u>2,360,460</u>	<u>657,577</u>	<u>7,999,429</u>	<u>44,173,036</u>
464,686	216,641	1,413,293	417,113	5,434,300	14,583,710
40,078	23,719	136,803	79,888	461,008	1,133,615
-	-	-	(117,253)	(116,524)	(235,810)
<u>504,764</u>	<u>240,360</u>	<u>1,550,096</u>	<u>379,748</u>	<u>5,778,784</u>	<u>15,481,515</u>
<u>\$ 180,433</u>	<u>\$ 70,732</u>	<u>\$ 810,364</u>	<u>\$ 277,829</u>	<u>\$ 2,220,645</u>	<u>\$ 28,691,521</u>
<u>\$ 216,831</u>	<u>\$ 78,758</u>	<u>\$ 882,504</u>	<u>\$ 359,273</u>	<u>\$ 2,441,821</u>	<u>\$ 29,202,515</u>

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

11. Accounts Payable and Accruals:

	December 31	
	<u>2016</u>	<u>2015</u>
Death/disability claims payable	\$ 3,473,465	\$ 2,741,466
Non-members' receipts	41,623	45,210
Interest payable on members' time deposits	1,034,202	1,011,649
Sharon FYFE "Coppers" Account	227	227
Cummings/Fraser Foundation Account	650,000	550,000
Other payables and accruals	2,524,075	4,475,344
Unclaimed members' share savings	24,595	24,595
Unclaimed members' deposit savings	547,730	547,730
	<u>\$ 8,295,917</u>	<u>\$ 9,396,221</u>

12. Provision for Terminal Benefits:

The Memorandum of Agreement (MOA) between the Society and the Banking, Insurance and General Workers Union (BIGWU) for the years 2009 to 2011 provided for the payment of Terminal Benefits to employees at normal retirement at age sixty (60) years. The Credit Union disputed the clause in the MOA on the payment of Terminal Benefits at normal retirement and the matter was referred to the Ministry of Labour and Small and Micro Enterprise Development.

On December 28, 2015, the Credit Union signed an agreement with BIGWU for the removal of this benefit in the new MOA for the years 2012 to 2014. The Credit Union made the required buy-out payments totalling **\$5,994,452** to all eligible employees of the Society in January 2016.

13. Retirement Benefit (Asset)/Obligation:

a) Change in Present Value of Defined Benefit Obligations

	December 31	
	<u>2016</u>	<u>2015</u>
Opening Present Value of Defined Benefit Obligation	\$ 13,374,700	\$ 11,732,100
Current service cost	692,700	591,100
Interest cost	256,400	579,500
Plan participant contributions	692,200	217,900
Actuarial (gain)/loss on obligation	451,000	1,346,600
Benefits paid	<u>(10,700)</u>	<u>(1,092,500)</u>
Closing Present Value of Defined Benefit Obligation	<u>\$ 15,456,300</u>	<u>\$ 13,374,700</u>

Notes to
THE FINANCIAL STATEMENTS

December 31, 2016

13. Retirement Benefit (Asset)/Obligation (Cont'd):

b) Change in Fair Value of Plan Assets

	December 31	
	<u>2016</u>	<u>2015</u>
Opening Fair Value of Plan Assets	\$ 11,202,400	\$ 11,093,900
Expected return on Plan assets	621,600	547,200
Actuarial loss on Plan assets	(132,500)	(120,800)
Employer contributions	2,276,700	575,300
Plan participant contributions	256,400	217,900
Benefits paid and administrative expenses	<u>(75,100)</u>	<u>(1,111,100)</u>
Closing Fair Value of Plan Assets	<u>\$ 14,149,500</u>	<u>\$ 11,202,400</u>

c) Items for Inclusion in Statement of Financial Position

Defined benefit obligation	\$ 15,456,300	\$ 13,374,700
Fair value of plan assets	<u>(14,149,500)</u>	<u>(11,202,400)</u>
Net IAS 19 Defined Benefit Obligation/(Asset)	<u>\$ 1,306,800</u>	<u>\$ 2,172,300</u>

d) Items for Inclusion in Statement of Comprehensive Income

Current service cost	\$ 692,700	\$ 591,100
Interest cost	70,600	32,300
Administrative expenses	<u>64,400</u>	<u>18,600</u>
Expense recognised in Statement of Comprehensive Income	<u>\$ 827,700</u>	<u>\$ 642,000</u>

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

Opening defined benefit asset	\$ 2,172,300	\$ 638,200
Net pension cost	827,700	642,000
Actuarial (gain)/loss on obligation	583,500	1,467,400
Company contributions paid	<u>(2,276,700)</u>	<u>(575,300)</u>
Closing Defined Benefit Obligation	<u>\$ 1,306,800</u>	<u>\$ 2,172,300</u>

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

13. Retirement Benefit (Asset)/Obligation (Cont'd):

f) Actual Return on Plan Assets

	December 31	
	2016	2015
Expected return on Plan assets	\$ 621,600	\$ 547,200
Actuarial loss on Plan assets	(132,500)	(120,800)
Actual Return on Plan Assets	\$ 489,100	\$ 426,400

g) Expected Company Contributions	\$ 1,076,400	\$ 668,400
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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 increases	-	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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Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Discount Rate	(2,703,200)	(2,411,100)
Salary Growth	1,447,500	1,341,000

The Weighted Average Duration of the obligations is 25 years.

December 31, 2016

14. 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.

15. Loan Protection Fund:

At the third statutory meeting of the Board of Directors held on June 25, 2009, it was agreed that the Board would take to the membership a resolution for an alternative approach for providing loan protection coverage for the Society's members. The proposed approach included the discontinuance of the loan protection coverage with CUNA Caribbean Insurance Society Limited, and the assumption of full responsibility internally for this member benefit by converting the Bad Debt Fund, with a balance of **\$970,497** to a Loan Protection Fund and the appropriation of a percentage of the annual net surplus to this Fund. At a Special General Meeting held on November 14, 2009, the resolution was passed by the membership. The balance as at December 31, 2016 stands at **\$1,487,223**.

16. Investment Re-measurement Reserve:

In accordance with IAS 39, the Board of Directors has created an investment re-measurement reserve which includes the unrealised gains/losses on available-for-sale investments.

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:

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

17. Related Party Transactions (Cont'd):

	December 31	
	<u>2016</u>	<u>2015</u>
<u>Assets, Liabilities and Members' Equity</u>		
Loans and other receivables		
Directors, committee members, key management personnel	\$4,456,960	\$5,713,682
Due from LINC Limited	\$450,000	450,000
Investment in LINC Limited (net)	\$250,001	\$ 250,001
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	\$4,910,477	\$6,231,147
Cummings /Fraser Foundation Account	\$650,000	\$ 550,000
Interest and other income		
Directors, committee members, key management personnel	\$623,500	\$ 459,680
Interest and other expenses		
Directors, committee members, key management personnel	\$92,212	\$ 154,518
Key management compensation		
Short-term benefits	\$2,266,827	\$2,412,797

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) **Current assets and liabilities -**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

Notes to

THE FINANCIAL STATEMENTS

December 31, 2016

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.

c) Investments -

The fair values of investments are determined on the basis of market prices available at December 31, 2016.

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.

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 (net):

	December 31	
	2016	2015
Capital market investment income	\$ 1,798,892	\$ 1,020,390
Money market investment income	1,545,590	1,107,945
Foreign exchange loss on investments	108,804	(57,703)
Net gain on sale on of investments	<u>133,362</u>	<u>675,460</u>
	<u>\$ 3,586,648</u>	<u>\$ 2,746,092</u>

Notes to THE FINANCIAL STATEMENTS

December 31, 2016

21. Other Income:

	December 31	
	<u>2016</u>	<u>2015</u>
Cyber Café income	\$ 23,719	\$ 22,130
Rental income	320,000	306,600
CUNA commissions	715,402	655,811
Other commissions	68,121	57,806
Service charges	3,025	2,275
Entrance fees	47,750	47,425
Miscellaneous income	373,466	265,579
	<u>\$ 1,551,483</u>	<u>\$ 1,357,626</u>

22. Administrative Expenses:

	December 31	
	<u>2016</u>	<u>2015</u>
Advertising and promotions	\$ 447,289	\$ 596,470
Annual and special general meetings	434,035	441,896
Audit fees	216,000	209,300
Bank charges	152,863	42,035
Debt collector's commission	7,639	7,737
Depreciation	1,032,472	1,133,615
Donations	25,480	33,905
Electricity	382,270	408,960
Insurances	275,342	285,844
Legal and professional services	909,317	1,085,821
LINCU Debit Card expenses	221,019	153,907
Loss on disposal of fixed assets	12,865	24,175
Miscellaneous expenses	394,028	506,952
Rates and taxes	27,395	17,162
Property rental	720,000	720,000
Repairs, maintenance and cleaning	1,248,875	1,165,245
Security	214,155	224,578
Stationery, computer supplies, printing and postage	592,572	443,266
Telephone	491,917	694,226
	<u>\$ 7,805,533</u>	<u>\$ 8,195,094</u>

Notes to
THE FINANCIAL STATEMENTS

December 31, 2016

23. Board and Committees' Expenses:

	December 31	
	2016	2015
Conferences	\$ 62,909	\$ 79,899
Training	35,575	107,662
Meeting	111,348	241,044
Subsistence	266,395	196,892
Entertainment and duty allowance	36,800	43,275
Honoraria	271,056	293,668
Supervisory committee	15,043	31,343
Travelling	4,920	5,220
	<u>\$ 804,046</u>	<u>\$ 999,003</u>

24. Salaries and Benefits:

	December 31	
	2016	2015
Salaries and other staff benefits	\$ 12,122,158	\$ 11,564,505
Retirement Benefit Asset – IAS 19 adjustment	19,000	66,700
Training and subsistence	257,934	390,289
	<u>\$ 12,399,092</u>	<u>\$ 12,021,494</u>

2017 Quantitative Objectives, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2017 Quantitative Objectives

Key Results Area	Budgeted	Actual	Increase/(Decrease)	
	2017 (\$)	2016 (\$)	(\$)	%
Total income	48,856,095	43,621,511	5,234,584	12.00
Total expenses	30,191,229	27,070,065	3,121,164	11.53
Net surplus	18,664,866	16,551,446	2,113,420	12.77
Share savings portfolio	389,303,066	371,303,065	18,000,001	4.85
Time deposits portfolio	93,356,671	92,356,671	1,000,000	1.08
Deposit savings portfolio	57,835,110	48,235,110	9,600,000	19.90
Loans portfolio	430,520,513	398,829,324	31,691,189	7.95
Non-performing loans	21,526,026	22,691,139	(1,165,113)	(5.13)
Money market investments portfolio	78,764,608	75,764,608	3,000,000	3.96
Capital market investments portfolio	94,135,058	89,135,058	5,000,000	5.61

GENERIC STRATEGY OVER THE PERIOD 2017 - 2018

We at RHAND Credit Union remain committed to strengthening our position in the market and to this end, we will continue to pursue a Cost Leadership strategy over the period. During this time it is our intention to aggressively manage our cost structure across every activity of the value chain, to the extent that standardization and systemization become drivers of value.

PRIMARY INITIATIVES FOR THE REALISATION OF QUANTITATIVE OBJECTIVES

During the year 2017, the key initiatives for the Credit Union will be:-

- the active pursuit of business consolidation initiatives with suitable Credit Unions
- the active pursuit of business alliance initiatives with suitable Credit Unions
- the targeting of members of the Credit Union with good credit history for loan promotion activities
- the diversification of the investment portfolios of the Credit Union
- the execution of reengineering initiatives

2017 Quantitative Objectives,

PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2017 Proposed Capital Expenditure With Proposed And Actual Expenditure For The Year 2016

Project/Item Of Expenditure	Proposed 2016 (\$)	Actual 2016 (\$)	Proposed 2017 (\$)
Land Improvement Works	-	-	280,000
Buildings	450,000	113,586	6,610,811
Computer facilities	2,365,528	602,447	2,478,386
Furniture, fixtures and fittings	313,600	114,662	244,920
Office equipment	25,000	55,744	85,000
Other equipment	430,500	292,701	680,826
Total	3,584,628	1,179,140	10,379,943

2017 Financial Projections with Budgeted and Actual Results for 2015 and 2016

	2015				2016				2017	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
INCOME										
Interest on loans	40,268,235	92.1	36,384,961	89.9	39,335,870	89.4	38,483,380	88.2	40,792,446	83.5
Investment income	1,945,956	4.4	2,746,092	6.8	3,295,365	7.5	3,586,648	8.2	6,251,649	12.8
Fees and commissions	696,000	1.6	713,617	1.8	720,000	1.6	783,523	1.8	810,000	1.6
Rental income	372,000	0.9	306,600	0.7	288,000	0.7	320,000	0.8	330,000	0.7
Miscellaneous income	434,400	1.0	337,409	0.8	359,400	0.8	447,960	1.0	672,000	1.4
TOTAL INCOME	43,716,591	100.0	40,488,679	100.0	43,998,635	100.0	43,621,511	100.0	48,856,095	100.0

2017 Quantitative Objectives,
**PROPOSED CAPITAL EXPENDITURE
AND FINANCIAL PROJECTIONS**

2017 Financial Projections with Budgeted and Actual Results for 2015 and 2016

EXPENSES	2015				2016				2017	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
Advertising and promotion	450,000	1.6	596,470	2.1	990,000	3.2	447,289	1.7	360,000	1.2
Annual General Meeting expenses	450,000	1.6	441,896	1.5	450,000	1.5	434,035	1.6	450,000	1.5
Audit fees	127,200	0.5	209,300	0.7	216,000	0.7	216,000	0.8	222,000	0.7
Bank charges and interest	80,400	0.3	42,035	0.1	60,000	0.2	152,863	0.6	96,000	0.3
Business Continuity Planning expenses	12,000	0.1	-	-	12,000	0.0	156	0.0	50,000	0.2
Committees' expenses	601,200	2.2	625,436	2.2	607,200	1.9	470,080	1.7	591,600	2.0
Conferences and meetings	150,000	0.5	79,899	0.3	150,000	0.5	62,909	0.2	144,000	0.5
Life savings insurance	876,000	3.1	854,762	3.0	876,000	2.8	811,226	3.0	918,000	3.0
Loan protection expense	1,680,000	6.0	2,110,565	7.3	1,680,000	5.4	895,625	3.3	1,680,000	5.6
Debt collectors' commission	120,000	0.4	7,737	0.0	120,000	0.4	90,300	0.3	120,000	0.4
Depreciation	1,188,000	4.3	1,133,615	4.0	1,188,000	3.8	1,032,472	3.8	1,256,000	4.2
Donations	60,000	0.2	33,905	0.1	48,000	0.2	25,480	0.1	42,000	0.1
Member education, training and development expenses	1,400,000	5.0	1,305,645	4.6	1,600,000	5.2	1,125,294	4.2	1,200,000	4.0
Electricity	420,000	1.5	408,960	1.4	420,000	1.4	382,270	1.4	420,000	1.4
Honoraria	310,000	1.1	293,668	1.0	310,000	1.0	271,056	1.0	300,000	1.0
Insurances	363,600	1.3	285,844	1.0	318,000	1.0	275,342	1.0	330,000	1.1
Interest on members' savings deposits	361,427	1.3	345,527	1.2	208,108	0.7	293,902	1.1	263,279	0.9
Interest on members' time deposits	1,840,230	6.6	1,970,715	6.9	1,852,530	6.0	2,018,747	7.5	1,856,350	6.1
Legal and professional services	420,000	1.5	1,085,821	3.8	420,000	1.4	909,161	3.4	300,000	1.0
Loan loss expense	1,000,000	3.6	919,012	3.2	1,000,000	3.2	916,600	3.4	1,000,000	3.3
Loss on disposal of assets	24,000	0.1	24,175	0.1	24,000	0.1	12,864	0.0	24,000	0.1
Loss on disposal of investments	12,000	0.1	-	-	6,000	0.0	-	-	6,000	0.0
Miscellaneous expenses	420,000	1.5	660,859	2.3	450,000	1.5	532,388	2.0	768,000	2.5
Rates and taxes	18,000	0.1	17,162	0.0	18,000	0.0	27,395	0.1	36,000	0.1
Rental expense	720,000	2.6	720,000	2.5	720,000	2.3	720,000	2.6	720,000	2.4
Repairs, maintenance and cleaning	1,140,000	4.1	1,165,245	4.1	1,080,000	3.5	1,248,875	4.6	1,248,000	4.1
Personnel costs	12,088,000	43.4	12,021,494	41.9	14,442,400	46.6	12,399,092	45.8	14,033,400	46.5
Security expenses	180,000	0.6	224,578	0.8	180,000	0.6	214,155	0.8	216,000	0.7
Special General Meeting expenses	12,000	0.1	-	-	12,000	0.0	-	0.0	12,000	0.0
Stationery, computer supplies, printing and postage	486,000	1.7	443,266	1.5	805,200	2.6	592,572	2.2	808,600	2.7
Telephone expenses	840,000	3.0	694,226	2.4	720,000	2.3	491,917	1.8	720,000	2.4
TOTAL EXPENSES	27,850,057	100.0	28,721,817	100.0	30,983,438	100.0	27,070,065	100.0	30,191,229	100.0
NET SURPLUS	15,866,534	36.3	11,766,862	29.1	13,015,197	29.6	16,551,446	37.9	18,664,866	38.2

RESOLUTIONS

1. APPOINTMENT OF AUDITORS

Be it resolved, that the firm of Chartered Accountants – PKF, be appointed as the Auditors of the Society for the financial year ending December 31, 2017.

2. BUILDING FUND

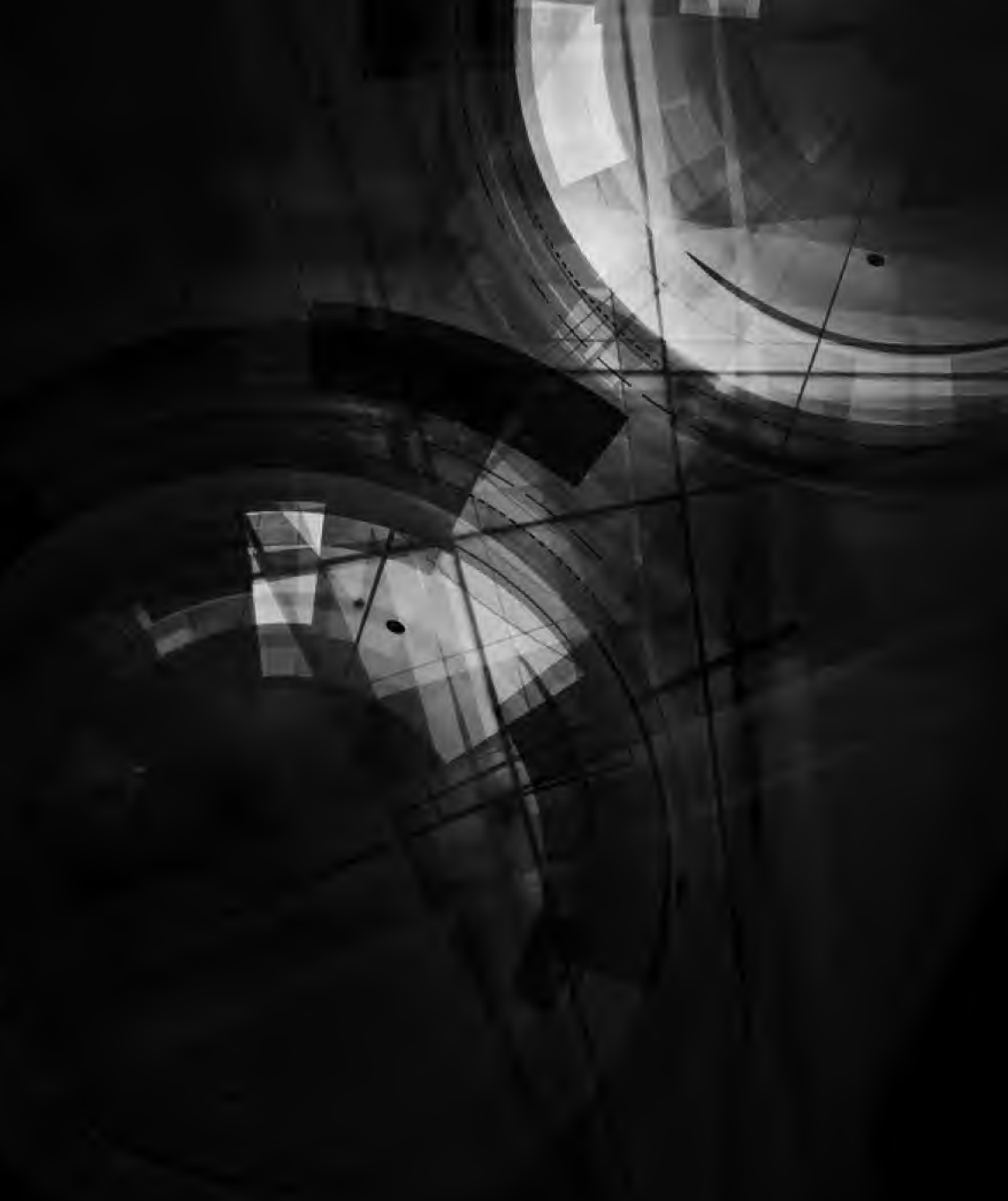
Be it resolved, that pursuant to Bye-Law 15 (h) (ix), that the sum of \$750,000 be allocated from the surplus for the year ended December 31, 2016 to the Building Fund.

3. DIVIDEND ON SHAREHOLDINGS

Be it resolved, that a dividend of 2.75% on the average monthly share balance held by each member for the year ended December 31, 2016 be declared for the year ended December 31, 2016 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 30.0% and 70.0% respectively of the entitlement for each member.

4. HONORARIA

Be it resolved, that honoraria in the gross sum of \$ 313,334. (\$ 235,000. net of income tax liability), be declared for the year ended December 31, 2016.



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