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MESSAGE FROM THE PRESIDENT OF RHAND CREDIT UNION

Dear Members of the RHAND Family

On behalf of the 2010 Board of Directors and the Management Team of RHAND Credit Union, I greet you in the name above all names – that of the almighty God! We take this opportunity to wish each and every one of our members, health and prosperity for 2011.

When a pebble is thrown into a calm pool, the resulting ripples radiate outwards. So have the waves associated with the 2007 – 2008 Credit Crisis radiated outwards to be felt by economies worldwide, with Trinidad and Tobago being no exception. In 2010, RHAND continued to be affected and challenged by an economic environment characterised by decreasing interest rates on investments, high levels of liquidity, rising inflation and rising unemployment, in its attempt to generate reasonable levels of returns on the funds entrusted to the Society by the membership.

Compounding matters however, was the unexpected calling of the national elections on May 24, 2010. This produced a change in Government and a change for the fortunes of the Credit Unions in two very significant ways. Firstly, there was a putting on hold of the previously promised new regulatory framework for Credit Unions and secondly and more importantly, a changed approach on the part of the new Government to the management of the fallout from the CL Financial debacle, as was announced in the 2010 National Budget. Essentially, what is of significance for Credit Unions, is that all accrued interest on CLICO EFPA – investments must now be written off as a result of being deemed uncollectible.

Despite the strong external shocks however, the Board of RHAND has demonstrated its commitment to maintaining RHAND's status as a model Credit Union. We remain committed to the Credit Union philosophy of "People helping People", while at the same time, forging ahead with the strategic mandate of revenue growth and improved return on invested capital – the two critical drivers of value creation.

An objective review of the financial standing of RHAND Credit Union will lead to the conclusion that RHAND is strong and healthy, thanks primarily to the actions of those members who regularly purchase shares and repay their loans on time. RHAND will survive the shock of the CL Financial failure and be stronger for it, despite what immediate consolidating measures we must collectively adopt.



MARTIN MINGUELL
PRESIDENT - BOARD OF DIRECTORS

Looking forward, some of the major issues facing the 2011 Board will be - continuing the work of 'spinning golden yarn from straw' despite the strong economic headwinds, the crafting of a new strategic plan, the concluding of 2009 – 2011 salary negotiations, the presentation of proposals for the Tragarete Road building project to the membership, and the launching of the Cummings-Fraser Foundation.

In reality, Credit Unions and their members are facing the most challenging economic environment since the mid-1980s. But each time members consciously choose RHAND as the organization for their financial services - be it debit card (LinCU), property financing, bridging loan facility, debt consolidation, education loan, vehicle financing or financial counseling, they ensure the survival of RHAND. So, let the mantra always be – RHAND First!

As we press forward, envisioning the RHAND we want for our children, let's seek the face of the Almighty in all things. Pray one for another, support each other in these challenging times and seek the good in all situations, as where challenges exist - there also exist opportunities for renewal and growth.

God Bless you all.

Martin Minguell
President - Board of Directors

NOTICE OF 63RD ANNUAL GENERAL MEETING



Notice is hereby given that the 63rd Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday-March 19, 2011, commencing at 1:00 p.m. at the following two (2) venues simultaneously

- 1) Trinidad - UWI Sport and Physical Education Centre, St. Augustine
- 2) Tobago - Ministry of Works Conference Centre, Shaw Park

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

AGENDA

1. Adoption of Standing Orders
2. President's Address
3. Minutes of the 62nd Annual General Meeting of March 20, 2010
4. Matters Arising out of the Minutes of the 62nd Annual General Meeting
5. Reports 2010
 - *Board of Directors*
 - *Credit Committee*
 - *Supervisory Committee*
 - *Independent Auditors*
 - *Financial Statements*
6. Election of Officers for the 2011/2012 Term
7. 2011 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
8. Review of the Bye-Laws of the Society
9. Motions
10. Resolutions
11. Other Business

Dated this 4th day of March, 2011

BY ORDER OF THE BOARD,

Emmanuel Walker
Secretary – Board of Directors

**NOTE: Registration begins at 12:00 noon.
Only members in good financial standing will be admitted to the meeting.
Proper identification will be required.**



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/She 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



2010 - 2011

Board of Directors

Mr. Martin Minguell	-	President
Mr. Trevor Percival	-	Vice President
Mr. Emmanuel Walker	-	Secretary
Ms. Marlene Felix	-	Assistant Secretary
Mr. Kedron Duke	-	Treasurer
Mr. Trevor Boissiere	-	Director
Mr. Earl Nesbitt	-	Director
Mrs. June Young-Kendall	-	Director
Mr. Martin Gibbs	-	Director
Mrs. Glenda Bruce	-	Director
Mrs. Christine Campbell	-	Director
Ms. Monica Richards	-	Director
Mrs. Theresa Agulia-Joseph	-	1 st Substitute
Mr. John Self	-	2 nd Substitute

Supervisory Committee

Ms. Claudette Brown	-	Chairman
Ms. Hermoine James	-	Secretary
Mrs. Patricia Williams	-	Member
Mrs. Lydia Barnett-Roper	-	Member
Ms. Pamela Ogiste	-	Member
Mr. Stephen Turner	-	1 st Substitute
Ms. Lorris Alfred	-	2 nd Substitute

Credit Committee

Ms. Jennifer James	-	Chairman
Ms. Patricia Harry	-	Secretary
Mr. Dave Williams	-	Member
Ms. Marcia Codougan	-	Member
Mr. Lenus Joseph	-	Member
Mr. Peter Lewis	-	1 st Substitute
Ms. Ann Retess	-	2 nd Substitute



MINUTES OF THE 62ND ANNUAL GENERAL MEETING

Held on Saturday-March 20, 2010, simultaneously at the UWI Sport and Physical Education Centre, St. Augustine – Trinidad and the Ministry of Works Conference Centre, Shaw Park – 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 1:30 p.m. with the Convenor - Mr. Emmanuel Walker welcoming members present at the UWI Sport and Physical Education Centre and members in Tobago at the Ministry of Works Conference Centre, who were participating via the medium of video conferencing.
- 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 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 – Mr. Martin Minguell, informed the members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being three hundred and fifty (350) members present:– two hundred and ninety-seven (297) in Trinidad and fifty-three (53) in Tobago. He 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 Mr. Earl Nesbitt – a Retiree and seconded by Mr. Lancelot Greaves – also a Retiree. The motion was put to the vote and carried.
- 2.3 Members also agreed to a proposal for the 2009 Annual Report to be taken as read.
- 2.4 The proceedings were then passed to the President – Mr. Trevor Percival who assumed the role of Chairman for the business of the afternoon.

3. ADDRESS OF THE PRESIDENT

- 3.1 The President - Mr. Trevor Percival, welcomed everyone present and extended wishes for a happy, healthy, peaceful and prosperous 2010.
- 3.2 He then addressed the membership, sharing the following observations, thoughts and perspectives:
 - As RHAND approaches the milestone of the 63rd year of its existence, the Credit Union continues to become stronger and more efficient in its operations.

CONT'D

MINUTES OF THE 62ND ANNUAL GENERAL MEETING



- Despite the harsh global and domestic economic conditions, RHAND Credit Union was able to achieve growth in size, revenue and net surplus for 2009.
- Members should commit to making RHAND their financial institution of first choice.
- Appropriate measures have been adopted by the Credit Union to ensure that RHAND continues to be a robust and successful financial institution while at the same time being steadfastly focused on ensuring that the needs of members are met.
- The Members of the Board of Directors and by extension the general membership wish to recognise and express thanks for the contribution of Mrs. Marjorie Solomon-Philip and Mr. Joseph Lewis – two stalwarts who have served RHAND with distinction and have together given sixty-six (66) years of devoted service to the Credit Union.

4. CONFIRMATION OF THE MINUTES OF THE 61ST ANNUAL GENERAL MEETING

- 4.1 The Minutes of the 61st Annual General Meeting were tabled for the consideration of the membership.
- 4.2 The Minutes of the 61st Annual General Meeting were confirmed, without amendment, on a motion by Mr. Valentine Arneaud, a Retiree, and seconded by Mr. Allan Howard, also a Retiree. The motion was put to the vote and carried.

5. CONFIRMATION OF THE MINUTES OF THE SPECIAL GENERAL MEETING OF NOVEMBER 14, 2009

- 5.1 The Minutes of the Special General Meeting of November 14, 2009 were tabled for the consideration of the membership.
- 5.2 The Minutes of the Special General Meeting of November 14, 2009 were confirmed, without amendment, on a motion moved by Mr. Lenus Joseph, a Retiree and seconded by a member in Tobago whose name was not recorded. The motion was put to the vote and carried.

6. MATTERS ARISING OUT OF THE MINUTES OF THE 61ST ANNUAL GENERAL MEETING

- 6.1 Members raised the following two (2) matters, which were responded to accordingly.
 - The reason for the discrepancy in the particulars relating to non-performing loans as reflected in the Report of the Credit Committee and the Report of the Board of Directors was sought by Mr. Allan Howard, a Retiree.



MINUTES OF THE 62ND ANNUAL GENERAL MEETING

CONT'D

The Chairman and the General Manager in response indicated that as explained in the Annual Report, the differences in the figures in the two reports were as a result of differences in the classifications used and not as a result of any inaccurate reporting on the part of either the Board of Directors or the Credit Committee.

- Ms. Paula Webber of the Ministry of Works sought an update as to whether Membership Skills Development Programmes were still a part of the activities of the Credit Union as she was not aware of any communication to the general membership to this effect.

The Chairman indicated that Skills Development Programmes continue to be a major part of the annual programme of activities of the Credit Union and every effort is made to have all scheduled events and activities well promoted and advertised.

7. MATTERS ARISING OUT OF THE MINUTES OF THE SPECIAL GENERAL MEETING OF NOVEMBER 14, 2009

7.1 The following two (2) matters were raised by Ms. Melinda Roberts, a Retiree.

- Would CUNA continue to cover the share savings of members and would the loans of borrowers over the age of seventy be provided for under the Loan Protection Fund.

The General Manager indicated that the answer to each query was in the affirmative.

8. REPORTS

REPORT OF THE BOARD OF DIRECTORS

8.1 The Report of the Board of Directors was tabled for the consideration of the membership.

8.2 Members raised the following matters, which were responded to by the Chairman and the General Manager.

- What were the factors which contributed to the 10.18% increase in the asset base of the Credit Union?

The General Manager indicated that this matter would be fully addressed when the financial statements are reviewed.

- The reason for the narrow spread of 1.38% between the cost of funds for the RHANDeposit Portfolio and the rate of return on the Short – Term Investments Portfolio.

The General Manager explained that the overriding objective was not one of maximizing the spread by paying minimum interest to members for their deposits but one of encouraging members to place funds on deposit at the Credit Union by offering competitive interest rates.

MINUTES OF THE 62ND ANNUAL GENERAL MEETING

CONT'D



- Did RHAND Credit Union subscribe to the fixed deposit insurance scheme?

The General Manager advised that RHAND Credit Union was not a participant in any deposit protection programme.

- What is the reason for the long delay in moving forward with plans for the Woodbrook properties?

The Chairman explained the nature of the delays experienced at the Town and Country Planning Division and the Port-of-Spain City Corporation.

- What was the name of the Town Planning Consultant whose services were engaged and what was the sum total of the fees payable?

The Chairman and the General Manager in response indicated that the Consultant engaged was a Mr. Fabian and the total fees payable were in the sum of \$25,000.00.

- What was the value of the Woodbrook properties that were purchased?

The Chairman and the General Manager explained that no recent valuations were done on the properties, however the 2006 Annual Report of RHAND Credit Union showed that the properties were purchased for \$11.6 million, after the Members of the Board of Directors had sought and received valuation reports from the firm of Raymond and Pierre Limited.

- What system of feedback was in place to track the progress of the persons to whom scholarships were granted?

The Chairman explained in great detail the system of continuous monitoring and reporting which is in place for tracking the progress of the recipients of five-year scholarships from RHAND Credit Union.

8.3 There being no further discussion concerning the Report of the Board of Directors, a motion for its adoption was moved by Ms. Pamela Ogiste of the Elections and Boundaries Division and seconded by Mr. Lenus Joseph – a Retiree.

8.4 The motion was put to the vote and carried.

REPORT OF THE CREDIT COMMITTEE

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

8.6 Ms. Patricia Harry - the Chairman of the Credit Committee, gave a synopsis of the said Report.

8.7 Members raised the following matters, which were responded to accordingly.

- A member in Tobago inquired into the reason for the inordinate delay in having her loan application approved.



MINUTES OF THE 62ND ANNUAL GENERAL MEETING

CONT'D

The Chairman of the Credit Committee gave an undertaking that the matter would be followed up and addressed.

- Mr. Allan Howard asked for feedback on the systems in place for categorizing and managing non-performing loans at RHAND Credit Union.

The Chairman of the Credit Committee outlined the role that members of the Credit Committee play in scheduling interviews with members and offering financial advice and counselling.

- Mr. Valentine Arneaud inquired as to the reason for discontinuation of the practice of publishing the names of the holders of non-performing loan accounts in the print media.

The Chairman of the Credit Committee explained that the practice mentioned is no longer employed by the Credit Union.

8.8 There being no further discussions concerning the Report of the Credit Committee, a motion for its adoption was moved by Mr. Hollis Maloney, a Retiree and seconded by Ms. Christine Campbell of the Customs and Excise Division.

8.9 The motion was put to the vote and carried.

REPORT OF THE SUPERVISORY COMMITTEE

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

8.11 Mr. Hollis Maloney – the Chairman of the Supervisory Committee gave an overview of the Report.

8.12 Members raised the following issues which were responded to accordingly.

- Did the Members of the Supervisory Committee have access to a copy of the Managements letter from the External Auditors?
- Was the Supervisory Committee satisfied that the operating systems of the Credit Union were working efficiently?

The Chairman of the Supervisory Committee indicated that the answer to each query was in the affirmative.

- Were the staff vacancies discussed at the last General Meeting, particularly the post of Internal Auditor, filled?

The Chairman of the Supervisory Committee responded that the position of Internal Auditor was filled for a short period, with the incumbent leaving to take up a more lucrative position. He also indicated that the Credit Union now has on staff an Assistant General Manager whose responsibilities extend to the Human Resources function and Service Delivery.

CONT'D

MINUTES OF THE 62ND ANNUAL GENERAL MEETING



8.13 There being no further matters raised by members concerning the Report of the Supervisory Committee, a motion for its adoption was moved by Mr. Joseph Lewis, a Retiree and seconded by Mr. Allistair, also a Retiree.

8.14 The motion was put to the vote and carried.

AUDITORS' REPORT

8.15 Mr. Atiba Franklyn, a representative from the firm of Chartered Accountants – PKF, was invited by the Chairman to present the Auditors' Report.

8.16 The Auditors' Report was read by Mr. Franklyn and then was duly adopted by the meeting on a motion moved by Mr. Earl Martin of the Customs and Excise Division and seconded by Ms. Monica Richards, also of the Customs and Excise Division.

FINANCIAL STATEMENTS

8.17 The Financial Statements of RHAND Credit Union for the year ended December 31, 2009 were tabled for the consideration of the membership. The General Manager – Mr. David Maynard gave an overview of the Society's performance and compared RHAND's performance with the 2009 financial year performance of two large Credit Unions and two large commercial banks.

8.18 Members then raised the following matters, which were responded to accordingly.

- What would be lost or gained if the Credit Union comes under the umbrella of the Central Bank?

The General Manager explained that with the Central Bank as Regulator/Supervisor, there would certainly be reporting requirements and prudential criteria to be observed by Credit Unions and therefore Credit Unions would no longer be able to continue with such undesirable financial practices as making inadequate provisions for impaired loans and paying dividends out of institutional capital.

- What was the maturity date for and the composition of the CLICO Investments held by RHAND Credit Union?

The General Manager responded that the maturity date was somewhere in the month of February 2011 and the investment amount comprised of principal sum plus capitalized interest.

- What were the reasons for the increases in Advertising and Promotions Expenses and Legal and Professional Services Fees?



MINUTES OF THE 62ND ANNUAL GENERAL MEETING

CONT'D

The General Manager explained that given the challenges faced by financial institutions in 2009, RHAND spent a larger sum of money in promoting its products and services. With respect to the increase in professional services fees, this was accounted for by money spent in engaging the services of professionals in the areas of strategic planning facilitation and executive searches.

- Was RHAND's loan loss provision considered to be adequate?

The General Manager indicated that the answer was in the affirmative.

8.19 There being no further matters raised by the members concerning the Financial Statements, a motion for its adoption was moved by Mr. Stephen Turner of the Ministry of National Security and seconded by Mr. Lenus Joseph, a Retiree.

8.20 The motion was put to the vote and carried.

9. ELECTIONS OF OFFICERS FOR THE 2010/2011 TERM

9.1 The Report of the Nominating Committee was presented for the consideration of the general membership.

9.2 The Report of the Nominating Committee was adopted on a motion moved by Mr. Joseph Lewis – a Retiree and seconded by Ms. Patricia Harry, also a Retiree. It was put to the vote and carried.

9.3 The President, then vacated the chair and invited Ms. Jennifer Hyacinth of the Co-operative Development Division, to assume same in the capacity of Returning Officer.

9.4 The Returning Officer explained the election process to members and invited them to view the DVD presentation with the representations of the individuals offering themselves for election.

9.5 Members were then invited to cast their ballots.

9.6 The following persons were elected to serve on the Board of Directors and Statutory Committees for the 2010/2011 Term.

BOARD OF DIRECTORS

Martin Gibbs	Earl Nesbitt	Theresa Agulia-Joseph <i>First Substitute</i>
Trevor Percival	Monica Richards	John Self <i>Second Substitute</i>

CREDIT COMMITTEE

Dave Williams	Peter Lewis <i>First Substitute</i>
Marcia Codougan	Ann Retess <i>Second Substitute</i>
Lenus Joseph	

CONT'D

MINUTES OF THE 62ND ANNUAL GENERAL MEETING



SUPERVISORY COMMITTEE

Pamela Ogiste	Stephen Turner <i>First Substitute</i>
Patricia Williams	Lorris Tracey Alfred <i>Second Substitute</i>
Claudette Brown	

9.7 A motion for the destruction of the ballots was duly passed on a motion moved by Mr. Trevor Boissiere of the Sport Company of Trinidad and Tobago Limited and seconded by Mr. Earl Nesbitt, a Retiree.

9.8 The Returning Officer then vacated the chair and the President assumed same once again.

10. 2010 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

10.1 The 2010 Quantitative Objectives, Capital Expenditure Budget and Financial Projections were tabled for the consideration of the membership, with a request for the following amendments to be effected.

- the heading of the second column of the Table on page 72 to read Actual 2009 instead of Actual 2008
- the heading of the third column of the Table on page 72 to read BUDGET 2010 instead of BUDGET 2009

10.2 A member inquired into the existence of a policy covering donations at RHAND Credit Union. The member was advised by the General Manager that such a policy was in place.

10.3 There being no further discussion concerning the 2010 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections, a motion for their adoption was moved by Mr. Trevor Boissiere of the Sport Company of Trinidad and Tobago Limited and seconded by Mr. Stephen Turner of the Ministry of National Security.

10.4 The motion was put to the vote and carried.

11. REVIEW OF THE BYE-LAWS OF THE SOCIETY

11.1 The following three proposals for amending the Bye-Laws of the Society were tabled for the consideration of the membership.

- a proposal to amend Bye-Law 3 (a)(iii) by providing for the protection of loans by way of the creation of a Loan Protection Fund.
- a proposal to amend Bye-Law 13 by providing for the discontinuation of the use of pass books and the implementation of monthly or quarterly statements of account.



MINUTES OF THE 62ND ANNUAL GENERAL MEETING

CONT'D

- a proposal to amend Bye-Law 1 (a)(v) by redefining an inactive member as a member who at a given point in time has not purchased the equivalent of a minimum of twelve (12) shares during the preceding twelve (12) month period.
- 11.2 The Secretary – Mr. Martin Minguell, requested members to make the following correction to the proposal to amend Bye-Law 3 (a)(iii)
- in the heading of the proposal, change the date of March 20, 2009 to read March 20, 2010.
- 11.3 Members agreed to a proposal for all three motions to be taken as read.
- 11.4 A head count at this time revealed that there were one hundred and one (101) members in attendance:- seventy-one (71) in Trinidad and thirty (30) in Tobago.
- 11.5 Members resoundingly voted in favour of each of the three motions with the required three-fourths majority of the members present voting in favour of each successive motion.

12. MOTIONS

- 12.1 The following two motions were tabled for the consideration of the membership.
- a motion to increase the maximum liability of the Society to \$200,000,000.
 - a motion to establish the Cummings-Fraser Foundation.
- 12.2 Members resoundingly voted in favour of each motion.

13. RESOLUTIONS

- 13.1 The membership duly passed the following Resolutions:

- **APPOINTMENT OF AUDITORS**

That the firm of Chartered Accountants – PKF, be appointed as the Society's Auditors for the financial year ending December 31, 2010.

- **BUILDING FUND**

That pursuant to Bye-Law 15(h)(ix), the sum of \$750,000.00 be allocated from the surplus for the year ended December 31, 2009 to the Building Fund.

CONT'D

MINUTES OF THE 62ND ANNUAL GENERAL MEETING



- **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 3.50% on the average monthly share balance held by each member for the year ended December 31, 2009, be declared for the year ended December 31, 2009.

- **HONORARIA**

That honoraria in the sum of \$235,000.00 be declared for the year ended December 31, 2009.

- **LOAN PROTECTION FUND**

That the sum of \$699,299.00 be allocated from the surplus for the year ended December 31, 2009 to the Loan Protection Fund.

14. OTHER BUSINESS

14.1 There being no further business, the meeting ended at 7:45 p.m.

Respectfully submitted

.....
Emmanuel Walker
Secretary – 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, 2010. The Year 2010 was quite a challenging one for financial services organizations in general and more particularly Credit Unions, as a result of a business climate coloured by the following developments:

- sluggish economic activity
- high inflation
- rising unemployment
- depressed credit demand
- falling interest rates
- limited investment alternatives
- the fallout from the 2010 Budget pronouncements

1.2 Against this backdrop, the successes of RHAND Credit Union in 2010, reflect the ongoing efforts of the Members of the Board of Directors, the Members of the Statutory Committees and the Members of Staff of the Society, to respond to the environment of negative economic growth and the changing needs of members and to take initiatives to position RHAND Credit Union as a model financial services co-operative on the Caribbean landscape.

2. COMPOSITION OF THE BOARD OF DIRECTORS

2.1 The following members were elected to the Board of Directors at the 62nd Annual General Meeting held on March 20, 2010.

- Mr. Trevor Percival
- Mr. Earl Nesbitt
- Mr. Martin Gibbs
- Ms. Monica Richards

2.2 Mrs. Theresa Agulia-Joseph was elected as the 1st Substitute member, while Mr. John Self was elected as the 2nd Substitute member.

2.3 The full Board for the 2010/2011 Term, comprised the following twelve (12) members (listed in alphabetical order):

- Trevor Boissiere
- Glenda Bruce
- Christine Campbell
- Kedron Duke
- Marlene Felix
- Martin Gibbs
- Martin Minguell
- Earl Nesbitt
- Trevor Percival
- Monica Richards
- Emmanuel Walker
- June Young-Kendall

CONT'D

REPORT OF THE BOARD OF DIRECTORS



- 2.4 The term of office of Directors Trevor Boissiere, Glenda Bruce, June Young-Kendall and Emmanuel Walker comes to an end at this 63rd Annual General Meeting.
- 2.5 The Board wishes to inform the membership that Mrs. June Young-Kendall would not be seeking re-election and take this opportunity to thank her for the invaluable service rendered during her tenure.

3. EXECUTIVE COMMITTEE

3.1 As mandated by the Bye-Laws, at the inaugural meeting, the members of the Board elected an Executive Committee. The Elected Officers for the 2010/2011 Term comprised the following:

- Martin Minguell - President
- Trevor Percival - Vice President
- Emmanuel Walker - Secretary
- Marlene Felix - Assistant Secretary
- Kedron Duke - 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-eight (48) meetings.



REPORT OF THE BOARD OF DIRECTORS CONT'D

4. MEETINGS OF THE BOARD OF DIRECTORS

4.1 The Board held twelve (12) Regular and nineteen (19) Extraordinary meetings during the period January 01, 2010 to December 31, 2010. Attendance of members at Board Meetings are detailed at **Table 1**.

Table 1: ATTENDANCE AT BOARD MEETINGS

	REGULAR			EXTRAORDINARY			REMARKS
	P	Ex	A	P	Ex	A	
Martin Minguell	12	0		19	0		
Trevor Percival	11	1		18	1		
Emmanuel Walker	12	0		16	3		
Marlene Felix	12	0		14	5		
Kedron Duke	10	2		14	5		Out of the Country
Trevor Boissiere	10	2		13	6		
Earl Nesbitt	5	7		4	15		Leave of Absence
June Young-Kendall	10	2		13	6		
Martin Gibbs	11		1	17	0	2	
Glenda Bruce	11	1		16	3		
Christine Campbell	10	2		18	1		
Monica Richards	10	2		15	4		2nd Substitute from Jan. – March 2010 Elected Director from March 2010
Theresa Agulia-Joseph	9	3		15	4		Out of the Country Director from Jan. – March 2010 Elected 1st Substitute from March 2010
John Self	6	6		10	9		Out of the Country

5. MEMBERSHIP

5.1 During the year 2010, () applicants were admitted to membership. A total of() members, including fifty-two (52) who passed away (**Table 2**), ceased membership in 2010. As at December 31, 2010, the total active membership complement of RHAND Credit Union stood at.....

CONT'D

REPORT OF THE BOARD OF DIRECTORS



Table 2: MEMBERS WHO DIED IN 2010

1	10560	Carol Taylor	January 05, 2010
2	1222	Gretta Craig	January 13, 2010
3	7966	Wilfred Constance	January 21, 2010
4	1651	Pearl Mitchell	January 25, 2010
5	5130	Mavis Khan	February 03, 2010
6	6758	Cecil Lakhan	February 16, 2010
7	10536	Joyce Ramdeen	February 23, 2010
8	18838	Verlene Craig	February 27, 2010
9	16482	Jason Bravo	March 08, 2010
10	1977	Bernice Hall	March 08, 2010
11	6552	Mary Belle	March 25, 2010
12	9241	Vilma Mc Lean	March 26, 2010
13	11036	Doris Phillip	April 03, 2010
14	10213	Elton Grant	April 08, 2010
15	10055	Agatha Anderson	April 10, 2010
16	13527	Errol Williams	April 17, 2010
17	8579	George Henry	April 22, 2010
18	13036	Natasha Mc Mayo - Enill	April 22, 2010
19	2783	Raymond Phillip	April 24, 2010
20	21018	Gary Sampson	May 12, 2010
21	11591	Dora Casimire	May 16, 2010
22	2143	Phyllis Eligon	May 17, 2010
23	1206	Aloma Rajnauth	May 17, 2020
24	4240	Madge Richardson	May 22, 2010
25	17099	Denise St. Clair	May 29, 2010
26	11633	Gail Taylor	June 07, 2010
27	12298	John Castillo	June 10, 2010



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Table 2: MEMBERS WHO DIED IN 2010 (Cont'd)

28	15961	Arlene Dann	June 10, 2010
29	19961	Fitzroy Lewis	June 11, 2010
30	4735	Geraldine Guerero-Gabriel	June 25, 2010
31	7331	Clemencia Francis	June 26, 2010
32	2945	Alfred Alexander	June 28, 2010
33	5314	Fitzroy Medina Phillip	June 28, 2010
34	2703	Verna Telesford	July 10, 2010
35	13859	David Jack	July 25, 2010
36	21266	Claire Ramsey	July 25, 2010
37	22563	Ann Toussaint	July 28, 2010
38	14	Geraldo Green	August 06, 2010
39	2155	Ida De Souza-Henderson	August 13, 2010
40	23593	Moses Reid	August 27, 2010
41	1773	Phyllis Innis	September 01, 2010
42	11440	Claudette Morrison-Blackett	September 06, 2010
43	10069	Sandra Romany-Joseph	September 23, 2010
44	11584	David Moses	September 29, 2010
45	7004	Michael Russell	October 04, 2010
46	3809	Gaston Dick	October 10, 2010
47	10048	Claudette Wyke	October 24, 2010
48	8223	Pamela Murray-Roberts	October 27, 2010
49	7781	Annette Clement	November 01, 2010
50	1045	Kenrick Billouin	November 06, 2010
51	11340	Garnet Williams	November 06, 2010
52	10098	Cheryl Kissoon	November 19, 2010

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. YEAR 2010 GLOBAL AND DOMESTIC MACRO-ECONOMIC ENVIRONMENT

- 6.1 The challenge for economies globally in 2009, was one of grappling with the realities of a global economic recession. In 2010, the global economy stabilised, with the advanced economies recovering from the global economic recession, albeit at a slower pace than initially expected. Among the advanced countries, the United States economy expanded by 3.20 percent (quarter-on-quarter) in the fourth quarter of 2010, following growth of 2.60 percent in the third quarter. Similarly, the United Kingdom recorded growth in both the second and third quarters of 2010 of 1.10 percent and 0.70 percent (quarter-on quarter) respectively, but contracted by 0.50 percent in the fourth quarter.
- 6.2 Spurred by the return to growth of several developed economies, Caribbean economic activity increased marginally in 2010. According to preliminary estimates from the Central Bank of Barbados, the Barbadian economy declined by 0.40 percent for the first nine months of 2010 as opposed to 4.70 percent in 2009. In Jamaica, real GDP fell by 0.90 percent in the third quarter of 2010 relative to the same period in 2009. Guyana on the other hand, weathered the effects of the global economic recession better than most Caribbean countries, with the International Monetary Fund forecasting GDP growth of 2.90 percent in 2010.
- 6.3 After 15 years of positive growth, the Trinidad and Tobago economy was hit hard in 2009 by the global financial crisis, the fall in energy prices and the collapse of a large financial conglomerate. The economy which grew by as much as 13.50 percent in 2006, slowed markedly to growth of 2.40 percent in 2008. This was followed by a 3.5 percent contraction in GDP in 2009, while preliminary data for 2010 shows that the Trinidad and Tobago economy registered no growth in 2010.
- 6.4 While the energy sector of Trinidad and Tobago has continued to register positive growth of 2.60 percent in 2009 and 3.00 percent in 2010, the non-energy sector – which accounts for 97.0 percent of total employment in Trinidad and Tobago, registered declines of 7.20 percent in 2009 and 1.90 percent in 2010. As a consequence, the rate of unemployment in Trinidad and Tobago climbed to 7.00 percent in 2010, with approximately 25,000 fewer persons with jobs in 2010 than in 2009.
- 6.5 Sparked by bad weather, food prices in Trinidad and Tobago escalated in 2010, pushing headline inflation to 13.40 percent (year-on-year) by December 2010, compared with 1.30 percent at the end of 2009. Core inflation (which excludes movements in food prices) increased to 4.70 percent in the twelve months to December 2010 from 2.20 percent a year earlier.

7. YEAR 2010 DOMESTIC FINANCIAL SYSTEM PERSPECTIVE

- 7.1 During 2010, the domestic financial system had to contend with the following challenges:
- the effects of sluggish economic activity at the domestic and regional level
 - the fallout from the CL Financial/CLICO debacle
 - weak consumer and investor confidence leading to a sharp fall in credit demand
 - rising unemployment
 - rising inflation



REPORT OF THE BOARD OF DIRECTORS

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- 7.2 In the face of sluggish economic activity and in an effort to stimulate economic growth, the Central Bank of Trinidad and Tobago continued its accommodative monetary stance in 2010, reducing the 'repo' rate from 5.25 percent at the start of 2010 to 3.75 percent by December 2010. This thrust in turn led to commercial banks decreasing their average prime lending rate from 9.50 percent to 8.38 percent during the year.
- 7.3 Despite a lower interest rate environment however, private sector credit declined in all areas of lending for 2010, with the exception of real estate lending. This development had the effect of increasing the level of liquidity in the financial system, thereby putting further downward pressure on short-term interest rates.
- 7.4 In addition, as a result of the CLICO events, there were two other unique developments in 2010 –
- the transfer of funds from mutual funds and Credit Union accounts to commercial bank accounts
 - the substitution by investors of demand deposits and savings deposits for time deposits
- 7.5 It is against this backdrop of economic stagnation, lower interest rates and lower demand for credit, that the Board of Directors of RHAND Credit Union is pleased to report that our prudence over the past few years has served RHAND Credit Union in good stead in 2010. The year 2010, while challenging in many respects, was another highly successful year of operations for the Credit Union. As at December 31, 2010, the balance sheet of the Credit Union remains as one of the strongest in the financial services Co-operative sector in the Caribbean, despite the fury of the raging economic/financial storm.



8. ASSET BASE

- 8.1 Against the backdrop of no GDP growth for fiscal 2010, RHAND Credit Union recorded a decrease in its asset base of \$(1,549,423) (0.39%), for the year ended December 31, 2010, moving from \$395,786,552 as at December 31, 2009 to \$394,237,129 as at December 31, 2010 (**Table 3**).

Table 3: TOTAL ASSETS 1997 – 2010

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	394,237,129	(1,549,423)	(0.39)

- 8.2 After 13 years of strong asset base growth, RHAND Credit Union was impacted adversely in 2010 by the fallout from the CLICO debacle. As at August 31, 2010, the asset base of RHAND Credit Union stood at \$408,373,451, reflecting growth of \$12,586,899 (3.18%) for the eight-month period. The pronouncements of the Minister of Finance in the 2011 Budget Presentation relating to the status of CLICO EFPA Account holders and the negative media reports which followed, saw many members withdrawing funds from the Credit Union.
- 8.3 It is of significant interest to note, that over the thirteen (13) year period of January 01, 1997 to December 31, 2009, RHAND Credit Union tripled its financial strength – moving from an asset base of \$128.9 million as at December 31, 1996 to an asset base of \$395.8 million as at December 31, 2009, thus registering a healthy average annual rate of growth during the period of 9.01 %.



REPORT OF THE BOARD OF DIRECTORS CONT'D

9. LOANS PORTFOLIO

- 9.1 Loan demand is much more a function of business and consumer confidence, than favourable interest rates and therefore, while the cost of credit was generally lower in 2010 when compared with 2009 and 2008, the majority of the financial institutions in Trinidad and Tobago experienced declines in the size of their loan portfolios for 2010.
- 9.2 In this regard, the total loan principal balances on the books of the Credit Union stood at \$244,589,917 as at December 31, 2010, representing an increase of \$23,231,548 (10.49%), when compared with the total loan principal balances of \$221,358,369 as at December 31, 2009 (**Table 4**).

Table 4: LOAN PRINCIPAL BALANCES 1995 – 2010

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

- 9.3 The success in loans underwriting in 2010, reflects the positive impact on the general membership of the many initiatives being pursued by the Credit Administration Department of the Society, in assisting members in taking greater control of their financial affairs.



10. NON-PERFORMING LOANS

10.1 Consistent with efforts over the past twelve (12) years, during the course of the year 2010, 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.

10.2 As at December 31, 2010, the delinquency ratio was 4.49 %, compared with a delinquency ratio of 5.72% as at December 31, 2009. Of the 539 non-performing loans with a value of \$10,977,837, on the books of the Society as at December 31, 2010 (**Table 5**), 198 of these loans, with a value of \$5,250,102, were loans which were one (1) month in arrears, as a result of the late remittance of December 2010 salary deductions and standing order payments by one (1) Regional Health Authority and four (4) commercial banks respectively, thus the true delinquency ratio for 2010 is 2.34% compared with a true delinquency ratio for 2009 of 2.49%.

Table 5: NET INDEBTEDNESS, LOAN LOSS ALLOWANCE AND LOAN LOSS EXPOSURE 1997-2010

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

10.3 As at December 31, 2010, shares and deposits totalling \$4,108,837, were held against the non-performing loans balances totalling \$10,977,837, thus falling short of the non-performing loan balances totalling \$10,977,837 by \$6,869,000. This exposure on non-performing loan balances net of savings in the sum of \$6,869,000, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2010 in the sum of \$2,039,859, by \$4,829,141.



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10.4 The Allowance for Loan Losses in the sum of \$2,039,859 however, which provides for a loan portfolio coverage of 0.91% (0.53% - 2009) and a non-performing loans exposure coverage of 29.70% (23.82% - 2009), is considered by the Members of the Board of Directors as being adequate for meeting the requirements of any write-offs which may be deemed necessary as a result of impaired loan principal balances.

11. SHARE CAPITAL PORTFOLIO

11.1 The total share capital of the Credit Union stood at \$242,970,251 as at December 31, 2010, representing an increase of \$13,704,312 (5.98%), over the total shareholding of \$229,265,939 as at December 31, 2009 (Table 6).

Table 6: SHARE CAPITAL 1997 – 2010

YEAR	SHARE CAPITAL (\$)	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



12. TIME DEPOSITS PORTFOLIO

12.1 The total Time Deposits on the books of the Credit Union stood at \$92,987,839 as at December 31, 2010, representing a decrease of \$5,943,987 (6.01%), over the total Time Deposits of \$98,931,826 as at December 31, 2009 (Table 7).

Table 7: TIME DEPOSITS 1997 - 2010

YEAR	TIME DEPOSITS (\$)	INCREASE/(DECREASE)	
		(\$)	(%)
1997	478,397	(143,124)	(23.03)
1998	527,187	48,790	10.20
1999	667,308	140,121	26.58
2000	861,909	194,601	29.16
2001	4,162,060	3,300,151	382.89
2002	15,008,585	10,846,525	260.60
2003	26,417,936	11,409,351	76.02
2004	28,450,536	2,032,600	7.69
2005	32,796,162	4,345,626	15.27
2006	46,653,657	13,857,495	42.25
2007	62,666,985	16,013,328	34.32
2008	80,140,697	17,473,712	27.88
2009	98,931,826	18,791,129	23.45
2010	92,987,839	(5,943,987)	(6.01)

12.2 In the short period of nine (9) years, running from January 01, 2001 to December 31, 2009, RHAND Credit Union built a significant Time Deposits portfolio, thereby establishing a higher level of equilibrium between the funds saved by members at RHAND Credit Union and the funds borrowed by members from RHAND Credit Union, resulting in positions of healthier net cash inflows and concomitant enhanced liquidity for RHAND Credit Union over the past few years.

12.3 In 2010, the pronouncements of the Minister of Finance in the 2011 Budget Presentation relating to the status of CLICO EFPA Account holders and the negative media reports which followed, saw many members withdrawing funds from their RHAND deposit accounts.



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13. EARNINGS PERFORMANCE

13.1 For the financial year ended December 31, 2010, RHAND Credit Union realized an operating surplus of \$11,718,901 (**Table 8**), which fell short of the budgeted operating surplus for the year of \$14,307,038, by \$2,588,137. This shortfall arose primarily as a result of interest income not being earned on the CLICO EFPA investments in 2010.

Table 8: OPERATING SURPLUS 2005 – 2010

INCOME/EXPENSES CAPTIONS	2005 (\$)	2006 (\$)	2007 (\$)	2008 (\$)	2009 (\$)	2010 (\$)
Interest on loans	18,525,066	20,614,760	21,966,482	24,432,791	25,535,944	26,834,405
Investment income	2,467,216	4,895,471	5,559,883	7,371,860	9,166,351	5,430,072
Other income	991,824	754,081	797,756	918,330	1,371,127	1,372,829
Total Income	21,984,106	26,264,312	28,324,121	32,722,981	36,073,422	33,637,306
Total Expenses	15,356,034	17,994,669	19,883,708	22,143,416	22,087,447	21,918,405
Operating Surplus	6,628,072	8,269,643	8,440,413	10,579,565	13,985,975	11,718,901
Operating Margin Ratio	0.3015	0.3149	0.2980	0.3233	0.3877	0.3484
Expenses – Income Ratio	0.6985	0.6851	0.7020	0.6767	0.6123	0.6516
Cents Of Every Earned Dollar Consumed By Expenses	\$0.70	\$0.69	\$0.70	\$0.68	\$0.61	\$0.65

13.2 The costs incurred for the year 2010 under the main cost items of Personnel Costs, Interest on Deposits and Credit Life and Life Savings Insurance Expenses totalled \$13,905,100, compared with \$15,082,301 for year 2009 (**Table 9**), a decrease in these major cost items of \$ (1,177,201) (7.80%), compared to an increase in these major cost items for the year 2009 of \$222,160 (1.50%). This performance highlights the success of the Executive Management of the Credit Union in pursuing the strategic initiatives of efficiency and cost containment.

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Table 9: EXPENSES HIGHLIGHTING MAJOR COST ITEMS 2005 – 2010

EXPENSES CAPTIONS	2005 (\$)	2006 (\$)	2007 (\$)	2008 (\$)	2009 (\$)	2010 (\$)
Personnel costs	4,833,857	5,326,970	5,457,524	7,499,043	6,825,666	7,692,150
Interest on Savings and Time Deposits	2,267,397	3,021,097	4,085,829	5,439,104	6,521,762	5,213,130
Credit life and savings insurance expenses	1,559,650	1,705,227	1,931,307	1,921,994	1,734,873	698,641
Loan protection expense	-	-	-	-	-	301,179
Education Committee expenses	875,424	760,248	810,005	783,965	693,905	1,047,862
Loan loss expense	48,000	48,000	48,000	48,000	48,000	480,000
Depreciation expense	854,338	1,005,134	901,776	847,930	788,912	713,541
Stationery, supplies and postage expenses	649,902	501,945	626,992	468,692	499,220	484,056
Other expenses	4,267,466	5,626,048	6,022,275	5,134,688	4,975,109	5,287,846
Total Expenses	15,356,034	17,994,669	19,883,708	22,143,416	22,087,447	21,918,405



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14. STRENGTH, SAFETY AND SOUNDNESS AND EFFICIENCY 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 of the Credit Union's operations, the following ratios are presented in **Table 10**.

Table 10: PEARLS and EFFICIENCY RATIOS

FINANCIAL RATIO EQUATION	RHAND VALUE		STANDARD OF EXCELLENCE VALUE	COMMENT
	2010	2009		
1) Institutional Capital Ratio $= \frac{\text{Fund Balances} + \text{Undivided Earnings}}{\text{Total Assets}} = \frac{\$ 33,395,187}{\$ 394,237,129}$	8.47%	10.30%	Minimum of 8.00%	RHAND value more favourable than standard
2) Liquidity Adequacy Ratio $= \frac{\text{Cash Resources}}{\text{Total Assets}} = \frac{\$ 74,756,927}{\$ 394,237,129}$	18.96%	26.05%	Maximum of 20.00%	RHAND value more favourable than standard
3) Asset Quality Ratio $= \frac{\text{Total Non-Performing Loans}}{\text{Total Loans}} = \frac{\$ 10,977,837}{\$ 244,589,917}$	4.49%	5.72%	Maximum of 5.00%	RHAND value more favourable than standard
4) Operating Expenses To Average Asset Ratio $= \frac{\text{Non-Interest Expenses}}{\text{Average Assets}} = \frac{\$ 16,705,275}{\$ 395,011,841}$	4.23%	4.12%	Maximum of 5.00%	RHAND value more favourable than standard
5) Productivity Ratio $= \frac{\text{Non-Interest Expenses}}{\text{Net Interest Income} + \text{Other Income}} = \frac{\$ 16,705,275}{\$ 28,424,176}$	58.77%	52.67%	Maximum of 55.00%	RHAND value less favourable than standard
6) Return On Average Members' Equity $= \frac{\text{Operating Surplus}}{\text{Average Members' Equity}} = \frac{\$ 11,718,901}{\$ 273,200,051}$	4.29%	5.30%	Minimum of 5.00%	RHAND value less favourable than standard

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15. WOODBROOK PROPERTY PROJECT

15.1 In 2010, the firm of Architects – Gillespie + Partners working with the necessary input from the members of the Building Committee of RHAND Credit Union, prepared and presented for consideration the final design proposal for the Woodbrook site. The design proposal carried a cost estimate of \$ 42.3 million for the proposed four-floor structure, which provided for the following facilities –

<u>Floor Level</u>	<u>Gross Floor Area</u>	<u>Proposed Use</u>
Basement	11,098 square feet	Parking facilities for 26 cars
Ground Floor	9,472 square feet	Lobby, Service center, Members' lounge and Meeting hall
First Floor	7,934 square feet	Conference room, Offices and Gallery
Second Floor	6,254 square feet	Offices
Third Floor	5,059 square feet	Gym, Efficiency rooms, Covered terrace and Landscaping

15.2 The cost estimate for the project was substantially above that which was originally anticipated by the Members of the Building Committee and the Executive Management of the Society and thus, given the current economic climate, it was considered by the Members of the Board of Directors to be not in the best interest of RHAND Credit Union to undertake at this time, a project which would cost approximately TT \$50.0 million, when outfitting cost was taken into account.

16. MEMBER EDUCATION, TRAINING AND DEVELOPMENT FOR THE YEAR 2010

16.1 In 2010, the Education Committee continued its task of providing for the education, training and development needs of members and their children.

16.2 Guided by the Credit Union's core ideology and envisioned future, and by its own strategic plan, the following were the six (6) areas of focus, for the programmes and activities of the Education Committee

- Education, Training and Development
- Community Outreach
- Publicity
- Research and Development
- Social Interaction Promotion
- Adviser to the Board of Directors

16.3 In undertaking its work, the Education Committee had the full support of the members of staff of the Marketing and Member Relations Department, who provided the creativity, commitment and energy for the many projects that were undertaken.



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16.4 Activities facilitated during the year, covered the following -

16.4.1 **Publications**

Two newsletters were prepared for the year, with the primary objective of this initiative being, the highlighting of the programmes, products and services of RHAND Credit Union and informing members of the financial standing and performance of the Credit Union.

16.4.2 **Skills Development Activities**

Membership Skills Development Programme - Trinidad

Two (2) M.S.D.P. modules were conducted in Trinidad.

Module 1 (April 2010 to July 2010) - Six (6) courses were offered at Port of Spain: PVC Furniture Design, Basic Electrical Wiring and Small Appliance Repair, Tile Laying, Know Your Car, Grow Box and Cosmetology. One (1) course was offered in Arima: Cosmetology.

Module 2 (August 2010 to November 2010) - Two (2) courses were offered at Port of Spain: Electrical Wiring and Small Appliance Repair and Tile Laying.

Membership Skills Development Programme - Tobago

One (1) M.S.D.P. Module was conducted in Tobago from August 2010 to November 2010. The courses offered to the members were Drapery and Valances, Food Preparation, Tailoring and Know Your Car.

16.4.3 **Outreach Programmes**

Credit Union Day Activities – Trinidad

On October 21, 2010, with the focus being on health and wellness, RHAND Credit Union partnered with the North West Regional Health Authority, to host a Health Fair on the rooftop of the Head Office.

In Arima, a Health Fair was also hosted, with members visiting the Branch Office being tested for diabetes, hypertension and cholesterol.

Credit Union Day Activities – Tobago

The activities in Tobago mirrored those of the Offices in Trinidad.



RHAND on D’Road Activities

The agenda for RHAND on D’Road Activities focused on the following –

- How members and RHAND will be affected by the proposed new regulatory and prudential standards framework.
- How RHAND can assist its members in planning for retirement.
- The special services of the Credit Union which are directed to young persons.
- The range of products and services on offer at the Credit Union.

The RHAND “bus” rolled to the following areas during 2010:

Saturday - June 26, 2010 - San Fernando at the Royal Hotel (61 persons were in attendance).

Saturday - October 02, 2010 - Tunapuna at Auzonville Court (88 persons were in attendance).

Thursday - October 28, 2010 – Tobago at Works Conference Centre (82 persons were in attendance).

Overall, these sessions were very well received by members, who were grateful for the information and financial guidance offered.

Visits To Government Ministries/Departments and Companies

The Marketing and Member Relations Department organised the following site visits during the year –

- | | | |
|--------------------|---|--|
| July 28, 2010 | - | Customs and Excise Division of the Ministry of Finance |
| September 27, 2010 | - | Caribbean Dockyard and Engineering Services Limited |
| October 27, 2010 | - | Ministry of Public Utilities |

16.4.4 **Scholarships**

Secondary Entrance Assessment (SEA) Awards

Sixteen (16) SEA Scholarships were awarded, valued at \$700.00 each, for a period of five (5) consecutive years.



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16.4.5 Social Interaction

Happy Evening - Trinidad

The Happy Evening at the Society's Head Office, was hosted on Friday – July 30, 2010, from 5:00 p.m. to midnight. Seventy-one (71) persons attended the event.

Happy Evening - Tobago

This after work lime which was held on Friday - November 26, 2010, was adversely affected by inclement weather. Forty (40) persons however, braved the weather to enjoy the evening on the terrace of the Branch Office. Music was provided by DJ K.C. Sounds, while live entertainment was provided by Ninja.

Calypso Competition

This highly anticipated event was hosted on Friday - January 29, 2010, with MC Stephen "Tommy" Joseph adding his wit and humour to the delivery of an entertaining evening to all attendees. The addition of a Youth category was welcomed by all patrons, who commented on the high standard of the renditions. Contestants securing the top three positions were:

Adult Category -

- First Place – Roderick Gordon "A People's National Movement"
- Second Place – Terry Marcelle "Summing Up of the Summit"
- Third Place – Joel Parsons "Not Me Again"

Youth Category -

- First Place – Ezekiel Yorke "Some Good Fathers"
- Second Place – Garve' Sandy "Fool Games"
- Third Place – Shinesse Simmons "Conflict Resolution"

Christmas Party - Trinidad

The Trinidad Children's Christmas Party was held on Sunday - December 05, 2010, at the Jean Pierre Complex. Two thousand, five hundred and five (2,505) children were registered for the event and those who attended were thrilled with the games, face painting and Santa Claus and were overly satisfied with the snack bags and other food items.

REPORT OF THE CONT'D BOARD OF DIRECTORS



Christmas Party - Tobago

The Tobago Children's Christmas Party was held on Sunday - December 05, 2010, at the Mason Hall Secondary School. Seven hundred and twenty-four (724) children were registered.

Vacation Camp - Trinidad

This camp was hosted for children of ages 8 -12 years, during the period of July 05 – July 16, 2010. The theme was "Etiquette Begins with Me". The camp facilitator was Ms. Louverne Henry - Manager of Be Attitudes Finishing Institute.

Vacation Camp - Tobago

In the sister isle, this "Life Skills" camp was held from July 05 – July 23, 2010. Fifteen (15) campers received skills training and visited a number of places of interest.

RHAND Retirees Group

The Group had a very busy schedule for 2010, with its calendar of events covering the following diverse activities –

- monthly meetings on the evening of the last Tuesday of every month
- trips to local places of interest
- all inclusive Carnival fete
- lenten service
- tour of Europe (visits to England, Paris and Barcelona)
- Christmas dinner

17. RECOGNITION AND BEST WISHES

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 2010 – 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 Year 2011.



REPORT OF THE CREDIT COMMITTEE

1. INTRODUCTION

- 1.1 For the financial year ended December 31, 2010, 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 62nd Annual General Meeting held on March 20, 2010, the following members were elected to serve on the Credit Committee.

- Mr. Dave Williams
- Ms. Marcia Codougan
- Mr. Lenus Joseph
- Mr. Peter Lewis (First Substitute)
- Ms. Ann Retess (Second Substitute)

Mr. Dave Williams, Ms. Marcia Codougan and Mr. Lenus Joseph were elected to serve for a period of two (2) years, consistent with the provisions of Section 23 (b) (ii) of the Bye-Laws of the Society.

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

- 2.3 The full Credit Committee for the 2010/2011 Term, comprised the following five (5) members:

- | | |
|-----------------------|-----------|
| • Ms. Jennifer James | Chairman |
| • Ms. Patricia Harry | Secretary |
| • Mr. Dave Williams | Member |
| • Ms. Marcia Codougan | Member |
| • Mr. Lenus Joseph | Member |

- 2.4 The term of office of the following two (2) members of the Credit Committee, comes to an end at this 63rd Annual General Meeting:

- Ms. Jennifer James
- Ms. Patricia Harry

REPORT OF THE CREDIT COMMITTEE

CONT'D



3. MEETINGS OF THE CREDIT COMMITTEE

3.1 The members of the Credit Committee attended ninety-seven (97) Regular and seven (7) Joint Management Committee Meetings. Attendance of members of the Credit Committee at Meetings, are detailed at **Table 11**.

Table 11: ATTENDANCE AT CREDIT COMMITTEE MEETINGS

	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
J. James	90	7	-	6	1	-	Out of the country/classes/ill
P. Harry	91	6	-	7	-	-	Out of the country/ill
D. Williams	60	13	3	5	-	-	Out of the country on official duties
M. Codougan	81	16	-	6	1	-	Out of the country/ill
L. Joseph	90	7	-	6	1	-	Out of the country

4. CREDIT SUPERVISION

- 4.1 Eighty-seven (87) loan applications were processed by the Credit Committee and all were approved, with the exception of one. To complete the processing of some of the approved loan applications, properties were inspected where deemed necessary.
- 4.2 Of the eighty-seven (87) loan applications approved by the Credit Committee, twenty-one (21) needed sanctioning by the Executive Committee of the Board of Directors, as the total loan sum exceeded the \$120,000. limit set by the Board of Directors. Further, six (6) members were interviewed in order to conclude the processing of their applications.
- 4.3 Generally, files were monitored, with the necessary notes outlining the comments of members of the Credit Committee being affixed thereon.
- 4.4 For the financial year, seven thousand, seven hundred and fifty-three (7,753) 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 and Operations Officer-Arima Branch.
- 4.5 **Table 12** captures the level at which loan approvals were granted, while **Tables 13 and 14** profile the classification of loans approved and disbursed.
- 4.6 The Credit Committee made its annual visits to the Tobago and Arima Branch Offices of the Society. In addition to files being monitored, discussions were held with the Branch Managers with respect to the Loans Portfolio. The members of the Credit Committee are of the view that the credit approval and disbursement responsibilities at the Tobago Branch Office and the Arima Branch Office, are being discharged satisfactorily.



REPORT OF THE CREDIT COMMITTEE

CONT'D

Table 12: APPROVING AUTHORITY FOR LOANS GRANTED

AUTHORITY	NUMBER OF LOANS	(%) OF LOANS	APPROVAL LIMIT (\$)
Credit Committee	87	1.11	120,000.00
General Manager	24	0.31	120,000.00
Manager - Credit Administration	2,254	28.75	100,000.00
Supervisor II	2,557	32.61	75,000.00
Supervisor I	1,060	13.52	55,000.00
Manager - Tobago Branch	101	1.29	80,000.00
Credit Officer - Tobago Branch	837	10.68	65,000.00
Operations Officer – Arima Branch	920	11.73	80,000.00
Total	7,840	100.00	

Table 13: PARTICULARS OF ALL LOANS APPROVED AND DISBURSED BY CREDIT UNION

CLASS OF LOAN	2010		2009	
	NUMBER OF LOANS	\$ VALUE	NUMBER OF LOANS	\$ VALUE
Consumer Loan	6,582	69,943,329.14	6,183	58,827,329.84
Cruise Loan	47	998,262.80	29	265,239.76
Debt Consolidation Loan	140	5,285,734.25	106	2,757,225.90
Education and Training Financing	497	4,599,642.17	313	3,411,639.42
Enterprise/Business Financing	32	704,297.19	35	889,635.00
Financial Assets (Investment) Financing	13	283,000.00	14	340,400.00
Medical Expenses Financing	303	2,265,523.92	211	1,666,986.27
Motor Vehicle Financing	198	15,560,601.58	165	12,131,950.47
Real Estate Financing	28	8,013,486.98	23	2,726,865.31
Total	7,840	107,653,878.03	7,079	83,017,271.97



Table 14: PARTICULARS OF LOANS DISBURSED BY TOBAGO BRANCH OFFICE

CLASS OF LOAN	2010		2009	
	NUMBER OF LOANS	\$ VALUE	NUMBER OF LOANS	\$ VALUE
Consumer Loan	895	10,624,632.07	702	6,938,390.98
Cruise Loan	5	154,979.10	2	28,847.79
Debt Consolidation Loan	4	342,190.78	5	129,346.83
Education and Training Financing	8	255,685.87	7	217,184.27
Enterprise/Business Financing	-	-	3	109,862.33
Financial Assets (Investment) Financing	2	29,000.00	-	-
Medical Expenses Financing	5	13,500.00	2	39,000.00
Motor Vehicle Financing	14	836,827.87	11	773,914.60
Real Estate Financing	8	260,085.60	4	557,573.75
Total	941	12,516,901.29	736	8,794,120.55

5. NON-PERFORMING LOANS

- 5.1 The Management of the Society continued its efforts to minimize the number of non-performing loans on the books of the Credit Union. There were six hundred and ninety-four (694) non-performing loans with a value of \$12,653,432 on the books of the Society as at December 31, 2009.
- 5.2 As at December 31, 2010, there were five hundred and thirty-nine (539) non-performing loans, with a value of \$10,977,837. on the books of the Society. The late remittance of salary deductions by several Ministries and Regional Health Authorities resulted in one hundred and ninety-eight (198) loans with a value of \$5,250,102., being one (1) month in arrears. Generally therefore, there was an improvement in the non-performing element of the loans portfolio with a reduction in the number of non-performing loans by one hundred and fifty-five (155) loans, which carried a value of \$1,675,595.

6. ADMINISTRATION OF DEATH BENEFIT

- 6.1 The Credit Committee assumed responsibility for advising the Board of Directors on the settlement of claims under the Loan Protection Fund.



REPORT OF THE CREDIT COMMITTEE

CONT'D

7. PARTICIPATION ON BOARD APPOINTED COMMITTEES

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

- Annual General Meeting Planning Committee
- Social Events Committee

8. CONGRATULATIONS

8.1 Congratulations are extended to the Board, Management and Staff, for their stewardship during the year 2010.

9. CONCLUSION

9.1 Fellow Co-operators, whether the state of our economy is real, imagined or created, it should not be business as usual. Once you are the holder of one (1) share in RHAND Credit Union, you are part of the management of this million dollar Society. It is incumbent upon us all therefore, to ensure that our Credit Union remains competitive and viable. Our Credit Union must not be seen only as a place of refuge, but also as a place for investing, accessing prudent loans, honouring commitments and spreading the news that our Credit Union is sound. "RHAND First" is no idle boast. The management and staff remain committed and customer focused, with RHAND Credit Union being a tower of strength in the midst of adversity.

9.2 The Credit Committee wishes to thank other members of the Joint Management Committee, the members of staff at RHAND for their co-operation and you, our valued members, for giving us the opportunity to serve.

Respectfully submitted:

Chairman – Jennifer James
Secretary – Patricia Harry
Dave Williams
Marcia Codougan
Lenus Joseph

REPORT OF THE SUPERVISORY COMMITTEE



1. INTRODUCTION

- 1.1 The Members of the Supervisory Committee take pleasure, in presenting their report to the 63rd Annual General Meeting of RHAND Credit Union Co-operative Society Limited. This report covers the administrative period from March 2010 to March 2011 and the financial year of January 01, 2010 to December 31, 2010.

2. COMPOSITION OF THE SUPERVISORY COMMITTEE

- 2.1 At the 62nd Annual General Meeting held on March 20, 2010, the following members were elected to serve on the Supervisory Committee

- Ms. Claudette Brown
- Ms. Patricia Williams
- Ms. Pamela Ogiste
- Mr. Stephen Turner (First Substitute)
- Ms. Lorris Alfred (Second Substitute)

- 2.2 In accordance with Bye-Law 24 (c), at the first meeting of the Supervisory Committee held on March 24, 2010, Ms. Claudette Brown and Ms. Hermoine James were elected Chairman and Secretary respectively.

- 2.3 The full Supervisory Committee for the 2010/2011 Term, comprised the following five (5) members:

- | | |
|----------------------------|-----------|
| • Ms. Claudette Brown | Chairman |
| • Ms. Hermoine James | Secretary |
| • Ms. Patricia Williams | Member |
| • Mrs. Lydia Barnett-Roper | Member |
| • Ms. Pamela Ogiste | Member |

- 2.4 The term of office of Ms. Hermoine James, comes to an end at this 63rd Annual General Meeting:



REPORT OF THE SUPERVISORY COMMITTEE

CONT'D

3. MEETINGS OF THE SUPERVISORY COMMITTEE

3.1 The Supervisory Committee held twelve (12) Meetings, ten (10) Regular and two (2) Special. Detailed at **Table 15** is a record of attendance at these meetings.

Table 15: ATTENDANCE AT REGULAR AND SPECIAL MEETINGS

NAME OF MEMBER	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Claudette Brown	10	-	-	2	-	-	
Hermoine James	10	-	-	2	-	-	
Patricia Williams	9	1	-	2	-	-	Work related matters
Lydia Barnett-Roper	9	1	-	1	1	-	Out of the country
Pamela Ogiste	9	1	-	2	-	-	Official Government business
Stephen Turner	4	2	4	1	1	-	
Lorris Alfred	7	3	-	1	1	-	Vacation leave

3.2 Macro Committee Meetings were called by the Board of Directors for the following purposes:

- to discuss the Quarterly Financial Statements of the Credit Union
- to consider loans for members of the Board of Directors and Statutory Committees
- to monitor the execution of the Strategic Plan of the Credit Union by the Management Team
- to have the benefit of presentations from Management personnel of CUNA Caribbean Insurance Society Limited
- to have the benefit of presentations by Architects – Gillespie.Steel Limited re: drawings for proposed Tragarete Road building.

The Members of the Supervisory Committee were in attendance at all Macro Committee Meetings.

3.3 The President of the Board of Directors convened meetings with the Chairmen of the Credit and Supervisory Committees. This avenue proved fruitful for the exchange of ideas and for discussing matters of mutual interest regarding the operations of the Credit Union.

3.4 During the period under review, members of the Supervisory Committee also participated in the work of the following Committees set up by the Board of Directors:

- Annual General Meeting Planning Committee
- Cummings/Fraser Foundation Task Force
- Disability Coverage Committee
- 65th Anniversary Planning Committee



4. AUTHORITY OF THE SUPERVISORY COMMITTEE

4.1 The Supervisory Committee is the Statutory Internal Auditor of the Credit Union, and as such, has the following duties, as detailed by Section 24 (a) of the Bye-Laws of the Society.

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

5. WORK PROGRAMME OF THE SUPERVISORY COMMITTEE FOR APRIL 2010 TO DECEMBER 2010

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 the Delinquency Portfolio
- Review of the Minutes of Meetings of the Board of Directors
- Cash Counts
- Review of Compliance with the Proceeds of Crime Act 2000
- Examination of Arrears of Salary Computations for Security Personnel Backpay
- Review of Branch Operations at Tobago and Arima
- Review of the Activities of the Education Committee
- Review of the Human Resources portfolio

6. OBSERVATIONS ON AREAS OF EXAMINATION

6.1 Attestation of the Monthly Financial Statements

An overall review of the financial statements was carried out during the period under review to ensure compliance with the relevant accounting standards. Discussions were held with the General Manager and the Manager - Finance and Planning. Recommendations were made and reports were submitted to the Board of Directors.



REPORT OF THE SUPERVISORY COMMITTEE

CONT'D

6.2 Credit Administration Review

Audits were conducted on the Loan Portfolio. The objective being to determine:

- Compliance with the Co-operative Societies Act and Regulations, RHAND's Bye-Laws and the Loan Policy and Procedures
- The validity and the adequacy of securities held for exposures on loans
- The existence and effectiveness of the internal control systems

This audit also included the examination of the securities portfolio, which revealed that there was an increase in activity in this area, to the extent that the Credit Administration Department is undertaking a review of the present system to allow for greater efficiency and timely delivery of services.

Any concerns arising from the audits were raised with the Manager - Credit Administration, who then sought to address the pertinent matters.

6.3 Review of the Delinquency Portfolio

A review of the internal controls over the operations of the Delinquency Control Unit was undertaken. Among the areas reviewed were:

- The systems, procedures and processes in place for the curtailment and recovery of non-performing loans
- The monthly status of the non-performing loans

As at December 31 2010 - there were five hundred and thirty-nine (539) non-performing loans, with a value of \$10,977,837. on the books of the Society. This represents a delinquency ratio of 4.49 percent, which is below the PEARLS standard ceiling of 5.00 percent.

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

The Supervisory Committee received the Minutes of the meetings of the Board of Directors for the period under review.

The purpose of the review was to facilitate the following:

- To keep abreast with the policy and operational decisions taken by the Board.
- To monitor the implementation and progress of the follow up action taken
- To ensure that the decisions taken were for the benefit of the membership

6.5 Cash Counts

The Committee conducted two (2) cash counts on June 30, 2010 and December 31, 2010. Additionally, surprise cash counts were conducted at Head Office and the two (2) Branch Offices at Arima and Tobago. These exercises did not reveal any excesses or shortages of cash. Checks also revealed that adequate controls existed.



6.6 Review of Compliance with the Proceeds of Crime Act 2000

The Committee did an audit of the systems and controls in place for the Anti-Money Laundering (AML) framework of the Society. A review of the Source of Funds Declaration forms for the period January 2010 to September, 2010 was done, to ensure that there were adequate supporting documents for the transactions processed.

The Committee is satisfied that there are adequate systems and controls in place. The Committee also noted that there is ongoing training of staff in this area.

6.7 Examination of Arrears of Salary Computations for Security Personnel Backpay

This examination was undertaken over the period September 2010 to October 2010. A review of the Memorandum of Agreement between the Security Officers and RHAND Credit Union Co-operative Society Limited with particular reference to Salaries and Allowances, was undertaken. Based on the examination conducted, the Committee was satisfied with the computations as per the arrears of salaries worksheets.

6.8 Review of Branch Operations at Tobago and Arima

The Supervisory Committee conducted periodic audits of the operations of the branch offices during the period under review. The Committee was fortunate to have the services of a full member in Tobago, to assist with the carrying out of its duties.

6.9 Review of the Activities of the Education Committee

The role of the Education Committee as stated in Section 21 (a) of the Bye-Laws of the Society reads 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."

Under the Chairmanship of the Vice-President and the support of his ten-member team, several meetings were held by the Education Committee during the year, with the Marketing and Member Relations Department providing the necessary support, to ensure that the Committee fulfilled its mandate of providing education, training and development opportunities for the general membership and the children of members.

This objective was successfully accomplished through the conduct of the Secondary Entrance Assessment (S.E.A.) Orientation Sessions and Award Ceremonies, which were held at Head Office and the Tobago Branch Office. Other activities of the Education Committee for the year, included the following -

- Membership Skill Development Programmes
- RHAND on D'Road Town Meetings
- Credit Union Day Activities
- Outreach Programmes to the Government Ministries
- Newsletter Publications



REPORT OF THE SUPERVISORY COMMITTEE

CONT'D

In maintaining a holistic approach to the development of the membership, three (3) regular social events were held:

- Calypso Competition
- Happy Evening Sessions
- Children Christmas Parties

6.10 Review of the Human Resources Portfolio

RHAND Credit Union employed an Assistant General Manager, whose portfolio was mainly Human Resources. The Human Resource Department was faced with the task of developing policies and procedures for the staff at the Credit Union, covering key areas such as the recruitment, leave administration, training and development and performance appraisal.

The Supervisory Committee reviewed the programme of work presented at the time of the audit and was satisfied that the implementation of the policies and procedures were geared towards ensuring that the needs of staff were being addressed in a meaningful manner.

REPORT OF THE SUPERVISORY COMMITTEE

7. APPRECIATION

- 7.1 The Committee continues to acknowledge the efforts and commitment of the Board of Directors and the General Manager to ensuring the maintenance of an environment for a high level of performance and efficiency. We also would like to express our sincere thanks and appreciation to the management and staff of all the departments, for their assistance and co-operation during the past year.
- 7.2 Finally, the Committee wishes to thank the membership for giving us the opportunity to serve and we will continue to work towards the goal of RHAND being the model Credit Union, both now and in the future.

Respectfully submitted:

Chairperson – Claudette Brown

Secretary – Hermoine James

Patricia Williams

Lydia Barnett-Roper

Pamela Ogiste



RHAND

CREDIT UNION CO-OPERATIVE
SOCIETY LIMITED

Financial Statements December 31, 2010

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INDEPENDENT AUDITORS' REPORT

The Members

RHAND Credit Union Co-operative Society Limited

We have audited the accompanying financial statements of RHAND Credit Union Co-operative Society Limited, which comprise the statement of financial position as at December 31, 2010, the statements of comprehensive income, appropriated funds and undivided earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RHAND Credit Union Co-operative Society Limited as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port of Spain
11 February 2011



STATEMENT OF FINANCIAL POSITION

	Notes	December 31	
		2010	2009
CASH RESOURCES:			
Cash in hand and at bank	5	\$ 3,674,203	\$ 9,769,327
Short-term investments	6	71,082,724	93,337,505
Total Cash Resources		<u>74,756,927</u>	<u>103,106,832</u>
OTHER ASSETS:			
Accounts receivable and prepayments	7	1,921,038	5,248,949
Net loans to members	8	242,550,058	220,195,593
Long-term investments	9	48,623,889	41,156,489
Fixed assets	10	<u>26,385,217</u>	<u>26,078,689</u>
Total Assets		<u>\$ 394,237,129</u>	<u>\$ 395,786,552</u>
LIABILITIES:			
Accounts payable and accruals	11	\$ 5,502,321	\$ 9,288,997
Members' savings deposits		18,411,531	16,621,065
Members' time deposits		92,987,839	98,931,826
Provision for severance benefits	12	<u>970,000</u>	<u>910,000</u>
Total Liabilities		<u>117,871,691</u>	<u>125,751,888</u>
MEMBERS' EQUITY:			
Members' shares	13	242,970,251	229,265,939
Reserve fund		18,256,775	18,238,189
Education fund		135,730	1,178,172
Loan protection fund	14	1,374,037	1,669,796
Building fund		9,250,000	9,250,000
Investment re-measurement reserve	15	(3,054,387)	(3,485,256)
Undivided earnings		<u>7,433,032</u>	<u>13,917,824</u>
Total Members' Equity		<u>276,365,438</u>	<u>270,034,664</u>
Total Liabilities and Members' Equity		<u>\$ 394,237,129</u>	<u>\$ 395,786,552</u>

Treasurer

Member,
Board of Directors

Member,
Supervisory Committee

(The accompanying notes form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME



	Schedules	For the year ended December 31	
		2010	2009
INCOME:			
Interest on loans		\$26,834,405	\$25,535,944
Investment income	1	5,430,072	9,166,351
Other income	2	<u>1,372,829</u>	<u>1,371,127</u>
Total Income		<u>33,637,306</u>	<u>36,073,422</u>
EXPENDITURE:			
Administrative expenses	3	5,839,398	5,716,221
Board and committees' expenses	4	646,045	547,020
Credit life and life savings insurance		698,641	1,734,873
Loan protection expense		301,179	-
Loan loss expense		480,000	48,000
Interest on members' deposits		5,213,130	6,521,762
Member education, training and development expenses		1,047,862	693,905
Personnel costs	5	<u>7,692,150</u>	<u>6,825,666</u>
Total Expenditure		<u>21,918,405</u>	<u>22,087,447</u>
Operating surplus for the year		11,718,901	13,985,975
Write off of accrued interest (Note 6)		<u>(11,610,502)</u>	<u>-</u>
Net surplus for the year		108,399	13,985,975
Other Comprehensive Income:			
Unrealised gain/(loss) on available-for-sale financial assets		<u>430,869</u>	<u>(1,646,454)</u>
Total Comprehensive Income for the year		<u>\$ 539,268</u>	<u>\$12,339,521</u>

(The accompanying notes form part of these financial statements)



STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

For the year ended December 31, 2010

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Earnings
Balance as at January 1, 2010	\$ 18,238,189	\$ 1,178,172	\$ 1,669,796	\$ 9,250,000	\$ (3,485,256)	\$13,917,824
Total comprehensive income for the year					430,869	108,399
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	10,840					(10,840)
(ii) 5.0% to the Education Fund		5,420				(5,420)
(iii) 5.0% to the Loan Protection Fund	-	-	5,420	-	-	(5,420)
	18,249,029	1,183,592	1,675,216	9,250,000	(3,054,387)	14,004,543
Add/(less) adjustments as follows:						
(i) Dividends (2009)						(7,912,806)
(ii) Entrance fees	7,746					(7,746)
(iii) Member education, training and development expenses		(1,047,862)				1,047,862
(iv) Transfer to Building Fund				-		-
(v) Transfer to Loan Protection Fund	-	-	(301,179)	-	-	301,179
Balance as at December 31, 2010	\$ 18,256,775	\$ 135,730	\$ 1,374,037	\$ 9,250,000	\$ (3,054,387)	\$ 7,433,032

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS



For the year ended
December 31

2010

2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Net surplus for the year	\$ 108,399	\$ 13,985,975
Adjustments to reconcile net surplus to net cash provided by operating activities:		
Depreciation	713,541	788,912
Increase in provision for severance benefits	60,000	60,000
Increase in provision for loan losses	480,000	48,000
Loss on disposal of fixed assets	50,312	20,149
Non-performing loans written-off	(19,918)	796,288
Net change in accounts receivable and prepayments	3,327,911	(972,925)
Net change in loans to members	(22,814,547)	507,788
Net change in members' savings deposits	1,790,466	2,595,086
Net change in members' time deposits	(5,943,987)	18,791,129
Net change in accounts payable and accruals	(3,786,676)	3,268,830
Net change in members' shares	13,704,312	6,091,916
Cash (used in)/provided by operating activities	<u>(12,330,187)</u>	<u>45,981,148</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from disposal of fixed assets	4,650	2,100
Purchase of long-term investments	(7,036,531)	(5,121,735)
Purchase of fixed assets	<u>(1,075,031)</u>	<u>(1,106,598)</u>
Cash used in investing activities	<u>(8,106,912)</u>	<u>(6,226,233)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Dividends distribution	<u>(7,912,806)</u>	<u>(6,590,562)</u>
Cash used in financing activities	<u>(7,912,806)</u>	<u>(6,590,562)</u>

Net change in cash resources for the year	(28,349,905)	33,164,353
Cash resources, beginning of year	<u>103,106,832</u>	<u>69,942,479</u>
Cash resources, end of year	<u>\$ 74,756,927</u>	<u>\$ 103,106,832</u>

REPRESENTED BY:

Cash in hand and at bank	\$ 3,674,203	\$ 9,769,327
Short-term investments	<u>71,082,724</u>	<u>93,337,505</u>
	<u>\$ 74,756,927</u>	<u>\$ 103,106,832</u>

(The accompanying notes form part of these financial statements)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010

1. REGISTRATION AND OBJECTIVES

The Society is registered under the Co-operative Societies Act Ch: 81:03. 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 IFRIC interpretations that became effective during the current year, as they do not apply to the activities of the Society:

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfer of Assets from Customers

IFRIC 19 Extinguishing Financial Liabilities with Equity Investments

- ii) The Society has not applied the following standards, revised standards and interpretations that have been issued as they either do not apply to the activities of the Society or have no material impact on its financial statements:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective for accounting periods beginning on or after 1 January 2010).



2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) New Accounting Standards and Interpretations (cont'd) -

- ii) IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first time adopters (effective for accounting periods beginning on or after 1 July 2010).
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).
- IFRS 2 Share-based Payment – Amendment relating to group cash-settled share-based payment transactions (effective for accounting periods beginning on or after 1 January 2010).
- IFRS 3 Business Combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 July 2010).
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IFRS 7 Financial Instruments: Disclosure – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).
- IFRS 7 Financial Instruments: Disclosure – Amendments enhancing disclosure about transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011).
- IFRS 8 Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013).
- IAS 1 Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IAS 1 Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) New Accounting Standards and Interpretations (cont'd) -

- ii) IAS 7 Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IAS 17 Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IAS 24 Related Party Disclosure: Revised definition of related parties (effective for accounting periods beginning on or after 1 January 2011).
- IAS 27 Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 July 2010).
- IAS 32 Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective for accounting periods beginning on or after 1 February 2010).
- IAS 34 Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).
- IAS 36 Financial Instruments: Presentation - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).
- IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

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 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

CONT'D

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Office equipment	- 20%	- diminishing balance
Telephone facilities	- 33 1/3%	- diminishing balance
Other equipment	- 12 1/2%, 33 1/3%	- diminishing balance
Motor vehicles	- 25%	- diminishing balance
Computer facilities	- 20%	- diminishing balance

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

CONT'D

For the year ended December 31, 2010

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.

CONT'D

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- 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.
- 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.



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Financial Instruments - (cont'd) -

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.

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.



2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounts Payable

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

Members' Deposits

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

Members' Shares

Members' shares are classified as equity and stated at fair value.

g) Revenue Recognition -

Loan Interest

Interest charged on all loans to members is calculated at 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.



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

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 but are disclosed as a note to the financial statements.

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.

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) 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 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 as follows:



3. FINANCIAL RISK MANAGEMENT (Cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

3. **FINANCIAL RISK MANAGEMENT (Cont'd)**

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.

d) **Currency Risk -**

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

e) **Operational Risk -**

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

f) **Compliance Risk -**

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



3. **FINANCIAL RISK MANAGEMENT** (Cont'd)

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

CONT'D

For the year ended December 31, 2010

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	
	2010	2009
Cash in hand		
Cheques in hand	\$ 292,410	\$ 276,074
Current account	57,152	355,142
	<u>3,324,641</u>	<u>9,138,111</u>
	<u>\$ 3,674,203</u>	<u>\$ 9,769,327</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



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	
	2010	2009
The Home Mortgage Bank		
Colonial Life Insurance Company (Trinidad) Limited	\$ 4,086,861	\$ 3,943,324
First Citizens Investment Services Limited	22,043,443	28,193,260
- Abercrombie Fund		
- Repurchase Agreement	1,829,462	3,566,828
RBTT Trust Limited – ROYTRIN Money Market Fund	11,826,496	10,126,721
ANSA Merchant Bank Limited	30,699	28,584
Trinidad and Tobago Unit Trust Corporation	6,916,735	6,916,116
- Money Market Fund		
Government of the Republic of Trinidad and Tobago	3,751,742	28,199,024
- Treasury Bills		
British American Insurance Company (Trinidad) Limited	250,000	250,000
The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	5,000,000	5,550,000
Guardian Asset Management Limited	5,824,521	5,000,000
Intercommercial Bank Limited – Mutual Fund	9,225,333	1,563,648
	297,432	-
	<u>\$ 71,082,724</u>	<u>\$ 93,337,505</u>

On January 30, 2009 the Ministry of Finance (MOF) and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago (GORTT) had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAT).

Subsequent to this, the Minister of Finance stated that GORTT would repay local investors of Short Term Investment Products (STIPS) in CLICO and BAT, their principal balances, that is, the capital sum as at the issue date or last renewal date, minus any capital withdrawals or loans made prior to 8 September 2010. A similar guarantee was not made for interest accrued on the principal balances.

In light of the foregoing, RHAND Credit Union Co-operative Society Limited has opted to write-off all accrued interest on its CLICO and BAT investments.



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	December 31	
	2010	2009
Interest receivable on investments (see Note 6)	\$ 671,689	\$ 3,814,138
Staff members' loans	154,470	209,448
Other receivables and prepayments	<u>1,094,879</u>	<u>1,225,363</u>
	<u>\$ 1,921,038</u>	<u>\$ 5,248,949</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	
	2010	2009
Loans to members	\$ 244,589,917	\$ 221,358,369
Less: Allowance for loan losses	<u>(2,039,859)</u>	<u>(1,162,776)</u>
	<u>\$ 242,550,058</u>	<u>\$ 220,195,593</u>

- b) Analysis of Movement in Allowance for Loan Losses

	December 31	
	2010	2009
Balance, beginning of year	\$ 1,162,776	\$ 1,911,064
Non-performing loans write-offs	19,918	(796,288)
Non-performing loans recovered	377,165	-
Provision for the year	<u>480,000</u>	<u>48,000</u>
Balance, end of year	<u>\$ 2,039,859</u>	<u>\$ 1,162,776</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



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	
		2010	2009
Shares	- Republic Bank Limited	\$ 1,112,209	\$ 1,080,248
	- Prestige Holdings Limited	776,226	690,787
	- Grace Kennedy Company Limited	180,000	150,000
	- Guardian Holdings Limited	247,000	268,090
	- Neal & Massy Holdings Limited	585,155	711,675
	- West Indian Tobacco Company Limited	1,520,358	1,030,002
	- LINCUI Limited	2,000,001	1,500,001
	- One Caribbean Media	680,000	700,000
	- Sagicor Financial Corporation	280,000	411,250
	- Jamaica Money Market Brokers Limited	56,925	72,864
	- Ansa Mc Al Limited	648,365	626,510
	- The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	100,000	100,000
	- Scotiabank Trinidad and Tobago Limited	566,592	479,700
	- Royal Bank of Canada	638,753	648,679
	- Trinidad Cement Limited	103,342	177,620
	- National Commercial Bank of Jamaica	73,000	-
Mutual Fund Units	- Trinidad and Tobago Unit Trust Corporation Chaconia Income and Growth Fund Growth and Income Fund	2,788,780	2,627,898
	- Deutsche Bank	34,665,983	29,304,165
		319,300	-
		47,341,989	40,579,489
 <u>Held to Maturity</u>			
Bonds	- Government of the Republic of Trinidad and Tobago	492,900	189,000
	- Housing Development Corporation	189,000	388,000
	- National Insurance Property Development Corporation	100,000	-
	- Neal and Massy Holdings Limited	500,000	-
		<u>\$ 48,623,889</u>	<u>\$ 41,156,489</u>



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

10. FIXED ASSETS

COST	LAND	CAR PARK	BUILDING	WORK-IN-PROGRESS	FURNITURE, FIXTURES AND FITTINGS
Balance as at January 1, 2010	\$15,493,607	\$ 186,868	\$ 9,139,042	\$ 1,666,641	\$ 2,395,314
Additions	-	-	-	787,677	60,506
Disposals	-	-	-	-	-
Transfers	-	-	297,057	(1,106,007)	282,338
Balance as at December 31, 2010	<u>15,493,607</u>	<u>186,868</u>	<u>9,436,099</u>	<u>1,348,311</u>	<u>2,738,158</u>
ACCUMULATED DEPRECIATION					
Balance as at January 1, 2010	-	186,868	3,833,089	-	1,341,976
Charge for the year	-	-	188,091	-	126,361
Adjustments	-	-	(208,056)	-	11,746
Disposals	-	-	-	-	-
Balance as at December 31, 2010	<u>-</u>	<u>186,868</u>	<u>3,813,124</u>	<u>-</u>	<u>1,480,083</u>
NET BOOK VALUE					
Balance as at December 31, 2010	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,622,975</u>	<u>\$ 1,348,311</u>	<u>\$ 1,258,075</u>
Balance as at December 31, 2009	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,305,953</u>	<u>\$ 1,666,641</u>	<u>\$ 1,053,338</u>

11. ACCOUNTS PAYABLE AND ACCRUALS

	December 31	
	2010	2009
Death/disability claims due to members	\$ 1,793,722	\$ 1,673,351
Non-members' receipts	19,437	48,676
Interest payable on members' time deposits	1,593,117	3,029,705
Sharon FYFE "Coppers" Account	3,183	-
Cummings Fraser Clearing Account	100,000	-
Other payables and accruals	1,420,537	3,964,940
Unclaimed members' shares	24,595	24,595
Unclaimed members' savings deposits	547,730	547,730
	<u>\$ 5,502,321</u>	<u>\$ 9,288,997</u>

CONT'D

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



OFFICE EQUIPMENT	TELEPHONE FACILITIES	OTHER EQUIPMENT	MOTOR VEHICLES	COMPUTER FACILITIES	TOTAL
\$ 648,951	\$ 489,371	\$1,584,582	\$604,361	\$5,320,486	\$ 37,529,223
143,854	4,345	39,689	-	38,960	1,075,031
-	(379,717)	(2,588)	-	(102,575)	(484,880)
-	150,149	-	-	376,463	-
<u>792,805</u>	<u>264,148</u>	<u>1,621,683</u>	<u>604,361</u>	<u>5,633,334</u>	<u>38,119,374</u>
507,178	403,020	899,937	466,091	3,812,375	11,450,534
33,272	51,241	109,647	30,869	324,126	863,607
-	-	2,887	-	43,357	(150,066)
-	(348,249)	(2,233)	-	(79,436)	(429,918)
<u>540,450</u>	<u>106,012</u>	<u>1,010,238</u>	<u>496,960</u>	<u>4,100,422</u>	<u>11,734,157</u>
<u>\$ 252,355</u>	<u>\$ 158,136</u>	<u>\$ 611,445</u>	<u>\$107,401</u>	<u>\$1,532,912</u>	<u>\$ 26,385,217</u>
<u>\$ 141,773</u>	<u>\$ 86,351</u>	<u>\$ 684,645</u>	<u>\$138,270</u>	<u>\$1,508,111</u>	<u>\$ 26,078,689</u>

12. PROVISION FOR SEVERANCE BENEFITS

In view of the Retrenchment and Severance Benefits Act No. 32 of 1985, the Board of Directors took a decision to make provisions for severance benefits.

13. MEMBERS' SHARES

In accordance with the Bye-Laws of RHAND Credit Union Co-operative Society Limited, the capital of the Society is composed of an unlimited number of shares valued at \$5.00 each.



NOTES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

14. 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, 2010 stands at **\$1,374,037**.

15. INVESTMENT RE-MEASUREMENT RESERVE

In accordance with IAS #39, the Board of Directors has created an investment re-measurement reserve which includes the following:

- i) Unrealised gains/losses on available-for-sale investments.
- ii) Transfers from Retained Earnings.

16. 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

For the year ended December 31, 2010



	December 31	
	2010	2009
<u>Assets, Liabilities and Members' Equity</u>		
Loans and other receivables		
Directors, committee members, key management personnel	\$3,232,618	\$2,385,574
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	\$5,096,504	\$5,518,604
Interest and other income		
Directors, committee members, key management personnel	\$ 264,569	\$ 211,853
Interest and other expenses		
Directors, committee members, key management personnel	\$ 244,172	\$ 187,976
Key management compensation		
Short-term benefits	\$1,494,255	\$1,272,598

17. 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

CONT'D

For the year ended December 31, 2010

17. FAIR VALUES (Cont'd)

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, 2010.

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.

18. 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 issued members shares, reserves and undivided earnings.

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



1. INVESTMENT INCOME

	December 31	
	2010	2009
Money market investment income	\$ 4,555,084	\$ 6,549,480
Capital market investment income	<u>874,988</u>	<u>2,616,871</u>
	<u>\$ 5,430,072</u>	<u>\$ 9,166,351</u>

2. OTHER INCOME

	December 31	
	2010	2009
Cyber Café income	\$ 78,124	\$ 110,477
Rental income	300,704	256,000
CUNA commissions	716,628	736,800
Other commissions	31,863	33,328
Service charges	4,037	4,890
Entrance fees	7,746	6,475
Miscellaneous income	<u>233,727</u>	<u>223,157</u>
	<u>\$ 1,372,829</u>	<u>\$ 1,371,127</u>



SCHEDULES TO THE FINANCIAL STATEMENTS

CONT'D

For the year ended December 31, 2010

3. ADMINISTRATIVE EXPENSES

	December 31	
	2010	2009
Advertising and promotions	\$ 175,045	\$ 196,940
Annual and special general meetings	355,311	388,464
Audit fees	108,970	111,831
Bank charges	47,495	33,410
Debit card facility expenses	138,300	101,008
Debt collector's commission	40,332	31,949
Depreciation (net)	713,541	788,912
Donations	44,607	68,389
Electricity	377,676	393,858
Insurances	287,090	279,530
League membership fees	-	171,000
Legal and professional services	190,830	493,960
Loss on disposal of fixed assets	50,312	24,151
Loss on disposal of investments	67,628	-
Miscellaneous expenses	301,801	206,755
Rates and taxes	15,018	52,886
Property rental	420,000	420,000
Repairs, maintenance and cleaning	1,233,656	822,889
Security	177,744	208,537
Stationery, computer supplies, printing and postage	484,056	499,220
Telephone	609,986	422,532
	<u>\$ 5,839,398</u>	<u>\$ 5,716,221</u>

CONT'D

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2010



4. BOARD AND COMMITTEES' EXPENSES

	December 31	
	2010	2009
Conferences	\$ 43,113	\$ 5,322
Training	12,217	27,884
Meeting	201,961	117,545
Subsistence	143,860	144,630
Entertainment	12,000	12,000
Honoraria	219,714	214,824
Tobago committee	11,680	24,710
Travelling	1,500	105
	<u>\$ 646,045</u>	<u>\$ 547,020</u>

5. PERSONNEL COSTS

	December 31	
	2010	2009
Salaries and other staff benefits	\$ 7,509,908	\$ 6,624,317
Training and subsistence	182,242	201,349
	<u>\$ 7,692,150</u>	<u>\$ 6,825,666</u>



QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

For the year ended December 31, 2010

2011 QUANTITATIVE OBJECTIVES

KEY RESULTS AREA	ACTUAL	BUDGETED	INCREASE/(DECREASE)	
	2010 (\$)	2011 (\$)	(\$)	%
Total income	33,637,306	33,962,396	325,090	0.97
Total expenses	21,918,405	19,348,458	(2,569,947)	(11.73)
Operating surplus	11,718,901	14,613,938	2,895,037	24.70
Share capital portfolio	242,970,251	248,970,251	6,000,000	2.47
Time deposits portfolio	92,987,839	101,987,839	9,000,000	9.68
Savings deposits portfolio	18,411,531	19,611,531	1,200,000	6.52
Loans portfolio	244,589,917	266,113,830	21,523,913	8.80
Non-performing loans	10,977,837	9,777,837	(1,200,000)	(10.93)
Money market investments portfolio	71,082,724	77,082,724	6,000,000	8.44
Capital market investments portfolio	48,623,889	49,823,889	1,200,000	2.47
Total active membership	17,315	17,815	500	2.89

PRIMARY STRATEGIES FOR THE REALISATION OF OBJECTIVES

During the year 2011, initiatives will continue to be focused on the following areas:-

- Building the share capital portfolio
- Building the time deposits portfolio
- Building the savings deposit portfolio
- Curtailing the level of non-performing loans
- Generating a larger stream of non-interest income by way of agency fees
- Keeping overhead expenditure under control

The strategies to be pursued are the following:-

- Formulation and execution of shares savings initiatives
- Promotion of RHAND Deposit (flexible time deposit)
- Monitoring of arrears loan accounts and exercising all options for collection
- Marketing and promotion of agency relationships and services
 - CUNA Caribbean Insurance Society Limited – Family Indemnity Plan, Payment Protector and Pensions Plus
 - Trinidad and Tobago Unit Trust Corporation – mutual funds
 - Colonial Life and General Insurance Company Limited – general insurance products.
- Continuing focus on the reduction of Operating Overheads
 - Overtime work
 - Stationery and supplies usage
 - Telephone usage.

QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

CONT'D

For the year ended December 31, 2010



2011 PROPOSED CAPITAL EXPENDITURE WITH PROPOSED AND ACTUAL EXPENDITURE FOR THE YEAR 2010

PROJECT/ITEM OF EXPENDITURE	PROPOSED 2010 (\$)	ACTUAL 2010 (\$)	PROPOSED 2010 (\$)
Woodbrook Properties	1,000,000	0	2,000,000
Buildings	622,900	0	958,500
Motor vehicles	175,000	0	400,000
Computer facilities	1,711,667	415,423	1,478,216
Furniture, fixtures and fittings	216,500	321,572	343,000
Office equipment	45,000	143,854	60,000
Other equipment	346,808	194,182	74,000
Total	4,117,875	1,075,031	5,313,716

2011 FINANCIAL PROJECTIONS WITH BUDGETED AND ACTUAL RESULTS FOR 2009 AND 2010

	2009		2010		2011		2009		2010		2011	
	BUDGETED \$	%	ACTUAL \$	%	BUDGETED \$	%	ACTUAL \$	%	BUDGETED \$	%	ACTUAL \$	%
INCOME												
Interest on loans	26,745,330	75.9	25,535,944	70.8	25,923,930	75.2	26,834,405	79.8	28,939,616	85.2		
Investment income	7,496,346	21.3	9,166,351	25.4	6,977,980	20.2	5,430,072	16.0	3,361,980	9.9		
Fees and commissions	300,000	0.8	770,128	2.1	840,000	2.4	748,491	2.2	780,000	2.3		
Rental income	360,000	1.0	256,000	0.7	360,000	1.1	300,704	0.9	360,000	1.1		
Miscellaneous income	348,000	1.0	344,999	1.0	379,200	1.1	323,634	1.1	520,800	1.5		
TOTAL INCOME	35,249,676	100.0	36,073,422	100.0	34,481,110	100.0	33,637,306	100.0	33,962,396	100.0		



2011 FINANCIAL PROJECTIONS WITH BUDGETED AND ACTUAL RESULTS FOR 2009 AND 2010

	2009				2010				2011	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
EXPENSES										
Advertising and promotion	120,000	0.6	196,940	0.9	180,000	0.8	175,035	0.8	180,000	0.9
Annual General Meeting expenses	450,000	2.1	357,570	1.6	400,000	1.8	355,311	1.6	385,000	2.0
Audit fees	84,000	0.4	111,831	0.0	84,000	0.4	108,970	0.5	108,000	0.6
Bank charges and interest	54,000	0.3	33,410	0.2	54,000	0.2	47,497	0.2	48,000	0.2
Business Continuity Planning expenses	24,000	0.1	2,525	0.0	24,000	0.1	2,145	0.0	12,000	0.1
Committees' expenses	306,000	1.4	326,874	1.5	340,000	1.6	383,218	1.7	327,600	1.7
Conferences and meetings	120,000	0.6	5,322	0.0	120,000	0.6	43,113	0.2	120,000	0.6
Credit life and life savings insurance	1,560,000	7.3	1,734,873	7.9	0	0	0	0	0	0.0
Life savings insurance	0	0.0	0	0.0	765,000	3.5	698,641	3.2	720,000	3.7
Loan protection expense	0	0.0	0	0.0	840,000	3.9	301,178	1.4	900,000	4.7
Debt collectors' commission	49,200	0.2	31,949	0.1	49,200	0.2	40,334	0.2	45,600	0.2
Depreciation	798,000	3.7	788,912	3.6	798,000	3.7	713,542	3.3	862,000	4.5
Donations	36,000	0.2	68,389	0.3	36,000	0.2	44,607	0.2	42,000	0.2
Member education, training and development expenses	1,200,000	5.6	693,905	3.2	1,104,000	5.1	1,052,229	4.8	1,236,832	6.4
Electricity	396,000	1.8	393,858	1.8	396,000	1.8	377,675	1.7	396,000	2.0
Honoraria	215,000	1.0	214,824	1.0	235,000	1.0	219,714	1.0	220,000	1.1
Insurances	276,000	1.3	279,530	1.3	138,000	0.6	146,005	0.7	144,000	0.7
Interest on members' savings deposits	429,069	2.0	357,778	1.6	177,262	0.8	208,867	1.0	189,676	1.0
Interest on members' time deposits	6,110,700	28.5	6,163,984	28.0	5,222,902	24.1	5,004,263	22.8	1,942,650	10.0
League membership fees	0	0.0	171,000	0.8	0	0	0	0	0	0.0
Legal and professional services	180,000	0.8	491,435	2.2	492,000	2.3	188,685	0.9	168,000	0.9
Loan loss expense	48,000	0.2	48,000	0.2	48,000	0.2	480,000	2.2	1,200,000	6.2
Loss on disposal of assets	12,000	0.1	24,151	0.1	12,000	0.1	50,312	0.2	12,000	0.1
Loss on disposal of investments	0	0.0	0	0.0	0	0	67,628	0.3	0	0.0
Miscellaneous expenses	283,200	1.3	307,763	1.4	258,000	1.2	355,900	1.6	252,000	1.3
Rates and taxes	84,000	0.4	52,886	0.2	120,000	0.6	15,020	0.1	72,000	0.4
Rental expense	420,000	2.0	420,000	1.9	420,000	1.9	420,000	1.9	420,000	2.2
Repairs, maintenance and cleaning	804,000	3.7	822,889	3.7	951,000	4.4	1,401,743	6.4	870,600	4.5
Personnel costs	6,399,600	29.8	6,825,666	31.1	7,254,000	33.5	7,692,150	35.1	7,318,000	37.8
Security expenses	120,000	0.6	208,537	0.9	198,000	0.9	177,744	0.8	192,000	1.0
Special General Meetings	24,000	0.1	30,894	0.1	24,000	0.1	0	0	18,000	0.1
Stationery, computer supplies, printing and postage	436,500	2.0	499,220	2.3	538,500	2.5	536,891	2.4	526,500	2.7
Telephone expenses	420,000	2.0	422,532	1.9	420,000	1.9	609,988	2.8	420,000	2.2
TOTAL EXPENSES	21,459,269	100	22,087,447	100	21,698,864	100	21,918,405	100	19,348,458	100
OPERATING SURPLUS	13,790,407	39.1	13,985,975	38.8	12,782,246	37.1	11,718,901	34.8	14,613,938	43.0

RESOLUTION



1. APPOINTMENT OF AUDITOR

Be it resolved, that the firm of Chartered Accountants – PKF, be appointed as the Society's Auditors for the financial year ending December 31, 2011.