

REPORT OF
**THE CREDIT
COMMITTEE**



REPORT OF **THE CREDIT COMMITTEE**

1. INTRODUCTION

1.1 For the financial year ended December 31, 2019, the Credit Committee is pleased to report on its statutory role as outlined in Regulation 34 of the Co-operative Society 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 71st Annual General Meeting held on Saturday, April 27, 2019, the following members were elected to serve on the Credit Committee.

- Ms. Patricia E Harry - Member
- Mrs. Susan Hinds Morgan - Member
- Mr. Victor Kirton - 1st Substitute
- Mr. Don Finley - 2nd Substitute

Ms. Patricia E Harry and Mrs. Susan Hinds Morgan 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 Mrs. Susan Hinds Morgan were elected as Chairman and Secretary respectively.

2.3 The full Committee for the 2019/2020 Term comprised the following members:

- | | |
|-------------------------|-------------|
| Ms. Jennifer James | - Chairman |
| Mrs. Susan Hinds Morgan | - Secretary |
| Mrs. Esme Forde | - Member |
| Mr. Lenus Joseph | - Member |
| Ms. Patricia E Harry | - Member |

2.4 The term of office of the following three (3) members of the Credit Committee comes to an end at this 72nd Annual General Meeting:

- Ms. Jennifer James
Mrs. Esme Forde
Mr. Lenus Joseph

3. ATTENDANCE AT MEETINGS

3.1 The members of the Credit Committee attended one hundred and two (102) Regular and four (4) Joint Management Committee Meetings. The attendance of members of the Credit Committee at Meetings is detailed at **Table C1**.

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TABLE C1: Attendance at Credit Committee Meetings

| NAMES OF MEMBERS | REGULAR | | | SPECIAL | | | REMARKS |
|--------------------|---------|----|---|---------|----|---|----------------------------------|
| | P | Ex | A | P | Ex | A | |
| Jennifer James | 94 | 8 | - | 4 | 0 | - | Out of the country |
| Susan Hinds Morgan | 94 | 8 | - | 4 | 0 | - | Out of the country / Job related |
| Esme Forde | 96 | 6 | - | 4 | 0 | - | Out of the country |
| Lenus Joseph | 100 | 2 | - | 3 | 1 | - | Ill |
| Patricia E Harry | 99 | 3 | - | 4 | 0 | - | Out of the country / Bereavement |

4. CREDIT SUPERVISION

- 4.1 One hundred and forty-one (141) loan applications were processed by the Credit Committee. Eighty-four (84) of the said applications were approved. Sixteen (16) members were interviewed in order to conclude the processing of their applications. One (1) property was inspected during the period under review.
- 4.2 Of the eighty-four (84) applications approved by the Credit Committee, twelve (12) required sanctioning by the Executive of the Board of Directors, as the loans were not fully secured.
- 4.3 Sixty-four (64) loan applications recommended by the Internal Risk Review Committee were approved by the Credit Committee.
- 4.4 Three hundred and forty-nine (349) applications for share savings withdrawals were processed by the Credit Committee. Of the said applications, two hundred and thirty-two (232) applications totaling eight hundred and fifty-two thousand, nine hundred and twelve dollars and ten cents (\$852,912.10) were approved. One hundred and seventeen (117) applications totaling two hundred and ninety-one thousand, and ninety-five dollars and ten cents (\$291,095.10) were denied. Fifteen (15) members were interviewed in order to facilitate the processing of their applications.
- 4.5 Generally, files were monitored with the relevant notes outlining the concerns of the Credit Committee being affixed thereon.
- 4.6 For the financial year, four thousand, seven hundred and seventy-six (4,776) loan applications were approved by the other approving agents namely: General Manager; Credit Manager; Branch Manager, Tobago; Branch Manager, Arima; Senior Supervisor; Credit Officer Tobago; Supervisor I; Senior Clerk-Lending; and Clerk-Lending. When added to the loan applications approved by the Credit Committee, the total loans granted in 2019 was four thousand, nine hundred and seventeen (4,917).
- 4.7 **Table C2** captures the level at which loan approvals were granted, while **Tables C3, C4a** and **C4b** profile the classification of loans disbursed.



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- 4.8 The Credit Committee paid its annual visits to the Tobago and Arima Branch Offices of the Society. In addition to the files being monitored, discussions were held with the Branch Managers with respect to the Loans Portfolio. The members of the Credit Committee are satisfied that the credit approval and disbursement responsibilities at both the Tobago and Arima Branch Offices are being discharged satisfactorily.

C2: Approving Authority for Loans Granted

| AUTHORITY | NUMBER OF LOANS | (%) OF LOANS | APPROVAL LIMIT (\$) |
|-------------------------|-----------------|--------------|---------------------|
| Credit Committee | 141 | 2.9 | 1,000,000 |
| General Manager | 97 | 2.0 | 500,000 |
| Credit Manager | 671 | 13.6 | 500,000 |
| Branch Manager - Tobago | 656 | 13.3 | 200,000 |
| Branch Manager - Arima | 652 | 13.3 | 200,000 |
| Senior Supervisor | 458 | 9.3 | 200,000 |
| Credit Officer - Tobago | 298 | 6.0 | 100,000 |
| Supervisor I | 796 | 16.2 | 100,000 |
| Senior Clerk-Lending | 1,105 | 22.5 | 75,000 |
| Clerk-Lending | 43 | 0.9 | 50,000 |
| Total | 4,917 | 100 | |

Table C3: Particulars of All Loans Approved and Disbursed by Credit Union

| Class of Loan | 2019 | | 2018 | |
|-------------------------------------|-----------------|--------------------|-----------------|--------------------|
| | Number of Loans | \$ Value | Number of Loans | \$ Value |
| Consumer Expenses | 3,694 | 67,361,965 | 3,379 | 51,769,929 |
| Debt Consolidation | 156 | 7,126,948 | 164 | 7,862,750 |
| Disaster Recovery Fund | 0 | 0 | 0 | 0 |
| Disaster Relief | 0 | 0 | 1 | 5,000 |
| Education & Training Financing | 88 | 2,161,095 | 246 | 4,144,617 |
| Home Improvement | 649 | 23,849,515 | 706 | 25,182,336 |
| Investment Financing | 22 | 559,600 | 31 | 1,177,862 |
| Medical Expenses Financing | 127 | 2,166,218 | 155 | 2,808,805 |
| Motor Vehicle Financing | 138 | 13,733,574 | 73 | 8,765,250 |
| Real Estate Financing | 39 | 9,919,837 | 29 | 7,881,827 |
| RHAND Retirees Cruise | 1 | 20,000 | 19 | 464,325 |
| SME & Other Entrepreneurial Venture | 3 | 143,300 | 9 | 214,864 |
| Total | 4,917 | 127,042,050 | 4,812 | 110,277,565 |

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Table C4a: Particulars of Loans Disbursed by the Tobago Branch Office

| Class of Loan | 2019 | | 2018 | |
|-------------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Number of Loans | \$ Value | Number of Loans | \$ Value |
| Consumer Expenses | 729 | 17,718,220 | 432 | 6,291,740 |
| Debt Consolidation | 59 | 2,852,248 | 59 | 3,208,330 |
| Education and Training Financing | 17 | 237,707 | 66 | 783,564 |
| Enterprise/Business Financing | 0 | 0 | 0 | 0 |
| Home Improvement | 137 | 5,112,550 | 167 | 6,339,028 |
| Investment In Financial Assets | 1 | 12,000 | 11 | 303,000 |
| Medical Expenses Financing | 13 | 465,136 | 27 | 381,970 |
| Motor Vehicle Financing | 20 | 1,314,785 | 15 | 917,061 |
| Real Estate Financing | 4 | 853,580 | 5 | 1,261,529 |
| RHAND Retirees Cruise Financing | 0 | 0 | 0 | 0 |
| SME & Other Entrepreneurial Venture | 12 | 179,447 | 4 | 113,000 |
| Total | 992 | 28,745,673 | 786 | 19,599,222 |

Table C4b: Particulars of Loans Disbursed by Arima Branch Office

| Class of Loan | 2019 | | 2018 | |
|---------------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Number of Loans | \$ Value | Number of Loans | \$ Value |
| Consumer Expenses | 838 | 11,980,650 | 601 | 7,431,736 |
| Debt Consolidation | 62 | 2,178,468 | 88 | 3,881,649 |
| Education and Training Financing | 31 | 618,200 | 88 | 1,006,147 |
| Enterprise/Business Financing | 0 | 0 | 0 | 0 |
| Home Improvement | 225 | 7,424,209 | 261 | 7,770,558 |
| Investment Financial Assets Financing | 7 | 260,000 | 16 | 644,260 |
| Medical Expenses Financing | 55 | 723,012 | 81 | 1,284,523 |
| Motor Vehicle Financing | 34 | 2,955,637 | 49 | 3,566,539 |
| Real Estate Financing | 5 | 669,380 | 6 | 1,389,281 |
| RHAND Retirees Cruise Financing | 1 | 20,000 | 4 | 135,138 |
| SME & Other Entrepreneurial Venture | 2 | 20,639 | 6 | 56,900 |
| Total | 1,260 | 26,850,195 | 1,200 | 27,166,730 |

5. NON-PERFORMING LOAN

- 5.1. There were five hundred and nine (509) non-performing loans, with a value of \$27,926,494 on the books of the Society as at December 31, 2019 resulting in a delinquency ratio of 6.99% (WOCCU std - 4.99%). Of the 509 non-performing loans, ninety-five (95) loans (totaling \$4,599,131) were loans which were one (1) month in arrears as a result of the late remittance of December 2019 salary deductions and standing order payments.



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6. ADMINISTRATION OF LOAN PROTECTION BENEFITS

- 6.1 The Credit Committee advised the Board of Directors on the settlement of forty-two (42) Death Benefit Claims with a dollar value of one million, six hundred and five thousand, and sixty-five dollars and thirty-two cents (\$1,605,065).
- 6.2 The Board of Directors was also advised on the settlement of two (2) Disability Benefit Claims with a dollar value of One hundred and twelve thousand, three hundred and forty dollars and forty-one cents (\$112,341.41).

7. PARTICIPATION ON BOARD-APPOINTED COMMITTEES

- 7.1 During the period under review, one member of the Credit Committee served on the Annual General Meeting Planning Committee.

8. TRAINING

- 8.1 During the period under review, members of the Credit Committee also participated in the following workshops:
- Flex Computing
 - AML/CFT Training
 - Thought Leadership

9. CONCLUDING REMARKS

- 9.1 Fellow members, under the IFRS 9 Accounting Standard the Credit Union must make provision for all loans. Based on our loan policy, members' funds up to Fifty Thousand Dollars (\$50,000.00) are tripled. The members of the Credit Committee are concerned with the increasing requests for share withdrawals. It is our intention to forward correspondence to the Executive of the Board of Directors in respect to amending our policy regarding share withdrawals.
- 9.2 The Credit Committee wishes to recognize those who have contributed to the Credit Union's achievements during the period under review. In this regard, special mention is made of the Board of Directors; Supervisory Committees; General Manager and his Management Team; members of Staff; and you, our valued members.

Jennifer James
Chairman-Credit Committee

Susan Hinds Morgan
Secretary- Credit Committee